

## Focus on food and health

### 2015 first quarter in summary

- Continued work with supplier audits and certification**  
 Work on social audits and quality certification of suppliers of ICA Gruppen's corporate brands continued during the quarter. At the end of March 2015, 88% (89) of suppliers had been socially audited and 81% (83) had been quality certified.
- Development of the organic range**  
 During the quarter, ICA Sweden's organic sales in the central product range increased by 59% (43). At the same time the organic range was developed including the launch of a large number of new organic dairy products.
- Major focus on healthy food**  
 In Sweden, the new launch of "ICA Gott Liv" (ICA Good Life), a line of products with low salt and sugar content, less fat and more fibre, started in February.
- New app for climate-right choices**  
 In cooperation with Uppsalahem, WWF and Chalmers, among others, ICA Sweden launched the pilot project "Klimaträtt" (Climate Right). This centres on a newly developed app in which key areas such as living, food, transport and other consumption can be registered. Through the app the project participants receive feedback on how their own lifestyle affects the climate.

- Major campaign to collect unused medicines**  
 To reduce the amount of unused medicines that are discarded in Swedish household waste, during the quarter Apotek Hjärtat started an extensive campaign aimed at collecting unused medicines.
- Climate-related risk analysis**  
 During the quarter ICA Sweden started an analysis of potential climate-related risks linked to sourcing. The purpose is to identify how supply and costs would be affected by lasting climate change.

### Key figures

ICA Gruppen	Q1 2015	Q4 2014	Full year 2014
Share of socially audited corporate brand suppliers	88%	89%	89%
Share of quality certified corporate brand suppliers	81%	83%	83%
ICA Sweden	Q1 2015	Q1 2014	Rolling 12 months
Sales development organic range*	59%	43%	57%
Sales development healthy range**	58%	i.u.	i.u.

\* ICA Sverige AB's organic range as proportion of total food sales in Swedish ICA stores.  
 \*\* Healthy range is defined as food which consumers should increase their intake of or change to according to advice contained in the Nordic Nutrition Recommendations (NNR5).



# Health trend here to stay

There is something of an exercise fever in Sweden. We train and exercise like never before. Both the number of competitions and the number of participants in various types of races have increased sharply in recent years. The 15,800 places for the 2016 Vasalopp ski race were sold out in 83 seconds. Placed in a wider context the trend is clear: we care more about how we feel and how we choose to live our lives. Health has become one of the most central issues for our times.

At ICA Gruppen we have had high ambitions within health and wellness for many years and one of our strategic priorities for 2015 is to help customers make sustainable and healthy choices – choices that benefit both their own bodies and the society in which we live.

There are many dimensions to this work but some of our main initiatives are a steady development of our organic range, an increased focus on more healthy and nutritious food, a growing range of locally produced products in the stores and continued work on origin labelling and traceability.

There can be no doubt that there is considerable interest in organic alternatives. Demand for organic products has seen a sharp upswing in recent years. And one of the main driving forces, according to our customers, is the understanding that organic has a positive effect on their own health. At ICA Sweden sales of organic products increased by 59% in the first quarter compared with the corresponding quarter last year. Our organic range is under continuous development and a large number of new products were launched in the past quarter, including many in the dairy segment.

The acquisition of Apotek Hjärtat at the end of last year should be seen, among other things, in the light of our wish to further strengthen our positions within health and wellness. We are now Sweden's second-largest player in the pharmacy sector. This transaction provides development opportunities in an interesting and important sector and allows synergies with other operations within ICA. The health trend is here to stay and our ambition going forward is to give customers an even better offering within medicines, health and wellness.

Per Strömberg  
CEO ICA Gruppen



## Sustainability targets

### Climate target reached

In 2006 ICA Gruppen set the target to reduce its carbon dioxide emissions by 30% by 2020. This target was already reached in 2014, six years before the set date, when direct greenhouse gas emissions decreased by 31%. This reduction was achieved by energy saving measures and a transfer to renewable electricity in stores and warehouses, reduced emissions from transports and a change of refrigerants. ICA Gruppen is now working to identify a new climate ambition. This will be presented in the second half of 2015.

