

Annual Report 2013



Content

Operations	1
This is ICA Gruppen	2
2013 in brief	3
History	4
CEO comments	8
Goals and strategy	10
Business model	16
Market	18
ICA Gruppen's six segments	21
ICA Sweden	22
ICA Norway	26
Rimi Baltic	29
ICA Bank	32
ICA Real Estate	35
Portfolio companies	38
Values	40
Employees	42

Sustainability report	45
ICA's sustainability work	46
Comment from SVP CR	47
Principles	48
Environment	56
Quality	62
Ethical trade	66
Health	70
Community engagement	73
Sustainability awards	77
About the Sustainability Report	78

Financial information and governance	85
Board of Director's Report	86
Risk and risk management	91
Corporate governance report 2013	96
Shares and shareholders	110
Group	113
Group Notes	118
Parent Company	143
Parent Company Notes	148
Auditor's report	156
Calendar	158



ICA Gruppen's segments

ICA Gruppen's operations are reported in six segments: ICA Sweden, ICA Norway, Rimi Baltic, ICA Real Estate, ICA Bank and Portfolio Companies. Read more about the segments from page 21 onwards.



Goals and strategies

ICA Gruppen follows a well-defined Group strategy with clear priorities for each area. Read more about the strategy, priorities and the new financial goals presented at the end of 2013 on page 10.

Governance and control

Read more about ICA Gruppen's corporate governance from page 96 onwards.

With a focus on groceries

At the heart of the ICA Gruppen's operations is grocery retail, and our grocery stores are the core of our business. Around our stores we have built up a number of operations which, individually or in combination, contribute to our attractive customer offering and our stable market position. Read more about the business model on page 16.



A market in transition

Health, price consciousness, more digitalisation, simplicity and sustainability. These are a few of the trends that are making their mark on the grocery retail market. Read more about the market on page 18.

Corporate responsibility

Within ICA Gruppen a conscious focus on sustainability goes hand in hand with long-term profitability. Read more about sustainability from page 45 onwards.

Welcome to

ICA Gruppen's Annual Report

At ICA Gruppen we understand the importance of maintaining the trust of our customers and stakeholders. This, of course, also applies to the information communicated about us and our operations at a more general level. We see the Annual Report as one of the most important documents in this regard.

Our operations are both easy to understand and complex; easy because so many people have a relationship to us and with what we offer, complex because so many aspects need to interact to create a great customer experience and generate good profitability.

I hope that the Annual Report will help people better understand how we operate. Our aim is to provide a picture that is as comprehensive as possible. We want to go behind the numbers and show what drives us and what we are doing to maintain our success. We want to reflect the dynamics that drive our organisation and make it so exciting.

Per Strömberg,
CEO ICA Gruppen AB

This is ICA Gruppen

With 2,100 of our own and retailer-owned grocery stores in five geographical markets, ICA Gruppen is one of the leading retail companies in the Nordic region. The core business is grocery retail. The other businesses are ICA Bank, ICA Real Estate and a number of wholly-owned or partly-owned portfolio companies.

Within ICA Gruppen, entrepreneurship is combined with large-scale and diverse operations, and local adaptation is combined with economies of scale and efficiency. Through cooperation and development of mutually supporting operations, ICA Gruppen has succeeded in securing customer confidence, good profitability and a leading market position.

In 2013 ICA Gruppen had net sales of around SEK 100 billion and more than 21,000

employees, most of them in Sweden, Norway and the Baltic region. Around 50,000 people work at ICA in offices, with logistics or in one of ICA's own or retailer-owned stores.

ICA Gruppen's share is listed in the Large Cap segment of NASDAQ OMX Stockholm. The largest shareholder at the end of the year was ICA-handlarnas Förbund (the Association of ICA Retailers).

A leading player in grocery retail

ICA Gruppen is one of the Nordic region's main players in grocery retail. At the end of 2013 there were 2,127 wholly-owned or retailer-owned stores, 1,321 of which are located in Sweden, 571 in Norway and 235 in the Baltic region.

Bank with the most satisfied customers

ICA Bank fulfils several important functions. In addition to providing user-friendly banking services, ICA Bank is also helping to improve loyalty to the ICA stores while reducing the cost of the financial flows in the ICA system.

The Nordic region's largest real estate company focusing on retail properties

ICA Real Estate is one of the largest commercial real estate companies focusing on retail properties in the Nordic region. The overall mission is to meet the Group's long-term need for appropriate properties in the right locations in Sweden and Norway.

The portfolio companies

ICA Gruppen also owns, wholly or partly, a publishing company and four retail companies. After an evaluation of the portfolio companies in 2013, ICA Gruppen decided to divest Forma, Kjell & Company and Cervera. Hemtex and inkClub are believed to have the potential to support the core business and will therefore not be divested.



Outcome 2013

- In Sweden ICA Gruppen grew faster than the market overall. Rimi Baltic had a growth rate slightly below the market. In Norway the growth was below the market.
- Operating profit excluding non-recurring items amounted to about SEK 3 billion, representing an increase in the operating margin to 3%.
- Net debt amounted to 2.1 times EBITDA.
- Proposed dividend: 68% of profit for the year.
- Direct climate impact was reduced by 18% compared with 2006.
- 77% of ICA's suppliers of corporate brand products in high-risk countries are socially audited.
- 59% of ICA's food suppliers of corporate brand products are quality certified.

2013 in brief

- Hakon Invest acquires Ahold's shares in ICA AB.
- Hakon Invest changes its name to ICA Gruppen.
- New Executive Management team for ICA Gruppen.
- The Norwegian Competition Authority imposes a temporary suspension on cooperation agreement with Norgesgruppen. The relevant ministry gives a temporary go-ahead to a joint purchase while the final decision is pending.
- ICA Gruppen issues new shares for SEK 5 billion.
- Decision on expanding the warehouse in Helsingborg.
- ICA Gruppen issues bonds.
- The Norwegian Competition Authority extends the suspension of the cooperation agreement.
- ICA Sweden decides to expand ICA To Go.
- ICA Real Estate completes the acquisition of a warehouse property in Helsingborg.
- Evaluation and decisions regarding portfolio companies and a new non-food strategy.
- ICA Bank named Sweden's best private bank.
- ICA Real Estate issues preference shares.
- New financial goals are presented.



Key figures, pro forma*

Group	2013	2012
Net sales, SEK m	99,456	99,602
Operating income (EBIT) excluding non-recurring items, SEK m	3,004	2,715
Operating income (EBIT), SEK m	2,547	2,607
Income before tax, SEK m	1,919	2,091
Income for the year, SEK m	1,424	312
Operating margin excluding non-recurring items, %	3.0	2.7
Operating margin, %	2.6	2.6
Return on capital employed, %	6.1	7.0
Return on equity, %	6.0	1.1
Earnings per ordinary share, SEK	705	1.65
Earnings per C share, SEK	705	1.65
Dividend per ordinary share, SEK	8.0	0

Important events after the end of the year

- ICA Gruppen signed an agreement to refinance the last outstanding bridge loans with other debt financing. All the bridge loans raised in conjunction with the acquisition of the remaining shares in ICA AB have now been refinanced.
- The Norwegian Competition Authority has notified in an advance ruling that it will not approve the cooperation with Norgesgruppen. At the time of writing, a review of the decision and the consequences it may have for the Company's operations in Norway is in progress.

*See glossary page 159.

New Group with long history

ICA Gruppen is a new group of companies formed in 2013, but just as before, the core business is grocery retail. All of the operations can be developed based on their own merits, while at the same time supporting the core business.

In autumn 2012 Ahold in the Netherlands announced that it intended to evaluate its stake in ICA AB and in February 2013 Hakon Invest (listed on NASDAQ OMX Stockholm) and Ahold reached an agreement whereby Hakon Invest would acquire Ahold's shares. This made Hakon Invest the sole owner of ICA.

Even before this acquisition, ICA was the dominant holding in Hakon Invest's portfolio in terms of value. In 2013 the operational activities of ICA and Hakon Invest were merged, and to

more clearly reflect the focus and future direction of the business Hakon Invest changed its name in May 2013 to ICA Gruppen.

Through cooperation and continued development of mutually supporting operations, ICA Gruppen is determined to firmly establish its leading position in the grocery retail market, further improve customer confidence and at the same time create a stable platform for sustained profitability and growth.

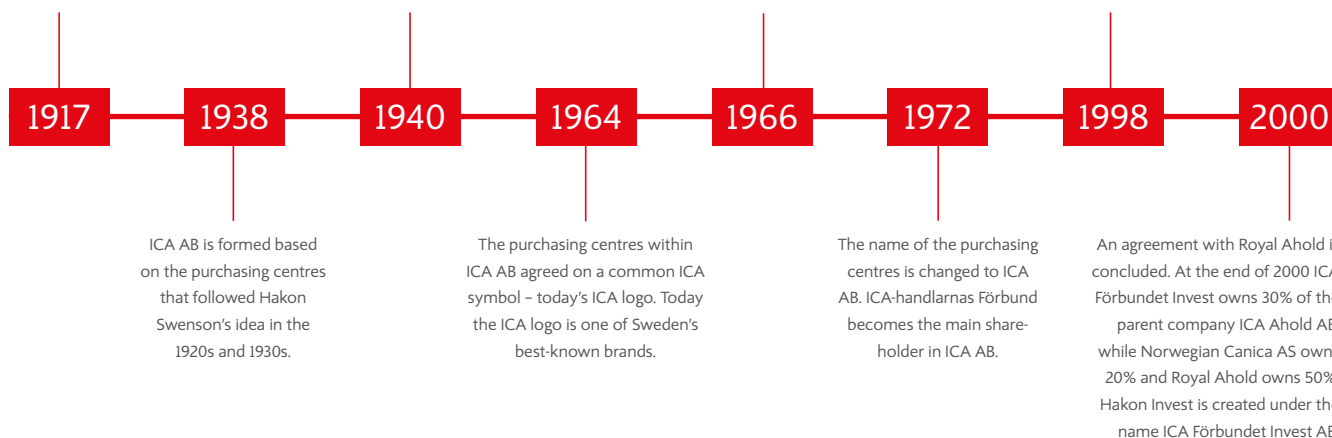
Hakon Swenson starts Hakonbolaget from which today's ICA originated.

The heart of the idea even back then was for individual retailers with their own stores to join forces and form purchasing centres so that, through coordinated purchasing and other forms of collaboration, they could achieve the same economies of scale as chain enterprises.

ICA-handlarnas Förbund is formed.

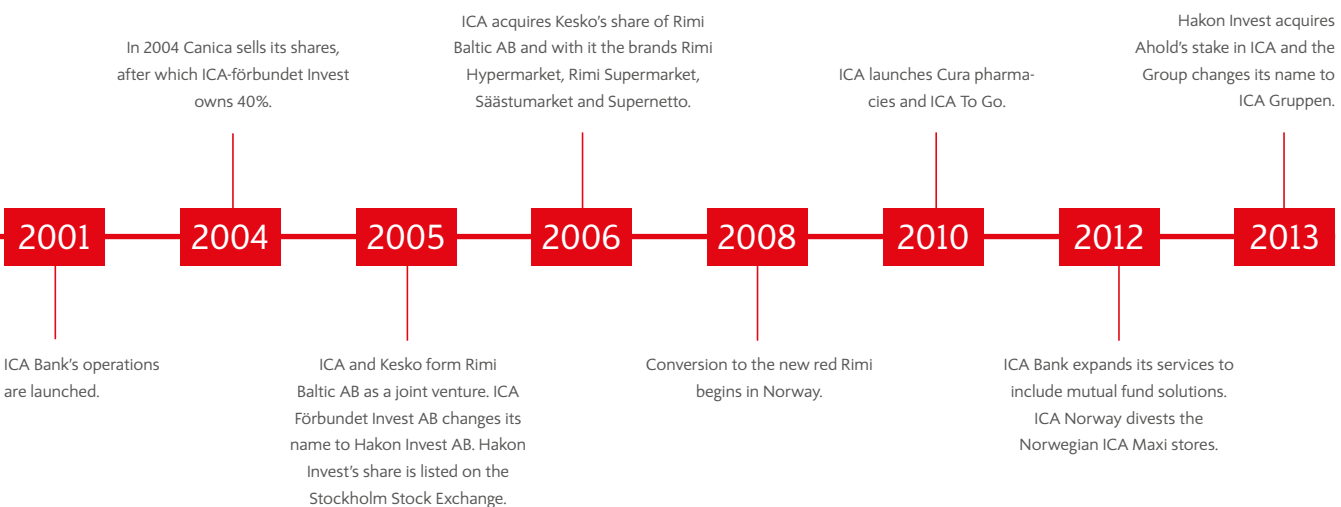
ICA becomes the market leader. The successes of the ICA retailers in the 1960s, '70s and '80s were in part due to the many new residential areas being built where ICA could open stores.

ICA Handlarnas AB and Norwegian Hakon Gruppen AS merge under one parent company - ICA AB. ICA Förbundet, which owns ICA Handlarnas AB, becomes the main shareholder in the parent company, but Canica AS, which owns Hakon Gruppen AS, also becomes a significant shareholder.





"Through better labelling and information ICA will support customers in making sustainable choices."





"We make
every day
a little
easier"

A strong first year for ICA Gruppen

The creation of ICA Gruppen was a major event in 2013. Now, as we lay the foundation for something new, we do it with the vision of making our customers' lives a little easier. Our starting point is a culture based on simplicity, entrepreneurship and commitment. While maintaining a sharp focus on the customer and the customer experience, our goal is to continue to grow and develop profitably.

In addition to creating ICA Gruppen in 2013, we also put a lot of energy into implementing the Group-wide strategy we decided upon earlier. This process went well and clearly demonstrated that we are doing things right; customers appreciate what we do, sales are increasing and we are continuing to reinforce our already strong position in most of our markets. Our total net sales increased to SEK 99,456 million in 2013. After adjustment for the divested ICA Maxi stores in Norway and currency changes, this represented an increase of 2.3% on the previous year. Operating income excluding non-recurring items, pro forma amounted to SEK 3,004 million, an income improvement of 10.6% compared with 2012.

Satisfied customers, increased sales and a new portfolio strategy

One of the factors driving our improved results is the positive growth for ICA Sweden, which continued to outperform the market. Strong sales growth, a good expansion rate, positive sales development for private label products, a new and more inspiring store concept for non-food items and more efficient logistics all contributed to higher net sales and improved earnings. Rimi Baltic also continued to enjoy good sales and profit development. ICA Bank was named Bank of the Year in 2013, which is clear proof that our customers are satisfied. ICA Real Estate also demonstrated stable growth. An evaluation of our portfolio companies was conducted in 2013. This resulted in the decision to divest Forma, Kjell & Company and Cervera. Hemtex and inkClub are believed to have the potential to support the core business and will therefore

continue to have the same ownership structure.

Our one big disappointment was ICA Norway, which continued to experience negative sales and profit development in 2013. Turning the trend around for ICA Norway and

"We now have a sharp focus on continuing to grow while maintaining good profitability!"

laying the foundation for long-term profitability will be our biggest challenge by far. Some major restructuring has already taken place; we have divested the Norwegian ICA Maxi stores, introduced an extensive cost-cutting programme, defined roles and the division of responsibilities, and drawn up new strategies for private label and pricing. But the biggest challenges are reducing our sourcing costs and improving distribution efficiency. The Norwegian Competition Authority has recently notified an advance ruling that it will not approve our cooperation with Norgesgruppen. At the time of writing we are looking into the ruling and the consequences it may have for our operations in Norway.

Priorities that keep us focused

2013 was our first year as ICA Gruppen. Our core business is grocery retail and surrounding this are other operations that support and strengthen the whole organisation, but also contribute to ICA Gruppen's profitability.

The goal going forward is to ensure that we have good growth in all of the Group's operations. We want to be even better at combining knowledge of local markets and proximity to the customers with the strength of common processes and structures. By focusing



even more on taking advantage of our size and the synergies that exist between our businesses, we will strengthen both the Group as a whole and the individual companies.

The guiding principles here are our strategic priorities. They help us stay focused and on track, and in most areas we have made considerable progress. In Sweden we opened new stores in 2013 in all store formats, including Cura pharmacies, and decided to continue investing in ICA To Go, our small store format that offers ready meal solutions. In the Baltic region we established new stores and converted a number of low-cost stores into Rimi, our most important brand in the region. The grocery market in the Baltic region is growing, our position is strong and we have a sound plan for expansion in the future. We have also increased the percentage of sales of private label products, which is important in terms of both profitability and customer loyalty.

To better support and exploit the sourcing synergies that exist within the Group, we have also created a Group-wide sourcing function.

In logistics and goods transportation, we have put a lot of energy in recent years into modernising and improving efficiency in our product flows. One of the most important events in 2013 was the acquisition of ICA Sweden's warehouse property in Helsingborg.

Simplicity, entrepreneurship and commitment

Another important priority for 2013 was to start working on our Group-wide values. Having common attitudes and a common approach to our basic values provides clarity for our customers about who we are, helps us make the right decisions and makes us the nimble organisation we want to be.

Financing

The change in our ownership structure when ICA Gruppen was formed also changed our financing and capital structure. Several actions were taken to replace the bridge financing that funded the acquisition of ICA. In May a new issue of shares was fully subscribed and raised a total of around SEK 5 billion for the company.

During the summer, bonds were issued within the framework of ICA Gruppen's MTN programme. This raised an additional SEK 5 billion. At the end of the year unlisted preference shares were issued in the subsidiary ICA Fastigheter Sverige AB for a total of SEK 3 billion. It gives me great pleasure to be able to conclude that the level of interest and confidence in ICA Gruppen has been high in the capital market.

New goals, new priorities

At the end of 2013 the Board of ICA Gruppen established new, long-term financial goals. Our focus is now clearly on continued growth and good profitability. A strong cash flow and sound capital structure will allow us to continue to invest and pay dividends in the future.

Our priorities for 2014 support these goals. Among other things, we will continue to focus on strengthening our position in and around large Swedish cities and in the Baltic countries. We will open more stores, more Cura pharmacies and more ICA To Go stores. We will also continue developing our private label products. Our priorities include an even greater emphasis on developing the customer loyalty programme within the Group. In Sweden we are well ahead in knowledge and experience, but we need to take the next step to be better at using and sharing our knowledge and skills across all countries and in all channels. This also applies to the new digital sales channels which, starting with the gradual rollout in autumn 2014, will enable our Swedish customers to shop online.

One of ICA Gruppen's business linchpins is that good profitability goes hand in hand with responsibility. By acting responsibly today, we are safeguarding our ability to do good business tomorrow. The seven position statements in ICA's Good Business guidelines establish how we are to work – from factory to store. Through these we also cover the ten principles in the UN Global Compact initiative, which ICA has adopted. ICA has also signed the Global Compact Caring for Climate initiative and we are working in partnership with a number of non-profit organisations such as Childhood, the Red Cross and the WWF. In line with our new

strategy we will also be a leader in responsible business practices. This is an important position that we have taken. Over the past few years we have, among other things, worked successfully on ensuring sustainability in the value chain. Now we want to help our customers make sustainable choices when they shop. With better labelling and information, we can make those choices a little easier.

Thank you!

Behind us is an eventful first year for ICA Gruppen. In conclusion, I would like to thank all of ICA Gruppen's employees, independent retailers and other partners for great collaboration and well-executed efforts in 2013. Now let's continue full steam ahead. We are entering an intense and exciting period.

Stockholm, February 2014

Per Strömberg
CEO

Strategic priorities implemented in 2013

- ✓ Increase the percentage of private label sales and profitability
- ✓ Ensure that our prices are competitive and improve customer price perception
- ✓ Develop the portfolio strategy
- ✓ Increase growth in the stores in Sweden and the Baltic region
- ✓ Cooperate to realise synergies between the subsidiaries
- ✓ Ensure operational efficiency, with an emphasis on the logistics chain
- ✓ Develop common values

Goals and strategy



VISION

We make every day a little easier

STRATEGIC THEMES

STRATEGIC PRIORITIES

ACTIVITIES

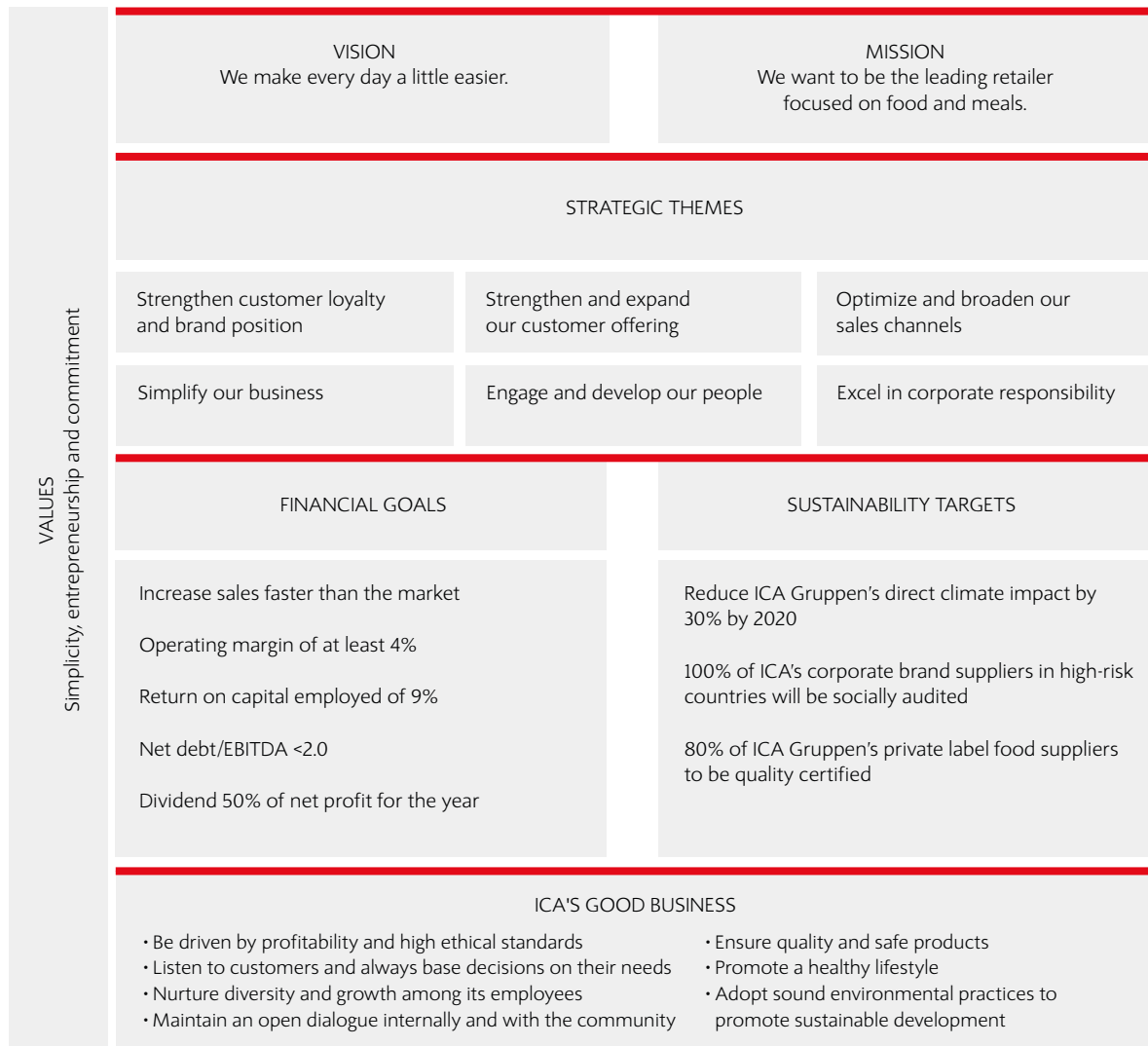
GOALS

ICA Gruppen's vision is to make every day a little easier. The overall goal is to firmly establish our position as the leading retail company focusing on food and meals. The Group strategy establishes the frameworks and priorities for everything we do to secure our position for the long term.

ICA Gruppen's strategy is based on the Group's shared strengths and a comprehensive

understanding of both our business environment and our markets. It consists of six long-term strategic themes that set the direction for all operations within ICA Gruppen. Having common and overall strategic themes makes it easier for the Group and the employees to set priorities from a holistic perspective.

In addition to the longer-term themes, a number of shorter-term common priorities are identified every year. These are assigned goals and broken down into company-specific activities which are then followed up on a quarterly basis. These priorities, which are critical for ICA Gruppen's strategy, also facilitate cooperation and take advantage of synergies between different businesses within ICA Gruppen.



At ICA, a commitment to sustainability and strong community engagement go hand in hand with long-term profitability. ICA's customers and other stakeholders should feel secure and confident in ICA and its businesses. ICA's Good Business guidelines describe the Company's ethical standards and corporate social responsibility.

Strategic themes



Strengthen **customer loyalty** and **brand position**

ICA Gruppen will nurture and continue to build its strong brands and strengthen customer loyalty in every market through effective, well-targeted marketing activities and sound decisions. The most important brands are ICA and Rimi. ICA Gruppen is working on further defining and developing its brand-related promises. Customer loyalty programmes are a key part of ICA Gruppen's offering and create added value for both customers and the Group. Loyalty programmes have so far been successfully used in both Sweden and the Baltic countries where customers receive unique offers based on individual purchasing patterns.



Strengthen and expand our **customer offering**

The Group's goal is to increase sales through a strong range of new products and services. Among other things, ICA Gruppen will concentrate more on fresh foods and pharmacy items, and in general ensure that prices are competitive in every country, which is an essential aspect of a strong customer offering. Private label products are also a focus area which give customers better value and contribute to a unique product range.



Optimise and broaden our **sales channels**

ICA Gruppen will focus on continuing the store expansion and ensuring that the Group has a well-adapted network of stores. Together with the retailers, the store formats will continue to be developed based on customer demand. In addition, ICA Gruppen will seek to achieve additional sales by developing and integrating complementary sales channels. Being a leader in online retail will be a critical success factor for the Group. ICA's network of stores will constantly be renewed and developed with a particular focus on the geographical areas where ICA is under-represented.



Simplify our business

ICA Gruppen will be better at identifying and capturing synergies within the Group, while working to increase efficiency and adopting a mindset of continuous improvement. For example, significant synergies can be found in Assortment & Sourcing, including joint development of private label products and coordination of sourcing activities.



