

Raised ambitions with new climate target

Solna, 4 May

First quarter 2016 in summary

Continued strong development of organic range

Sales of organic products continued to grow during the first quarter. All in all, sales of organic products from ICA Sweden's central assortment grew 29% (59%) compared with the corresponding period a year ago. On a rolling 12-month basis, the increase was 40%.

Success for "extra milk krona"

Since September 2015, customers at ICA stores in Sweden have had the opportunity to donate "an extra milk krona" for each litre of milk they purchase, with the proceeds going directly to support Sweden's dairy farmers. On top of this, ICA has donated SEK 25 million. Through this effort a total of slightly more than SEK 113 million was raised on behalf of Sweden's dairy farmers.

Focus on convenient health and wellness services

During March 2016, Apotek Hjärtat opened three so-called Minute Clinics. The launch is part of Apotek Hjärtat's focus on increasing its health-oriented service offering. Minute Clinics provide diagnostic services as well as certain preventive healthcare services.

Continued focus on country of origin labelling

During the spring of 2016, efforts to improve information about the country of origin of products will continue, among other things through the introduction of the new, industry-wide "Product of Sweden" label. The aim is to make it easier for customers to identify Swedish-made products in stores. In parallel with this, ICA Sweden is continuing its focus on Swedish ingredients under its own communications concept Härifrån: Sverige ("From here, in Sweden").

Making fruit drinks and marmalade from rescued fruit

During the quarter, ICA Sweden initiated a partnership with Rescued Fruits AB, where fruit from ICA's warehouses that would otherwise have been thrown out is being used to make fruit drinks and marmalade.

Key figures

ICA Gruppen	Q1 2016	Q4 2015	Full year 2015
Share of socially audited suppliers of private label products	98%	98%	98%
Share of quality certified suppliers of private label products	82%	87%	87%

ICA Gruppen's operations will be climate-neutral by 2020	Rolling 12-month figures (Q2 2015 – Q1 2016)	Previous rolling 12 months (Q2 2014 – Q1 2015)
Decrease in emissions compared to 2006	-24%	-27%

ICA Sweden	Rolling 12 months
Sales development, eco-labelled, organic & and ethically labelled range*	+18%
Sales development, organic range**	+40%

	Outcome Q1
ICA makes it easy for me to make healthy choices Target 2016: at least 42% of survey respondents will associate this statement with ICA.	41%
ICA engages me in sustainable development Target 2016: at least 28% of survey respondents will associate this statement with ICA.	27%
ICA has a good offering of Swedish products Target 2016: at least 47% of survey respondents will associate this statement with ICA.	50%

* Pertains to total sales of ICA Sweden's ecolabelled, ethically labelled and organic range in Swedish ICA stores, excluding local purchases by ICA stores.

** Pertains to total sales of ICA Sweden's organic range in Swedish ICA stores, excluding local purchases by ICA stores.



We further raise our level of ambition

A majority of the world's scientists are in agreement: to achieve sustainable development, we need to make major changes in how we use and consume natural resources. We must also take serious measures to reduce environmentally hazardous emissions. Everyone needs to contribute, and naturally, as a major actor we have a great responsibility. With our new climate target – to be entirely climate-neutral by 2020 – we have further raised our level of ambition.

At ICA we have been working actively and with determination for a number of years to reduce our climate footprint. We achieved our previous target back in 2014 through a sweeping set of changes. At the end of last year we therefore set a new climate target in which we have raised the bar even higher. Our aim is to make our operations entirely climate-neutral by 2020. It is a challenging goal, and we will work hard to achieve it.

Looking at our own operations – our warehouses, offices, stores and pharmacies account for our greatest climate impact. We can make improvements in these areas, especially with respect to energy use. We will increase our use of renewable electricity, we will change over to refrigerants with lower climate impact, and we will increase our use of renewable fuels in goods transports.

But our efforts don't stop there. By virtue of our size, we have enormous opportunities to also influence and inspire others. We will continue to put demands on our suppliers – that they take their own responsibility and do what they can to lower their climate impact. We will also continue to help our customers make climate-smart and healthy choices. Right now, for example, we are in the midst of a major initiative to create climate-guided recipes. We already offer a wide array of sustainable products, and we continue to further develop our range at a fast pace. A prime example of this can be seen in the marmalade and fruit drinks that we have recently launched – made entirely of fruit from ICA's warehouses that otherwise would have been thrown out. In measures like this one, environmental gains go hand in hand with an attractive offering – product development at its best!

To take the step into the future and continue to be a dynamic company, we must have sustainable and responsible business. ICA has been providing groceries to customers for nearly 100 years, and we aim to continue doing so for another hundred years. For us, there is only one path forward – the sustainable path. Our new climate target is challenging, but we are steadfast in our resolve to achieve it. ICA Gruppen will be forerunner in sustainability, and I hope that throughout this undertaking we can serve as an inspiration for others as well.