### 100% of ICA Gruppen's corporate brand suppliers in high-risk countries will be socially audited<sup>1</sup>

2015 Q1	2014 Q4	2014	Target
88%	89%	89%	100%

The share of socially audited suppliers in high-risk countries of ICA Gruppen's corporate brands decreased somewhat during the quarter. This was due to natural changes in the supplier base which increased slightly during the quarter. ICA Gruppen's work is ongoing to ensure that suppliers in high-risk countries of ICA Gruppen's corporate brands have undergone a social audit.

### 80% of ICA Gruppen's corporate brand suppliers will be quality certified<sup>2</sup>

2015 Q1	2014 Q4	2014	Target
81%	83%	83%	80%

The proportion of quality certified suppliers of ICA Gruppen's corporate brands decreased slightly during the quarter. Natural changes in the supplier base are the reasons behind this decrease.

<sup>1</sup> Corporate brands are essentially private label products. High-risk countries are defined in the Business Social Compliance Initiative's (BSCI) definition. Social audits are to be performed according to a standard that is approved by ICA Gruppen or according to ICA Gruppen's own tool for social audits.

<sup>2</sup> Corporate brands are essentially private label products. Quality certification must be according to a standard approved by ICA Gruppen, such as standards approved by the Global Food Safety Initiative (GFSI) and IP Sigill (Swedish Seal of Quality).

# ICA Gruppen's sustainability initiatives

ICA Gruppen is a long-term, viable company with a sound financial footing, a commitment to the environment and a strong community engagement. Sustainability work is a strategic priority and is an integrated part of all the Group's operations. This builds confidence in the community and contributes to long-term profitability.

Sustainability work at ICA Gruppen is structured on the basis of five focus areas:

## Environment

Environmental issues are an integrated part of day-to-day work in stores and logistics, with sourcing and in offices and includes tools and certification schemes. There is a major focus on improved energy efficiency and on minimising waste throughout the chain.

## Quality

Quality includes product safety, animal welfare, ingredients, taste, traceability and labelling. Every product ICA Gruppen sells should meet the quality demands of the Group and associated stakeholders. This is achieved by means of regular supplier audits, checks on product contents and labelling and product tests. ICA Gruppen also carries out systematic quality assurance work in its logistics operations and stores.

## Ethical trade

ICA Gruppen sells products from around the world and needs to be aware of where the products come from and the conditions under which they are produced. ICA Gruppen does not accept discrimination, infringement of the right to organise and form collective agreements, child labour, forced labour, young workers being exposed to hazardous work or other failures to comply with human rights. This is clarified in the Group's policies and its agreements with all suppliers. Monitoring is risk based and mainly takes the form of social audits at the production units which manufacture the Group's corporate brands and are located in high-risk countries.