Engage and develop **our people**

A common approach and a shared view of basic values increase clarity for the customer about who we are as well as the level of attraction of ICA Gruppen among current and future employees. This makes it easier to make the right decisions and thus improves internal efficiency. In 2013, ICA Gruppen launched its common values: simplicity, entrepreneurship and commitment. These values provide an internal compass and guiding principles for everyday activities. The focus going forward will be on implementing these values at both the office level and in the stores.



Excel in **corporate responsibility**

ICA Gruppen will excel in corporate responsibility. Work in this area will permeate everything the Group does, lead to tangible results and ensure a sustainable value chain – from production to store. The aim is to continuously raise the level of ambition by leading the way on important issues such as conditions in production units, place-of-origin labelling, healthy products, environmental impact and food safety, while also steadily reducing carbon dioxide emissions. Through these efforts, ICA Gruppen wants to inspire other players while strengthening the Group as a player in the grocery retail market and creating value for society as a whole and for our customers.

Strategic priorities

2013		2014
Turnaround the Norway business		Turnaround the Norway business Develop and leverage leading CRM
Increase profitable private label penetration	✓	Further strengthen the Private Label offering
Ensure competitive pricing and fair price perception	✓	Ensure competitive pricing and fair price perception
Develop the portfolio strategy	✓	Implement the portfolio and non-food strategy
Build a leading digital sales position		Build a leading position online
Grow the retail business in Sweden and in the Baltic countries	✓	Strengthen the store network (main focus on Cura, Lithuania, metro Sweden)
Collaborate to capture synergies within the Group	✓	Exploit sourcing synergies
Ensure efficient operations with focus on supply chain	✓	
Develop common ICA values	✓	Implement ICA's common values
		Support sustainable customer choices

Comments

In 2013 ICA Gruppen worked successfully according to the Group strategy and the nine defined strategic priorities. Goals were set for these and they were followed up quarterly to maintain a sharp focus and transparency. ICA Gruppen delivered in line with or exceeding the goals for all of the priorities, with the exception of turning the trend around in Norway. In January 2013 ICA Norway and Norgesgruppen entered into a cooperation agreement within sourcing and logistics to create a competitive cost position. In February 2014 the Norwegian Competition Authority issued an advance ruling stating that it intended to block the cooperation.

Becoming a leader in digital sales is a long-term initiative that progressed according to plan in 2013 and is one of ICA Gruppen's ten defined priorities for 2014. These priorities are considered critical to ICA Gruppen's strategy and will facilitate cooperation and synergies within the Group for the areas selected. The majority of the priorities from 2013 remain in place with slight adjustments and there are three new ones defined as follows: Develop and leverage leading CRM, Exploit sourcing synergies and Support sustainable customer choices.

The loyalty programmes and CRM constitute an important area for all of ICA Gruppen's markets. The starting points may vary, but all countries have ambitious plans for further improving their customer loyalty efforts. ICA Gruppen also has a large sourcing volume and there are good opportunities for synergies across national borders in several areas.

With respect to ICA Gruppen's sustainability work, in recent years the Group has been focusing on ensuring sustainability in the value chain and these efforts have been paid off. In 2014 the focus will be on making sustainable choices easier for the customer through the product range and through information provided.

Goals and outcomes

Financial targets

ICA Gruppen is one of the leading retail companies in the Nordic region with a clear strategy for profitable growth. The Group's financial targets will ensure that ICA Gruppen provides shareholder value over time and will reflect the Group's focus on the stable grocery retail market.

The Board of ICA Gruppen has adopted the following long-term financial targets for the Group:

Grow faster than the market

The goal refers to sales growth in each individual market to outperform the total market. To succeed, ICA Gruppen will continue to develop and expand the store network. There will be a particular emphasis on growth areas such as large cities in Sweden and the Baltic region, and on developing and enhancing digital sales channels. The goal applies primarily to ICA Gruppen's retail businesses.

Outcome:

In Sweden ICA Gruppen grew faster than the market overall. Rimi Baltic had a growth rate slightly below the market. In Norway the growth was below the market.

Operating margin of at least 4%

ICA Gruppen will increase profitability by focusing on strong brands, internal efficiency, customer loyalty programmes and increasing the percentage of private labels. This goal relates to operating income excluding non-recurring items for the Group as a whole.

Outcome:

Overall the operating margin excluding non-recurring items increased in 2013 to 3% (2.7).

Sustainability targets

ICA Gruppen's sustainability work is a strategic priority and is integrated into all of the Group's operations.

To follow up sustainability efforts there are three overall sustainability targets:

ICA will reduce its direct climate impact by 30% by 2020 compared to 2006

ICA's direct climate impact comes from operating stores and warehouses, goods transportation between warehouse and store, and business travel. The climate impact from the product range is not included.

Outcome:

Since 2006, ICA's direct greenhouse gas emissions fell by 18% (13), mostly due to long-term work with a number of actions in the areas of energy, refrigerants, transportation and business travel. Compared with 2012, ICA's direct greenhouse gas emissions fell by 5% in 2013. During the year, the use of renewable electricity in the Swedish stores increased and ICA has implemented measures for energy-efficient operation of stores in all markets. For example by putting lids and doors on refrigerators and freezers.

In the logistic operations, several measures have contributed to the reduced emissions, including all carriers in Sweden reporting factual transport data, which was previously calculated according to agreed standards. An increased number of transports in Sweden are carried out with trucks that use alternative fuels, which also contributes to reduced emissions. Transition to refrigerants with less climate impact in the Baltic countries has also contributed to the emissions reductions.

Return on capital employed of 9%

Return on capital employed is defined as operating income plus financial income, excluding effects of acquisitions, as a percentage of the average capital employed (equity plus interest-bearing liabilities). The operations of ICA Bank are excluded from both the income statement and balance sheet in the calculation. This is a key ratio that shows the return on the capital the Group is using, regardless of financing.

Outcome:

For the full-year 2013 the return on capital employed was 6.1%. The Group's capital employed increased during the year from SEK 10 billion to SEK 50 billion as a result of the acquisition of the remaining shares in ICA AB.

Net debt/EBITDA < 2.0

Net debt is defined as the Group's interest-bearing liabilities, excluding pensions and ICA Bank and cash and cash equivalents, in relation to operating income before depreciation and amortisation, EBITDA. The goal is to reduce net debt to two times EBITDA by the end of September 2014 when financing for the acquisition of ICA AB will be completed and the bridge loan will be replaced by other long-term financing.

Outcome:

As of 31 December 2013 ICA Gruppen's net debt amounted to SEK 9.2 billion, equivalent to 2.1 times EBITDA pro forma.

Dividend 50% of profit for the year

The dividend goal has been set with sights on 2016 when the current C shares will be converted into ordinary shares, resulting in more shares carrying entitlement to dividends. The Board is aiming for a good and stable dividend that reflects ICA Gruppen's stable earnings in grocery retail over the long term.

Outcome:

The Board of ICA Gruppen proposes a dividend of SEK 951 million, corresponding to SEK 8 per ordinary share for 2013. The dividend proposed is equivalent to 68% of the profit for the year.

100% of ICA's corporate brand suppliers in high-risk countries will be socially audited

Corporate brand products are primarily private label products. High-risk countries are defined according to the UN Human Development Index and Economic Security Index (UNDP).

Outcome:

By the end of 2013, 77% (74) of the production units, factories, farms and processing plants in high-risk countries that produce ICA's corporate brand products have been socially audited. Overall, the number of suppliers decreased in high-risk countries during the year as a result of, among other things, consolidated volumes for ICA and a continuous monitoring of the supplier base. In fruit, vegetables and flowers, however, the number of suppliers

increased as a direct cause of ICA Sweden's health initiative but the proportion of socially audited suppliers of fruit, vegetables and flowers have increased even more so. Further efforts are needed in the coming years to support suppliers in efforts to ensure that production takes place in an acceptable form in terms of human rights.

80% of ICA's corporate brand food suppliers will be quality certified

80% of ICA's corporate brand food suppliers will be certified to GFSI (Global Food Safety Initiative). Corporate brand products are primarily private label products.

Outcome:

At the end of 2013, 59% (57) of suppliers of ICA's corporate brand products were certified to GFSI. During the year, the number of suppliers has increased, resulting in an increased work to ensure that updated certificates are registered in ICA's monitoring system. When it comes to fruit and vegetables, ICA also works with local suppliers with a third-party standard that is not GFSI approved, this affects the overall outcome against the target.

Business model

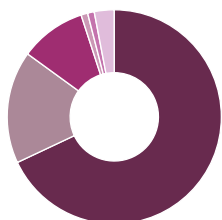
ICA Gruppen AB is one of the Nordic region's leading retailers with its own and retailer-owned stores, located in Sweden, Norway, Estonia, Latvia and Lithuania. ICA Gruppen is also represented in Finland through the portfolio company Hemtex.

At the heart of ICA Gruppen's operations is grocery retail where the grocery stores are the hub of our business. Around this we have built up a number of operations which individually or in combination are contributing to our attractive customer offering and our stable market position. ICA Gruppen consists of ICA Sweden, ICA Norway and Rimi Baltic, which are mainly involved in grocery retail, ICA Real Estate, which owns and manages properties, and ICA Bank, which offers financial services to Swedish customers. The Group also

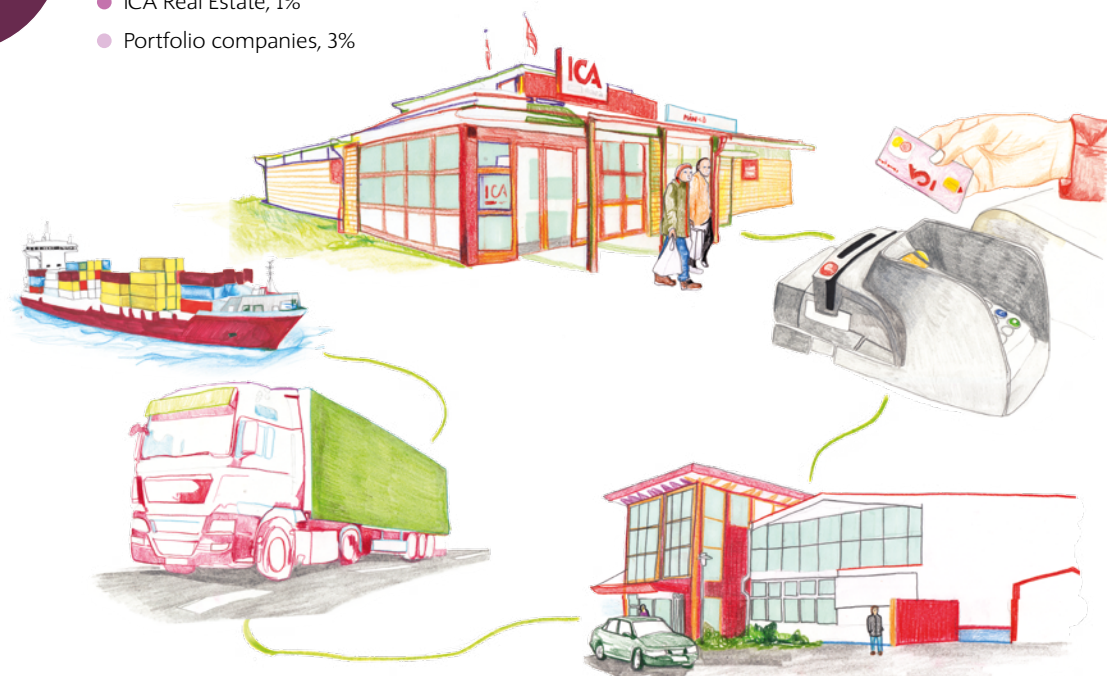
includes five Portfolio Companies. (For more information see Portfolio Companies' operations and focus on page 38.)

ICA Gruppen has more than one business model. The idea is to combine the best aspects of entrepreneurship with the best of economies of scale. The ICA concept of individual retailers working in cooperation, which combines diversity and local adaptation with economies of scale and efficiency, is still a cornerstone, at both the national and local levels.

Breakdown of sales



- ICA Sweden, 68%
- ICA Norway, 17%
- Rimi Baltic, 10%
- ICA Bank, 1%
- ICA Real Estate, 1%
- Portfolio companies, 3%





Norway

ICA Norway operates its grocery retail business throughout the country under the brands ICA, Rimi and Matkroken. Around 60% of the stores are wholly-owned and operated by ICA Norway and the remaining 40% are operated as franchises. ICA Norway coordinates sourcing and is responsible for logistics and coordinated market communication for all of the stores.

ICA Real Estate's task in Norway is to find appropriate properties in the right locations. This is done today through a combination of owning, leasing and strategically developing marketplaces. The operations generate consistent revenue in the form of rents. The sale of properties that have increased in value is also a source of profits for ICA Real Estate.



Baltic countries

Rimi Baltic is a grocery retailer operating in Estonia, Latvia and Lithuania. All of the stores are wholly-owned by Rimi Baltic. Rimi Hypermarket and Rimi Supermarket stores are found in all three countries and the focus is on fresh food and good service. The discount segment consists of Säästumarket in Estonia and Supernetto in Latvia.

Rimi Baltic is responsible for real estate transactions in the Baltic countries.



Sweden

ICA Sweden is a grocery retail business operating throughout Sweden in cooperation with independent ICA retailers. ICA Sweden is responsible for coordinated sourcing, logistics, marketing communication and support for retailers in areas such as marketing and store development. There are five different grocery store profiles: ICA Nära, ICA Supermarket, ICA Kvantum, ICA To Go and Maxi ICA Stormarknad, which are operated as a combination of independent retailers and an integrated chain,

where the retail part is operated by the retailers and the non-food part is operated by ICA Sweden's subsidiary Maxi Special. Cura pharmacies are also part of ICA Sweden.

ICA Bank offers financial services to customers in Sweden and has agreements with almost all ICA stores in the country. ICA Bank helps improve loyalty to the ICA stores while reducing the cost of the financial flows in the ICA system. Offering financial services is one of ICA Gruppen's many activities to promote loyalty. In Sweden, ICA Bank's customers can save, borrow and obtain insurance. Net interest income and commissions contribute to ICA Gruppen's earnings and when customers use ICA Bank's own bank cards, the fees

payable to other card issuers are reduced. The bank also offers services such as payment terminals and ATMs to other companies for a fee.

ICA Real Estate's task in Sweden is to find appropriate properties in the right locations in Sweden. This is done today through a combination of owning, leasing and strategically developing marketplaces. The tenants are ICA retailers as well as other businesses. The operations generate consistent revenue in the form of rents. The sale of properties that have increased in value is also a source of profits for ICA Real Estate.

The Swedish ICA stores' fees to ICA Gruppen

Required	Voluntary	Profit
Joint organisation, so-called ICA Fee, based on the stores' net sales (%)	Additional services at market rates, e.g. financial and marketing	Wholesale profit, based on wholesale sales (%)
Logistics fee, based on wholesale sales (%)	Cost-based additional services, e.g. store IT	ICA agreements, royalties/dividends, royalties are based on store net sales (%)

Drivers and trends in the grocery retail market

The pace of development in the grocery retail market and among consumers is increasing. Understanding the business environment, how it is changing and the effects this is having on ICA Gruppen is critical in order to meet the needs and demands going forward. Below is an explanation of some of the biggest changes and challenges facing grocery retail, and what ICA Gruppen is doing to turn them into business opportunities.

More single-person households and urban dwellers

The population of Sweden and Norway is growing. According to forecasts, Sweden's population will exceed 10 million by 2017. The main drivers of this trend include longer life expectancy, rising birth rates and increased immigration. In the Baltic countries the trend looks different. The populations there have been falling since the beginning of the 1990s. Common to all five countries is that more people are moving to the cities, which is resulting in the depopulation of rural areas and smaller towns. Alongside this trend is the increase in the number of single-person households or low-occupancy households. In Sweden almost every other household is a single-person household. This is largely due to people creating family units later and to an increasing percentage of elderly people in the population.

Examples of solutions within ICA Gruppen

- Increased focus on establishing new stores in big cities
- New salad bars in the Rimi stores in the Baltic countries
- Continued investment in ICA To Go in Sweden; go-ahead for testing an additional 10 stores in metropolitan areas



Widespread digitalisation

The digitalisation of society continues. There is a trend towards a higher level of connectivity with the use of more and more devices: computers, smartphones and tablets. The number of users in recent years has been relatively constant, although usage among people who already use the internet is increasing. Mobile internet use is growing drastically. Online sales continue to increase and as it develops and better services are offered, grocery retail is expected to advance as well. There is also a clear trend towards the growth of virtual stores, QR codes, apps, positioning services, price comparisons and mobile coupons.

Examples of solutions within ICA Gruppen

- The ICA Handla online shopping app
- Rimi Pluss 2.0 in Norway
- ICA Bank offering mobile banking
- Upcoming online sales solutions
- More digital marketing in Sweden



Increasingly sharp focus on prices

The grocery retail sector in ICA Gruppen's markets saw growing competition in 2013. A high rate of expansion among competitors, new and upgraded stores, combined with a strong restaurant and café trend is intensifying the fight for the customer's money. Alongside this trend is the continuing economic turbulence in the world which has caused consumers to be more cautious in recent years. Today's consumers want to make smart choices and get a good deal. Apps and other digital tools are increasing transparency and helping consumers stay informed about prices and other ways of adding value. The right price experience and value for money are strong drivers when consumers choose where to shop.

Examples of solutions within ICA Gruppen

- Investment in private labels (Sweden: ICA Basic; Norway: Smart 365 and Selection Arne Brimi)
- Rimi's prices in Norway
- New low-price guarantee in Säästumarket stores in Estonia
- Campaign initiatives in Latvia and Lithuania



Solutions that make every day a little easier

Many consumers are pressed for time in their daily lives and are looking for solutions to simplify and improve grocery shopping and meal preparation. Grocery stores should be easy to navigate and have a broad range of products. Despite the abundance of information, inspiration and recipes, on any given day a vast majority of consumers do not know what they are going to eat for dinner that evening. Well-balanced ready-prepared meals and pre-packed grocery bags have emerged as a response to a desire by consumers to simplify their lives.

Examples of solutions within ICA Gruppen

- In-store banking and pharmacies in ICA stores
- ICA Grocery Bag makes meal planning easier
- The Rätt Enkelt range of ready-prepared meals
- Special sections for pizza, sushi and salads in the stores in the Baltic countries



We want to live well for the rest of our lives

The trend towards being healthier is still strong and is driven in particular by a desire by consumers to live a long and healthy life, but also by today's ideals for both the body and the soul – we want to look good and feel good. Despite this trend, obesity is an increasingly serious problem in many parts of the world. In Sweden one in two men and one in three women are considered overweight. Studies show that consumers think the health ideal is hard to attain, particularly in their daily lives. There is a clear link between diet and health, although exercise plays an important role as well. Fruits and vegetables in particular are associated with good health.

Examples of solutions within ICA Gruppen

- Focus on fruits & vegetables, e.g. organic fruit in bulk in Sweden
- Fruits & vegetables training in Norway
- ICA's sugar-free jams sweetened with Stevia, a natural plant extract sweetener
- Take a Green Year campaign in Sweden
- Rimi is one of the sponsors of the Riga and Vilnius marathons



Corporate social responsibility even more important

Studies by ICA conducted with a panel of customers in the summer of 2012 show that an overwhelming majority of customers are concerned about the climate threat and more than eight in ten think it is important to make sustainable choices when grocery shopping. Corporate social responsibility is not just about the climate; it is also about the importance of having a sustainable value chain, a structured process in the stores to ensure quality and protect the environment, efficient goods transportation and choosing suppliers who provide good working conditions for their employees and good living conditions for their animals. A fundamental factor in securing and retaining consumer trust is behaving in an honest and transparent way.

Examples of solutions within ICA Gruppen

- ICA's Good Business values, seven position statements for sustainability work, permeate all of the Group's operations
- Environmental and quality certification of stores and of sourcing and logistics processes
- Social audits to improve working conditions at supplier premises in high-risk countries
- Quarterly reports on sustainability work
- Labelling to guide customers to make sustainable choices

Geographical markets

ICA Gruppen is mainly active in five geographical markets: Sweden, Norway, Estonia, Latvia and Lithuania, where the core business is grocery retail. In 2013 the markets experienced growth, expansion and continuing stiff competition.

Economic growth in the Baltic countries was higher than in Norway and Sweden in 2013. This was not, however, reflected in consumer confidence in the economy. In Sweden and Estonia consumer confidence strengthened during the year, while households in Norway were less optimistic. In Lithuania and Latvia optimism increased at the beginning of the year before falling back in the autumn.

In terms of structure and consumer patterns, the grocery retail markets in the five countries have both similarities and differences. In all of the countries the markets are dominated by a limited number of players. Competition for customers is tough. In Norway and the Baltic countries in particular, the expansion rate in recent years has been very high, especially in the discount segment. In these markets, price and price perception is in general a stronger competitive factor than in Sweden.

In all of the countries a growing proportion of retail sales take place in big cities; either in the city centre or in shopping centres just outside. All countries, but particularly Sweden

and Norway, have seen growth – albeit from a low starting point – in online grocery sales and pre-packed grocery bags for home delivery.

In Sweden customer loyalty is high, even though it has declined, while in Norway it is generally lower. Norway is a special case from a purely geographical perspective with a population that is spread out and long distances to travel, which is particularly challenging for logistics and transport flows.

There are quite significant differences in terms of the grocery retail market's share of total disposable income. In Sweden and Norway the average household spends about 10–12% of disposable income on food and groceries. In the Baltic countries the figure is approximately 20–30%.

There are big differences in population sizes as well. The population of Sweden and Norway is growing, while there has been a significant decline in the population in all of the Baltic countries.



ICA Gruppen's six segments

ICA Gruppen's operations are divided into six segments: ICA Sweden, ICA Norway, Rimi Baltic, ICA Bank, ICA Real Estate and the Portfolio Companies. Our core business is grocery retail. The intention is for other operations to support the core business, but they can also be developed to take advantage of new business opportunities.

The grocery retail operations, i.e. ICA Sweden, ICA Norway and Rimi Baltic, include a total of 2,100 grocery stores owned either by ICA or by the retailers in Sweden, Norway, Estonia, Latvia and Lithuania. Around our stores we have built up a number of operations which, individually or in combination, are contributing to our attractive customer offering and our stable market position. ICA Bank offers financial services to customers in Sweden, while ICA Real Estate operates a real estate business in Sweden and Norway. ICA Gruppen also has five portfolio companies.

The figures for ICA Gruppen's segments on the next few pages are presented as if the segments had been part of ICA Gruppen for the whole of 2013 and 2012.



ICA Sweden	ICA Norway	Rimi Baltic	ICA Bank	ICA Real Estate	Portfolio Companies
Turnover, % (of Group)	Turnover, % (of Group)	Turnover, % (of Group)	Turnover, % (of Group)	Turnover, % (of Group)	Turnover, % (of Group)
Operating income excl non-recurring items, SEK m	Operating income excl non-recurring items, SEK m	Operating income excl non-recurring items, SEK m	Operating income excl non-recurring items, SEK m	Operating income excl non-recurring items, SEK m	Operating income excl non-recurring items, SEK m
3,058	-691	308	201	519	21
No. of employees	No. of employees	No. of employees	No. of employees	No. of employees	No. of employees
7,617	3,882	8,248	312	75	1,126

ICA Sweden

Strong development continues

More customers, increased sales and positive private label development all show that our customers continue to appreciate ICA. Combined with increasingly efficient logistics, this resulted in another strong year for ICA Sweden.

With just over 1,300 stores and a market share of around 36%, ICA Sweden is the leading grocery retailer in Sweden. The business is operated in cooperation with independent ICA retailers. They each own and operate their own stores, making it possible to tailor concepts and offers to local demand. There is also extensive collaboration on expansion, sourcing, logistics, IT and marketing communication, enabling economies of scale to be achieved.

ICA Sweden has a pharmacy business under the name Cura, a convenience concept called ICA To Go and ICA Special, which works with sourcing and sales of non-food items including non-food sales in the Maxi ICA Stormarknad. ICA Special also runs a wholesale operation for ICA Kvantum, ICA Supermarket and ICA Nära in Sweden and delivers products to ICA's operations in Norway and the Baltic countries.

Important events in 2013

In 2013 ICA Sweden continued working on integrating the new Group strategies within the organisation. The most important priorities for the year were driving sales, continued development of the product range, increasing the percentage of private label products and ensuring prices are competitive and that the operations were efficient in general, with a focus on the logistics chain. Good results were achieved in all of these areas during the year.

New stores and further development

A total of 15 new ICA stores were opened with an even distribution across the store profiles. Seven of these replaced stores that have been closed. Another seven were newly established stores and one store was taken over from a competitor. Although a total of 24 ICA stores were closed, the net retail space increased in 2013.

In 2013 the decision was taken to establish ten new ICA To Go stores over the next two years. ICA To Go is a concept with smaller stores that are highly accessible and offer ready-prepared meal solutions. The concept has existed as a pilot operation in Stockholm

since 2010. The customers appreciate the product range, the prices and the experience of having healthy food choices. To further increase accessibility, a number of in-store concepts are planned for existing ICA stores.

Cura pharmacies continued to improve their position in the pharmacy market. Altogether 10 new Cura pharmacies were opened, equivalent to 45% of all new pharmacies in Sweden. Cura's sales growth shows that customers appreciate the concept of pharmacies conveniently located inside or adjacent to large ICA stores and the long opening hours. The strength of the concept is the benefits gained from the customer flows that the stores and pharmacies generate for each other. At the end of 2013 there were 58 Cura pharmacies in total around the country.

Marketing and loyalty programmes

ICA is constantly working on increasing loyalty among existing customers while also reaching new target groups. While traditional marketing channels in the form of advertisements and direct mail are still important tools, the significance of loyalty programmes, digital marketing and a strong online presence is growing. Marketing is also becoming increasingly customer-specific. ICA.se and the ICA Handla online shopping app are good examples of effective and growing channels. The app, which was enhanced in 2013, had been downloaded more than 760,000 times by the end of the year. ICA.se is still Sweden's biggest food website, with around 1.3 million visitors every week.

Private label products

One of the most important strategic priorities is increasing the proportion of private label products.

A good private label range offers benefits for customers and stores alike. It creates breadth and depth in the product range at attractive prices. It also strengthens ICA's brand and the uniqueness of ICA stores, while improving profitability.

In 2013 private label brands accounted for 21.4% of sales in Sweden, an increase of



"ICA is Sweden's most sustainable brand according to Sustainable Brand Index 2013."



Strong sales and income growth

ICA Sweden's net sales increased by 3.4% in 2013, largely driven by higher sales within wholesale and at Cura pharmacies. Sales in comparable units increased by 2.7%. Sales of private label products increased by 1.3 percentage points during the year.