Per Strömberg
CEO, ICA Gruppen



Sustainability targets

ICA Gruppen's operations will be climate-neutral by 2020¹

Decrease in emissions compared to 2006

Rolling 12-month figures (Q2 2015 – Q1 2016)	Previous rolling 12 months (Q2 2014 – Q1 2015)
-24%	-27%

¹ The climate target applies to the direct climate impact of all companies within ICA Gruppen, excluding the portfolio company inkClub. It includes the climate impact of operations in stores, pharmacies, warehouses and offices from, for example, refrigerants, electricity, goods transports and business travel, in both the Swedish and Baltic operations. Climate data for Apotek Hjärtat and Hemtex is not included in this report, but is planned to be included during 2016.

ICA Gruppen's greenhouse gas emissions decreased by 24% (27%) during the period April 2015–March 2016 (rolling 12 months, R12, compared to 2006). Since refrigerants are measured only once a year, standardised full-year values for 2015 are used for all of 2016. This entails that the leakage of refrigerants in Rimi Baltic in 2015 have resulted in a negative outcome for all quarters of 2016. Rimi Baltic's actual use of refrigerants in 2016 will not be seen in the outcome until the report for the full year 2016. Emissions from the Swedish operations decreased by 47% (44%) R12 compared to 2006, which is mainly attributable to a higher share of renewable fuels in the logistics operations, increased energy efficiency, and a larger share of ICA stores that use renewable electricity.

The climate target applies as of 1 January 2016. The measurement and calculation method for the new climate target has been adjusted somewhat compared with the previous climate target. Therefore, the outcome of the new climate target can not be compared with the outcome of previous years.

100% of ICA's corporate brand suppliers in risk countries will be socially audited²

2016 Q1	2015 Q4	2015	Target
98%	98%	98%	100%

² Corporate brands are essentially private label products. Risk countries are defined in accordance with the Business Social Compliance Initiative's definition (BSCI). Social audits are to be performed according to a standard approved by ICA Gruppen or according to ICA Gruppen's own social audit tools. To be approved as a supplier to the Group, the audit result must meet ICA Gruppen's set, minimum standard, and the supplier must undertake to carry out any improvements.

The number of active production units increased during the quarter, mainly in the fruit, vegetables, flowers and non-food categories. The supplier base varies as a natural part of purchasing operations and is dependent on seasonal products and the pace of introduction of new private label products. The share of socially audited units remained at the same level as in 2015. This is because the concerted work on achieving ICA's target continues despite a larger number of production units.

80% of ICA Gruppen's corporate brand suppliers will be quality certified³

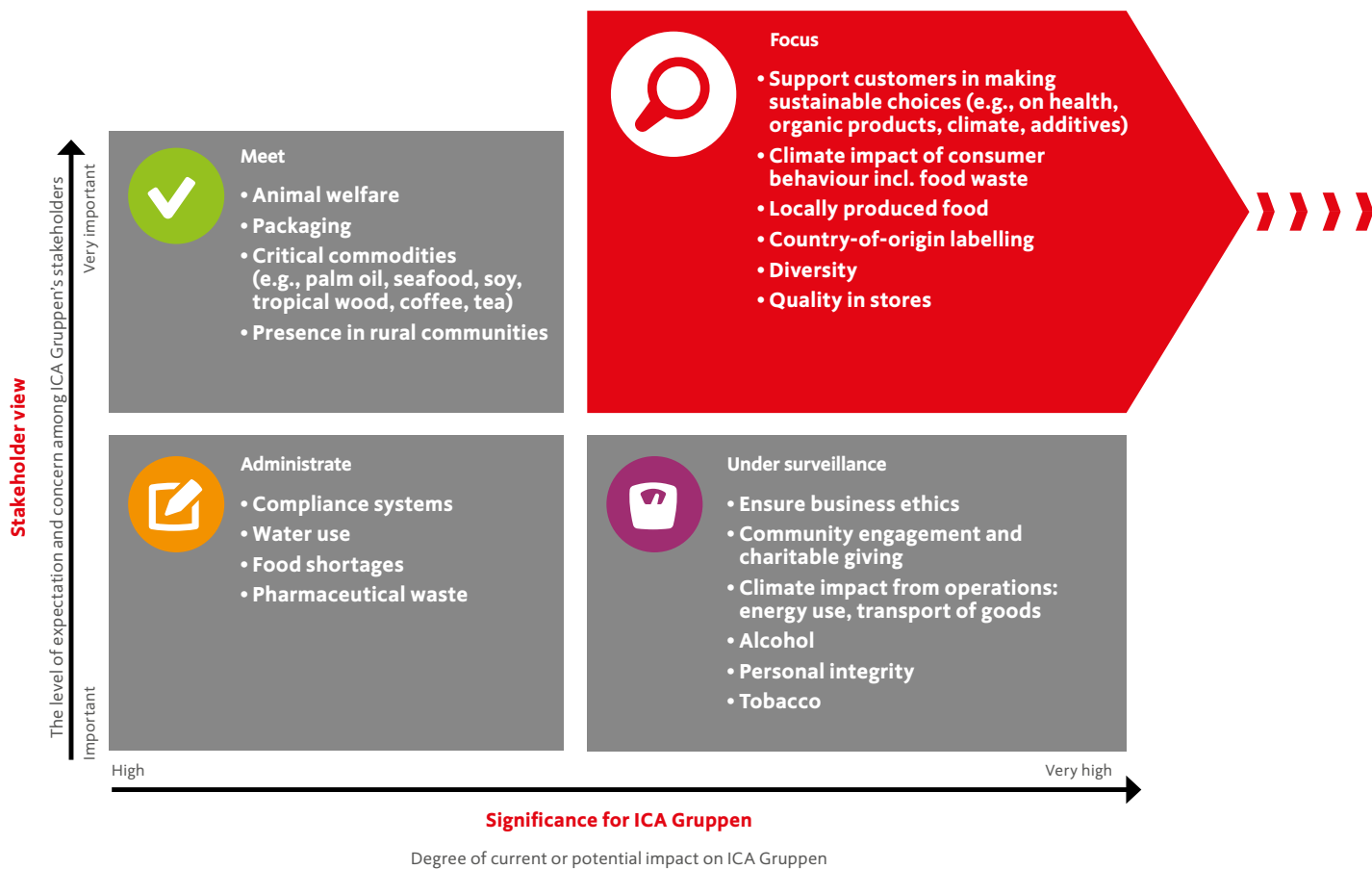
2016 Q1	2015 Q4	2015	Target
82%	87%	87%	80%