## Health

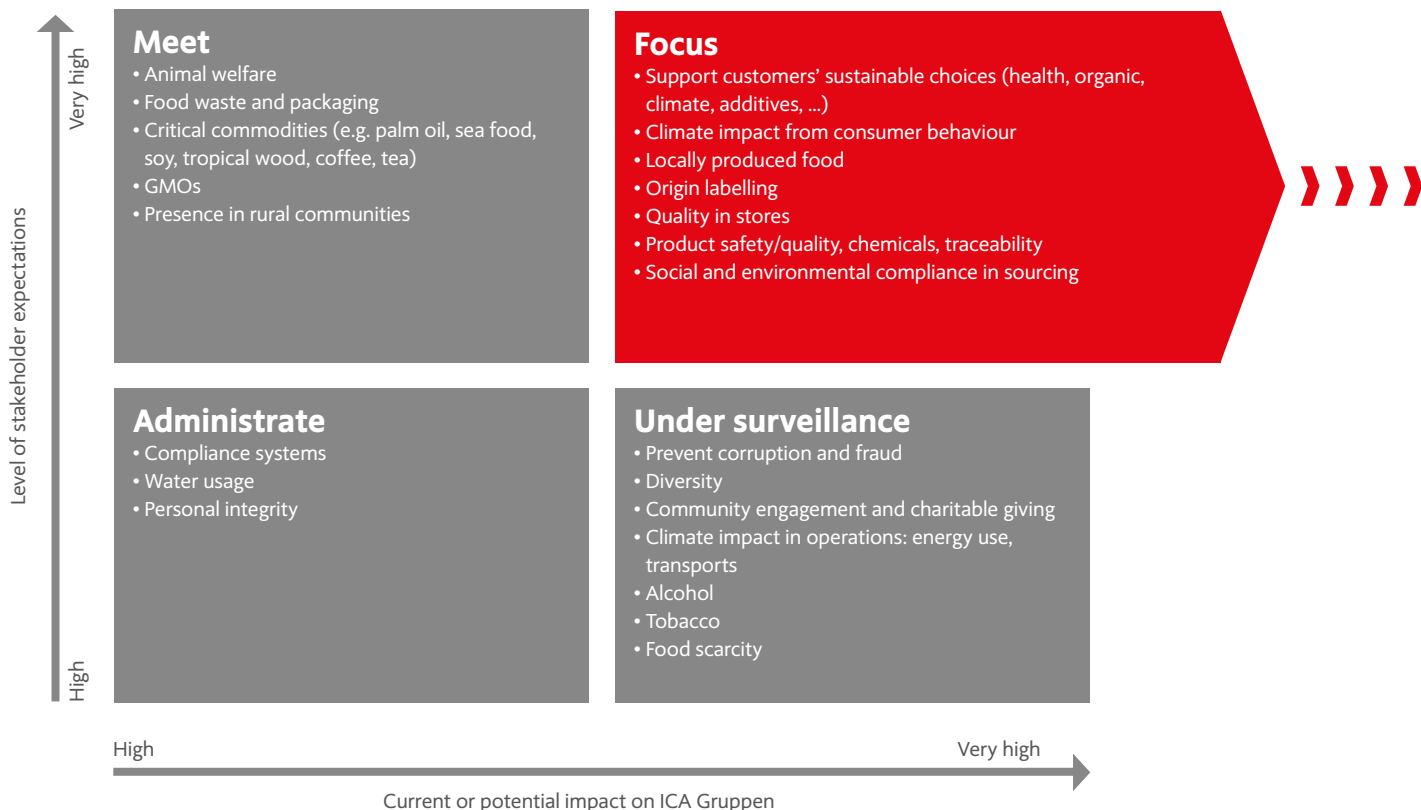
Helping customers to feel good and inspiring them to adopt a healthy lifestyle is a key task for ICA Gruppen. It also helps to develop the product range and opens up new business. Through products that address issues such as additives, allergies, trends and lifestyles, ICA Gruppen can spread knowledge and inspire customers to make conscious choices on a daily basis.

## Community engagement

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

## Materiality analysis

ICA Gruppen's sustainability work is based on a materiality analysis where the sustainability issues that are most relevant to the Group are identified. The most recent analysis, carried out at the end of 2014, defines the following issues as most significant:





## Supporting customers' sustainable choices

ICA Gruppen's strategic priorities for 2015 include intensifying work on helping customers to make sustainable and healthy choices. For many years, ICA Gruppen has conducted focused work to encourage customers to adopt lifestyles that benefit both their own health and the community at large. Several initiatives to support this development were taken in the first quarter of 2015.

### Major focus on healthy food

As part of efforts to support and inspire wholesome and healthy habits, the new launch of "ICA Gott Liv" (ICA Good Life) started in Sweden during the quarter. This is a product range for everyone who is looking for inspiration for a healthier lifestyle – but without lectures. The products have a low salt and sugar content, less fat and more fibre and are based on the Nordic Nutrition Recommendations. Furthermore, most of the products are Keyhole labelled. Existing ICA Gott Liv products will be continually relaunched with a new design. In parallel, a broad spectra of new products will also be launched in 2015 – everything from smart snacks to save-the-day meals in the fresh food counter. There are a total of about 100 ICA Gott Liv products, more than half of which are new.

### Launch of new health portal

As part of ICA Sweden's focus on health and wellness, a new health portal was launched during the period aimed at all customers with ICA cards. The portal, which can be accessed through ICA.se, gives card customers an opportunity to participate in a large number of discounted health services.



### Campaigns in Sweden and the Baltics

There is a health boom in both Sweden and the Baltic countries right now and more and more people are trying to live healthier lives. In Sweden, the campaign "Var med och må bra" (Join in and feel good) was launched during the quarter with a focus on healthy food and a healthy lifestyle. Rimi Estonia started a project called "My style is healthy" during the quarter. In this project a selected fruit or vegetable is highlighted each month in campaigns on the web, in blogs and social media.