Operating profit excluding non-recurring items improved during the year to SEK 3,058 million (2,872). Higher sales, improved margins in wholesale due to a higher proportion of private labels, efficiency improvements in logistics and improved earnings for the Cura pharmacies contributed to the improvement in earnings.

The stronger sales also helped to strengthen ICA Sweden's position in the grocery market during the year.

Key figures

	2013	2012
Net sales, SEK m	67,992	65,750
Operating income excl. non-recurring items, SEK m	3,058	2,872
Operating margin excl. non-recurring items, %	4.5	4.4
Private label share of sales, %	21.4	19.6*
Number of employees	7,617	7,229

* Private label share was 20.1% according to changed definition 2013.

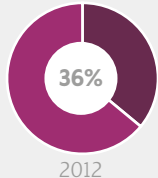
Market development

The grocery retail market in Sweden is a mature market which for many years has included ICA, Axfood, Coop and Bergendahls. Combined, these players account for around 70% of the market.

Competition in the market has increased in recent years, mainly due to the expansion of low-cost chains, but also to increased competition from other channels such as restaurants and pre-packed grocery bag solutions delivered directly to customers. In average, a Swedish household spent approximately 12% of its disposable income on food.

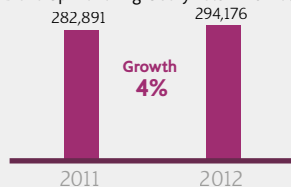
Although development in grocery retail in 2014 is expected to be positive, the sector is still sensitive to economic conditions around the world. The most significant growth in percentage terms is expected to be in online sales, albeit from low levels. Competition is expected to remain tough.

Market share*, Sweden



* Calculated based on total grocery consumption irrespective of channel according to Nationalräkenskaperna (Sweden's National Accounts). Grocery sales including VAT in ICA stores totalled SEK 105,494 million in 2012.

Development in grocery retail market, SEK m



At the time of publication of the Annual Report the 2013 figures had not yet been published.

1.3 percentage points compared to the previous year. One in five products sold were private label products. A total of around 450 new private label products were launched during the year, many of which were in the fresh foods segment.

Online sales

The task of laying the foundation for ICA's planned online offering continued in 2013. The goal is to start launching online sales solutions in autumn 2014. The initiative is based on the participation of local stores. Customers choose the store in which they want to shop and where they want to pick up their pre-packed grocery bags. Depending on the market and the competition, stores may also offer home delivery. Over time, the idea is to offer ICA's entire range of products for purchase online.

ICA's Grocery Bag, a service provided by individual stores, continued to develop well during the year. Several versions can be ordered, and they can either be delivered or picked up at the store.

Work on certification continued

The customers have high expectations with respect to food safety and quality. ICA therefore works continuously on facilitating quality assurance work in the stores and ensuring that ICA's own products are safe and sustainably produced.

At the end of 2013 most of the ICA stores had met the industry quality standard and 340 had been certified in a third-party audit. ICA Sweden's sourcing and logistics operations are certified to international environmental and quality standards, which means that quality and environmental work is carried out according to structured and precise routines.

Sweden's most sustainable brand

In 2013 ICA ranked number one in the Sustainable Brand Index study, which recognises Sweden's most sustainable brands. In the study, 9,000 consumers in Sweden ranked which brand they considered was performing the best in environmental and social responsibility. Consumer magazine Råd & Rön also reviewed different food companies' corporate social responsibility and how the companies were acting to impact the conditions in developing countries where food is produced. ICA was the only food company to get a green light in the review.

Sourcing and logistics

In the area of logistics, there are constant efforts to improve the service to the stores by having a more efficient and well-adapted logistics structure. In recent years several steps have been taken in this area. One of the main ones was the closure of the warehouses in Umeå and Årsta, and procurement of new goods transportation services. The effects of these measures are beginning to be apparent in the form of more efficient flows and reduced logistics costs.

Another step in this direction in 2013 was a decision to expand the warehouse in Helsingborg. The new warehouse, which is expected to be ready in the third quarter of 2015, will enable improved service and greater efficiency to be achieved. It will also result in significant environmental gains.

In connection with the expansion in Helsingborg, the warehouse in Arlöv will be phased out and the warehouse in Kungälv will in future act as a central hub for fresh foods and non-food items.

Outlook

In 2014 ICA Sweden will continue to focus on the strategic priorities that were established for the Group and ICA Sweden. These include firmly establishing and further strengthening the Group's market-leading position, with a particular focus on big cities. This will be manifested in new store openings, upgrading the existing store network and continuing to offer value for money and develop the range. At the same time, the individual stores will adapt their offerings locally to provide their customers with the best possible service.

ICA has high ambitions to inspire people to enjoy delicious meals and fresh seasonal ingredients, and also wants to make it easier for customers to make healthy choices. Fruits and vegetables and recipe services play an important role, alongside initiatives to improve wellbeing by sponsoring fitness activities for customers and employees. In 2014 the focus will be on supporting customers in making sustainable choices through better labelling and information.

In addition to grocery store expansion, there will be continued expansion in the pharmacy segment. There are plans for around ten new Cura pharmacies around the country; all of them inside or adjacent to ICA stores.

The activities with the highest priority include continuing to invest in private label

products and fresh foods. The goal is to increase the proportion of private label products by one percentage point per year. This will be achieved by aggressively investing in innovation in cooperation with the ICA retailers and working further on improving the price and product range experience for customers.

There will also be a considerable emphasis on developing customer loyalty programmes to improve the added value they create for customers. Marketing in digital channels will simplify things for customers at home and make store visits easier through services such as self-scanning using a mobile device, offerings through QR codes and developing ica.se.

In 2014 there will be an emphasis on preparations for the first launch of ICA's Group-wide online sales offered in cooperation with the stores. The goal is to increase accessibility and convenience for the customers and be a leading online sales player over time. The launch will start in autumn 2014.



Store profiles and sales development

Profile		Store sales (excluding VAT)			Number of stores in Sweden, including retailer-owned stores				
		2013, SEK m	Development all, %	Development compara- ble, %	December 2012	New	Converted	Closed	December 2013
Maxi ICA Stormarknad	Everything under one roof at fair prices. Wide range of foods and non-foods such as housewares, entertainment and garden supplies. Number of items per store: around 29,000-38,000.	30,122	4.1	3.1	75	1	1	0	77
ICA Kvantum	Designed to be the leading local supermarket, with foods for everyday and special occasions. Offering a high variety of fresh foods, alternatives for allergy sufferers, healthy and organic choices and local products. Number of items per store: 12,000-19,000.	24,141	4.1	2.1	121	5	-2	-2	122
ICA Super- market	Wide range of products for everyday needs and special occasions. Emphasis on personal service and a large assortment of fresh foods. Number of items per store: 7,000-11,000.	31,730	2.5	3.0	430	5	-2	-3	430
ICA Nära	Small convenience stores offering good service, adapted product range and quality fresh foods. Many ICA Nära stores act as agents for the state-run pharmacy and alcohol retailers, and handle sales for ATG, the Swedish off-track betting service. Number of items per store: around 4,000-8,000.	15,508	2.1	2.5	700	4	3	-19	688
ICA To Go	An urban concept focused on tasty, nutritious meals that are easy to grab on the go. Number of items per store: around 1,200.	-	-	-	4	0	0	0	0
Total		101,501	3.3	2.7	1,330	15	0	-24	1,321

ICA Norway

Continuing focus on change

2013 was another weak year for ICA Norway. The main focus during the year was on improving efficiency within the organisation while increasing sales and customer traffic to the stores. Key aspects in this work have included implementing a new management model and continuing to adapt the store network, range of products and marketing communication. Another important aspect in 2013 was the planned cooperation agreement with Norgesgruppen and the Norwegian Competition Authority's decision to suspend the agreement.



"The distribution centre in Skårer was certified in 2013 to BRC S&D, a global quality standard for retailers."

ICA Norway operates a grocery retail business in Norway under the store profiles ICA Supermarked, Rimi and Matkroken. Around 60% of ICA Norway's stores are wholly owned and 40% are franchises. At the end of 2013 there were 318 Rimi stores, 76 ICA Supermarked stores and 177 Matkroken stores.

Important events in 2013

The most important strategic priorities for the whole of ICA Gruppen include turning around the trend within ICA Norway by creating a foundation for the long-term profitability of the operations. To succeed in this, a number of forceful structural changes have been made in recent years. In 2012 the Norwegian Maxi stores were sold at the same time as extensive efficiency improvements were made in administration.

These measures were important and necessary, but far from adequate. A number of the most difficult issues in efforts to turn ICA Norway into a profitable business relate to securing good purchasing prices and the need to comprehensively improve distribution efficiency given Norway's geography. The long distances and a population that is very spread out require coordinated and efficient goods transportation processes.

In January 2013 ICA Norway and Norgesgruppen entered into a cooperation agreement within purchasing and logistics. The aim was to secure competitive prices and achieve long-term profitability for the Norwegian operations.

In the spring the Norwegian Competition Authority launched a review of the cooperation agreement and imposed a temporary suspension on the agreement while the review was in progress. ICA Gruppen appealed the decision and in July 2013 the Royal Norwegian Ministry of Government Administration, Reform and Church Affairs (FAD*) announced that the sourcing part of the agreement could proceed while the Competition Authority continued with its review. The Norwegian Competition Authority subsequently continued its review of the agreement. On 13 February 2014 the Norwegian Competition

Authority informed the Company in an advance ruling that it is to block the cooperation. The Company is now evaluating the ruling and the consequences that it may have for the Company's operations in Norway.

More emphasis on governance and management

In 2013 a lot of energy was put into more clearly defining roles, responsibilities and ownership regarding specific areas and projects. One example of this was when responsibility for operational performance was shifted in 2013 from the sourcing director to those responsible for each store profile. These now have overall responsibility for operational development and performance. Linked to this is a sharper focus on business expertise, where cooperation, customer focus, responsibility and profitability are key words.

Further development of stores and the product range

In 2013 3 new stores were opened and 28 were closed. Also, the remaining ICA Nær stores were converted into Rimi and Matkroken stores.

A new strategy was adopted during the year for private label products. From in the past when ICA Gruppen had several different brands, there is now one brand within the low-price segment and a few others in the medium and premium segments. The goal is to create a more attractive offering and facilitate for customers.

The first stage of a new price strategy for the Rimi stores was launched during the year to gradually improve price perception. Competition in the market is tough and the goal going forward is to put Rimi in an even stronger position in the low-price segment while also improving price perception. The first measure in 2013 was to reduce the price of lunch and dinner related foods as well as several hundred other products. Price reductions in other categories will continue in 2014.

Action programme 2012–2013

In addition to reviewing sourcing, logistics and governance, ICA Norway has also implemented

* As of the 1 January 2014, the FAD will cease to exist. Most of its assignments will be taken over by the new Ministry of Local Government and Modernisation.



Weak sales and income growth

Net sales in 2013 amounted to SEK 16,463 million (19,050). The reduction compared to the previous year is largely due to the divestment of the Maxi stores and the closure of a number of unprofitable stores. Comparable stores also had weak sales in 2013.

Operating income excluding non-recurring items amounted to SEK -691 million (-589). Lower sales volumes and a lower gross margin had a negative impact on earnings.

Cost-cutting measures that were initiated the previous year have had an impact in the form of lower administrative expenses.

Key figures

	2013	2012
Net sales, SEK m	16,463	19,050
Operating income excl. non-recurring items, SEK m	-691	-589
Operating margin excl. non-recurring items, %	-4.2	-3.1
Private label share of sales, %	9.7	9.6
Number of employees	3,882	4,646

a cost-cutting programme resulting in annual savings of around NOK 50 million. One of the main actions is staff cuts equivalent to around 180 annual positions. A decision was also taken to postpone upgrading the ICA Supermarked stores for the time being and delay investment in the pre-packed grocery bag concept.

Outlook

ICA Norway will continue to operate in line with the strategic priorities established for the Group. In all likelihood, 2014 will be a challenging and demanding year.

Great emphasis will also be placed on strengthening customer loyalty and continuing to improve customer price perception. Communication with customers is important, as is ensuring that the core store operations are efficient and the product range is in line with customer expectations. For example, ICA Supermarked is investing in a more locally adapted profile. An overall goal is to change ICA's image as an expensive retailer. The ongoing review of the product range and the new private label strategy are important elements, as is the introduction of an entirely new loyalty programme and the new price strategy for the Rimi stores.

Following the Norwegian Competition Authority's advance ruling that it is to block the cooperation with Norgesgruppen, an analysis is being carried out of the consequences for ICA's operations in Norway.

Market development

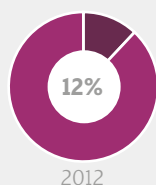
The trend in the Norwegian grocery retail market is in general positive. Sales in the market in 2012 amounted to around NOK 148 100 million, an increase of about 3% compared to the previous year. The average Norwegian household spends about 10–12% of disposable income on food.

Competition in the market remained high during the year, especially from discount players. The expansion rate also remained at a high level with essentially all players continuing to expand by opening new stores.

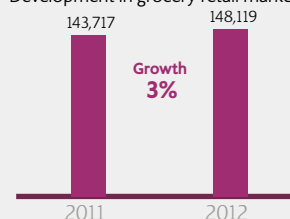
Traditionally, the retail sector has been characterised by numerous small stores. The market is dominated by four chains: Norgesgruppen, Reitangruppen (Rema 1000), Coop and ICA Norway.

Customer loyalty in Norway is generally low. Norway has the most grocery stores per capita in the whole of Europe. Every Norwegian has an average of 4–5 retail chain stores in close proximity and visits 3–4 of them on a regular basis. Demand for both quality and price is very high. Because of proximity to Sweden, an increasing number of Norwegians travel across the border to shop less expensively.

Market share, Norway



Development in grocery retail market, NOK m



At the time of publication the market data was not yet official.
Source: Nielsen

Store profiles and sales development

Store profiles		Store sales (excluding VAT)			Number of stores in Norway, including retailer-owned stores				
		2013, NOK m	Development all, %	Development compara- ble, %	December 2012	New	Con- verted	Closed	December 2013
Rimi	Discount stores that make daily shopping simple and convenient. Modern stores designed for families, offering everyday products at low prices. In addition to ICA-owned stores there are numerous franchisee-operated stores. Number of items per store: approximately 4,500.	10,007	3.2	-1.3	315	2	6	-5	318
ICA Super- marked	Stores emphasising inspiring food and variety, personal service and a broad selection. Focus on quality fresh foods. Number of items per store: approximately 12,000.	4,620	-2.7	-5.6	78	0	2	-4	76
ICA Naer	The last ICA Naer stores have during 2013 been converted into Rimi or Matkroken stores.	467	-772	-79	68	0	-63	-5	0
Matkroken	Matkroken stores are mainly operated as franchises. Matkroken stores are small, locally-adapted convenience stores, focusing on the items that customers in the neighbourhood need and want. The selection is fairly large and the service level is high. Number of items per store: 3,000–5,000.	1,555	151.9	-0.4	135	1	55	-14	177
Total		16,649	-2.7	-2.8	596	3	0	-28	571

Rimi Baltic

Stable position in a growing market

The main strategic priorities in 2013 included further strengthening the Rimi brand, increasing private label sales and continuing with the store upgrades – all for the purpose of creating a more attractive customer offering. These efforts were successful and, in combination with a continued emphasis on cost control, have helped to strengthen Rimi Baltic's position in the Baltic region.

Rimi Baltic is a grocery retailer operating in Estonia, Latvia and Lithuania through the store concepts Rimi Hypermarket, Rimi Supermarket, Supernetto and Säästumarket. Rimi Baltic had a total of 235 stores at the end of the year; 83 in Estonia, 113 in Latvia and 39 in Lithuania. Sales in 2013 break down as 51% from Latvia, 30% from Estonia and 19% from Lithuania.

Important events in 2013

In 2013 Rimi Baltic strengthened its position in the Baltic countries. Several new Rimi stores were opened in Lithuania and expansion continued in the other countries as well. Efficiency improvements in sourcing and logistics as well as investments to strengthen customer loyalty continued.

New stores and further development

The store network was expanded to include eight new stores during the year. The expansion, which is expected to accelerate in 2014, to some extent marks the end of a period of consolidation and closure of unprofitable discount stores, which has been a trend in the region in recent years.

One aspect of efforts to strengthen the Rimi brand as perceived by customers is modernising and upgrading the stores. Particular emphasis has been placed on stores in Tallinn, Riga and Vilnius. The product range has been developed with an emphasis on fresh foods, ready-prepared food, private label products and non-food items. Today many of the stores have separate salad bar, sushi and pizza sections.

Sales of private label products increased considerably in 2013. This had a significant positive impact on profitability while also improving price perception and increasing customer loyalty.

Efficiency improvement in sourcing and logistics

The rollout of the central warehouse was a success and has improved inventory management considerably. It facilitated a focus on greater transport volumes from southern

Europe and Asia, and greater volumes from ICA's central warehouse in Sweden. This in turn has improved efficiency and will reduce costs over time.

Increased customer loyalty

Investment in various types of customer loyalty programmes continued during the year. The so-called loyalty terminals introduced at the end of 2012 have been effective in improving customer loyalty. Development of the customer database will facilitate better marketing to customers in the years ahead.

Outlook

Greater emphasis will be placed in the future on developing and strengthening the Rimi brand. A total of around fifteen new stores are planned for 2014, the majority of which will be in Lithuania. Development of private label products will further intensify, as will work on various types of loyalty programmes.

There will also be a great emphasis on improving efficiency in sourcing and logistics. The goal is to further improve coordination of sourcing in relevant areas between Rimi Baltic and ICA Sweden.

Despite a generally high rate of unemployment, it is difficult to find staff in the Baltic capitals. Turnover among store employees is generally higher in the Baltic countries than in ICA Gruppen's other markets. This is a problem for the industry, but also draws focus and energy away from the organisation. Good working conditions, clear leadership and positive common core values are important components in efforts to reduce staff turnover.



“Good working conditions, clear leadership and positive common core values are important aspects with respect to store employees”



Continued strong sales and income growth

The stores continued to perform well in 2013 despite competition, a high expansion rate and sustained price pressure. Net sales amounted to SEK 10,333 million (10,050). Sales in local currencies rose by 3.5%. Operating income excluding non-recurring items amounted to SEK 308 million (259). The improvement is mainly due to higher sales, better gross margins and good operational and cost control in general.

Store profiles

Rimi Hypermarket offers everything under one roof at fair prices. A broad range of competitively priced foods, combined with non-foods such as housewares and sporting goods. Three formats: large, compact and small. Number of items per store: 30,000–45,000.

Rimi Supermarket stores offer a broad range of inspiring foods with a focus on fresh foods and good service for everyday needs. Located close to customers' homes and workplaces. Number of items per store: 12,000–18,000. The smaller supermarket stores operate under the name MiniRimi and offer 6,000–8,000 items per store.

Supernetto/Säästumarket stores are discount stores in Latvia. A sharp price profile and a good selection of everyday items. Säästumarket is a similar type of discount store in Estonia. Number of items per store: around 2,500.

Key figures

	2013	2012
Net sales, SEK m	10,333	10,050
Operating income excl. non-recurring items, SEK m	308	259
Operating margin excl. non-recurring items, %	3.0	2.6
Private label share of sales, %	14.2	12.6
Number of employees	8,248	8,078

Sales development

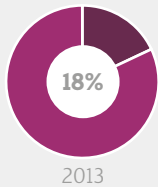
	Store sales (excluding VAT)			No. of stores in Baltic countries			
	2013, EUR m	Development all, %	Development comparable, %	December 2012	New	Closed	December 2013
Estonia	361	0.5	-2.5	83	3	-3	83
Latvia	609	6.0	3.5	114	2	-3	113
Lithuania	217	1.4	0.8	38	3	-2	39
Total	1,187	3.4	1.1	235	8	-8	235

Market development

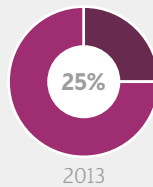
Wage structures and the labour market in the Baltic countries have improved considerably in recent years and this has had a positive impact on private consumption. In Latvia and Lithuania the strong growth trend continued during the year, while growth weakened quite significantly in Estonia. All three countries struggled with high unemployment rates, and the negative population growth continued.



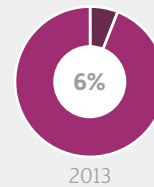
Market shares, Estonia



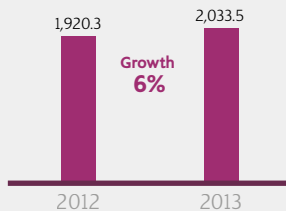
Market shares, Latvia



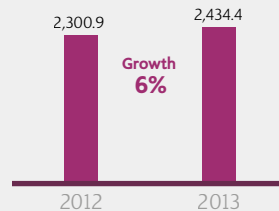
Market shares, Lithuania



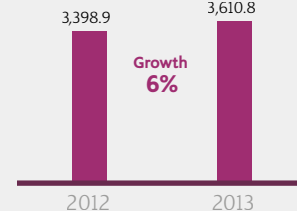
Development in the grocery retail market, Estonia, MEUR



Development in the grocery retail market, Latvia, MEUR



Development in the grocery retail market, Lithuania, MEUR



Estonia

In terms of GDP growth, Estonia handled the crisis years the best out of the three Baltic countries and recovered the fastest. However, in 2013 growth in Estonia weakened and this impacted private consumption. This trend is expected to continue in 2014.

The grocery retail market amounted to around EUR 2,033.5 million in 2013, representing growth of about 6%. There is stiff competition in the retail and grocery retail sectors and the total retail surface area is growing rapidly. Estonian customers spend an average of 20–25% of their disposable income on food.

Latvia

The economy in Latvia continues to grow the fastest of all the EU nations. Private consumption in 2013 increased by about 6%. A strong labour market combined with an upwards trend in the property market and growing disposable income are all expected to contribute to a continuation of the trend in 2014.

The size of the Latvian grocery retail market was around EUR 2,434.4 million in 2013, an increase of about 6%. Although unemployment fell in 2013, it remains at a high level, which makes price an important competitive factor. On average, Latvians spend around 30% of their income on food.

Lithuania

Lithuania also experienced good economic growth. The grocery retail market in Lithuania amounted to around EUR 3,610.8 million, representing growth of about 6%. Competition in the grocery retail market is tough and the rate of store openings is high. Purchasing power remains low; on average the population spends around 30% of their income on food. However, in recent years the minimum wages have increased significantly and this is expected to have a positive impact on the grocery retail market.

Source: European Outlook and the Statistical bureau in the respective countries.

ICA Bank

Highest customer satisfaction in the market

ICA Bank continued doing business according to the established strategy in 2013. As a result of continuous and long-term investment in the offering, enhancing the digital channels and a sustained focus on simplicity, the bank had the highest customer satisfaction rate in the banking market while improving profits in 2013.

Founded in 2001, ICA Bank is mainly active in the Swedish market. The bank offers a complete range of bank services for private individuals, including savings accounts and mutual fund solutions. ICA Bank has no actual bank branches; instead all services are offered either by the Swedish ICA stores, through a customer service department or via various digital channels (website and apps). Accessibility, simplicity, low fees and easy-to-understand terms are key concepts for ICA Bank. Some of the services are offered through partners.

ICA Bank has limited operations in Norway, where the bank is responsible for all payment terminals at Rimi and ICA Supermarked stores.

At the end of 2013 ICA Bank had around 3.6 million ICA customers in its customer database, around 612,000 of which were bank customers. Around 67,000 new bank cards were issued during the year and at the end of the year the total number issued was around 529,000.

Smart banking services and strong customer loyalty

ICA Bank plays a key role in ICA Gruppen. In addition to providing smart and user-friendly banking services, ICA Bank is also helping to improve loyalty to the ICA stores while reducing the cost of the financial flows in the ICA system.

ICA Bank contributes in many ways to strengthening customer loyalty, for example by offering a comprehensive package of banking and insurance services.

Important events in 2013

2013 was a strong year in a number of ways for ICA Bank. Work continued during the year on developing the actual bank offering and on strengthening customer loyalty to the stores. The year was characterised by a higher level of customer satisfaction, further development of the customer offering and strong demand in all product areas.

Sweden's most satisfied bank customers
ICA Bank was named Sweden's best bank in 2013 in the Swedish Quality Index customer

satisfaction survey. This is the third consecutive year that ICA Bank has ranked in the top two. This recognition is the result of continuous and concerted efforts to ensure a more clearly defined, broader and deeper customer offering.

Continued focus on developing the customer offering

In 2013 a lot of energy was put into further developing the offering. Particular emphasis was placed on improving customer interfaces, the website and apps. Both the website and the apps were redesigned during the year to add value for the customer, make them more user-friendly and add functionality. For example, it is now possible to manage country and region blocks for ICA bank card use right from the app and to open and close card accounts online.

Greater interest in mutual funds

Interest continued to grow in the mutual fund solutions launched at the end of 2011 which consist of around 40 funds. ICA Bank's managed assets at the end of the year totalled SEK 93 million, an increase of SEK 84 million compared to the previous year. Three of the funds are marketed under the ICA brand - ICA Varlig, ICA Måttlig and ICA Modig - and are managed by Catella Fondförvaltning AB.

Preparations for ICA Gruppen's online offering

ICA Gruppen continued to prepare for the online offering to be launched in 2014. ICA Bank is playing a key role in this project, mainly by providing systems to handle payment flows. In 2013 a payment solution was developed to manage bonuses and various types of cards.

Stronger position among Sweden's students

The joint offering launched by ICA Sweden and ICA Bank to provide students with more favourable terms and discounts on a range of food and banking services was continued during the year. At year-end 2013 about 78,000 students had signed up for ICA Student.



"ICA Bank is participating in the fight against child pornography in cooperation with ECPAT and the Swedish National Bureau of Investigation (Rikskriminalpolisen)."



Sales and income growth

ICA Bank's revenues amounted to SEK 850 million (814) for the full year. Business volume rose by 6% and contributed to increased commission income. Net interest income also rose as a result of divestment of a bond portfolio at the beginning of the year as well as increased lending volumes, which compensated for reduced deposit margins due to the lower official bank rate.

Operating income excluding non-recurring items amounted to SEK 201 million (181). Higher costs for marketing, consultants and IT were charged against earnings for the period. The consultancy costs relate to, among other things, adjustments to the new regulatory requirements. The higher costs were counteracted by a reversal of previous provisions for loan losses of SEK 34 million.