³ Corporate brands are essentially private label products. Quality certification is according to a standard approved by ICA Gruppen, such as GFSI-approved (Global Food Safety Initiative) standards and IP Sigill (Swedish Seal of Quality).

The share of quality certified suppliers of private label products was slightly lower than in the preceding quarter, but is within the normal variation for the continuing work on ensuring that suppliers are quality-certified.

Materiality analysis

ICA Gruppen's sustainability work is structured based on the five focus areas the environment, quality, health, ethical trade and community engagement. The sustainability work is based on a materiality analysis, where the sustainability issues that are most relevant to the stakeholders are identified. In addition to these, the Group has a strong focus on ensuring safe products and operations, and on minimising environmental impact while taking social responsibility issues into account. The quarterly report highlights the most significant events during the quarter as well as ICA Gruppen's role in the most significant media debates. The most recent analysis, carried out at the end of 2015, defines the following issues as most significant:





Support customers' sustainable choices

ICA Gruppen's strategic priorities for 2016 include supporting customers' sustainable choices and conducting climate-smart operations. ICA Gruppen has made a concerted effort for many years to encourage customers to adopt a lifestyle that benefits their own health as well as the environment and societal concerns in general. This work continued during the first quarter of 2016.

Sales of eco-labelled, organic and ethically labelled products

Store sales of products that are eco-labelled, organically labelled or ethically labelled in ICA Sweden's range increased during the period April 2015–March 2016 (R12) by 18% compared with the corresponding period a year ago. For the first quarter of 2016, the increase was 15% compared with the first quarter of 2015.

The total sales value of products that are eco-labelled, organically labelled or ethically labelled amounted to approximately SEK 12.5 billion during the period April 2015–March 2016. This does not include local purchases by ICA stores. Drivers behind this growth include higher demand from customers – particularly for organic products – combined with the decision by ICA retailers to promote such products to an increasing degree. The total share of sold products that are eco-labelled, organically labelled or ethically labelled during the period April 2015–March 2016 was 10.4%.

Growth in sales for organic range

Store sales of organic products from ICA Sweden's central assortment remained strong and grew 40% on a rolling 12-month basis. The increase for the first quarter of 2016 was 29% compared with the first quarter in 2015. Total sales from the organic range amounted to SEK 5.7 billion on a rolling 12-month basis, compared with approximately SEK 5.4 billion at year-end 2015. This does not include local purchases made by ICA stores. Drivers of this growth include development of the range, greater marketing, and changed customer behaviours.

Sales of organic products as a share of total grocery sales including fruit and vegetables are currently 5.7% on a rolling 12-month basis, which is a continued rise and shows that sales of organic products are growing faster than total grocery sales. ICA Sweden's target for 2016 is to increase the share by 1%. During the first quarter, sales of organic products rose 1% over the same period a year ago. The organic range was expanded during the quarter with a number of new products, including ICA I love eco mozzarella, ICA I love eco organic ready-made meals, ICA I love eco gratinated potatoes, and ICA I love eco mini corn cakes.