### Continued development of organic range

Sales of organic products continue to rise. In 2014, sales of organic products in ICA Sweden's central range increased by 55% (16) compared with the previous year. This increase has continued in the first quarter of 2015. During the quarter, ICA Sweden's organic sales in the central product range rose by 59% (43).

Development of ICA Sweden's private label organic range continued during the quarter. This included the launch of large number of new organic dairy products, including organic medium-fat milk, organic lactose-free medium-fat milk beverage, organic whipping cream and organic A-fil (soured milk). Other new items included I love eco "Fruktmellis", a fruit and berry purée entirely based on organic fruit and berries without additives or extra sugar.

### ICA's charcoal and briquettes carry the Swedish Society for Nature Conservation's Good Environmental Choice label

ICA's charcoal was given the Swedish Society for Nature Conservation's Good Environmental Choice label during the quarter. In order to receive the Good Environmental Choice label the product and production must meet tough requirements throughout the production chain. ICA's charcoal and briquettes were already FSC- and mostly DNV-certified. FSC confirms that the wood comes from responsibly managed forests. DNV represents the highest quality requirements in the market for both final product and production process.

### Major initiative for collection of unused medicines

Every year Swedish households discard 250 tonnes of medicines with their household waste\*. In the first quarter, Apotek Hjärtat launched a campaign aimed at persuading more people to hand in unused medicines at the pharmacy. The hope is to increase collection by 40% during the campaign period.

\* Source: Swedish Medical Products Agency, 27 September 2012.





## Climate impact from consumer behaviour

About one-quarter of climate impact from Swedish households comes from food. Due to its size, ICA Gruppen has both a responsibility and an opportunity to help customers to reduce their own environmental impact, among other things by highlighting more sustainable alternatives.

### **New app for climate-right choices**

As part of this work, ICA Sweden, ICA Bank, the Torgkassen ICA Supermarket and the property company Uppsalahem, together with Chalmers and WWF among others, launched the “Klimaträtt” (Climate Right) pilot project during the quarter. This centres on a newly developed app in which key areas such as living, food, transport and other consumption are registered. Via the app the project participants receive regular and clear feedback on how their own lifestyle affects the climate. The idea of this project is to provide opportunities to reduce each individual’s own climate footprint in their everyday lives. The target for the pilot project is that participants will reduce their CO2 emissions by an average of 40% by the end of the project in the autumn.

### **Climate-related risk analysis**

During the quarter ICA Sweden started an analysis of potential climate-related risks linked to sourcing. The purpose of this analysis is to identify how supply of different raw materials will be affected by lasting climate change. The analysis includes a selection of fruit and vegetables and a number of food products from ICA’s private label range. The study has reached its final phase and the results will be used to increase knowledge and involvement in the climate issue internally and as a tool to review possible needs for long-term changes to sourcing work.

### **“Food and climate”**

The “Food and climate” recipe site was launched during the quarter. The site contains a collection of recipes and smart suggestions for how consumers can reduce their climate impact.

## Locally produced food

Both in Sweden and the Baltic countries there is considerable and growing demand for locally produced food. All new products in ICA Sweden’s organic dairy range are of Swedish origin. ICA Sweden and Rimi Baltic work in several ways to increase the proportion of locally produced items in their range. In 2014, ICA Sweden started a cooperation with the Federation of Swedish Farmers (LRF) intended to broaden the range of Swedish products in stores, increase sales of Swedish food and contribute to the development and growth of Swedish rural areas. During the quarter this cooperation resulted in more than 40 educational films about Swedish food and farming. The idea is that all store employees should be able to learn more about Swedish food production in a simple and fun way and so be able to promote sales.

## Product safety and quality

Origin labelling and traceability are key parameters in ICA Gruppen’s quality work. ICA Sweden has origin labelled its private label products beyond what the law requires for many years. For almost ten years all meat and poultry as well as processed meats and prepared food containing meat have been labelled with the meat’s country of origin and all products have been labelled with country of packaging.

### **Food fraud**

During the quarter, ICA Gruppen attended the Nordic food authorities’ meeting on food fraud. ICA has also taken the initiative for an industry-wide network in Sweden which will share information and the best methods for how to manage food fraud.