Key figures

	2013	2012
Revenue SEK m	850	814
Operating income excl. non-recurring items, SEK m	201	181
Operating margin excl. non-recurring items, %	23.6	22.2
Business volume, SEK m	24,772	23,272

Market development

There was slightly positive development in the global economy in 2013 and the Swedish economy was stable. Low interest rates resulted in higher indebtedness among Swedish households, mainly linked to an increased demand for mortgages. At the same time, lower interest rates keep interest expense down, which gives households capital to spare for consumption or to save.

The Swedish banking market is still dominated by a few large players. On the deposits side, the four main Swedish banks – Nordea, Swedbank, Handelsbanken and SEB – have a market share of around 65%. In a ten-year perspective both niche banks and foreign bank branches have increased their market share, mainly in the private banking segment. Many niche banks have in common that they originated from other sectors and that they are built on an online mentality with few or no physical branches of their own.

Although in the Swedish banking market in general many consumers are reluctant to switch banks, the emergence of niche banks combined with technical advances has increased mobility and flexibility. Solutions such as digital bank IDs have made it easier for customers to switch banks and to use different banks for different purposes. These days being able to access the bank digitally around the clock, year round, everywhere in the world is something people take for granted.

Renewed agreement with Riksgälden

ICA Bank was once again chosen by the Swedish National Debt Office (Riksgälden) in a procurement process for prepaid card services/cash cards. The bank is now entrusted with delivering these services for another three years. ICA Bank now has 30 customer contracts for this service, the Swedish Migration Board being the biggest among them. ICA Bank's solution will be used to pay out assistance to asylum seekers, who receive a debit card from ICA Bank where the funds are deposited. The card holders can use the card to shop at most retailer outlets and can also take out cash at all ATMs and ICA stores.

New ATMs put bank in stronger position

During the year ICA Bank invested in installing more ATMs in ICA stores and now has 431 in the Swedish market.

Recruitment process to find new CEO started

ICA Bank's current CEO Jörgen Wennberg will retire in September 2014 and a recruitment process was launched at the end of 2013 to find a successor. Jörgen Wennberg will stay on as CEO of ICA Bank and as a member of ICA Gruppen's Executive Management until his retirement.

Outlook

In 2014 ICA Bank will continue to operate in accordance with ICA Gruppen's strategic priorities. The goal is to continue to grow – in terms of number of customers and having a closer relationship with customers. This will be achieved by maintaining the focus on user-friendly services that help simplify customers' everyday lives.

ICA Bank will closely monitor the upcoming regulatory changes in the banking market such as internal governance and control, capital adequacy and management of operational risk. ICA Bank believes that the bank is well equipped at this time to handle the changes.

Services and offering

Cards	ICA Bank offers and administers several card offerings. ICA Card, ICA's Swedish customer loyalty card, is by far the most common amongst them. Today ICA Bank also has three different debit cards – Debit Card Plus, ICA Debit Card and Debit Card Maestro, a no-fee card for young people.
Borrow and save	ICA Bank offers mortgages, lines of credit and overdraft facilities. The distinguishing features are low fees and the market's best interest rates. ICA Bank also offers simple, cost-effective savings solutions – from savings accounts to various mutual fund solutions.
Insurance	In partnership with insurance companies, ICA Bank offers various types of insurance solutions, such as home insurance, car insurance, accident insurance, travel insurance and loan protection.
Commercial customers	ICA Bank supplies efficient payment solutions to various parts of ICA Gruppen, mainly payment terminals, online sales payment solutions and cash withdrawal services at store checkouts and ATMs.

ICA Real Estate

The right properties in the right locations

ICA Real Estate continued in 2013 to operate in line with the established strategic priorities: a strong brand, developing the company's marketplaces and strengthening the customer offering, improving operational efficiency, constantly developing and broadening competencies within the company and a strong commitment to improving environmental efficiency.

ICA Real Estate is one of the largest commercial real estate firms in the retail segment in the Nordic region. The overall mission is to meet the Group's long-term need for appropriate properties in the right locations in Sweden and Norway. The business idea is based on acquiring, developing, managing and in some cases selling properties and marketplaces adjacent to existing or planned ICA and Rimi stores. ICA Real Estate is also responsible for managing the Group's rental agreements with external landlords.

In addition to operations in Sweden and Norway, ICA Real Estate also jointly owns two companies – Ancore Fastigheter and Långeberga Logistik – with the pension company Alecta, both companies holding an equal share. Ancore Fastigheter acquires and owns store properties in Sweden with long leases and where ICA is the main tenant. ICA Gruppen's influence over the marketplaces therefore sometimes continues even after they have been partly divested. Långeberga Logistik was formed in 2013 for the purpose of acquiring, expanding and subsequently assuming long-term ownership of ICA's warehouse property in Helsingborg. The company is reported as a subsidiary of ICA Gruppen.

Important events in 2013

In addition to continuous efforts to ensure the properties are managed in a sustainable way that adds value, a number of large projects have been under way, all with the goal of strengthening the position of ICA Gruppen and the local ICA and Rimi retailers in the grocery retail market in the long term.

In 2013 ICA Gruppen established 15 new stores in Sweden and 3 new stores in Norway with a total area of 39,766 square metres. Also in 2013, ICA Real Estate implemented 17 development projects where the company added 24,520 square metres of retail space.

Significant divestments during the year
During the first quarter of 2013 two properties were sold in Norway, located in Steinkjer and

Lillestrøm. The properties did not contain any ICA or Rimi operations. The underlying property value was around SEK 120 million. The transaction in Lillestrøm included an option allowing ICA Norway to establish a store in the property in the future. In the fourth quarter, two commercial properties in Sweden – in Linköping and Älmhult – were sold to Ancore Fastigheter. The underlying property value was around SEK 435 million and it consisted of around 18,000 square metres of rentable space. The effect of the sale on ICA Real Estate's income was SEK 14 million.

Acquisition of warehouse property in Helsingborg

In order to achieve a more efficient and modern logistics structure, an expansion of ICA Sweden's warehouse in Helsingborg is needed. As part of this process, ICA Real Estate acquired the warehouse property in Helsingborg through the company Långeberga Logistik for an agreed price of SEK 931 million. The warehouse, which will be expanded by around 34,000 square metres, is expected to be ready in 2015 and will be one of the largest warehouse facilities in Sweden.

Aggressive investment in Årsta

At the beginning of 2013 a letter of intent was signed with the City of Stockholm regarding the sale and acquisition of land in Årsta outside Stockholm. The agreement will allow ICA Real Estate to sell land belonging to a warehouse property within the Årstafältet city development area. The agreement also gives ICA Real Estate the right to acquire land adjacent to the warehouse property. This will guarantee an attractive store location for ICA in what is currently one of Stockholm's biggest housing construction projects. The ICA store is expected to open in 2017.

Continuing development in Barkabystaden

Between the Barkaby retail area and the new Barkabystaden district north of Stockholm ICA Real Estate is building a 17,500 square



"The entire Flottiljen Shopping Centre will be certified as a Miljöbyggnad (Green Building) for its use of state-of-the-art solutions for energy consumption and waste disposal, among other things."



Sales and income growth

At year-end 2013 ICA Real Estate owned 202 store and warehouse properties. Net sales, primarily in the form of rental income, amounted to SEK 2,255 million (2,252). Operating income excluding non-recurring items amounted to SEK 519 million (649). The decrease is mainly due to increased depreciation as a result of the market valuation (see below). New establishments, including the acquisition of the warehouse property in Helsingborg, made a positive contribution to earnings.

In total, ICA Real Estate invested SEK 1,731 million (856) during the year. These investments included Långeberga and Flottiljen Köp kvarter in Barkarbystaden.

At the time of ICA Gruppen's acquisition of the remaining shares in ICA AB on March 2013, an external market valuation of the property portfolio was carried out in connection with preparation of the purchase price allocation. ICA Real Estate's wholly-owned properties, excluding Ancore Fastigheter, were valued at SEK 13,000 million, which is the book value. Since the book value is higher than the book value recorded by ICA Real Estate prior to ICA Gruppen's acquisition, property depreciation for 2013 has increased by SEK 129 million compared with the previous year.

During the year ICA Gruppen's Board reassessed the reporting of properties which are sold but at the same time leased back in order to lease them to non-consolidated ICA retailers. This resulted in a change of accounting principle. The change has been applied retroactively and opening balances as at 1 January 2012 have been recalculated. As a result of the changed accounting principle, ICA Real Estate's operating income has been reduced by SEK 314 million for 2013 and by SEK 336 million for 2012. For further information see Note 1, Accounting principles.

Financial key figures

	2013	2012
Net sales, SEK m	2,255	2,252
Operating income excl. non-recurring items, SEK m	519	649
Operating margin excl. non-recurring items, %	23.0	28.8

metre shopping centre called Flottiljen Köp kvarter. In addition to an ICA Maxi store on around 7,000 square metres, there will be restaurants, retail outlets, a pharmacy, a state-run alcohol store, health care, local services and a number of car parks.

An important focus in this project is the environment. The ICA Maxi store will be Swan eco-labelled and the entire shopping centre will be a certified green building due to the use of state-of-the-art solutions for energy saving and waste management.

In total ICA Real Estate is investing around SEK 400 million in the project which will be finished in the first half of 2014.

Gnista shopping centre

In summer 2013 ground was broken for Uppsala's second ICA Maxi store located at the

Gnista intersection in south-east Uppsala. The store area will be around 8,000 square metres and move-in is planned for autumn 2014. In connection with the new ICA Maxi store, there are plans for 5,000 square metres for Goda Grannar – ICA Real Estate's concept for businesses located close to big ICA stores. There will also be the potential to develop the shopping centre to include an additional 15,000 square metres of space.

With its strategic location where it will enjoy considerable traffic flows and good visibility, the shopping centre has strong potential to be an efficient, accessible and attractive retail area with strong tenants.

New Rimi store opened in Hemsedal

In summer 2013 a new Rimi store was opened in the tourist town of Hemsedal in a property

Market development

Weak economic development in recent years and more restrictive bank lending in the euro zone has impacted the European property markets in many ways. In light of, among other things, historically low government and bond interest, low interest rates and periodically volatile stock exchanges, investors have been diversifying their holdings to include more stable types of assets in search of attractive, risk-adjusted returns, e.g. through real estate investment.

Sweden

Compared to Europe in general, the Swedish real estate market has remained strong, maintaining relatively stable transaction volumes and prices. The current market is characterised by a large number of players with capital from various sources and with different time horizons and risk profiles – both domestic and foreign, short-term and long-term, with both opportunistic and risk-averse capital.

The focus of investors and financiers in the Swedish market in recent years has also shifted towards real estate assets that provide stable and long-term returns. The types of property that have been the object of greater interest in recent years include housing, sheltered accommodation, offices in prime locations, properties with government or municipal tenants, logistics properties with stable leases and properties with commercial tenants, particularly in grocery retail. Accordingly, ICA Gruppen's own properties were more attractive in the market in 2013.

The transaction volume in the Swedish commercial real estate market amounted to around SEK 100 billion in 2013, which is slightly lower than in 2012 but on a par with the average in recent years. The transaction market remains stable – both in terms of liquidity and the number of market players.

Norway

After several years of strong growth, the growth rate of the Norwegian economy slowed in 2013. The total transaction volume in the real estate market was NOK 40 billion, which is in line with the previous year. The growth rate was, however, slightly lower than in the past, largely due to more restrictive attitudes to financing and lending among the Norwegian banks. In a historical perspective, the general rent levels for offices and retail are still considered high and in the same perspective vacancy rates are still considered low.

co-owned by ICA Real Estate and Mythe Invest AS. The store's total area is 1,200 square metres and it will replace an ICA Nær store closed in connection with the opening of the new Rimi store.

Energy-efficient stores

ICA Real Estate plays a key role in helping to reach the Group-wide environmental goals. Investments are made on an ongoing basis in various energy-saving solutions. The stores must optimise their energy efficiency without affecting the customer offering. In 2013 a 4,750 square metre Maxi ICA Stormarknad was opened in Falköping. The store has set a high bar for reducing energy consumption. The aim is for energy efficiency measures, such as lids on refrigerators and freezers and automated lighting and ventilation, to reduce energy consumption by around 40%.

ICA Gruppen issued preference shares in ICA Real Estate Sweden

In December 2013 ICA Gruppen issued unlisted preference shares totalling SEK 3.0 billion in ICA Fastigheter Sverige AB. The share issue was part of the financing when ICA Gruppen was formed. The preference share issue was subscribed for in equal parts by AMF Pensionsförsäkring AB and If Skadeförsäkring AB.

Outlook

A major focus in 2014 will be continuing to implement measures in line with ICA Gruppen's Group-wide strategy. The most important among them include increasing store sales and securing the company's positions in strategic marketplaces both in Sweden and

Norway. This may involve developing marketplaces already owned by ICA Gruppen and entirely new areas, or acquiring properties that house existing ICA stores.

To support ICA Sweden's expansion strategy of increasing the number of stores in big cities, ICA Real Estate may take on projects that involve developing whole areas of land close to big cities. This will involve working with retailers, the authorities, municipalities and other partners to secure attractive and functional locations that will help to secure stable customer flows.

ICA Real Estate will continue to support ICA Norway in its efforts to increase store sales and create more attractive marketplaces. ICA Real Estate will also continue to develop the existing property portfolio.

Ancore Fastigheter's strategy is to continue to grow through acquisitions from both ICA Real Estate Sweden and from external property owners.

The warehouse expansion in Helsingborg through Långeberga Logistik will be complete in 2015. In total, Långeberga Logistik will invest just over SEK 600 million in the reconstruction and extension of the warehouse in Helsingborg.

ICA Real Estate intends to further develop its service offering in the future. The organisation today possesses considerable knowledge in key areas of real estate operations, e.g. rental agreements, renovation projects and energy efficiency. The ambition going forward is to better package this knowledge in order to create a more clearly defined offering for both internal and external customers. These efforts will be intensified in 2014.

Other key figures

	31 December 2013	31 December 2012
Book value of properties owned, SEK billion	14	7
Number of employees	75	74
No. of properties owned	202	190
No. of square metres owned	814,000	750,000
No. of external tenants, %	15	15
No. of agreements with external landlords	1,108	1,090
Total number of square metres of retail space leased from external landlords	1,900,000	1,900,000
Vacancy rate, %	3.3	3.5
Investments, SEK m	1,731	856
Divestments, SEK m	611	1,254

Portfolio companies

New circumstances, new strategy

In addition to the retail operations, ICA Bank and ICA Real Estate, ICA Gruppen also owns – wholly or partly – a publishing company and four retail companies.

The strategy in 2013 involved evaluating the five portfolio companies owned by the Group alongside the ICA operations. The portfolio companies were evaluated based on three criteria: their own commercial potential, cost synergies with ICA Gruppen and, most importantly, what contribution the companies can make to ICA Gruppen's core business and non-food strategy. The evaluations concluded that Forma, Kjell & Company and Cervera did not sufficiently meet the criteria and will therefore be divested. Hemtex and inkClub are believed to have the potential to support the core business and will therefore continue to have the same ownership structure. In line with the evaluation results, Forma Books was sold to Massolit Media at the end of the year. The purchase price was SEK 19 million on a debt-free basis.

ICA Gruppen's ownership, %	
Hemtex	68.5
inkClub	100
Forma	100
Kjell & Co	50
Cervera	91.4

Hemtex

Hemtex is a home textiles chain with stores in Sweden, Finland and Estonia. With a total of 158 stores, Hemtex is the leading home textile chain in the Nordic region. 134 of the stores are located in Sweden, 21 in Finland and 3 in Estonia. 144 are owned by the Hemtex Group and 14 are franchises. Hemtex also offers online sales in Sweden.

In recent years Hemtex has undergone some sweeping changes with the goal of improving profitability and efficiency and strengthening the customer offering. Essentially all aspects of Hemtex's operations were reviewed; the range of products and store network have been developed, sourcing

efficiency has been improved through coordination with ICA Global Sourcing, and new, efficient tools have been introduced to measure the customer experience.

Work continued in 2013 on improving, deepening and broadening the basic range of products. The focus on acquiring new patterns and designs from both known and unknown designers also continued.

An agreement was signed in 2013 with sewing machine manufacturer Singer regarding the sale of sewing machines as well as clothing and textile care products. As part of the efforts to broaden the product range, a successful investment was made in the area of home lighting.

During the year 7 new stores were opened, 5 in Sweden and 2 in Finland. Both sales and results improved during the year.

inkClub

inkClub was founded in 2000. Today various types of consumables are sold to customers in 15 European countries. All products are sold directly to customers online. The core business is ink cartridges and toner, but the company also offers light bulbs, batteries, vacuum cleaner bags and beauty products. The goal over the next few years is to increase the number of product categories further in consumables and office supplies.

An agreement was signed in 2013 with ICA Global Sourcing regarding sourcing in Asia. This agreement, which is on market terms, is expected to lead to more favourable purchasing prices. A new, more structured sales strategy aimed at companies was also introduced.

Forma

Forma is a wholly-owned subsidiary of ICA Gruppen. Since the divestment of Forma Books in 2013 the business is being run by the subsidiary Forma PG which publishes trade and consumer magazines. The consumer magazines include ICA Kuriren, Hus & Hem, Hälsa and the trade magazines include ICA Nyheter and Market.

An important area of focus in 2013 was adapting the operations to the tough market conditions in the magazine and advertising market. Existing magazines were developed and improved, while at the same time costs and price models were reviewed. Combined, these measures have improved profitability.

Kjell & Co

Kjell & Company is a home electronics accessories retailer with its own stores and an online operation. The company owns and operates 72 stores at 41 locations in Sweden, six of which were opened in 2013. All of the stores carry a full range of around 8,000 items.

The market for home electronics accessories saw continued strong growth in 2013. The increasing number of electronics items is working in Kjell & Company's favour. At the same time, the technology is becoming increasingly advanced, which drives demand for accessories. In 2013 the effects of the extensive projects implemented in recent years in areas such as developing the product range, IT, the supply chain and improving the website became evident. The most important events in 2013, apart from expansion, included an investment in private label products.

Cervera

Cervera is one of Sweden's leading chains selling a selection of high quality and design products for preparing and serving food and for decoration. At the end of the year the chain consisted of 73 stores, of which 55 were wholly-owned stores and 18 were franchise stores. There are also two stores operated under the brand NK Glas Porslin & K k.

The home design market is characterised by increasing competition, especially from discount players. As part of the drive to be more competitive, Cervera implemented a major project during the year to improve uniformity and coordination between the stores and to achieve a more efficient value chain. Sourcing, product range and supply chain operations have been centralised to a greater extent. Alongside these initiatives was an emphasis on continuing to more clearly define and improve the customer offering.

Cervera's sales and income are subject to great seasonal variations, with a large percentage of revenues generated in connection with Christmas shopping. In 2013 an important focus was finding ways to reduce seasonal variations and increase the number of customers in stores at times other than during the traditional high season around Christmas.



Financial performance

The portfolio companies' net sales amounted to a total of SEK 2,657 million (2,726), a decrease of 2.5% compared with the previous year. The decrease is mainly explained by the divestment of Forma Contract and the Finnish magazine operations in 2012. The portfolio companies' operating income excluding non-recurring items amounted to SEK 21 million (-124). All companies but inkClub reported improved results for 2013.

Key figures

	2013	2012
Net sales, SEK m	2,657	2,726
Operating income excl. non-recurring items, SEK m	21	-124
Operating margin excl. non-recurring items, %	0.8	-4.5
Number of employees	1,126	1,100

Sales development

Profile	Store sales (excluding VAT)			Number of stores in Sweden, including franchise stores			
	2013, SEK m	Development all, %	Development comparable, %	December 2012	New	Closed	December 2013
Cervera	944	-0.2	1.6	77	1	-5	73
Hemtex	965	5.5	4.5	154	7	-3	158
Kjell & Co	931	14.3	5.6	66	6	0	72
Total	2,840	-	-	297	14	-8	303

ICA Gruppen's common values

Simplicity

– we think simply first

Our vision is to make every day a little easier. Choosing to think simply first is important to us at ICA. For us, simplicity is also an approach that involves being clear and honest, and trusting each other, which makes it easier to perform well together. When we allow simplicity to characterise the way in which we work, we can be even more efficient and nimble. This results in the best solutions for the customers and provides us with clarity and speed in our day-to-day work

Commitment

– we make a difference

We are committed to our customers and we develop together. This is how we make a difference. Our commitment can also make a difference in other ways; commitment to our work leads to better results and commitment to each other creates a sense of community. When we believe in each other, we perform at the highest level. We believe in more than providing good food – we are committed to doing good things in the world around us for a sustainable and better world.



Entrepreneurship

- we create opportunities

Here at ICA, we believe in and are driven by the power of entrepreneurship – individually and together. Succeeding in business is about seeing and creating opportunities; it's about drive, innovation and the desire to take on responsibility. Entrepreneurship also means having the courage to try new things and the desire to constantly improve. This is what enables us to keep developing and improving. When we identify a new need we can meet for our customers, we create new opportunities for our business.

Focus on values

One of the strategic priorities for 2013 was to start working on ICA Gruppen's Group-wide values. A common approach and a shared view of basic values increases clarity for the customer about who we are and makes ICA Gruppen more attractive to current and future employees. This also makes it easier to take the right decisions, thus improving internal efficiency.

As part of the focus on values, ICA Gruppen created Group-wide values in 2013. This process was carried out at different levels within ICA Gruppen throughout the year. It was based on an analysis of personal values, ICA Gruppen's existing culture and values and the desired culture and values.

In autumn 2013 three key values were defined: simplicity, entrepreneurship and commitment. The long-term process of implementing the values throughout the Group will begin in 2014.

Common values promote dedication among employees

Having the right people in the right place is one of the essential factors in ICA Gruppen's ability to achieve its goals and good profitability. To succeed in this, it is important to be able to attract and retain dedicated and talented employees. In 2013 a major initiative regarding common values was carried out as well as continued investments in professional development and good health.

ICA Gruppen is a major employer with a total of around 30,000 employees, mainly located in Sweden, Norway and the Baltic countries. Converted to full time staff, this is equivalent to 21,782 annual employees. This does not include the store personnel in the retailer owned ICA stores in Sweden because they are employed by the individual ICA retailers.

Common values and culture

In the ICA Group's strategy, having dedicated employees is a central and long-term theme. One of the most important priorities in 2013 was to work on ICA Gruppen's values. The idea was to create common values that will be guiding principles for employees in their work and support the company in achieving its goals. In autumn 2013 three key values were defined: simplicity, entrepreneurship and commitment.

The process of implementing the values throughout the organisation will begin in 2014. One of the methods to be used will be a values game where all ICA Gruppen employees will help to interpret, create and develop the behaviours, attitudes and activities that will support the common values.

In addition to the values, there are four cornerstones for ICA Gruppen's efforts to build a Group-wide corporate culture: leadership, competence, diversity and ICA Gruppen as a workplace and an employer brand.

Clear leadership helps talents develop

Clear leadership is one of the cornerstones for creating good relationships between individuals and groups so that ICA Gruppen's employees can develop in their professional roles.

A successful leader within ICA Gruppen needs to manage both strategic and operational issues as well as interaction among people to create good relationships between individuals and groups, so that ICA Gruppen's employees can develop in their professional roles.

Professional development ensures a supply of talent

Professional development is key to ICA Gruppen's growth. The Group operates in sectors that need both core competencies and constant knowledge development. The focus is on achieving clarity on standards and definitions of work roles and competence requirements.

Since ICA Gruppen's goal is for 70% of recruitment to take place internally, it is important for employees to constantly develop their skills. ICA School has been training employees within ICA in Sweden since 1955. Today ICA School has more than fifty open courses for individual professional development. In addition to new skills, the course participants get an entirely new network of colleagues to share ideas with in the future. ICA School also tailors courses as needed.

ICA School also has a number of academies to make it easier for employees to plan their own development journey with their supervisor and to ensure a supply of talent. The academies have generalists as well as specialists and leaders in a variety of areas, such as sourcing and logistics.

An important element in professional development is performance reviews. The goal is for all employees to engage in a continuous dialogue with their immediate superior and to have at least one performance review a year. According to the results of ICA Gruppen's employee survey, SpICAp 2013, 70% have had a performance review in the past twelve months.

Employee survey reveals improvement opportunities

The SpICAp survey has been conducted annually since 2012. It mainly focuses on three areas: commitment, well-being and leadership. Its purpose is to identify potential areas for improvement. The results in 2013 revealed improvement opportunities relating to the quality of performance reviews, and work on this has started.



Diversity through partnership

An active approach to diversity makes ICA Gruppen more attractive as an employer. Everyone – regardless of gender, ethnic background, functional disability, sexual orientation, age, religion or other belief system – should have the same chance of being recruited and developing in their work role.

We condemn sexual harassment and discrimination in any form. ICA Gruppen has had a special diversity manager working with the Group's diversity initiative since 2010.

The goal of ICA's Swedish project with the name "We can do more" (Vi kan mer), a collaboration partnership with Samhall and Glada Hudik Theatre, was to create 500 to 1,000 ICA jobs for people with functional disabilities by 2012. By the end of the project in 2012, more than 1,200 people with functional disabilities were working at the Swedish ICA stores. The recruitment process continued at the stores after the end of the project. The collaboration with Glada Hudik Theatre has also continued. Rehearsals were under way in 2013 for a new production which will premiere in February 2014.

Rimi Baltic has been working to integrate employees with functional disabilities for several years. Today, Rimi Baltic in Estonia has 67 (52) employees with functional disabilities working in its stores. Rimi Baltic in Latvia employs 126 (103) people with functional disabilities, which is 3% (2) of the company's total headcount. Rimi Baltic in Lithuania is working in close cooperation with an association for people with functional disabilities to increase integration in its

workplaces. Today 119 (94) employees with functional disabilities are employed in the company, which is more than 4% (4) of the total number of employees.

Employer brand important in recruitment

ICA Gruppen aims to provide an attractive workplace for both current and future employees. It is therefore important to establish ICA Gruppen as a strong employer brand – both internally and externally. The Group works actively to attract new talent but also encourages internal rotation. Talented and dedicated employees are ICA's key to success. The aim is to be a workplace where people can develop together. ICA Gruppen wants to attract, develop and retain employees who are passionate about ICA's customers, vision and values. ICA Gruppen intends to offer a work environment that encourages creativity and initiative. Simply put, ICA will be a place where people want to work, contribute and develop; a workplace where people can grow.