Expanded offering of MSC-labelled products

During the quarter, ICA Sweden's offering of MSC-labelled fish and shellfish products continued to grow. For example, fresh shrimp, tinned tuna and fresh cod fillet ("skrei") from MSC-certified fishing were launched. During the quarter, ICA Sweden's central assortment included approximately 250 MSC-labelled products, of which about 75 were private label products.

Support to organic transition

To secure the supply of organic flour and thereby be able to meet growing demand, the mill company Berte Qvarn and ICA have begun a partnership aimed at supporting farmers who are transitioning to organic farming. Berte Qvarn has long been a supplier of organic flour to ICA. In partnership with Berte Qvarn, ICA Sweden is planning the launch of flour from farmers who are currently changing over to organic farming. Starting in autumn 2016, this flour will be available in stores and will be marketed as flour that is in the process of being organic.

Strong vegetarian trend

Interest in vegetarian food is strong, and all indications are that demand will continue to rise. During the past year, sales of ICA Sweden's range of fresh vegetarian foods has grown by nearly 200%. Customers are turning to vegetarian options mainly for health and environmental reasons. During the spring ICA will be launching new vegetarian products under the ICA Gott liv private label.



Making fruit drinks and marmalade from rescued fruit

During the quarter ICA Sweden initiated a collaboration with the company Rescued Fruits AB, where fruit from ICA's warehouses that would otherwise be discarded will instead be used to make fruit drinks and marmalade. The products are available in ICA stores nationwide starting in March. Initially fruit from ICA's warehouses will be used, but ICA is also looking into the possibility of rescuing fruit from stores as well.

Production of protein from insects

One of the challenges facing the food industry entails meeting the needs of growing and increasingly urban populations for sustainably higher production of animal-based protein. During the quarter, ICA Sweden was involved in a project together with Örebro University focused on studying the possibility for sustainable, large-scale food production in urban environments by farming insects in special buildings at roundabouts in cities. The project received a grant from Vinova in April 2016.

Only environment-friendly bags in stores

Since 2011 ICA has offered customers recyclable plastic bags made of sugar cane. ICA Sweden is now taking this a step further and in the future will only offer bags made of sugar cane instead of petroleum-based plastic bags in its central assortment. ICA's environmental bags are made of so-called green polyethylene. The bags are derived from sugar cane, which when incinerated produce 85% less fossil CO₂ emissions than petroleum-based bags. Plus, the bags are 100% recyclable.

Dieticians give advice and support

More and more people are striving to live healthier lives. As part of efforts to contribute to healthier diets, during the quarter ICA Sweden introduced "the ICA dieticians" – three experts who offer advice on the importance of food for good health. The ICA dieticians base their advice on recent findings, WHO guidelines and the Nordic Nutrition Recommendations. Support is also offered in Estonia in the form of video sequences featuring dieticians and personal coaches, aimed at inspiring consumers to exercise and adopt healthy eating habits.

Health activities in the Baltic countries

In Lithuania, a campaign was launched during the quarter to promote consumption of fruits and vegetables on a daily basis. The initiative includes store activities, such as offering taste samples to children of various fruit and vegetable smoothies and asking them to vote for their favourites. The recipes were then published in weekly fliers that are available in stores.



In Latvia, regularly recurring activities are being arranged to promote healthy choices, such as through promotional campaigns for healthy products, fruits and vegetables. In addition, with the support of local authorities, Rimi is conducting an extensive study of children's eating habits. The results will be used to focus attention on children's health.

Focus on convenient health and wellness services

During March 2016, Apotek Hjärtat opened three new so-called Minute Clinics. A total of six Minute Clinics have now been established at Apotek Hjärtat pharmacies and/or ICA stores. The launch is part of Apotek Hjärtat's initiative to expand its health-oriented service offering. Minute Clinics offer diagnostic services as well as certain treatments and preventive care. During the quarter, Apotek Hjärtat also launched Hjärtats Goda ("Good from the Heart"), an inspiring food section with ingredients and nutritionally fortified recipes for super smoothies, herbal teas, and healthy and tasty snack alternatives.

Climate impact of consumer behaviour

Food accounts for nearly a fourth of people's climate impact, and today we already consume more than what the Earth's limited natural resources can handle. By virtue of its size, ICA Gruppen has both a responsibility and opportunities to help customers in various ways to reduce their own climate impact, such as by highlighting more sustainable alternatives.

Doubling of recycling

Hemtex is continuing its work on recycling textiles. During the quarter the results for 2015 came in, which showed that over 90 tonnes were collected last year, an increase of 65% compared with 2014.

Hemtex's 2015 sustainability report

Read more about Hemtex's sustainability work in the sustainability report for 2015. The report can be downloaded from hemtex.se.