As part of efforts to combat food fraud, ICA in Sweden performed follow-up tests on Basmati rice, organic fruit and vegetables and olive oil during the quarter. No non-conformances were found in any product.

### **Public recalls**

If it is suspected that a sold product may pose a health risk, ICA Gruppen contacts the responsible supervisory authority, takes the product off the shelves and publishes a press release about a recall. ICA Sweden had one public recall of private label products via a press release during the quarter: some batches of ICA Cook & Eat blender where parts of the knives can work loose. Rimi Baltic had one public recall of private label products via a press release: a batch of Gardner pickled beetroot 450g following indications that the packages might contain pieces of glass.



## Social & environmental responsibility in sourcing

ICA Gruppen is involved in improving conditions for local suppliers in various ways. For example, during the quarter a project was started to improve conditions for growers of lettuces and sugarsnap peas in Guatemala. In collaboration with the Dutch organisation IDH, ICA Sweden supports farmers in the village of Xetinanmit. When the farmers' sugarsnap peas are sold in ICA stores, some of the revenue is returned to the farmers in the form of investments in local irrigation systems and drinking water plants.

### Network for responsible use of water

One major global challenge is to better promote a more responsible use of water, in both the supply and production phases. Today's value chains are complicated and it is difficult to influence water consumption at farm level where most of the water is used. Long-term sustainable use of water can only be achieved through close cooperation between suppliers and producers. In order to facilitate and enable this, a network of Swedish food and beverage companies was formed in February with a common goal to contribute to a more responsible use of water. Since the start, ICA Gruppen has been a member of this network, which is headed by Swedish Water House at Stockholm International Water Institute (SIWI). The aim of this cooperation is to make it easier for the food industry to identify the best way to manage water in cultivation and processing in countries facing growing water challenges. In 2015 the



companies in the network will analyse and compare some ten water-related standards and metrics.

### Locally produced plastic

Polarbröd and ICA Sweden became new partners in the Locally Produced Plastic project during the quarter. The project is a collaboration between Nordic companies and covers the entire manufacturing chain for bio-based plastic – from forest to packaging. The aim is a cooperation between all the players in the chain to evaluate the possibility of manufacturing plastic from wood raw material in Sweden.

## Community engagement and charitable contributions

Ahead of Valentine's Day, ICA in Sweden sold almost one hundred thousand bunches of tulips in aid of the Red Cross initiative to re-unite families that have been separated by war and catastrophes. Five krona from every sold bunch went to the Red Cross. This meant that ICA's customers donated SEK 498,000 to the Red Cross in just one week. During the entire campaign sales of bunches of tulips contributed more than SEK 517,000 to Red Cross work.

### Prizes and awards

- ICA.se was named as Sweden's best food site by InternetWorld, among other things for "highlighting hot subjects such as climate-smart food and health issues".
- In 2015, for the second year in a row, ICA Bank was named best bank in the Sustainable Brand Index.

## Correction ICA 2020

The ICA 2020 youth initiative is a joint project with ICA in Sweden. The goal for the next few years is to offer 2,000 internships for young people under 25 who find themselves far outside the labour market. ICA in an earlier sustainability report quoted a figure, based on statistics from the Swedish Public Employment Service, which after quality control proved incorrect. The correct information is provided in the table below. Of the total of just over 730 internships created in 2014, approximately 280 resulted in permanent employment.

	Q1 2015	Q1 2014	Full year 2014
Number of internships	271	342	732

## Focus on health

The increased health trend is also clear within ICA Gruppen's pharmacy operations. Annika Svedberg is Head Pharmacist at Apotek Hjärtat.

### How do you notice the increasing health trend?

"We notice it in several ways partly through increased demand for preventive health products but also through rising interest in medicines and health products. Many people want to know more about what they contain, the effect they have and any side-effects. We also see more demand for complementary services such as vaccinations, checking blood pressure and examining birthmarks."

### Health or ill health – where is the focus?

"For us this is just two sides of the same coin. You might think our link to health is crystal clear but it still has several dimensions and perspectives. Our duties include maximising the positive effects of taking medicine and at the same time minimising the negative effects – both for the individual and for society as a whole."