With respect to target groups for future recruitment, the focus is mostly on young people, university students and young professionals. In 2014 the target group will be young people. ICA Gruppen – the Group and the stores – has around 25,000 employees under the age of 25 and the aim is to develop these individuals so they will remain within the Group and the stores.

The turnover rate for employees is generally higher in Norway and the Baltic countries, since these operations include store employees. Rimi Baltic generally has a high turnover of staff, around 50% in stores, which affects the entire

industry in the Baltic states. The reasons for this include the fact that it is seen as a low status job with low wage levels. It is also affected by poor leadership. Efforts to improve this situation, mainly with respect to leadership, are under way within Rimi Baltic.

Preventative measures for good health and work environment

Developing the employees is one of the Group's strategic goals and this makes health an important issue for the long term. People who feel good on a daily basis perform better and can contribute to ICA's continued development as a company. ICA Gruppen wants to give all of its employees the opportunity for a sustainable career.

Preventive wellness gives the ICA Group's leaders tools to work effectively with their teams. It also creates a dialogue with the employees on what they can do to improve their own health and well-being. To position ICA Gruppen as a healthy company, we encourage early rehabilitation and prevention of disease and accidents.

One step in this process is Hållbar hälsa, a sustainable health strategy programme for ICA Gruppen's Swedish operations. In October the Hälsoportalen, a health portal, was launched in Sweden where a wide range of ICA-wide wellness activities will be gathered in one place. In 2013 a test took place where the employees got to participate in the various sporting events in En Svensk Klassiker (the Swedish Classic circuit). The outcome was very good and ICA has therefore decided to offer the ICA Classic circuit to all employees of ICA Sweden.

Sick-leave within the ICA Group remains quite stable. ICA Norway has the highest absenteeism. ICA has been working intensively to turn the negative financial results around in Norway, and this affects the work environment.

ICA Gruppen works hard on preventing accidents and creating a safe work environment. Work has been ongoing in Sweden during the year to develop a web-based incident management system. The system will facilitate reporting and management of incidents to support ICA's efforts to offer an even more secure and safe workplace. The system was launched in February 2014.

In Sweden, Norway and the Baltic countries store employees receive training in fire safety, first aid and how to prevent robberies and avoid threatening situations. Preventative measures are emphasised, such as neighbourhood watch activities in cooperation with other retailers, the authorities, municipalities and schools.

ICA Sweden is working in a number of ways to support ICA retailers. All employees have the opportunity to enrol in an interactive online Store Safety course free of charge. In addition, ICA Gruppen recommends that all stores implement a 13-point programme to prevent threats, violence and robberies. ICA Sweden has also conducted safety audits to prevent damage and, through partners, offers follow-up after robberies, fire and burglary. The ICA Security Centre, a coordination centre in Sweden, offers resources and crisis support around the clock if an ICA store falls victim to a crime.

In 2013 there were 24 (23) robberies in total in Swedish ICA stores.

Number of annual employees*

	2013	2012	2011
Sweden	9,460	9,237	8,568
Norway	3,902	4,667	5,450
Finland	74	74	76
Baltic countries	8,248	8,078	7,776
Hong Kong	98	76	73
Total	21,782	22,132	21,943

*Number of annual employees as if ICA AB had been part of ICA Gruppen since 2011.

Community engagement during work hours

Social responsibility is important to ICA Gruppen and the Group offers employees the opportunity to volunteer during working hours through an internal volunteer portal. The volunteering is focused on children, youth and women and takes place in cooperation with various non-profit organisations including the Red Cross.

There is a similar initiative in the Baltic countries, where employees can work in teams to assist in various volunteering projects.

Employment by type, region and gender, ICA*, number

	Male	Female	Total
Sweden			
Permanent	4,685	4,590	9,275
Temporary	710	1,395	2,105
Consultants			647
Norway			
Permanent	2,729	3,830	6,559
Temporary	71	43	114
Consultants			27
Baltics			
Permanent	1,401	8,222	9,623
Temporary	68	402	470
Consultants			
Total ICA			
Permanent	8,815	16,642	25,457
Temporary	849	1,840	2,689
Consultants			1,144

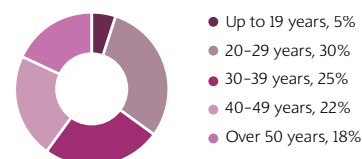
*Includes all companies within ICA Gruppen, except for portfolio companies.

Employee turnover, ICA*, %

	2013	2012	2011
ICA AB	13	7	10
ICA Bank	6	4	7
ICA Real Estate	16	7	17
ICA Sweden	9	10	12
ICA Norway	26	25	18
Rimi Baltic	52	52	46
ICA	34	31	27

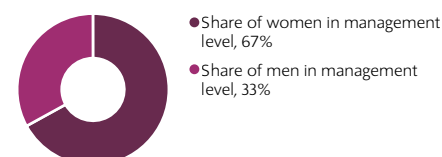
*Includes all companies within ICA Gruppen, except for portfolio companies.

Employees by age group, ICA*, %



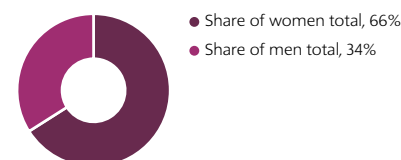
* Includes all companies within ICA Gruppen, except for portfolio companies.

Gender distribution, management level, ICA*, %



* Includes all companies within ICA Gruppen, except for portfolio companies.

Gender distribution total, ICA*, %



* Includes all companies within ICA Gruppen, except for portfolio companies.

Number of store robberies

	2013	2012	2011
ICA Sweden	24	23	32
ICA Norway	1	4	3
Rimi Baltic	0	0	0

Sick leave, ICA*, %

	2013	2012	2011
ICA AB	2.5	2.1	2
ICA Bank	3	3	3.4
ICA Real Estate	3	1.3	2.6
ICA Sweden	5	5.2	5
ICA Norway	7.9	7.3	6.2
Rimi Baltic	4.7	4.8	4.3
ICA	5.3	4.9	4.9

*Includes all companies within ICA Gruppen, except for portfolio companies.

Sustainability report

ICA Gruppen's Sustainability Report follows the latest version of the Global Reporting Initiative's (GRI) guidelines, G4. It has been reviewed by a third party and is in accordance with the level Core. It covers all significant principles in the UN's Global Compact and describes corporate responsibility issues of interest to the Group's stakeholders.

The report covers all companies in ICA Gruppen, except the portfolio companies. For boundaries and measurement and calculation methods, see About the Sustainability Report.

ICA's sustainability work

ICA Gruppen is very aware that it has a responsibility from field to fork. Sustainability work is a strategic priority and is integrated into all of the Group's operations. This builds confidence in the community and contributes to long-term profitability.

ICA's sustainability goals

- Reduce the Group's direct greenhouse gas emissions by 30% by 2020 compared to 2006
- 100% of ICA's corporate brand¹ suppliers in high-risk countries² will be socially audited
- 80% of ICA's corporate brand¹ food suppliers will be quality certified³

See also Goals and outcomes.

¹ Corporate brands essentially mean private label goods.

² High-risk countries are as defined by the UN Human Development Index and Economic Security Index (UNDP).

³ In accordance with the Global Food Safety Initiative (GFSI).

ICA Gruppen is a sustainable company with a solid financial footing, a commitment to the environment and strong social engagement. Achieving this requires targeted work to continually develop the Group as a responsible operator. This work rests on strong shared values and a belief that every link in the chain is important, from supplier to employee and customer.

Sustainability work is important in both the short and the long term. The core issue is how the supply of food resources can be secured in the future. Action must be taken today in order to ensure there is sufficient produce for the coming years.

It is also important that ICA acts responsibly in order to win customer confidence. Every two years a customer survey is carried out on sustainability issues in the retail trade in ICA's five markets. The results of the latest survey show that customers still attach most importance to the Group being open, honest and transparent.

For the employees it is important that ICA is an employer that shoulders its responsibilities. This is true of both current and future employees.

Sustainability work is also important for achieving long-term profitability. Working on sustainability issues is essential to the Group's long-term survival.

ICA's sustainable product range

ICA supplies its stores with brand name products as well as private label products. The first private label was launched back in 1922.

Today, the following lines are an important part of the Group's sustainability work:

"ICA Gott liv", a line of healthy options.

"ICA I love eco", the organic product line.

"ICA Skona", an environmentally focused line, including detergents and cleaning products.

ICA's private labels with ethical labels are clearly marked so that customers can easily find them (UTZ, Rainforest Alliance and Fairtrade).



Comment from SVP CR



ICA has been working for years with sustainability issues, and our work rests on strong shared values and a belief that every link in the chain is important, from supplier to employee and customer.

Our corporate strategy is based on six long-term strategic themes, which together provide a foundation for all of ICA Gruppen's operations. One of these themes is excelling in corporate responsibility. This is to be reflected in everything we do.

This means that we are constantly working to raise the level of our sustainability work by taking a lead on important issues in the areas of the environment, quality, health, ethical trade and social commitment. This strengthens us as company, and our hope is to inspire others and create value for our customers and for society as a whole.

To shoulder our responsibility we work on sustainability in a number of areas:

- Customers should feel safe shopping at ICA. Every product the Group sells should meet the requirements set by the Group itself and by the market, for example as regards traceability and origin labelling. We do this by means of regular supplier audits and by reviewing product contents and labelling. Keeping everything in good order is important.
- We want decent conditions in places where we source our corporate brands. That is why we are working to have all factories that produce our corporate brands in high-risk countries socially audited. It is also important to us to be able to offer our customers products with ethical labels.



Important events 2013

- Certification of the Asian sourcing operations to ISO 9001 and ISO 14001.
- Launch of the environmental support ICA Retailers for the Environment.
- Continued work with audits, traceability checks and reviewing product content and labelling.
- Implementation of the Take a Green Year campaign in Sweden.

- Environmental issues are integrated into the everyday work in stores, logistics and offices. In 2013 a project called ICA Retailers for the Environment was launched in Sweden. This is a tool that supports our stores in working on environmental matters in order to further reduce our environmental impact.
- We also consider it important to help our customers achieve a healthy lifestyle. Over the year we have tried to make our customers aware of the importance of eating fruit and vegetables, for example through the Take a Green Year campaign in Sweden.

Sustainability work is a continual process and it is important to take a long-term view. This means that we are already considering how external factors such as climate change will affect the grocery retail sector and ICA. One of the Group's ten strategic priorities for 2014 is to support customers' sustainable choices, and naturally we will be focusing on this over the coming months. We will also be working on excelling in corporate responsibility.

*Kerstin Lindvall,
SVP Corporate Responsibility*

Principles

ICA aims to excel in corporate responsibility. ICA's sustainability work is based on the three key words transparency, credibility and traceability, and on ICA's seven Good Business position statements.

Transparency means giving the outside world full insight into ICA's sustainability work. To achieve this ICA works continuously to communicate what has been done and what remains to be done in this area, for instance through quarterly reports on the sustainability work. Credibility is based on an awareness at ICA of the Group's responsibilities and opportunities for influence, and of the organisation's strengths and weaknesses in this area. An emphasis on traceability makes it clear where the products come from, how they have been transported and stored, what they contain and how the suppliers run their businesses.

ICA's Good Business - the basis of all operations

ICA has signed up to the United Nations Global Compact and has committed to its ten principles covering human rights, labour conditions, the environment and anti-corruption. This is being implemented through the seven position statements in ICA's Good Business, which have been adopted by ICA's Executive Management and serve as the foundation for the Group's sustainability work. All governing bodies and employees are trained in the ICA Good Business values, both via web training and through special efforts.

Policies and guidelines are linked to this foundation and explain how each of these positions is put into practice.

The basis of ICA's sustainability work

The ten principles of the UN Global Compact

ICA has signed up to the UN Global Compact and supports the following ten international principles. Businesses should:



1. Support and respect the protection of internationally proclaimed human rights.
2. Make sure that they are not complicit in human rights abuses.
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Eliminate all forms of forced and compulsory labour.
5. Effectively abolish child labour.
6. Eliminate discrimination in respect of employment and occupation.
7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Work against corruption in all its forms, including extortion and bribery.

ICA's Good Business

ICA's Good Business values form the basis of the Group's sustainability work. Together with the long-term strategic themes they are essential to achieving the Group's vision and mission.

ICA will:

- be driven by profitability and high ethical standards
- listen to customers and always base decisions on their needs
- nurture diversity and growth among its employees
- maintain an open dialogue internally and with the community
- ensure quality and safe products
- promote a healthy lifestyle
- adopt sound environmental practices to promote sustainable development.

ICA's policies on ethics and sustainability*

- **The Business Ethics Policy** describes ICA's guidelines on suppliers and partners, gifts and bribes, fair competition and shareholdings.
- **The Sustainability Policy** describes ICA's overall position on quality and environmental standards, health, socially responsible manufacturing, producer responsibility, local production, product traceability, animal welfare, biodiversity, eco-labelled products, pesticides, packaging and additives.
- **Customer Policy**
- **The Personnel Policy** describes ICA's position on employees.
- Separate policies also govern **new store openings, customer-related marketing issues, sponsorship and disclosures.**

*A number of financially related policies govern the Group's financial exposure.

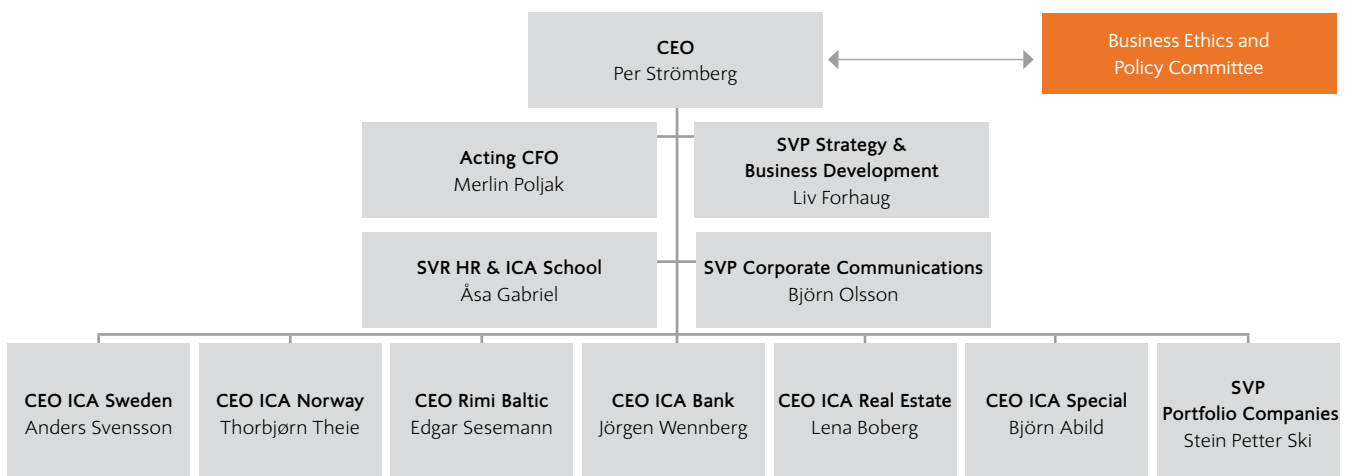
How ICA's sustainability work is managed

The overarching strategic direction of ICA's sustainability work is set at Group level and managed through strategic planning and business planning processes. Ultimate responsibility for sustainability issues rests with ICA Gruppen's CEO.

Since 2005 the Business Ethics and Policy Committee (BEPC) has supported Executive Management. The Committee suggests sustainability priorities and monitors ethical dilemmas, risks and public opinion. ICA's Good Business values and the associated policies and guidance are evaluated and revised continuously to remain effective and maintain support in day-to-day operations. Executive Management decides on policies prepared by the Committee. The Committee sets the guidelines if there is consensus, if there is no consensus, Executive Management decides the guidelines. This cross-organisational team is led by the head of the Corporate Responsibility department in Sweden. An annual review is made to the Board on ICA's sustainability work related to ICA's Good Business. The substrate includes risk analysis, ethical

dilemmas and deeper training on specifically identified areas. BEPC prepare the substrate which is presented by ICA's SVP CR.

The line organisation can pass on issues to the appropriate policy owner, who informs and involves the Committee when needed. Every employee is responsible for adhering to ICA's Good Business and is encouraged to report any irregularities in respect of ICA's Good Business and related policies. If detected early, ICA has a better chance of preventing incidents and taking action. This benefits not only ICA as a company, but also employees and other stakeholders. ICA has an internal system for the protection of so-called whistleblowers, so that employees and managers who become aware of irregularities and do not wish to report them through normal channels can do so.



Sustainability strategy

ICA's corporate strategy is based on six long-term strategic themes which together provide a foundation for all of ICA Gruppen's operations. One of these themes is excelling in corporate responsibility. This is to be reflected in everything the Group does. One of the ten strategic priorities for 2014 is to help customers make sustainable choices.

ICA is constantly working to raise the level of its sustainability work by taking a lead on important issues in the areas of the environment, quality, health, ethical trade and social commitment. This strengthens ICA as a player in the grocery retail market, and the hope is to inspire others and create value for society as a whole and for customers.

In 2012 ICA began publishing externally reviewed quarterly reports on sustainability work at Group level. The idea was to be transparent, to develop the Group's own sustainability work and at the same time to contribute to positive change in the sector.

At operational level, ICA has come a long way in its work to ensure a sustainable value chain. In addition to the success in securing quality and environmental certification for the Swedish sourcing and logistics processes, 342 ICA stores out of a total of 1,321 stores are

now certified to the Swedish standard for food handling in stores and 180 Swedish ICA stores carry the Swan eco-label.

In 2013 a tool called ICA Retailers for the Environment was launched in Sweden. The aim is to support stores in their efforts to reduce their environmental impact. During the year ICA Retailers for the Environment was introduced at 23 Swedish ICA stores. Apart from these, some 80 stores began efforts to introduce the tool.

Also during the year, ICA Global Sourcing – ICA's sourcing business in Asia – achieved quality and environmental certification to ISO standards for its sourcing processes, and ICA's central warehouse in Norway was quality certified to the BRC S&D standard. ICA will continue to work towards quality and environmental certification of sourcing and logistics processes in Norway and the Baltic countries.



Macro factors and local variations

Sustainability matters have become increasingly important in the retail trade. For the grocery sector, this means increased demand for ethical and organic food, and greater awareness among customers regarding where food comes from and how it is produced.

ICA Gruppen operates in five very different markets; as a result, sustainability priorities vary between these markets. The differences present ICA with both challenges and opportunities. Maintaining a global, national and local perspective simultaneously allows changes to be made in the different markets while joint solutions are found at Group level. Priorities are based on ICA's Good Business and the three key words of transparency, credibility and traceability.

ICA's Good Business and the associated policies are shared by the entire Group and there are many similarities between the markets. One common denominator is that customers in all the countries are interested in locally produced food. In addition, customers in all ICA's markets appreciate openness and honesty from retailers on sustainability matters.

ICA deals with the challenges that exist by working in a structured way on sustainability throughout the value chain and reporting quarterly on the Group's sustainability work. For a further description of this, see Risks and opportunities.

Outside factors affect ICA

ICA also has to adapt to changes in the world around it. The business is affected by factors such as climate change, a growing population and international financial crises.

Climate change – Climate change and the over-exploitation of natural resources mean that there is a risk that many of the earth's resources could run out or shift geographically, making it necessary to find alternatives to today's products, production methods and sourcing structures. It is in the interests of the industry to ensure that raw materials and natural resources remain available in the future.

Population growth – The UN estimates that the world's population will increase by one billion over the coming twelve years, reaching 8.1 billion in 2025. It is expected to increase by a further 1.5 billion in the subsequent 25 years, with the result that the global population is expected to reach 9.6 billion in 2050.

A global population increase of 2–3 billion in the coming 40 years represents an expected 70% increase in demand for food, according to UN-Water. This also places increased demands on natural resources such as water, land and energy.

Greater awareness among consumers

– Increased awareness among customers concerning the choices they make as regards products and services is placing greater demands on the retail trade. Customers today are more aware of sustainability issues and are increasingly demanding greater traceability and better working conditions in production.

Globalisation – Increased globalisation means that events in other countries and on markets other than the home market have a greater impact. The recent international financial crises affected all the world's markets.

A global market also imposes higher requirements – for example, as regards sourcing from producers in other countries.

Conflicts and unrest in the world also affect the grocery trade and the supply of products.

Local variation between markets

ICA's sustainability work has a common foundation, but local variations in the markets where ICA operates affect how the work is actually done. There are several reasons for this.

Different markets: ICA Sweden is the leader in a mature market. In Norway, on the other hand, ICA Norway is working hard to turn around a negative long-term trend. In Estonia, Latvia and Lithuania, Rimi Baltic has a strong position in a market that has recovered quickly after previous financial crisis.

Differences in customer behaviour: Customer preferences tend to differ. In the Baltic countries, food prices are a critical issue – particularly since the recession. Swedish consumers are more interested in added value as organic, ethical, health and origin, while value for money is still important.

Differences in public opinion: Different topics garner different responses depending on local opinions in the country. In Sweden the major concerns are food waste, additives and greenhouse gas emissions. Norway has also seen growing awareness of the problem of food waste. Many Norwegians are interested in healthy living and nutrition, which is also a growing trend in the other countries. In the Baltic countries the main considerations and concerns are genetically modified food, locally produced food and littering.

Risks and opportunities in ICA's sustainability work

ICA's sustainability work entails both risks and opportunities. It needs to be adapted constantly to demands for greater transparency, regulatory changes and increasing requirements with respect to sustainability at every level of the supply chain.

If ICA cannot satisfactorily meet the market's expectations and its own goals, there is a risk that the brand and the Group's position in the market will suffer. There is also a risk that cost efficiencies will be affected unless satisfactory measures are taken, e.g. to conserve energy and reduce waste.

ICA can improve its market position by satisfying customer demand for transparency, quality, human rights and for green and healthy products better than the competition.

The Group can also make itself more cost-effective by reducing consumption of energy and materials in its operations. In general, the Group is best able to address sustainable development issues through its local presence in each market and by educating and informing customers.

In accordance with ICA's Good Business, sustainability issues are integrated into the Group's daily operations and contribute to greater focus in the Group. ICA is constantly developing its sustainability efforts, notably by pursuing issues such as climate impact, energy efficiency, water use in production, social responsibility in the value chain, food safety, health and wellbeing and community involvement.

In order to ensure that the products ICA sells live up to both legal requirements and ICA's Good Business, with their demands for quality, health, environmental and social responsibility, in 2009 the Group-wide initiative "I Care" was started. The goal of this initiative was to create tools and models to secure the product flow in every market, from sourcing to logistics and stores. This is being done through environmental and quality certification of the processes involved in sourcing, logistics and in the stores using selected established standards. The initiative was ended according to schedule in 2012 and work on securing the product flow is continuing in each department responsible. Today, a number of parts of the business hold environmental and quality certification to current standards, and work on certification of the remaining operations is continuing.

ICA manages potential risks of significant adverse environmental effects by integrating ICA's Good Business in the daily work and by working with established procedures and processes for the environmental work.

See also Risk and risk management.

Risks and opportunities of climate change

ICA must constantly adapt to increased scrutiny of the Group. In addition, there may be legislative changes and increased requirements for sustainability in every part of the value chain. ICA's overall risk analysis also includes the assessment and management of risks related to climate change.

Change	Risks	Opportunities
New laws	Society's growing awareness of climate change is likely to result in new laws and regulations, which in turn affect ICA's operations financially and operationally. ICA continuously monitor these issues so that we are ready to adapt quickly. Important areas include emissions limits on goods transportation, taxes that result in more expensive fossil fuels and society's transition to renewable energy sources.	Challenges give rise to new ideas. The climate change debate is likely to lead to stricter limits on carbon dioxide emissions from transportation. This increases the need for environmentally sustainable solutions. New technology is also being developed as a result of the new demands, providing opportunities for eco-friendly solutions. For example, a likely future tax on synthetic cooling agents would steer development towards more eco-friendly alternatives in everything from transportation to refrigeration systems in stores. By working on the issue today, ICA can strengthen its position in the market if and when new rules are introduced.
Physical changes	The physical risks inherent in climate change – temperature changes, drought, flooding, etc. – affect everyone in society. For ICA, it means that the supply of various crops may change in quantity over time because of changed farming patterns. Transport of goods may be affected if extreme weather conditions affect accessibility. The decision to open new stores could also be affected, as are taken into consideration factors such as the flood risk of certain locations. A shortage of fossil fuel is also a potential risk unless the operations can be switched over to and adapted to renewable fuels.	Increasing demand from customers for climate-friendly and green products also provides new business opportunities, whether this involves developing new products or finding locations for new stores that are within walking or cycling distance of where people live. Better waste disposal and management in society generally means that stores can manage their own waste in a greener way, which is a further opportunity. The focus on food waste and its significance for the climate is encouraging waste reduction. Switching to renewable energy sources at an early stage allows ICA to be sure the business can continue even if the supply of fossil fuel should reduce. Reducing energy use is also a way to save money.
Other changes	New consumption patterns due to growing awareness of climate change could present a risk unless ICA adapts sufficiently quickly to customers' new demands.	Customer satisfaction is a competitive advantage. ICA can improve the relationship with customers by conducting a good dialogue, being innovative and being ambitious – all things that could put ICA ahead of the competition.

ICA's influence on its supply chain

ICA can affect various parts of the value chain to a certain degree. All parts of the chain include activities that ICA can control.

Significant

Limited

ICA's own stores

- Choice of products
- Choice of store location
- Choice of energy sources
- Waste management
- Regular self-assessments
- Internal training and employees' development

ICA's own warehouses and transport

- Choice of warehouse premises
- Choice of energy sources
- Waste management
- Choice of transport route
- Mode of transport chosen
- Eco-driving training

ICA's main product range

- Product range strategy, e.g. offering value-added products such as eco-label, organic, ethical label and Keyhole label items
- Product quality aspects
- Choice of products

Outsourced transportation

- Choice of shipper
- Requirements of transport route, mode of transport, fuel and eco-driving
- Periodic inspections and monitoring

Franchisees

- To a large extent, the choice of products
- Agreements and partnerships
- Information and lobbying

Suppliers

- Choice of supplier
- Contracts and terms
- Choice of products
- Product quality and environmental audit

Independent retailers

- To a certain extent, the choice of products
- Agreements and partnerships
- Dialogue and cooperation with stakeholders

Customers

- Product offering
- Loyalty programmes
- Dialogue and cooperation with stakeholders
- Information and lobbying

Dialogue with stakeholders

Maintaining a continuous dialogue with its stakeholders is an important part of ICA's sustainability work.