Change in refrigerants and lighting helping the environment and saving money

All new and refurbished Rimi stores in Latvia are being furnished with environment-friendly refrigeration systems and LED lighting in an effort to benefit the environment and save money. Apart from the environmental benefits, the new lighting is expected to result in an approximate 30% decrease in store operating costs.

Lights out for the environment

On 19 March, ICA Sweden and Rimi in Latvia participated in Earth Hour for the seventh year in a row. Façade lighting and other lights were turned off in offices and warehouses, except for lighting that was necessary for safety and operation.

Locally produced food

Interest in locally produced food is one issue that grocery retail customers in all of ICA Gruppen's markets share in common. ICA Gruppen is currently involved in numerous initiatives to address this growing consumer interest. Both in Sweden and in the Baltic countries, demand for locally produced food is large and growing. ICA Sweden and Rimi Baltic are working in numerous ways to increase the share of locally produced products in their respective ranges.

Expanded assortment

ICA Sweden continues to spotlight locally produced food in 2016, such as through the Härifrån: Sverige ("From here, in Sweden") concept, which is aimed at helping stores promote Swedish and local products and convey Swedish value-added.

Success for "milk krona"

Since September 2015 ICA Sweden's customers have had the opportunity to donate an extra SEK 1 per litre of milk they buy, with the proceeds going directly to Sweden's dairy farmers. In addition to this, ICA Sweden made its own SEK 25 million donation. In total the campaign has raised more than SEK 113 million on behalf of Sweden's dairy farmers, which exceeded expectations. This corresponds to approximately SEK 28,000 per dairy farm.

Country of origin labelling

The issue of country of origin labelling of food continues to grow in importance. More and more customers want clear information about both where products come from and where they have been packaged. As a result of growing demands from customers for clear country of origin labelling, it will continue to be important for ICA Gruppen to increase traceability and transparency about where food ingredients are grown or where the animal was raised.

"Product of Sweden"

In spring 2016 the new, industry-wide Från Sverige ("Product of Sweden") country of origin label will be launched. The aim is to make it easier for customers to identify Swedish-produced products in stores. The blue and yellow label can be used for food, ingredients and plants that are made in Sweden and meet the label's criteria. ICA Sweden was one of the initiative-takers behind the new label, which has been developed in cooperation with the Swedish National Food Agency, the Federation of Swedish Farmers (LRF) and the Swedish Food Federation. During the quarter, ICA Sweden prepared for the launch of the label by updating internal tools and instructions for labelling, and by beginning the redesign of packaging for prioritised products in its range, such as milk.





Product safety and quality

It goes without saying that ICA Gruppen's customers should be able to trust the content of the products they buy. Toward this end, a vast number of controls are performed to ensure product quality and traceability. ICA Gruppen is working on several fronts to prevent food fraud, such as through quality certifications, tests and controls, and through industry collaboration. ICA Gruppen is also carrying on a continuous dialogue with the food industry and pertinent authorities, and monitors GFSI's (the Global Food Safety Initiative) work in this area. As part of the ongoing work on reducing the risk for food fraud, during the quarter ICA Sweden participated in meetings within the framework of the industry-wide network that is dedicated to sharing information and countering fraud related to food and food handling.

Updating of "negative list"

During the quarter, Apotek Hjärtat's so-called negative list was updated for product contents such as sun screens, preservatives and colouring additives. The list includes compounds that are environmentally hazardous or allergenic and is used to set standards for product contents in Apotek Hjärtat's range. Particularly strict requirements have been set for Apotek Hjärtat's own products offered under the Apotek Hjärtat and Apolosophy private labels.

Product recalls of private label products

Whenever there is a suspicion that a sold product may pose a health risk, ICA Gruppen contacts the responsible regulatory authority, removes the product from store shelves, and issues a press release announcing a recall. During the quarter ICA Sweden announced one product recall of private label products via press release – for ICA Basic 50/50 minced meat blend, ICA Basic minced beef, and ICA 50/50 minced meat blend in various package sizes – after salmonella was discovered in minced beef during a routine inspection. Rimi Baltic did not issue any recalls of private label products via press release during the quarter.

Social & environmental responsibility in purchasing

ICA Gruppen does business around the world, entailing that its responsibility spans across country borders. Through continuous monitoring, assurances are gained that suppliers are in compliance with social and environmental standards.

Palm oil seminar

In January a seminar was arranged in the Baltic countries for Rimi's suppliers of RSPO-certified palm oil. The aim was to create awareness about the certification, but also in the longer term to contribute to ensuring that all palm oil used in Rimi's private label products is certified.

Community engagement and charitable contributions

ICA Gruppen aspires to be a positive force in society and to make smart investments for the future, particularly through partnerships and strong local connections. The Group partners with charitable organisations that focus on public health, the environment, humanitarian efforts and diversity.