### What do you do in concrete terms?

"ICA Gruppen's strategic priorities include making it easy for customers to make sustainable and healthy choices. This naturally also

includes us and our operations. Used correctly, medicines can often achieve miracles – used incorrectly the consequences can be the opposite. Here our pharmacists and other employees often play a decisive role. In addition to this we put major resources into preventive work, through information and campaigns contributing to a healthier and more sustainable lifestyle. And here we will be even stronger in future. We will also make sure – that we benefit from the link to ICA – and proximity to customers – to further strengthen our position."

### What do you consider the greatest challenges for medicines and sustainability?

"Every year 250 tonnes of unused medicines are thrown away with household waste or flushed down the drain. When these pharmaceutical substances reach the sea and lakes they risk causing chronic changes in animals in the form of behavioural disorders or effects on reproduction. For people, the biggest potential risk is increased resistance to antibiotics. At ICA's pharmacy operations we try in various ways to persuade Swedish households to hand in their unused medicines at their nearest pharmacy for safe destruction. In the first quarter, for example, we started a major campaign to increase collection."



Annika Svedberg, chefsapotekare

0%  
valda Allévo-  
produkter



**Facts ICA Gruppen's pharmacy operations**

In November 2014, ICA Gruppen signed an agreement to acquire Apotek Hjärtat AB, Sweden's largest privately owned pharmacy chain. Apotek Hjärtat and the Cura pharmacies have combined sales in excess of SEK 11 billion, making ICA Gruppen the second-largest player in the Swedish market with a market share of over 30% and some 370 pharmacies.

**Total number of pharmacies**

**378**



# Auditor's Review Report on ICA Gruppen AB's Sustainability Report January–March 2015

This is the translation of the auditor's review report in Swedish.

To the readers of ICA Gruppen AB's Sustainability Report for the period 1 January–31 March 2015.

## 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 2015.

## Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report January – March 2015

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', the Sustainability Report January – March 2015 is not a complete GRI report, but is a status report on the material areas reported on in the Sustainability Report 2014 for ICA Gruppen AB. The Sustainability Report January–March 2015 is therefore a complement to the Sustainability Report 2014 and should be read in connection to this.

## Responsibilities of the auditor

Our responsibility is to express a limited assurance conclusion on the Sustainability Report January – March 2015 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 Sustainability Report January – March 2015, 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 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 paragraph 'About this report'. We consider these criteria suitable for the preparation of ICA Gruppen AB's Sustainability Report January–March 2015.

Our review has, based on an assessment of materiality and risk, e.g. included the following procedures:

- a. an update of our knowledge and understanding of ICA Gruppen AB's organization and activities
- b. assessment of 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 Sustainability Report January–March 2015 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 Sustainability Report January–March 2015 and its format
- g. reconciliation of the reviewed information against the sustainability information in ICA Gruppen AB's Sustainability Report for 2014.

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 2015 has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, 6 May 2015

Ernst & Young AB

Erik Åström  
Authorized Public Accountant

Charlotte Söderlund  
Authorized 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 includes all companies in ICA Gruppen, except for the portfolio companies. The quarterly report aims to show developments that have been ongoing during the year and deals with the most significant issues in the areas of the environment, quality, health, ethical trade, social engagement and ICA's role in the most important media debates.

The criteria applied for preparation of ICA Gruppen's quarterly sustainability 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, some issues are not included. ICA Gruppen publishes a complete sustainability report once a year which is in accordance with the GRI Guidelines and provides a full description of the sustainability work.

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

<http://reports.icagruppen.se/en/ar/2014/sustainability-report/about-the-sustainability-report/measurement-and-calculation-methods/>

<http://reports.icagruppen.se/en/ar/2014/sustainability-report/about-the-sustainability-report/>

<http://reports.icagruppen.se/en/ar/2014/sustainability-report/principles/materiality-analysis/>

The report has been independently reviewed by a third party.

## 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, since January 2015, Apotek Hjärtat which conducts pharmacy operations. The Group also includes the wholly owned portfolio company inkClub and the partly owned portfolio company Hemtex. For more information see [icagruppen.se](http://icagruppen.se)

## Contacts and calendar

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**Calendar**

20 August 2015	Sustainability Report April-June 2015
12 November 2015	Sustainability Report July-September 2015