The most important stakeholder groups are customers, employees, owners, independent ICA retailers in Sweden, franchisees in Norway, suppliers, government authorities and a number

of NGOs. These groups have different expectations and place different demands on ICA's sustainability work.

Customers	Employees	Owners	Retailers, franchisees	Suppliers	Authorities	NGO's
Key issues						
<ul style="list-style-type: none"> • Food safety • Climate change • Additives and chemicals in products • Green, ethical label and healthy product range • Healthy lifestyle • Working conditions in production • Locally produced food • Food waste 	<ul style="list-style-type: none"> • Opportunities for skills training and professional development • Strong leadership • Good working environment • Diversity 	<ul style="list-style-type: none"> • Integrated and strategic sustainability work • Monitoring of ethical issues and responsible conduct in the value chain • Food safety • Long-term profitability 	<ul style="list-style-type: none"> • Environmental management • Quality management • Food safety • Energy efficiency in stores • Food waste • Value-added products, e.g. organic products and products with eco labels and ethical labels 	<ul style="list-style-type: none"> • Responsible sourcing and social responsibility • Food safety • Local purchasing • Climate impact 	<ul style="list-style-type: none"> • Food safety • Product safety • Public health • Environmental issues and climate change 	<ul style="list-style-type: none"> • Sustainable fishing • Responsible sourcing and • social responsibility • Climate change • Sustainable palm oil and soy • Animal welfare • Additives

Dialogue/activities to manage these issues

<ul style="list-style-type: none"> • Annual customer surveys • Customer contacts in stores, through social media and through ICA's Call Centres • Information in ICA's customer magazines and on the Group's websites • Display material in stores • Product labels, e.g. organic, eco-label, Keyhole label, ethical label • Descriptive product information, e.g. the hangtags on ICA's ethical label products • Up-to-date healthy product range, including the ICA "Gott liv" (Good Life) and "Fri från" (Free From) ranges • Follow-up of requirements relating to working conditions • Local adaptation and variation of the product range in the stores. 	<ul style="list-style-type: none"> • Annual employee survey • Performance reviews • ICA School and ICA's Good Business values • Values-based leadership, where the HR department supports leaders with coaching, relationship building and employees' career development • Preventive wellness, including a strategic health programme in Sweden. 	<ul style="list-style-type: none"> • Annual board review of governance, sustainability risks and opportunities • Meetings and reports on shared sustainability issues • Response to investors' questionnaires • Continuous coordination and follow-up of items such as key performance indicators. 	<ul style="list-style-type: none"> • Quality coaches who visit and assist stores with the introduction of the Swedish standard for food handling in stores and ICA Retailers for the Environment. An annual audit in respect of the Swedish standard for food handling in stores • Reduce energy consumption in stores by providing tools, solutions and ideas for new and existing stores • Information and training activities with quality coaches, store intranet, etc. • Daily contact with the stores through ICA's Call Centres and sales managers • The magazine "ICAs Goda Affärer" (ICA's Good Business), which covers sustainability issues • Training for store employees via the ICA School • Continued development of the range of organic products, eco products and products with ethical labels. 	<ul style="list-style-type: none"> • Quality audits, environmental audits and social responsibility audits of suppliers • Training in social responsibility and environmental issues • Activities and tools to support local entrepreneurs, such as web-based tool for ICA Sweden's stores with a list of approved local producers • Supplier contact through ICA's Call Centres • Stakeholder dialogues on a specific topic; in 2013 these included working conditions for berry pickers in Swedish forests. 	<ul style="list-style-type: none"> • Meetings with authorities, researchers and politicians, e.g. during Almedalen Week • Responses to public enquiries • Supervisory inspections • Participation in the government's consultation groups on promoting a focus on sustainability and health among Swedish companies • Participation in seminars and lectures on a specific topic; in 2013 these included working conditions for berry pickers in Swedish forests. 	<ul style="list-style-type: none"> • Periodic meetings with partners and other organizations • Partnerships with NGO's • Participation in networks and trade organizations, e.g. BSCI, GSCP and ETI • ICA's commitment to Global Compact, Caring for Climate, Global Social Compliance Program, etc. • Stakeholder dialogues on a specific topic; in 2013 these included working conditions for berry pickers in Swedish forests • Activities for a sustainable product range, including organic products, green products, products with ethical labels and sustainable palm oil and cocoa • Contributions to animal welfare.
---	--	--	--	--	--	--

Materiality analysis

Each year ICA carries out a materiality analysis based on its dialogue with stakeholders, identifying the sustainability issues that are most relevant to the Group.

ICA uses what is known as a “heat map” to identify the areas where the expectations of the Group’s stakeholders are the highest and where the impact on the Group is the greatest. The heat map creates a basis for ICA’s sustainability strategy, which is intended to paint a common picture of the areas on which the Group should focus.

ICA strives to be open and transparent and to act ethically in all matters shown in the heat map document. In so doing, and by leading

the way in doing business responsibly, ICA gains the confidence of its stakeholders and achieves a high level of customer satisfaction.

The Business Ethics and Policy Committee revises the heat map annually to assess if the areas are relevant and current, and to assess whether these are linked up with strategic and operational sustainability work. The evaluation is based on four fields in which each issue is evaluated from two different angles: Stakeholder view and Impact on the ICA brand.

Stakeholder view:
the level of expectation and concern among ICA’s stakeholders; in other words, whether the issue is pressing.



Impact on ICA:
degree of current or potential impact on ICA; in other words, financial consequences, effects on brand value and reputation.

Environment

ICA works in a structured way to reduce the Group's environmental impact from stores, warehouses and the product range. An important task is to make sustainable choices easier for the customers.

In 2013 work on the introduction of an environmental management system in ICA's business continued, including certification of the Asian sourcing operations to ISO 14001. The Swedish sourcing operations have been certified to the same standard since 2012, logistics since 1998 and the real estate operations since 1999. At store level, ICA works with the Nordic Swan eco-label and the own environmental support ICA Retailers for the Environment, which was launched in Sweden during the year.

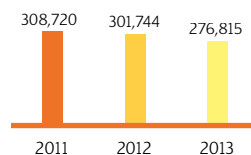
A pilot project to reduce the environmental impact from the production of ICA's corporate brand products has been started with suppliers in China.

Reduced environmental impact

ICA Gruppen has a goal to reduce the Group's direct greenhouse gas emissions by 30% by 2020 compared to 2006. A third of ICA's total direct climate impact comes from operating warehouses and transportation. The remaining impact is mainly from the stores. Since 2006, ICA's direct greenhouse gas emissions have decreased by 18% (13%), mostly due to a long-term work with a number of actions in the areas of energy, refrigerants, transportation and business travel. Compared with 2012, ICA's direct greenhouse gas emissions decreased by 5% in 2013. During the year, the use of renewable electricity in the Swedish stores increased and ICA has implemented measures for energy-efficient operation of stores in all markets. For example by putting lids and doors on refrigerators and freezers. In the logistic operations, several measures have contributed to the reduced emissions, including all carriers in Sweden reporting factual transport data, which was previously calculated according to agreed standards. An increased number of transports in Sweden are carried out with trucks that use alternative fuels, which also contributes to reduced emissions. Transition to refrigerants with less climate impact in the



Total carbon dioxide emissions*, ICA, tonnes

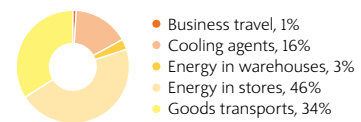


* Excluding offset air travel emissions.

ICA's responsibilities

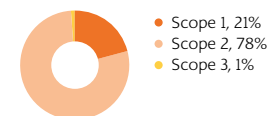
ICA's environmental work is closely tied to its entire business. The business is dependent on the planet to produce food in the future, and at the same time every part of the Group's operations impacts the environment. Environmental issues are integrated into day-to-day work in stores, logistics and offices. There is a major focus on improved energy efficiency and on minimising waste throughout the chain. ICA is working in a number of ways to protect biodiversity and further expand the proportion of organic and eco-labelled products. In addition, ICA encourages its customers to reduce their own environmental impact in various ways. The overall goal is to reduce ICA's climate impact by 30% by 2020.

Distribution of carbon dioxide emissions*, ICA, %



* Excluding offset air travel emissions.

Distribution of carbon dioxide emissions according to GHG Protocol*, ICA, %



* Excluding offset air travel emissions.

Total carbon dioxide emissions according to GHG Protocol*, ICA, tonnes

2013	
Scope 1	
Cooling agents	44,931
Owned transports**	13,109
Scope 2	
Energy	135,988
Outsourced transports	81,210
Scope 3	
Business travel	1,576

*Excluding offset air travel emissions.

**0% Renewable fuels

ICA's energy and material balance

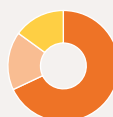
Reducing environmental impacts from ICA's operations is an important and overarching goal. This illustration shows ICA's energy and material balance, i.e. the resources consumed by the Group's operations and what is left behind. Raw materials used in production and waste generated by households are excluded.



What ICA uses

Energy

Total energy consumption in warehouses and stores: 1,475,714 MWh



- Renewable energy, 68%
- Fossil fuels, 17%
- Nuclear power, 15%

Goods transports

Total fuel consumption from goods transports: 36,799 thousand litres

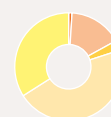


- Diesel, 98%
- Other fuel types, 2%

What ICA emits

Emissions

Total carbon dioxide emissions: 276,815 tonnes



- Business travel, 1%
- Cooling agents, 16%
- Energy in warehouses, 3%
- Energy in stores, 46%
- Goods transports, 34%

Waste

Total waste volume: 82,189 tonnes



- Incinerated, 9%
- Compostable, 13%
- Landfill, 21%
- Recycled, 57%

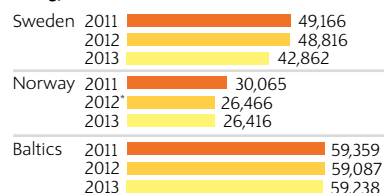
Baltic countries has also contributed to the emissions reductions.

Since 2012 Sweden has had a mandatory web-based environmental training programme for administrative staff and warehouse staff, which is an important part of improving knowledge levels among employees. At year-end 48% (38%) of employees in Sweden had undergone the training. In addition, around 4,600 (1,100) store employees at ICA Sweden also completed the training. The training is currently available in Swedish and English, but will be translated into other languages as well.

In Barkarbystaden in Sweden, ICA Real Estate has begun building a Maxi ICA Stor-marknad store and around 13,000 m² of space for other tenants. The project will be ICA's most sustainable to date and is aiming for environmental classification by the Sweden Green

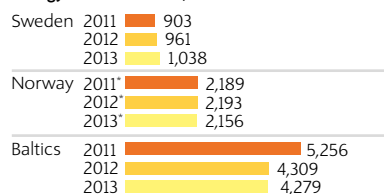
Building Council. The ICA store will showcase good choices for the environment throughout its product range as well as modern solutions for energy consumption and waste management. The retail park is expected to be completed in spring 2014.

Carbon dioxide emissions from energy in stores, tonnes



* The major part of the reduction of CO₂ from energy in stores is attributable to the divestment of ICA Maxi in Norway.

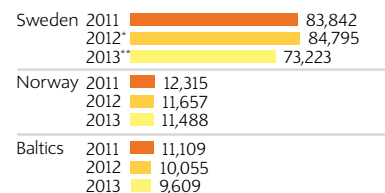
Carbon dioxide emissions from energy in warehouses, tonnes



* Since 2011 all warehouses in Norway have changed from renewable to conventional electricity due to strict savings requirements.

On 23 March ICA took part in Earth Hour, a global climate event at which people, government agencies and companies were encouraged to turn out the lights for an hour. In Sweden ICA turned off façade signage and office lighting to the extent that was possible while maintaining safety and operation.

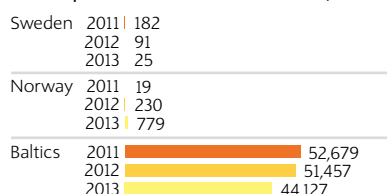
Carbon dioxide emissions from goods transports between warehouses and stores, tonnes



* 94% of total emissions from goods transports in Sweden is included in ICA's climate target.

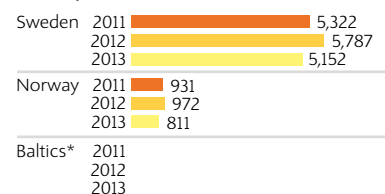
** 92% of total emissions from goods transports in Sweden is included in ICA's climate target.

Carbon dioxide emissions from cooling agent consumption in warehouses and stores*, tonnes



* Comprises only warehouses in Sweden and Norway.

Carbon dioxide emissions from business travel by air, rail and car, tonnes



* Data from the Baltic countries are not available.

Suppliers

Suppliers to ICA must work actively on their own internal environmental work, including an environmental policy, environmental goals and plans to reduce environmental impact from production and other activities. Suppliers must regularly monitor the environmental impact of their business. ICA ensures its requirements are met through agreements, follow-up and by recommending established systems of environmental certification.

ICA has begun a pilot project, "ICA Environmental Assessment", with nine selected Chinese suppliers and factories. The basic idea is to reduce the environmental impact of the production of ICA's corporate brand products and to obtain assurance that the suppliers are meeting ICA's environmental requirements. By developing better assessment tools, ICA can help suppliers to improve their environmental work in areas such as energy consumption, waste management and water use, and create a starting point for measuring changes.

During the spring a day's training in basic environmental knowledge was given to all the participating suppliers and factories. In the summer a two-day thorough environmental assessment of all the factories was carried out in order to establish the current situation and identify areas for improvement. No critical non-compliances were identified, but challenges exist within management systems, equipment maintenance and environmental training for employees.

At the end of the year a further training initiative was implemented with a view to spending three days giving the suppliers practical know-how for working on environmental matters in their respective factories. The next step will be to carry out another on-site environmental assessment at the factories at the end of 2014 in order to follow up the effects of the steps taken and ensure that improvement work has resulted in reduced environmental impact.

Product range

Every day the ICA Group sells large quantities of goods in five different countries. To conserve the planet's resources ICA is constantly seeking new ways to reduce its environmental impact and to protect and preserve biodiversity. In 2012 ICA's Swedish sourcing operations gained environmental certification to the international standard ISO 14001.

During the year ICA became a member of the Roundtable on Sustainable Palm Oil (RSPO) and of the Round Table on Responsible Soy (RTS). In the past ICA was affiliated to these via

the membership of its former owner Royal Ahold.

Biodiversity initiative

In the mid-1990s in Sweden, ICA and WWF in collaboration developed the product "Naturbeteskött", free range beef from animals that have grazed natural pastures. Since the collaboration started, more than 90,000 acres of pastureland have been restored in Sweden, which means that the biodiversity has been preserved. Animal grazing, trampling and manure, are important prerequisites for protecting biodiversity in pastures. The free range meat is extra tender and tasty because the animals graze outdoors and the long tendering process. The meat is sold in ICA's Swedish stores under the ICA Selection brand, products specially selected by ICA. ICA Sweden's line of free range beef now consists of a total of 6 (9) products. Sales in 2013 corresponded to around 1,300 (1,700) head of free range cattle, while around 8,000 (11,000) acres of Swedish pastureland have been preserved.

The ICA Group has taken a stand in several ways to protect endangered species of fish, using WWF's guides for Sweden and Norway detailing red, yellow and green rated fish. As far as possible, ICA avoids including red rated seafood in its main product range sold to the stores. During the year no red rated items were included in the main product range in Sweden. ICA Sweden has around fifty MSC-certified products in its main product range. During the year the range was expanded to include MSC-labelled frozen white tuna steaks.

Certified palm oil

The manufacture of ICA's corporate food brands on the Swedish market requires around 2,200 tonnes of palm oil annually. By 2015, all palm oil used in ICA's Swedish private labels must be certified by the Roundtable on Sustainable Palm Oil (RSPO). The intention is to get more palm oil plantations to shoulder their environmental as well as their social and economic responsibilities and to conserve the rainforests. RSPO-certified palm oil is used in products such as ICA's private label popcorn. Currently ICA purchases Green Palm certificates to encourage more plantations to adhere to RSPO's criteria.

ICA Norway has intensified its efforts to remove palm oil from its private label products wherever possible. The goal is to phase out all palm oil in private label products.

FSC-labelling of wood raw material

ICA is continually striving to introduce more

FSC-labelled products and packaging into its range, to help consumers make conscious choices. FSC-labelling means that the raw material comes from forestry that maintains high environmental values, works to prevent deforestation and safeguards human rights. During the summer season, for example, ICA sells around 10,000 tonnes of FSC-labelled barbecue charcoal and more than 15,000 FSC-labelled items of garden furniture. In 2013 ICA also launched private label milk in FSC-labelled packaging.

Organic produce

Development and sales of organic products still differ greatly among ICA's various markets. ICA Sweden is already far out in front, while demand is lower in the Baltic countries where the term organic is associated more with health issues than environmental ones.

Demand for ICA's organic range remains strong in Sweden. ICA's efforts to support customers' sustainable choice is visible especially in the sales of organic fruits and vegetables, which grew by 27% (13%) in 2013. In total, sales of organic produce in ICA Sweden's main product range increased by 16% (0.3%) during the year. There was more than 1,100 (1,021) organic products in ICA Sweden's main product range.

ICA's organic private label, ICA I love eco, is available in all the Group's markets. Products in the ICA I love eco range are certified to the EU's organic criteria and sometimes also according to KRAV rules in Sweden or Debio in Norway. Animal-based ingredients in ICA's private label organic products must be approved according to KRAV in Sweden or Debio in Norway, both of which place more stringent requirements on animal welfare than the EU. During 2013, the sale of ICA I love eco products increased by 24% (10%) and the range included a total of around 220 (225) ICA I love eco products.

Materials and chemicals

ICA works actively to limit the use of chemicals that could be harmful to humans and the environment. Suppliers must sign an agreement undertaking to comply with the Group's chemical restrictions. This is monitored by random sampling and inspections.

In recent years many consumers have been concerned about bisphenol A (BPA) in packaging and products. ICA Sweden phased out BPA in cash register receipts, baby bottles and other children's products a number of years ago. The substance has also been phased out from plastic food containers and certain packaging, with cartons now being used instead of tins. During the year ICA began selling its

private label tuna in new innovative packaging which is BPA-free and more efficient to transport. ICA aims to gradually phase out packaging containing BPA entirely.

During the year ICA Sweden was inspected by the Swedish Chemicals Agency, which took random samples from plastic toys. The results were good and no incidences of non-compliance were reported.

Environmental work in stores

At ICA there are many initiatives to reduce food waste, both in stores and earlier in the value chain. Some stores prepare meals made from products near expiration, others reduce the price of the goods or donate them to charities. In Estonia, Rimi donates all surplus food items to the Estonian Food Bank, which distributes it to those in need. For a number of years, ICA Norway has been involved in ForMat, a national initiative from Norwegian industry to reduce food waste by 25%. Working to reduce waste is a matter of course, both to reduce the environmental impact but also to save money.

During the year ICA Sweden launched the new ICA Retailers for the Environment eco-tool, which aims to help stores improve their environmental work and further reduce their environmental impact. By the end of the year 23 stores had introduced the tool. In addition, 80 stores had started work to implement ICA Retailers for the Environment.

In Sweden, 180 (188) ICA stores had been awarded a Swan eco-label at year-end 2013, which is 14% of the stores. The Swan eco-label applies tough criteria to matters such as waste management and energy efficiency.

Energy use

In 2013 great emphasis was placed on initiatives to increase energy efficiency in stores and to increase the number of stores that use renewable energy. In absolute terms, the energy consumption in the Swedish ICA stores decreased by 5% compared to last year, which corresponds to approximately 51,000 MWh. The energy consumption in relation to square meters has also decreased in the Swedish ICA stores, despite an increase in total retail space. This is a result of a continued effort to improve energy efficiency in stores, for example the number of stores that has put lids and doors on refrigerators and freezers has increased.

ICA Kvantum Sannegården in Sweden, which was built in 2010 entirely based on ICA's guidelines on maximum energy efficiency, serves as a model for all future ICA stores. Energy savings of approximately 35% have been achieved through an array of simple improvements. For example, lids and doors have been installed on refrigerators and freezers, and both lighting and temperature are controlled as required. In 2012 ICA Kvantum Sannegården was the first Swedish grocery retail store to meet requirements for Green Building certification of commercial properties. Among other things, certification as a Green Building requires the building to use 25% less energy than before or compared with the new construction requirements.

329 of Sweden's ICA stores now use ICA's central electricity contract, corresponding to 25% (20%) of the stores. All electricity supplied under the central electricity contract comes from renewable sources. There are also tools for monitoring electricity consumption in the stores. In addition, many ICA stores use

renewable energy through their own contracts with electricity suppliers.

Employees in Swedish ICA stores have the opportunity to carry out an energy training with practical advice on how the store can reduce its energy consumption. At year-end 2013, 505 employees at ICA stores had completed the training.

In 2010 ICA Sweden began installing charging stations for customers with electric cars in the car parks outside ICA stores. The goal is to have stations at about 20 ICA stores around the country within five years. At the end of 2013 charging stations were installed at 15 (11) ICA stores.

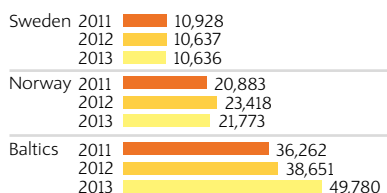
Emissions

In Sweden there is a large amount of ICA stores with 100% natural refrigerants and the number is increasing as this is the standard when opening new stores. In recent years, there is an increasing share of remodeling projects done with the conversion to natural refrigerants. The filling amounts of synthetic refrigerants in refrigeration systems during the last 15–20 years has been strongly reduced by the introduction of so-called indirect systems where glycol is used for distribution of cooling to the objects. ICA Sweden is well positioned in this area relative to the competition.

Environmental work in warehouses and offices

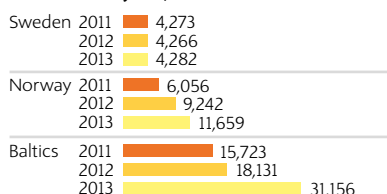
ICA's Swedish logistics operations have been ISO 14001 environmentally certified since 1998, which means a structured environmental work that strives for continuous improvement. All ICA's warehouses in Sweden have renewable electricity, reducing carbon dioxide emissions by 85% compared to normal electricity.

Total waste volume*, tonnes

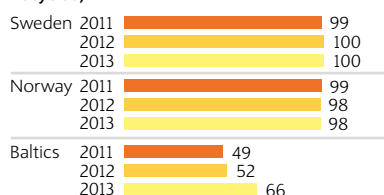


* Sweden comprises waste from logistics, Norway and the Baltic countries comprises waste from logistics and stores.

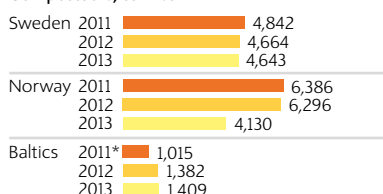
Recovered/recycled, tonnes



Recycled, %

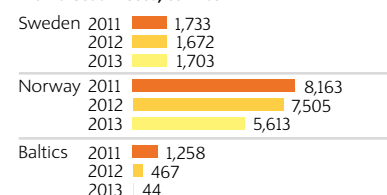


Compostable, tonnes

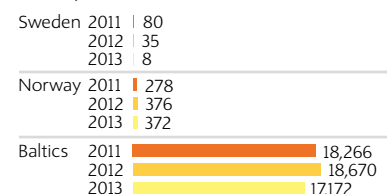


* From 2011, The Baltics use this fraction.

Incinerated waste, tonnes



Landfill, tonnes



Food waste and waste management

ICA works to minimise waste and maintain high recycling rates in its warehouses and stores. As part of this, ICA works in partnership with several charitable organisations including the Salvation Army in Sweden and the Estonian Food Bank in Estonia. The organisations are given food from ICA's warehouses that cannot be sold in stores, either because they are short dated or because of damaged packaging, even though the food is fully edible. These products meet the same basic food safety requirements as ICA's other products. Food that has passed its best before date is never donated.

For a number of years ICA Norway has been involved in ForMat, a national initiative from Norwegian industry to reduce food waste by 25%. ICA Norway will be working together with ICA suppliers to reduce food waste further.

Recycling

ICA Sweden's warehouses sort all their waste, and in 2013 100% (100%) was recycled, which is in line with the previous year.

Rimi Baltic in Estonia recycles all the packaging materials from its stores and warehouses, including polystyrene. This means that Rimi is now the only grocery company in Estonia to recycle all packaging materials. In 2013 more than 2,400 (2,000) tonnes of cardboard and over 280 (200) tonnes of plastic were collected.

Rimi Baltic in Latvia opened seven new public sorting locations at five stores in Riga during the summer. Glass and plastics can be sorted for recycling at the stations.

Transportation

ICA's Swedish logistics operations have been environmentally certified to ISO 14001 since 1998. Maintaining the certification is an important seal of quality for the active work being done.

Emissions

ICA is continuing to streamline its infrastructure and distribution network in order to reduce the total distance travelled by vehicles. With careful scheduling and optimised loads, ICA can make its deliveries using fewer, more efficiently loaded lorries, which do less driving in total. ICA Sweden is continually taking over transportation for its suppliers. This has led to more efficient transport planning and reduced total carbon dioxide emissions in the community, since fewer lorries are on the road.

ICA Sweden currently does not own any lorries, while ICA Norway and Rimi Baltic have its own lorries and also leases lorries. Modern

engine technology and alternative fuels reduce emissions, which ICA requires its haulage companies to verify. In Sweden, alternative fuels are blended with diesel and the lorries are equipped with tyres with low rolling resistance to reduce fuel consumption and environmental impact.

Fuel consumption is reduced by about 10% in 2013 compared to 2012. The largest decline occurred in Sweden and is the result of, among other things, the fact that all contracted haulage companies in Sweden report actual transport data, which was previously estimated based on distance travelled and average fuel consumption. This, together with improvements made by haulage companies such as increased eco-driving, resulted in a reduction of emissions from transportation in Sweden in 2013 compared with the previous year.

During the year the logistics function within ICA Sweden was awarded the Pegasus Prize for environmental initiatives in the transport sector. ICA has been working actively for several years to find new, more environmentally-sound fuels for transport. A pilot project involving 12 vehicles has shown that methane diesel is currently the most sustainable alternative. From spring 2014 onwards the number of methane diesel vehicles transporting goods for ICA will be increased.