Support for exercise activities

Healthy food habits are important, but getting proper exercise is also important for well-being. ICA's goal is to be perceived as a leading advocate of health and well-being, and toward this end also supports selected exercise activities. During the quarter ICA Sweden sponsored the Swedish Ski Association's Alla på Snö ("Everyone out on the Snow") campaign, where nearly 22,000 pre-teen children in 38 municipalities across Sweden were given the opportunity to try skiing in various forms. ICA Sweden also sponsored the Kortvasan and Tjejvasan cross country ski races that were held during the quarter. A children's Vasalopp cross country ski race was also held with approximately 40,000 participants aged 3-10. In addition, a number of ICA stores arranged local children's Vasalopp cross country ski races.

Donations to the Red Cross

Ahead of Valentine's Day ICA Sweden sold more than 170,000 tulip bouquets for the benefit of the Red Cross's work on reuniting families that have been separated by war and disasters. SEK 5 from each bouquet sold was donated to the Red Cross, entailing that during the campaign period, ICA's customers donated more than SEK 850,000 to the Red Cross's efforts in this area.

Collection for health clinic in Kenya

Since 2011 Apotek Hjärtat has been providing financial support to Gundua Health Centre in Kenya. The clinic offers inhabitants in Ex-Lewa care, simple operations, lab tests, diagnostic services and healthcare advice. The clinic also works actively on informing young people in the area about HIV and AIDS, sexually transmitted diseases, and unwanted pregnancies. During the quarter a donation campaign was carried out at Apotek Hjärtat pharmacies, which raised SEK 176,000. The aim of the collection was to finance "start boxes" for new mothers.

Training in waste sorting

In Latvia, an information campaign focusing on waste sorting was carried out during the quarter for children. The campaign – "We sort the waste" – was carried out in cooperation with Green Dot Latvia and aimed to teach children how to sort waste through practical exercises and fun games. In total, 27 schools with more than 5,400 students were visited.

"Angels over Latvia"

In Latvia, Rimi's "Angels over Latvia" campaign was concluded during the quarter. During the campaign, Rimi's customers were urged to donate money in support of children with serious illnesses and their families. In total, approximately EUR 50,000 was collected.

Criticism and media debates

- During the quarter, the Swedish evening tabloid Expressen investigated the fishing industry in Thailand and exposed unsatisfactory conditions on fishing boats. Clearly, the situation and the deaths described in the article along with these types of human rights violations are unacceptable. ICA Gruppen is aware of the challenge to bring about improvements in the fishing industry in Thailand and is working in a number of ways to ensure that the factories that produce ICA's own goods in Thailand have safe working conditions for their employees. This is done by making clear demands and by regularly making announced as well as unannounced social audits in the factories. All suppliers of ICA's tuna products from Thailand are socially audited. ICA is also working to improve the situation for those working farther away in the value chain, for example by training the suppliers so that they become aware of the challenges, get better at making demands on their suppliers and being aware of important warning signals in terms of workers' situation further back in the supply chain.

- During the first quarter, the working conditions for pharmacists with educational backgrounds in other EU countries were highlighted and criticised in trade media. Following a thorough analysis, Apotek Hjärtat has ascertained that all of its EU-educated pharmacists are paid salaries in line with the going rate in the market.

Awards and distinctions

- On 14 December, ICA's Klimaträtt ("Climate-Right") initiative, conducted in cooperation with Uppsalahem, among others, was named as Sustainability Project of the Year 2015 at the CIO gala.

- With its ICA Hälsorabatt app, ICA Sweden won a silver award in the 2016 Guldnackeln awards in the retail category.

- For the second year in a row, ICA won an "Improvement of the Year" award in 2015, this time for the smarter design of its toilet paper rolls. Every year ICA supplies enough ICA kitchen rolls and toilet paper to fill 3,900 delivery trucks. The improvement work has enabled a reduction in the annual transport need by 660 trucks. This was achieved by increasing the number of packages per pallet by 50%, by reducing the diameter of the inner roll by 4 mm and adding an extra layer of paper packaging on each pallet. In addition to the reduced need for transports, carbon emissions from transports were cut by 210 tonnes. This has resulted in annual cost savings of SEK 1.9 million.

Outlook

“We will be climate-neutral in five years”

Sustainability and climate concerns are strategic priority for ICA Gruppen, and in the end of 2015 the decision was taken on a new climate target, which calls for ICA Gruppen to be climate-neutral by 2020. Maria Smith, Senior Manager Environment and Social Responsibility at ICA Sweden, shares some insights below.

What parts of operations are covered by the new target?

“The new climate target pertains to the direct climate impact of all ICA Gruppen companies, excluding the portfolio company inkClub. It covers the climate impact caused by stores, pharmacies, warehouses and offices – both in the Swedish and Baltic operations.”

How will the target be achieved?