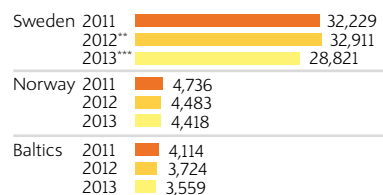
Business travel

The Swedish business travel by air, rail and road and the Norwegian business travel by air decreased during the year. Increased opportunities for telephone and video conferencing, as well as a long-term strive to reduce the environmental impact of business travel by ICA's employees has had a positive effect.

Since 2008 ICA has been using a carbon-offsetting programme for air travel by employees in Sweden and Norway when they book through the ICA's main travel agency. In 2014 carbon offsetting will end and the Group will instead invest these sums of money in climate-related activities and projects that are more clearly linked to ICA's direct climate impact or activities in which ICA is itself involved in driving development.

ICA will also continue to make efforts to reduce the environmental impact of business travel, such as by encouraging rail travel rather than air travel and providing good opportunities for using video and telephone conferencing. The number of telephone meetings in ICA Sweden and ICA Norway has decreased by 6% during the year. ICA has increased the number of video conferences by 10% compared to 2012.

Fuel consumption from goods transportation between warehouses and stores*, thousand litres

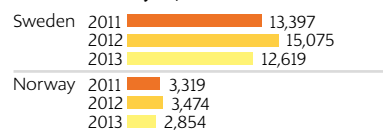


* Fuel consumption is related to diesel except for Sweden, where other fuels is included with 208,000 litres (2011), 471,000 litres (2012) and 870,000 litres (2013).

** 94% of total fuel consumption from goods transportation is included in ICA's climate goal.

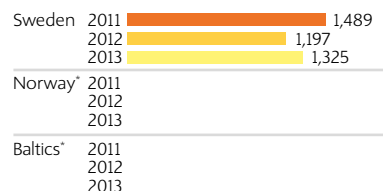
*** 92% of total fuel consumption from goods transportation is included in ICA's climate goal.

Business travel by air, thousand km



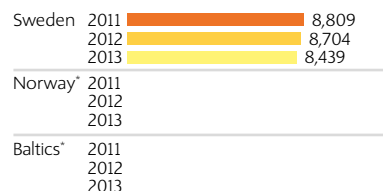
* Data from the Baltics are not available.

Business travel by rail, thousand km



* Data from Norway and the Baltics are not available.

Business travel by car, thousand km



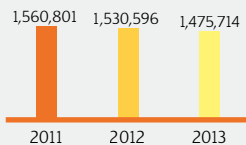
* Data from Norway and the Baltics are not available.

ICA employees in Sweden have guidelines on choosing company cars and carmodels and emission levels are reviewed and decided upon every year. ICA's central leasing agreement for Swedish employees only comprises green cars.

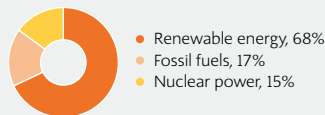


Energy data

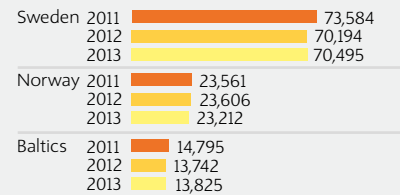
Total energy consumption in warehouses and stores, ICA, MWh



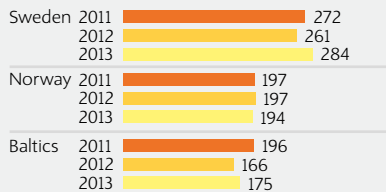
Distribution of ICA's energy sources, % (electricity consumption in warehouses and stores)



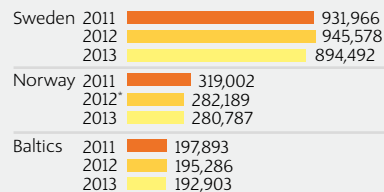
Energy consumption in warehouses, MWh



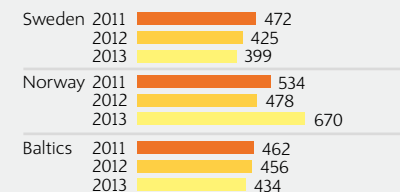
Average energy consumption in warehouses, kWh/m²



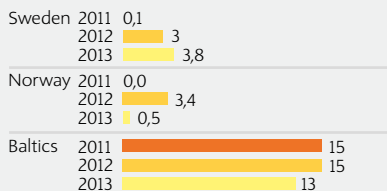
Energy consumption in stores, MWh



Average energy consumption in stores, kWh/m²



Cooling agent consumption*, tonnes



* The major part of the reduction of energy consumption in stores is attributable to the divestment of ICA Maxi in Norway.

* Comprises only warehouses in Sweden and Norway.

Quality

ICA's quality work is based on clear routines to achieve traceability and control in respect of the product range and the handling of products.

In 2013 work continued with audits, traceability checks, reviews of product contents and labelling, product testing and structured quality assurance in logistics and stores.

ICA attaches great importance to quality assurance in operations and is far ahead when it comes to certification within the grocery retail sector. The Swedish sourcing operations have been certified to ISO 9001 since 2012 and the logistics operations were certified to BRC S&D the same year. In 2013 the Asian sourcing operations were also certified to ISO 9001 and in Norway a warehouse was certified to BRC S&D during the year. In addition, a number of Swedish stores are certified to the Swedish quality standard for food safety in stores.

The most important benefit of certification is that the customers and ICA stores can feel secure knowing that the Group's sourcing and logistics processes comply with the quality requirements in ICA's Good Business.

Quality assurance of ICA suppliers

ICA requires its private label food suppliers to be third-party certified to a product safety standard approved by the Global Food Safety Initiative (GFSI). These standards cover food safety management systems, Hazard Analysis and Critical Control Points (HACCP) and good manufacturing practices.

The objective of the Group is that 80% of all suppliers of its corporate brand products should be third-party certified to GFSI. The result for 2013 was 59% (57%). During the year, the supplierbase has increased, resulting in an increased work to ensure that updated

ICA's responsibilities

Customers should feel safe shopping at ICA. Every product the Group sells should meet the quality demands set by the Group and associated stakeholders. This is achieved by means of regular supplier audits, reviews of product contents and labelling, and product testing. ICA also carries out systematic quality assurance work in its logistics operations and in stores. The overall goal is that 80% of ICA's corporate brand food suppliers will be quality certified.

certificates are registered in ICA's monitoring system. Concerning fruit and vegetables, ICA also has local suppliers who use a third-party standard not approved by GFSI, this has effect on the overall outcome against the target. The percentage for food-only suppliers (not including fruit and vegetables) for 2013 is 80% (76). The focus is now on obtaining new certificates and establishing a more structured way for management teams to monitor key indicators.

Starting from 2014 ICA will also accept local standards as a quality standard for local suppliers of corporate brands (in addition to GFSI-approved standards). This will allow small suppliers to safely supply products direct to the stores. This system promotes local production and facilitates the stores' local adaptation.

Suppliers of corporate brand cosmetics and hygiene products are required to be certified to BRC Global Standard Consumer Products (BRC CP) or an equivalent standard. For other corporate brand non-food suppliers, the goal is to be certified to BRC CP, ISO 9001 or an equivalent standard.

Quality assurance of ICA products

The products ICA sells obviously have to comply with laws regarding for instance labelling and ingredients. Quality tests and follow-up inspections are made regularly by ICA's suppliers as part of their quality program. In addition, ICA makes random samples based on a risk assessment, which is updated annually by product category. All of ICA's corporate brand products undergo sensory and quality tests on their way to becoming



finished products. The sensory tests evaluate appearance, odour, taste and consistency. Ingredients, nutritional information and other properties are detailed in internal product specifications. In addition to sensory and quality tests, ICA tests how well the product works, as in the case of baking powder, washing detergent and household appliances. All products are examined and approved to ensure that they comply with ICA's policies and internal guidelines. Packaging information is also inspected and approved.

In 2013 the ICA Group carried out a total of around 8,300 (9,000) tests on private label products, of which around 2,200 (2,700) were sensory tests on new and existing products.

Following the horsemeat scandal ICA customers need to know they can rely on the content of the Group's products. Quality work during the first quarter therefore focused heavily on the international scandal involving horsemeat in processed beef dishes.

The scandal has become an industry problem throughout the world. The parties involved in the horsemeat scandal were spread across 16 countries through complex chains involving many intermediaries. The food industry needs to assess what can be done to detect fraud at an early stage. ICA is keen to be involved in driving such developments.

Hepatitis in frozen strawberries

In May a strain of hepatitis was discovered in frozen strawberries in several Nordic countries. ICA Sweden found no connection to the outbreak of hepatitis A in its own frozen strawberries, but recalled the products anyway due to unclear origin labelling. In December the authorities found a new suspected link between ICA's frozen berries and a customer who had fallen ill with hepatitis. ICA recalled directly affected products, but again analysis found no sign of infection in ICA products.

In November ICA and other industry representatives took part in a follow-up meeting at the National Food Agency concerning the case of the strawberries. Work to ensure the safety of frozen berries will continue in the industry and in dialogue with the authorities during 2014.

Origin labelling

In connection with the outbreak of hepatitis related to frozen strawberries, customers asked why ICA indicates the packing location – in accordance with legislation – but not the country of origin on the packaging of ICA

brand frozen strawberries. For some product groups ICA already goes further than is required by law, for example in labelling products containing meat and most dairy products. In 2014, ICA will review how to improve origin labelling for even more products.

Insecticide in melons

In August it was discovered that a batch of honeydew melons, of which ICA Sweden had sold a small quantity, contained traces of the banned insecticide carbofuran. The pesticide was detected in a control sample in the Netherlands, after which the supplier and the Swedish authorities were alerted. Unfortunately, the information reached ICA only after the products had passed their expiry date. ICA ended its contract with the supplier and an investigation was conducted into why the information had reached ICA so late. ICA also reviewed its routines for monitoring alerts from authorities outside Sweden and has initiated a more in-depth study of insecticide-related issues.

Additives and E numbers

The debate in Sweden on food additives is still ongoing. Many consumers have difficulty understanding what E numbers stand for and question whether they are really necessary. ICA's position is that additives should be used restrictively and only if they add value for the consumer, e.g. by improving food safety. In accordance with current laws, ICA clearly declares all additives in the list of ingredients, so that customers can make informed decisions.

Animal welfare

ICA products must be manufactured under decent conditions. Animals should be treated well, and natural ingredients should not be altered without good reason. Products sold by ICA should be traceable to when and where they were manufactured. When it comes to fresh meat, ICA imposes stricter requirements on animal welfare than EU legislation and refuses to sell meat from the Belgian Blue breed of cattle.

For the ICA I love eco range, all animal-based ingredients must be approved according to KRAV in Sweden or Debio in Norway, both of which place more stringent requirements on animal welfare than the EU. ICA's private labels "ICA Selection Gårdsgris" pork and "ICA Selection Naturbeteskött" free range beef also help to safeguard the wellbeing of animals.

Sterling work on food safety

Consumer confidence is one of ICA's most important assets. ICA customers need to know they can rely on the content of the Group's products. Quality work during the first quarter focused heavily on the international scandal involving horsemeat in processed beef dishes. In Sweden, nearly 100 of ICA's private label products were analysed for preventive purposes and three products were recalled. In the Baltics, Rimi recalled a number of products based on information from the relevant EU authorities. ICA Norway recalled one private label product after an analysis revealed traces of horsemeat.

ICA demanded analysis and details from all the private label product suppliers involved. ICA also asked suppliers of branded products to account for how they obtain assurance that the declaration of ingredients on the products is correct. ICA is engaged in ongoing dialogue with the Swedish National Food Agency regarding improvements and what ICA can do.

ICA always uses meticulous routines and controls to ensure that the food it sells is safe, but the events in 2013 make it clear that the current routines do not provide adequate protection from fraud and deception. The scandal is now a worldwide industry problem. Going forward, ICA will invest further in developing methods to minimise the risk of this type of fraud. More extensive checks on certain product groups such as fish products, cheese and juices will ensure greater protection from fraud while also providing ICA with better ways of working.

In Sweden ICA will work closely with other representatives of the sector and the National Food Agency. ICA is a member of the Consumer Goods Forum and work on food fraud has commenced via its quality group the Global Food Safety Initiative (GFSI). This will provide ICA with good international guidance on the food areas that may be considered a greater risk.

Genetically modified food

ICA takes an essentially positive view of new technology that provides consumers with better products. For ethical and environmental reasons, however, the Group questions the production and cultivation of genetically modified foods and crops (GMO) that are not produced in a closed environment. Genetically modified foods and ingredients must be kept separate and must be traceable. Consumers are entitled to information on whether a product comprises or contains ingredients with genetically modified origins. No such products will be included in the ICA product range. Decisions on whether to include such products in the product range are taken by ICA's Executive Management.

Pharmacy products

In 2009 the Swedish pharmacy market underwent changes which resulted in a number of ICA stores deciding to sell certain non-prescription drugs. During 2010 ICA Sweden also opened full-scale pharmacies under the name "Cura apoteket" (Cura pharmacy) in a number of major ICA stores around the country. At year-end 2013, 58 (48) Cura pharmacies were established. Cura pharmacies had around 75 (50) private label items in the product range in 2013. In rural areas many ICA stores had been agents for pharmaceuticals for some time previously and thus already offered pharmacy items.

The pharmacy market presents great opportunities as well as challenges for a food retailer. The Medical Products Agency (MPA) has strict requirements regarding how non-prescription drugs are to be displayed, to prevent them falling into the wrong hands. ICA conducts ongoing dialogue with the MPA and sees the regulations as a good starting point to ensure customer safety.

Recalls

If it is suspected that a product ICA has sold may pose a health risk, ICA contacts the responsible supervisory authority, takes the

product off the shelves and distributes a press release concerning a recall. A recall is always followed up with the supplier through a visit and/or documented feedback on the measures the supplier has taken to prevent any reoccurrence. In total, the ICA Group carried out 55 (36) public recalls in 2013. Of these, 31 (21) were by ICA Sweden, 11 (13) by ICA Norway and 13 (2) by Rimi Baltic. None of these recalls resulted in a fine or a warning for ICA Gruppen.

Public recalls of private label products included Delish Lasagne Bolognese on 18 February when traces of horse meat were found in analysis. On 24 May a recall was carried out for ICA "Salta pinnar" (salted sticks) due to a risk of the product containing traces of sesame seeds, and on 18 June ICA frozen hamburgers were recalled after self-inspections revealed the presence of salmonella. On 3 July ICA "Basic Strawberries" and ICA "Basic Berry Mix" were recalled due to unclear origin labelling and the risk of hepatitis A. The presence of salmonella was indicated in ICA mince in a routine check; the mince was recalled on 8 September.

For less serious quality problems, such as a difference in texture or appearance, problems with labels or small labelling mistakes, the batch is withdrawn from warehouses and stores. In 2013 the ICA Group withdrew 954 (984) products; ICA Sweden 91 (80), ICA Norway 95 (93) and Rimi Baltic 768 (811). Of these, 357 (307) were private label products.

Quality assurance of ICA distribution

High product quality is maintained throughout the supply chain all the way to the stores, through self-assessments and product safety work. This includes a fully implemented HACCP (Hazard Analysis and Critical Control Points) plan, which is required by law and describes how the Group maps, evaluates and inspects food risks.

Since 2012 the Swedish logistics operations have been quality certified to the international standard BRC Storage and Distribution (BRC S&D). In 2013 the distribution center in

Skårer was first out of ICA Norway's distribution centers to go through the same certification. BRC S&D is a quality standard for retailers that covers product safety, quality and compliance. Certification makes an important contribution to ICA's quality work and is proof of thorough, well-functioning quality assurance.

The logistics function in Sweden continues to improve its operations by working in a structured way on various improvements. One of the methods used is 5S, an acronym that in Swedish stands for sort, structure, clean, standardize and create a habit. The aim is to improve the quality and efficiency of the work and create benchmarks for further improvements. The rollout of 5S began in 2011, and during 2013 5S was systematically used to ensure high-performing, stable operations.

Quality assurance of stores

Since 2009 ICA stores in Sweden have applied the Swedish standard for food handling in stores. ICA Sweden played a decisive role in developing what became the world's first third-party food safety standard for grocery retail stores. In Sweden, the routines are being introduced in stores under the leadership of ICA quality coaches. In total, around 1,000 (1,000) stores have implemented the standard and 342 (339) have been audited and certified by an external inspection body.

In 2013 work started on updating the Swedish standard for food handling in stores, with the aim of adapting the standard to make it easier to apply in stores operating as chains. For example, it will make it easier for ICA Norway and Rimi Baltic - where operations are mainly carried on as store chains - to work according to equivalent guidelines on food safety. The update is based partly on the draft international standard produced by a working group within ICA in 2012.

ICA Sweden was first in the industry to introduce quality coaches to support the stores. This support is greatly appreciated, and about 900 (800) stores in Sweden are currently using this service from ICA.

Product recalls and withdrawals, ICA, number

	2013	2012	2011
Total	1,009	1,020	1,170
Private label products	383	318	371

Quality certified ICA-stores and stores that have implemented the Swedish standard for food handling in stores, ICA Sweden, number

	2013	2012	2011
Certified	342	339	326
Implemented the standard	1,027	1,045	1,068

ICA's quality coaches carry out an annual internal audit of practically all ICA stores. To make this as impartial as possible, the audit is carried out by a different quality coach than the coach providing regular support. This also allows knowledge to be transferred since the quality coaches switch stores between them. The audit is performed using the same template as that used by the external auditors. The internal audit is an extensive review of all food handling by the store and takes around 6 hours per store. This means that ICA has invested around 8,000 hours in auditing ICA stores.

The stores are assisted by IDE2, ICA's digital tool for self-checks. The tool makes it easier for the individual store to make sure that products are being handled in accordance with the Swedish Food Act. In Sweden, around 1,225 (1,150) ICA stores are now using the system on a daily basis to support safe food handling. IDE2 is one of ICA's largest IT systems, with more than 14,300 (12,500) users.

In recent years work has been carried out in Norway to adapt the stores' quality systems to the Swedish standard. By the end of 2013 a total of 365 (175) ICA and Rimi stores had introduced the method based on the Swedish standard for food handling in stores, including all ICA Supermarked stores. The work is performed through coaching and training.

Following reorganisation of ICA Norway's quality department in summer 2013, Anticimex will take over the role of the quality coaches. The stores can then purchase the service from Anticimex, who will continue the work to support stores and perform store audits, starting in 2014.

Rimi Baltic conducts regular internal audits to evaluate how well its stores comply with the quality standard. Results vary between countries and store formats. The results of the audits will be analyzed and used as a basis for the improvement work in the area of quality in the stores in 2014.

Rimi in Latvia carried out training in August and September for store personnel who work with fresh foods. A total of 121 people

participated. The training included questions on traceability, temperature control and hygiene, and also how groups can use things like checklists and division of responsibility.

Checking up on checks

During 2013 a number of undercover purchases were made in Swedish ICA stores. Undercover purchases are intended to verify that cashiers check the identification of customers who are buying products with an age limit, such as tobacco and beer. They also serve as continued training and as a reminder. More frequent undercover purchases increases attention and improves results. Undercover purchasers buy products from the following product groups: beer, tobacco, non-prescription medicines and lottery. A total of 56,935 (54,440) undercover purchases from these product groups were made during the year, of which 84% (83%) were passed successfully.

Customer surveys

ICA works systematically with both internal and external customer surveys to communicate with consumers and hear what they think about ICA and ICA's products, including the Swedish Quality Index (SKI) for the Swedish retail industry.

Every two years a customer survey is carried out on sustainability issues in the retail trade in ICA's five markets. The most recent survey was carried out during the first half of 2013 and showed that high morals and ethics, transparency and honesty are important in every country where ICA operates. Food safety and local products are also key in most countries. The survey also showed that in general customers give ICA high marks for ethics and honesty, but ICA also found out what customers feel the Group can improve. For example, ICA can become stronger within sustainable fishing and food additives.

The rating in the latest SKI (2013) fell slightly from the previous year, ICA in Sweden has lost the top position in the grocery retail sector and received a score of 73.6 (74.5). Overall,

ICA's result is above the industry average, which is 72.5 (73.3). In general, customers feel the various grocery stores are comparable. The differences that exist is in the perceived product quality. Unlike last year, their loyalty to their grocery store is high. That is a sign that customers largely do very conscious choices.

ICA Bank was named Sweden's best private bank in SKI 2013's survey of customer satisfaction among banks. This is the third consecutive year that ICA Bank has been ranked in top place by SKI.

In ICA's own Customer Satisfaction Index, which is conducted every year, the results in Sweden have shown good customer ratings for a number of years and each profile stands strong against its market segment (hypermarkets, supermarkets and convenience stores). In this year's poll, customer satisfaction for ICA was at the same level as in 2012 at 78 (78). The market leader is City Gross, which has only one format and has a score of 81.

ICA's Call Centres is there to maintain contact with customers, stores and suppliers. In 2013 the department received more than 108,500 (107,000) calls and e-mails from customers in Sweden and Norway. The questions mainly concerned ICA products, specifically nutritional information, ingredients, packaging and origin, and ICA's different customer media, including ICA.se and the shopping app ICA Handla.

Customer contacts via ICA Call Centres in Sweden and Norway, number

	2013	2012	2011
E-mail	55,798	53,337	43,834
Telephone calls	52,815	53,803	51,470

Ethical trade

ICA demands acceptable production conditions; ensuring that these are met remains an important task. ICA has a long tradition of demanding compliance with human rights standards in the production of its products and is continuing to pursue the goal of having all its corporate brand suppliers in high-risk countries socially audited.

Work on monitoring working conditions via social audits of suppliers' sites continued in 2013. There was further focus on efforts to raise knowledge levels, with initiatives such as training and partnership projects aimed at supporting suppliers in their work to improve working conditions for employees.

Strong business ethics provide a foundation

The starting point for operations is that ICA must be run profitably and ethically. ICA works systematically to prevent ethically unacceptable incidents and corruption. Business ethics are covered in the ICA Gruppen's overarching risk analysis, where every area of operations is analysed. The analysis includes all types of risk that could jeopardise ICA's goals, such as identifying any risk of corruption. An assessment of the risks' potential impact on operations is made according to established guidelines; where risks are considered to have a major potential impact, steps are taken to limit these risks. The risks that have been identified are communicated between the companies and significant risks are reported to the management and Board.

ICA's Business Ethics Policy covers how managers and employees within ICA – both centrally and in the stores – are to conduct themselves in their daily work and in contacts with suppliers, competitors and other outside parties. Guidelines on the policy and any local instructions contain rules regarding matters such as gifts, impartiality and any conflicts of interest.

Group employees take online courses in ICA's Good Business values and related policies.

ICA's responsibilities

It is ICA's firm conviction that all trade should be conducted under humane conditions. ICA sells products from around the world, and needs to be aware of where the products come from and under what conditions they were produced. ICA does not accept discrimination, child labour, forced labour, infringement of the right to organise and collectively bargain or other failures to comply with human rights. This is clarified in the Group's policies and its agreements with all its suppliers. ICA has representatives around the world to ensure optimal cooperation with suppliers, inspect production and encourage change through training efforts, projects and partnerships with others in the industry. ICA's requirements are based on the Universal Declaration of Human Rights, the Convention on the Rights of the Child and the International Labour Organisation's (ILO) core conventions. The overall goal is that all corporate brand suppliers in high-risk countries will be socially audited.

The ambition is for all ICA employees in Sweden and Norway to complete these. At the end of 2013, 31% (28%) had done so. The training will be relaunched in 2014. The ambition is that the training will cover the entire Group.

In-depth training in business ethics, including anti-corruption, is carried out regularly with groups of employees and management working within areas that may be more at risk, such as sourcing. In addition, new leaders at ICA in Sweden go through a program including ICA's Good Business and related policies.

As part of their daily operations each company then emphasises compliance with the business ethics policy. ICA's central agreements contain provisions stating that ICA employees must not give or accept gifts, corporate entertainment or other personal advantages that might be considered inappropriate. Ensuring that ICA's anti-corruption and anti-bribery policy is followed is also an important part of the work involved in supplier appraisals, focusing on high-risk countries.



Steps to improve working conditions

ICA's goal is for every product to be produced under acceptable human rights conditions. To monitor this and to help the suppliers producing ICA's products to meet the requirements, social audits and training are carried out in the supplier countries.

Social audits

The Group is aiming for 100% of suppliers of ICA corporate brand products in high-risk countries to be socially audited. Key performance indicators linked to this are constantly monitored by ICA's management and are included in the ICA Group's overall risk analysis. At the end of 2013, around 77% (74%) of the factories, farms and processing plants in high-risk countries that produce ICA's corporate brands have been socially audited. Overall, the number of suppliers in high-risk countries decreased during the year as a result of, among other things, consolidated volumes for the Group and a continuous monitoring of the supplier base. In fruit, vegetables and flowers, however, the number of suppliers increased as a direct cause of ICA Sweden's health initiative, but the proportion of socially audited suppliers of fruit, vegetables and flowers have increased even more so. Further efforts are needed in the coming years to support suppliers in their efforts to ensure that production takes place in an acceptable form in terms of human rights.

ICA has produced its own tool for social auditing of suppliers: the ICA Social Audit. The requirements are based on similar criteria as the Business Social Compliance Initiative, BSCI. The combination of ICA Social Audits, carried out by the Group's own employees or consultants, and third-party audits, such as BSCI, ETI or SA8000 has successfully shortened the often time-consuming process of obtaining a social audit. The ICA Social Audit helps suppliers to improve working conditions in production more quickly.

Since 2008 ICA has a number of sourcing offices in Asia with teams for product quality, environmental safety and social responsibility. Being close to the Asian suppliers gives the Group better insight and valuable experience that helps these collaborations. The investment has resulted in greater mutual understanding and better compliance with ICA's requirements. ICA's Asian sourcing offices employ five persons whose job it is to verify human rights compliance. They also work preventively by reviewing the suppliers' employment routines and discussing, among other things, what they can do to avoid hiring underage workers and improve work environments.

Action plan for violations

If ICA's own auditors or third-party auditors detect violations at a production facility used by the Group, a concrete action plan is established and followed up in a re-audit. The first time a supplier violates the contractual requirements, they generally get a second chance to correct the problem. If they do so to the Group's satisfaction, ICA will keep working with them. If a serious offence is repeated, the agreement with the supplier will be terminated.

In 2013 ICA decided to terminate agreements with 20 (12) suppliers due to violations of the Group's human rights requirements.