“The target will be achieved by reducing climate-affecting emissions and through more efficient use of resources, but also by climate-compensating the impact that cannot be eliminated in operations by 2020. Our estimation today is that we will be able to reduce our carbon emissions by at least 70%. Will we then have to offset the share that we cannot eliminate entirely.”

How is ICA’s climate impact measured?

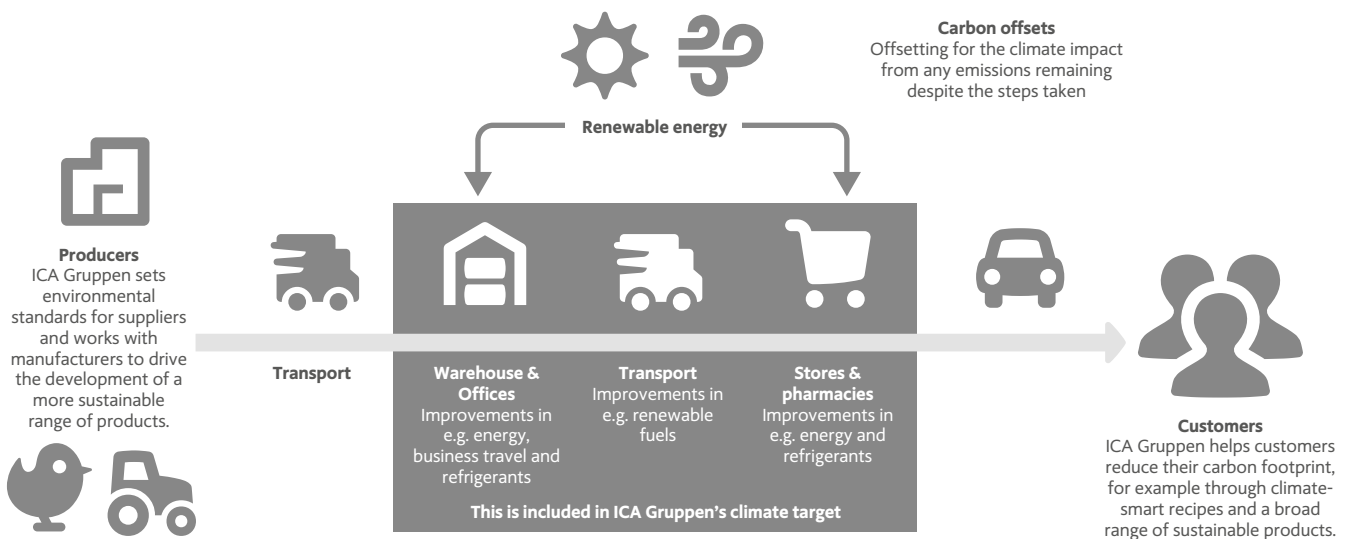
“To set our target we have chosen to use the Science Based Targets method, which has been devised by the UN and WWF, among others. In addition, to ensure that we use the best possible measurement method, we have relied on accounting and reporting standards developed by various global institutions, such as the World Business Council for Sustainable Development”

What are the greatest challenges?

“Clearly, this is an ambitious and highly set goal. Without a doubt our largest direct climate impact comes from energy consumption in stores, refrigerants, and goods transports between warehouses and stores. In all of these areas we are conducting continuous, extensive work on efficiency improvement and other improvements. The biggest initiatives include a gradual switch to renewable energy, natural refrigerants and alternative fuels. In 2015 alternative fuels accounted for more than a fourth of ICA Gruppen’s total fuel consumption, and this share will continue to grow”



Maria Smith, Senior Manager Environment and Social Responsibility ICA Sweden



Small

Large

Small

Auditor's Review Report on ICA Gruppen AB's Sustainability Report January–March 2016

To ICA Gruppen AB

Introduction

We have been engaged by the Board of Directors of ICA Gruppen AB to review ICA Gruppen AB's Sustainability Report for the period 1 January–31 March 2016.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report for the period January–March 2016

The Board of Directors and the Executive Management are responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the quarterly report in accordance with the applicable criteria, as explained in the paragraph "About this report" in the quarterly report. As stated in the paragraph "About this report", ICA Gruppen AB's Sustainability Report for the period 1 January–31 March 2016 is not a complete GRI report, but is a status report on the material areas reported on in the 2015 Sustainability Report for ICA Gruppen AB. The Sustainability Report for the period January–March 2016 is therefore a complement to the 2015 Sustainability Report and should be read in conjunction with this.

Responsibilities of auditor

Our responsibility is to express a limited assurance conclusion on the Sustainability Report for the period January–March 2016 based on the procedures we have performed.

We have performed our review in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information, issued by IFAC. A review consists of making inquiries, primarily of persons responsible for the preparation of the quarterly report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The auditing firm applies ISQC (International Standard on Quality Control) 1 and thereby has a comprehensive system for quality control which encompasses documented guidelines and routines for compliance with professional, ethical requirements, standards for professional operations and applicable requirements set forth by laws and other statutes.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Our assurance does not comprise the assumptions used, or future oriented information (e.g., goals, expectations and ambitions).

The criteria on which our review is based on are stated in the section "About this report". We consider these criteria suitable for the preparation of ICA Gruppen AB's Sustainability Report for the period January–March 2016.

Based on an assessment of materiality and risk, our review has included the following procedures, among others:

- a. an update of our knowledge and understanding of ICA Gruppen AB's organisation and activities
- b. assessment of the suitability and application of criteria in respect to stakeholders' need of information
- c. interviews with responsible management, at company level and at selected business units with the aim to assess if the qualitative and quantitative information stated in the quarterly report is complete, correct and sufficient
- d. read internal and external documents to assess if the reported information is complete, correct and sufficient
- e. analytical review of reported information
- f. overall impression of the quarterly report and its format
- g. reconciliation of the reviewed information against the sustainability information in ICA Gruppen AB's 2015 Sustainability Report

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the information in ICA Gruppen AB's Sustainability Report for the period 1 January–31 March 2016 has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, 3 May 2016

Ernst & Young AB

Erik Åström
Authorised Public Accountant

Charlotte Söderlund
Authorised Public Accountant

About this report

This is a quarterly status report containing information about ICA Gruppen's work on issues relating to sustainability and development during the year. The report aims to show developments during the year and addresses the most significant issues in the overall areas of the environment, quality, health, ethical trade, community engagement and ICA's role in the most important media debates. The report covers all companies within ICA Gruppen, and where relevant also the portfolio companies. The sustainability targets are for ICA Gruppen excluding the portfolio companies. Hemtex and inkClub are working towards the target of all corporate brand product suppliers in high-risk countries being socially audited. Apotek Hjärtat, which was acquired in January 2015, will be fully integrated into the Group's sustainability work in 2016 and is not included in the sustainability targets in this report.

The criteria applied for preparation of this report are based on the annual sustainability report published by ICA Gruppen. The quarterly report is not prepared in accordance with the GRI guidelines, and for this reason certain issues are not included. ICA Gruppen publishes a complete sustainability report once a year in accordance with the GRI Guidelines, which provides a full description of the Group's sustainability work during the year.

For measurement and calculation methods, boundaries and materiality analysis, see:

https://www.icagruppen.se/en/rapportportal/annual-report-2015/#!#@sustainability-information_measurement-and-calculation-methods

<https://www.icagruppen.se/en/rapportportal/annual-report-2015/#!#@sustainability-information>

<https://www.icagruppen.se/en/rapportportal/annual-report-2015/#!#@key-issues>

This report has been independently reviewed by a third party.

Significant changes since the previous reporting period

New climate target

At the end of 2015 ICA Gruppen's executive management decided on a new climate target. The target was set in accordance with the Science Based Targets method and the GHG Protocol Corporate Accounting and Reporting Standard.

Based on the above, the measurement and calculation method for the new climate target has been adjusted somewhat compared with the previous climate target. The changes entail that total area is used instead of retail area, and that the climate impact related to the refilling of refrigerants at Swedish ICA stores is included. This adjusted measurement and calculation method applies also for cases where historical data for ICA Gruppen is reported, such as for the base year 2006. The climate impact of electricity use in Swedish offices and of business travel for Rimi Baltic is planned to be included as soon as possible.

Sales data

Sales data for ICA Sweden covers all products in ICA Sweden's central assortment. The sales portion for ICA Sweden includes products from ICA Sweden's central assortment, excluding non-food products. Sales data for ICA stores' own purchases from external suppliers are not included.

Starting with the first quarter of 2016, store sales of eco-labelled, organic and ethically labelled products in ICA Sweden's assortment are reported. A product that has two or more of these labels is not counted twice.

Definitions: Eco-labelled includes products with any of the following labels: Svanen, EU Ecolabel, Bra Miljöval, MSC and FSC (FSC-labelled packaging is not included). Organic labelling includes any of the following labels: EU-ekologiskt, KRAV, GOTS and OCS. Ethically labelled includes products with any of the following labels: Rainforest Alliance, Utz Certified and Fairtrade.

About ICA Gruppen

ICA Gruppen AB (publ) is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic, which mainly conduct grocery retail, ICA Real Estate, which owns and manages properties, ICA Bank, which offers financial services, and Apotek Hjärtat, which conducts pharmacy operations. The Group also includes the companies Hemtex and inkClub. For more information see icagruppen.se.

Contact and calendar

For further information, please contact:

Kerstin Lindvall, SVP Corporate Responsibility
tel. +46 8-561 502 90

ICA Gruppen press service
tel. +46 10 422 52 52

Calendar

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