In social audits conducted during the year a number of shortcomings among suppliers were identified. These are mainly concentrated in five areas:

- Health and safety
- Management routines
- Overtime working
- Employees' ability to join trade unions
- Wage levels

Inspections of berry pickers

For the third consecutive year ICA has reviewed the conditions for organised berry pickers in Swedish forests. The review showed a number of improvements compared with the previous year. For example, there is now a clear handbook for berry pickers containing rules and important information about working in forests and on the land.

Combating child labour

ICA's basic rule when it comes to child labour is that individuals younger than 15 may not work for any of the Group's suppliers. If national laws have stricter limits, these apply. In China, for example, the statutory working age is 16. The Group also requires its suppliers to give special consideration to young workers (younger than 18) in matters such as the right to limited working hours.

If ICA detects or suspects that a worker is not of legal age, ICA's contract with the supplier obliges the supplier to take measures to protect the best interests of that person. Together with the supplier, ICA tries to find the best possible solution in light of the child's age, education and social situation.

Since a number of years ICA's sourcing office in Hong Kong has a partnership with CCR CSR (Centre for Child Rights and Corporate Social Responsibility) in China, an organisation started by the Swedish branch of Save the Children. ICA gets access to expertise from CCR CSR and comes into contact with buyers from other companies that it can share experiences with.

Better conditions for berry pickers

For the third consecutive year ICA has reviewed the conditions for organised berry pickers in Swedish forests. An independent party was enlisted to carry out the actual review work. Among the aspects checked were whether the berry pickers had been given accurate information by their employer before coming to Sweden, whether the contracts were clear and easy to understand, whether the accommodation was acceptable and whether working hours were documented. All of the berry pickers in the review came from Thailand and many of them had worked in Sweden before. The review showed a number of improvements compared with the previous year; for example, there is now a clear handbook for berry pickers containing rules and important information about working in forests and on the land. Some elements could be improved, however. For example, there are still misunderstandings due to language barriers, and improvements in traffic safety are needed.

For a number of years ICA has been pushing the issue of acceptable conditions for berry pickers in Swedish forests. Now, the method developed by ICA has become the industry model in a new agreement between the Swedish Food Federation (Livsmedelsföretagen), the Swedish Grocery Trade Federation (Svensk Dagligvaruhandel) and the Swedish Trade Federation (Svensk Handel). The agreement requires buyers of berries to take responsibility for the performance of independent social audits of organised berry picking and for controls within independent berry picking. Non-profit research organisation Swedwatch also released a report on Swedish berry picking in which ICA was praised for its work in this area, and other companies are being urged to follow ICA's example.

During the year ICA also hosted and convened a number of dialogues between parties involved in the trade. ICA also wants to collaborate more with others in the industry to improve conditions for organised as well as independent pickers.

To promote the protection of youth and child rights in the world of business, the pilot project "Prevention and Intervention Services for the Protection of Young Workers in Chinese Supply Factories" (PISP) was established and supported jointly by ICA's sourcing offices in Asia, and seven other international brands. The project was successfully implemented in 2011 and 2012, mainly in nine factories producing clothes, stationery, toiletries and tools. Among other things, personal development training sessions, including communication skills and general career planning, has been given to young workers.

Since November 2012 ICA has taken part in a series of workshops on the rights of the child organised by Swedish UNICEF. The aim is that the participating Swedish companies – all of which have global links and were specially invited by UNICEF – can spur each other on and develop new methods of preventing child labour and safeguarding children's rights in society.

Product range

ICA's aim is to provide a wide range of ethical label products. ICA private label products with ethical labels are clearly marked so that customers can find them easily. The ethical labels are UTZ Certified, Rainforest Alliance and Fairtrade.

During 2012 ICA reintroduced Fairtrade-labelled roses as a private label product, which has had a positive effect on sales in 2013. In March there was also a campaign in respect of ICA Fairtrade-labelled roses. Each bouquet of roses was accompanied by a wristband made by women in five different Kenyan tribes. The wristbands gave over 400 women and their families financial support to joint projects in the village, for example, to medical centers, daycare centers and water wells. The wristbands were unique and were available only at ICA.

In Sweden all of ICA's private label coffee is UTZ certified. The cost of UTZ certified products includes a premium paid to the growers for investments in social projects, such as life insurance and nursery schools. In 2013 sales of ICA's UTZ certified products in Sweden generated around SEK 605,000 in premiums to growers. Since 2013 ICA Sweden has taken part in UTZ Certified's cocoa initiative, with the result

that also ICA's cocoa products can be UTZ-labelled. The first products in 2013 were two kinds of chocolate confectionary.

Traceability check of Moroccan tomatoes
During the year, ICA Sweden conducted a traceability inspection on one of its largest Moroccan tomato suppliers. The survey was performed to ensure that the tomatoes are grown in Morocco and not in Western Sahara. ICA Sweden follows the recommendations of the Swedish government and the UN on acting with extreme caution when it comes to conflict areas and has therefore chosen not to buy goods from Western Sahara. The focus of the inspection was on checking whether the code on the ICA packaging, the batch code, provided full traceability back to the grower via the packing facility. ICA visited both the tomato plantations and the packing facility to see how boxes and pallets are labelled after picking and to monitor the flow from delivery to sorting, washing and packing. The inspection showed good traceability throughout the chain.

Memberships

During the year ICA became a member of the Business Social Compliance Initiative (BSCI). The BSCI is a business-driven initiative that aims to improve working conditions in the supply chain by providing common tools and monitoring methods. ICA was previously represented via its former owner Royal Ahold.

During the year ICA Sweden signed the Bangladesh Accord, which is intended to improve the conditions and safety of workers in the textile industry in Bangladesh. The Bangladesh Accord is a binding agreement between trade unions, voluntary organisations and companies in the textile trade to carry out a programme of measures to address a number of important health and safety issues over a five-year period. Some 100 companies and brands have now signed the agreement. The International Labour Organisation (ILO) is acting as independent chair of the initiative.

ICA's world of suppliers

ICA does business around the world. This means that the Group's responsibilities also extend across borders. Below is a list of where in the world ICA is active in the sourcing and production of its corporate brand products.

North America

Production units: around **10**
ICA also buys some products from North America; popcorn and almonds are two examples.



South and Central America

Production units: around **160**
ICA's private label coffee and bananas are examples of products bought from South and Central America. Other examples of products are dried fruits and vegetables such as broccoli.

Percentage of socially audited corporate brand suppliers			
	2013	2012	2011
ICA	77	74	67

Number of production sites for corporate brand products

The number of production units is not static; it depends on the product range in the stores and on seasonal variations. In recent years, great efforts have been devoted to identifying the production sites where ICA's corporate brand products are produced.

ICA's home markets

Production units: around **480**
Most of ICA's products – such as dairy products, meat, bread, fruit, vegetables and root vegetables – are bought from ICA's closest markets, as are items such as garden furniture, wet wipes, charcoal and disposable products.

Rest of Europe

Production units: around **1,000**
In Europe the focus is on foods such as biscuits, chopped tomatoes, French fries and pasta. ICA also buys products for the home and personal care, such as laundry detergents, toothpaste, frying pans, candles and household cleaners.

Asia

Production units: around **800**
Rice, tinned vegetables and noodles are typical examples of products bought from Asia. ICA also buys textiles such as clothes, towels and sheets, and household utensils, toys and office products from Asia.

Africa

Production units: around **110**
From African suppliers ICA mainly buys fruits and vegetables, for example mangos, kiwis and grapes, avocados and tomatoes. ICA also buys other products such as roses from Africa.

Australia & Pacific Rim

Production units: around **10**
ICA buys produce such as lamb, onions, kiwi fruit, and apple varieties such as Royal Gala and Jazz from New Zealand and Australia. Another example is wool.

Health

Interest in healthy food and a healthy lifestyle is expected to continue and ICA is keen to inspire its customers to make healthy choices. ICA is continuing its efforts to offer products for people with allergies.

Among other things, ICA carried out a year-long campaign in 2013 to encourage customers to eat more fruits and vegetables, and maintained its focus on inspiring children and young people to adopt a healthier lifestyle. ICA's work in this area is based on the Nordic nutritional recommendations. In 2013 new nutrition recommendations (NNR5) was presented, these go well in line with ICA's long-term message to inspire customers to more healthy and climate-friendly choices. ICA Sweden has gone through the product range to identify the products included in the desirable dietary pattern, this work will be the basis for next year's efforts.

Product range

ICA has strict requirements stating that certain substances must not be used in its products, and carefully monitors scientific reports and new findings concerning these substances, while at the same time being alert to customers' concerns about other potentially harmful substances. ICA Sweden phased out the plastic bisphenol A (BPA) a number of years ago in cash register receipts, baby bottles and other children's products, plastic food containers and certain packaging. Cartons are now used instead of tins. Additives such as azo dyes are banned entirely from foods in ICA's range, while some solid fats containing trans fats were phased out of ICA Sweden's range back in the early 2000s. The flavour enhancer MSG is used only in a few Asian-style products.

ICA's responsibilities

Helping customers to feel good and inspiring them to make healthy choices is an important role played by ICA. It also helps to develop the product range and opens up new business. Through products that address issues concerning additives, diets, allergies and lifestyles, ICA can spread information and inspire customers to make conscious choices on a daily basis. This work is based on official Nordic dietary advice and nutritional recommendations. For years, ICA has been providing healthy tips through recipes, customer magazines, websites and stores – based on customers' needs.

Alternatives for people with allergies

The number of customers in the Group's Nordic markets who have allergies or sensitivity to certain foods is increasing. ICA works to offer these customers a wide range of food products adapted for allergy sufferers. To make things easier for customers, ICA Sweden's products are clearly labelled, the stores have clear signs showing where allergy-friendly products can be found and recipes on ICA.se have tips for allergy sufferers. To further support customers with allergies there are also cards and brochures on various allergies. Printed versions are distributed and the information is also available online.

In Sweden and Norway products free from sensitive ingredients like gluten, dairy, eggs, nuts and soy are labelled with "Free from" (Fri från). ICA Sweden's "Free from" range offers around 770 allergy-friendly products.



During the year ICA Sweden was the first in the market to launch gluten-free private label grocery products. The Swedish Coeliac Society has been calling for this to happen for a number of years. By offering more products to choose from at attractive prices, ICA can make life easier and more inspiring for those with a gluten intolerance. During the year eight new gluten-free items – mainly pasta and bread – were launched under the ICA brand. The number of lactose-free products was increased to 17.

ICA's nutritionist and Senior Health Manager in Sweden won an award from the Swedish Coeliac Youth Society (SCUF) for her work on ICA's range of gluten-free and lactose-free products.

Cura pharmacies

The Cura pharmacies in Sweden give ICA another opportunity to market prescription and non-prescription medicines and other products, as well as ICA's healthy private labels. These include a number of hygiene products designed specifically for children containing no parabens, artificial colours or fragrances.

Healthy choices

Fruit and vegetable consumption is still too low in Sweden according to the Riksmaten 2011 survey carried out by the National Food Administration, and the tendency is the same in all of ICA's markets. ICA is working every day to encourage healthy lifestyles. As a major player in food and meals, one of the Group's most important tasks is to help customers feel well and inspire them to make healthy choices. This is done through various channels and in a variety of ways, but always on the basis of the official Nordic nutritional guidelines and recommendations.

To make it easier for customers to make informed, healthy choices, it is important that the products are clearly and correctly labelled. All of ICA Sweden's recipes have nutritional values calculated, to make it easier for customers to prepare healthy food. The recipes are distributed through various channels such as stores, ICA's Grocery Bag, ICA's website and customer magazines such as Buffé, as well as through digital and analogue marketing. These channels are also used to provide various types of advice on nutrition and exercise. Many ICA stores have nutritionists on hand to give customers tips on healthy choices.

Fresh foods of various types will be a focus in Sweden going forward. ICA will make it easier for customers to find healthy alterna-

tives in stores, including new solutions for fruits and vegetables.

Health initiatives in the Baltic countries

Rimi Baltic is continuing its efforts to encourage customers to make healthy choices. In Latvia, Rimi's special health chef Normunds Baranovskis participated in this effort by providing good dietary advice in connection with the Nike Riga Run, a sporting and charity event held in August. In September the country's Rimi stores organised a harvest festival to inspire customers to choose fruits and vegetables. Customers had opportunity to take part in competitions and receive seasonal recipes. The country's Hypermarket stores have started offering customers salad bars so they can mix their own lunch salads.

In Estonia, Rimi is taking part in a new campaign initiated by the country's public health agency called "Let's eat". The idea is to encourage people to eat at least five portions of fruits and vegetables every day. Rimi Baltic in Estonia is also participating in an initiative to get all customers under the age of 30 who buy alcohol to present proof of their age. The aim is to prevent alcohol being sold to minors.

Investing in children

ICA works hard to spread information on health issues, especially through its stores. "Buddy with your Body – 5 a Day" is a children's health initiative that ICA Sweden has been running for many years. The aim is to encourage children to eat a healthy diet, to exercise and feel good. This was the thirteenth year that teachers and pupils in years 2 and 5 have been invited to participate. Since 2001 more than 850,000 year 2 and year 5 students have taken part in "Buddy with your Body". The class gets to visit the fruit and vegetable section of an ICA store, where they are invited to taste fruits and vegetables during a fun, colourful lesson. The teaching material, which is published on ICA.se, has been revised for 2013 and since 2011 has also included environmental and climate perspectives for students in year 5. The material includes experiments and exercises, teaching notes linked to the curriculum, classroom posters and information for parents. A similar project in the Baltic countries, "Supervaiikai", is teaching children the importance of eating right and exercising.

Another activity for children aged 3–12 is the "Paprika Club", promoted at all Swedish ICA Kvantum stores. Its aim is to interest kids in fruits and vegetables. The children get a specially produced magazine with fruit and

ICA guides people towards healthy and sustainable choices

In 2013 ICA Sweden invested substantially in helping its customers to choose healthy options. The "Take a green year with ICA" campaign was launched, aimed at increasing awareness of the importance of eating fruits and vegetables. As part of the campaign, the random recipe generator at ICA.se only offered recipes containing at least 30% vegetables. Recipe folders and the customer magazine Buffé likewise highlighted recipes with a high proportion of fruits and vegetables. Great customer offers also focused on fruits and vegetables.

A further part of the initiative was to highlight even more organic options. During the year central sales of organic fruits and vegetables in ICA stores in Sweden increased by 27% compared with the same period the previous year.

Although all consumption of fruits and vegetables is a good thing, it remains important for ICA to offer its customers organic produce because this also contributes to biodiversity and reduces environment impact. Organic bulk fruits and vegetables are one example of how ICA is working to offer good prices by removing unnecessary packaging.

ICA's expansion of its range of organic fruits and vegetables is also helping suppliers to adapt their businesses. Thus ICA's largest supplier of lemons in Spain is now in the process of switching from conventional to organic production, simply to cope with the annual volume that ICA requires.

vegetable ideas and are treated to fruit in the stores. During the year the “Paprica Club” also launched an app with recipes and games linked to fruits and vegetables.

During the year Rimi Baltic in Estonia continued its work on the health programme “For your health”, which was started in 2012. One element of the programme is “Vitamin Trips” for children in Rimi stores, during which preschool children and schoolchildren have an hour-long study visit to a fruit and vegetable section. More than 2,000 children have already enjoyed “Vitamin Trips”.

In Latvia, Rimi Baltic’s special health chef Normunds Baranovskis continued the “School Journey” project during the year. This is part of the “Aikāgaršo” health project and aims to increase understanding of a balanced diet and better eating habits. He met nearly 400 students from years 3 to 8 at 23 schools around the country to teach them how to prepare healthy food. All the students’ recipes have been published in a digital cookbook on Rimi’s website. In Lithuania, Rimi organised “Superkids” for the third consecutive year, this year encouraging parents to involve their children in cooking.

Sport and activities

Good health and good eating habits go together. ICA therefore wants to encourage physical activity. ICA wants to be seen as leading the way in health and wellbeing, and therefore supports selected exercise activities. These events also give ICA an opportunity to spread information on healthy nutrition and how to eat to perform better. All of these events in Sweden took as their theme fruits and vegetables, breakfast and snacks.

Work on the new sponsorship strategy in Sweden continued with implementation of the “Join in and feel good” concept. The concept was launched to ICA customers in conjunction with a breakfast campaign in February in partnership with the Swedish Ski Association. The campaign also highlighted the large amount of local sponsorship that takes place in ICA stores. In 2014 the focus will continue to be on local sponsorship, as ICA Sweden produces more tools to simplify local

sponsorship for the stores.

During the year sponsorship in Sweden has focused on health, food and exercise. Sponsored national teams, such as the Swedish national alpine ski team and the national women’s football team, were invited to learn how to prepare good food with ICA chefs. One major initiative took place with the Elite Sports School of the Swedish Sports Organisation for the Disabled, with ICA collaborating on a number of occasions both to give lectures on food and exercise and to inspire the athletes with food cooked by ICA chefs.

The partnership with the Swedish Ski Association and the “Everyone on the snow” project has been developed further in 2013. It is expected that 24 (14) municipalities will join in during the 2013–2014 season. The focus of the project from ICA’s perspective is to teach children to eat good food in order to have the energy they need for both school and leisure.

A further example of activities ICA supports is the KortVasan ski race, which takes place between Oxberg and Mora and was started in 1996 by ICA. In 2013 over 9,700 persons took part, of which around 300 were ICA employees. ICA also sponsored other ski events during the year, such as the TjejVasan women’s race and the UngdomsVasan race for 9–16 year olds, in which more than 18,000 (15,000) took part. ICA has also extended its partnership with Vasaloppet to include the Children’s Vasalopp. A number of ICA stores organised races close to the stores. The Children’s Vasalopp is organised all over Sweden and during the 2012/2013 ski season around 46,000 children participated. In August the CykelVasan cycling event took place, with ICA Sweden as a sponsor. This year 14,811 cyclists started the race, which is a new record.

During the year an exercise race called Blodomloppet took place at 14 locations around Sweden. ICA Sweden is the main sponsor of the race and more than 107,000 (100,000) people took part in total.

Along with the stores and the Swedish Football Association, ICA Sweden enabled many children and young people to go and watch Sweden’s matches when the women’s

Euro football championship was held in Sweden. Year 5 students throughout Sweden also had opportunity to compete in the ICA Mini All-Sweden Championships in bandy, a game similar to ice hockey, culminating in a final at the Friends Arena in conjunction with the final of the Swedish Championship.

Many ICA retailers in Sweden and stores in Norway also support children’s and youth athletics through local sponsorships.

Health-related activities were also sponsored in Estonia. Among other things, Rimi employees took part in the SEB Tallinn Marathon. Rimi Baltic in Estonia and the Estonian Football Association gave six children who participated in the Association’s summer camps a scholarship of EUR 300 each for football training for the whole year. In Lithuania, Rimi was the main sponsor of the Vilnius Marathon for the second consecutive year.

In Latvia, Rimi supported the Nordea Riga Marathon, which took place in May and attracts more than 20,000 runners from all over the world. Rimi distributed more than six tonnes of fruit during the race and also organised the Rimi Marathon for Kids.

Community engagement

ICA's responsibilities as a member of society include everything from supporting locally produced food through employing people with disabilities in the Group's operations to various sponsorship activities.

In 2013 ICA continued its work to deal more systematically with surplus usable food through partnerships with voluntary organisations, and made various contributions to help sick and needy children. The Volunteer Programme in Sweden has given employees opportunities to work with voluntary organisations during working hours. The focus is on children, young people and women.

ICA's local social responsibilities

ICA Gruppen wants to be a force for good, with a local presence in the community, and to participate in debates and various initiatives. It also wants to sponsor and support projects in its local areas. In Sweden there is a connection through local ICA retailers, who own their stores and live and work in the local area. In connection with new store openings ICA works with municipalities, regions and authorities to support local development.

In Sweden there is a strong focus on refining the retail network that has been built up over more than 90 years, so that it remains sustainable and attractive. Great consideration is given to the local environment when new stores are opened. Customer needs for transportation to and from stores must be met in a way that benefits the local community. For example, new stores along existing thoroughfares are given priority to avoid increased traffic and allow customers to get to the store on cycle paths or footpaths or using public transport.

ICA's responsibilities

ICA wants to be a positive force in society and make smart investments for the future, particularly through partnerships and strong local connections. ICA partners with charitable organisations that work on public health, the environment, humanitarian efforts and diversity. Through the Group's sports-related activities, ICA helps keep young people and their parents active. ICA also wants to draw attention to important issues and contribute to local development that benefits everyone.

ICA often participates in debates and outside initiatives, and supports local projects in all the Group's markets. Its sponsorships focus on the areas of food, health and equality.

Locally produced food

One thing that unites customers in all ICA Gruppen's markets is an interest in locally produce food. In addition to several initiatives to label local products in all ICA countries, ICA is doing a number of things to satisfy the growing interest from consumers. Starting in 2014, ICA has decided to accept local quality standards (as well as GFSI-approved standards) for local food suppliers of corporate brands, in order to promote local production.

During the year ICA Sweden provided the stores with support - through its partners - for sourcing from local producers. It does this in order to ensure the same high food quality from local producers as from central suppliers. A list of over 700 (700) local suppliers has been compiled to support local purchases by stores.



“ICA Selection Gårdsgris” pork, launched in Sweden in 2010, is locally produced by four selected farms in south-east Sweden. The breeding pigs are raised on feed made only from Swedish ingredients, i.e. without any imported soya. The sows farrow on thick straw. The farms are expected to run primarily on renewable electricity from wind power and hydroelectric power. Production is certified to IP Sigill (Swedish Seal of Quality), which guarantees that certain criteria are met in terms of animal welfare, environmental protection and food safety.

Rimi Baltic continues to promote freshly harvested local products in Latvia. In Estonia, Rimi Baltic cooperates with the Association of Estonian Food Industry to label local products with the Estonian flag.

Rimi Baltic in Lithuania has the Vikis concept, a shop-in-shop that sells only local products from a number of enterprises. In a Vikis store customers can find everything from dairy products, meat, vegetables and bread to jams, oils and honey.

Dialogue partners

ICA cooperates with a number of organisations and participates in various networks focused on corporate social responsibility. Maintaining a continuous dialogue with consumer and environmental organisations, trade organisations, sports clubs and other interest groups is an important part of ICA's sustainability work and enables ICA to compare and improve the way it works and thus promote positive development. The aim is to use various methods to structure the dialogue.

In addition to trade organizations in each market, among ICA's most important dialogue partners are:

Global Compact: The UN initiative to promote corporate citizenship internationally, ICA is a participant. ICA has also signed the Global Compact's Caring for Climate initiative. In addition, ICA is a member of a Swedish government consultation group Globalt Ansvar, overseen by the Ministry for Foreign Affairs to encourage Swedish companies to be ambassadors for human rights, fair labour practices and a better environment. The companies are also encouraged to introduce anti-corruption practices in accordance with the principles of the Global Compact.

Global Social Compliance Program (GSCP): International alliance seeking to build consensus on best practices for labour standards in

ICA sponsorship

In general, ICA's sponsorships support the Group's long-term business plan and emphasise food and health, social responsibility, the environment and sustainable development.

The sponsorship policy and guidelines follow the principles of the International Code of Sponsorship.

In Sweden in particular, projects aimed at children and young people are given priority. In Sweden ICA provides sponsorship to organisations including: Vasaloppet/Cykel-Vasan, En Svensk Klassiker (the Swedish Classic circuit), Blodomloppet, the Swedish Ski Association, the Swedish Football Association, the Swedish Sports Organisation for the Disabled and the Swedish Paralympic Committee, the Swedish Cancer Society/Pink Ribbon, the World Childhood Foundation, Glada Hudik Theatre and the Swedish National Association for Children, Young People and Adults with Learning Disabilities (FUB).

consumer goods supply chains. The programme is run by the Consumer Goods Forum, which is a principal partner of ICA.

Global Food Safety Initiative (GFSI): Alliance between a number of the world's leading experts on food safety – retailers, manufacturers, food service companies and service suppliers in the food industry. Coordinated by the Consumer Goods Forum.

Ethical Trading Initiative Norway (IEH): A forum for ethical trade and other challenges in global supply chains. ICA Norway has been a member of the IEH since 2001.

Business Social Compliance Initiative (BSCI): European platform for companies to improve working conditions at consumer goods suppliers in high-risk countries.

WWF (World Wide Fund For Nature): ICA has worked with the environmental and nature conservation organisation WWF for a number of years on many different issues, including sustainable fishing, palm oil and free range meats.

Swedish Coeliac Society and Swedish Asthma and Allergy Association: Annual campaigns at the Swedish ICA Maxi and ICA Kvantum stores offer the local organisations a platform to highlight the problem of allergies. At the same time, consumers get hands-on assistance with food allergy issues in the stores.

Public Health Agency of Sweden (former Swedish National Institute of Public Health): ICA cooperates since a number of years on a

Surplus food

ICA works with charity organisations in all its markets to donate food in various ways. ICA Sweden has a central agreement with the Salvation Army and several local partnerships with charities to donate food from ICA's warehouses that cannot be sold in stores because it is short dated or because of damaged packaging, even though the food itself is fully edible. These products meet the same basic food safety requirements as ICA's other products. Food that has passed its best before date is never donated.

ICA Norway is a member of Matsentralen, which collects surplus food from retail stores and other operators. Matsentralen was set up in 2013 and provides around 100,000 meals a month to more than 10,000 people. ICA Norway also continued its partnership with Fattighuset, contributing throughout the year to the food it hands out to needy families twice a week.

project called “A healthier Sweden” to draw attention to the importance of a proper diet and exercise.

Federation of Swedish Farmers (LRF) and Svenskt Sigill: ICA Sweden and LRF have cooperated for many years to meet the increased demand for foods made from Swedish ingredients. ICA also works to assure Swedish producers through the standards issued by Svenskt Sigill.

In-Depth Cooperation Programme: In 2012 Rimi was the first retailer in Latvia to become a member of the Ministry of Finance's In-Depth Cooperation Programme for tax-paying companies. Membership requires the company to meet a number of criteria in areas such as ethics and transparency, but in return reduces administration and simplifies communication with the tax authorities.

In the Baltic region Rimi continued its partnership with FoodBank, which distributes food to those in need. This partnership has been ongoing for many years. During a quarter Rimi customers and employees in Lithuania donated around 33,000 food products via collecting boxes in Rimi stores. The partnership with FoodBank also continued in Estonia, including a campaign in the stores. For every three selected products that customers bought, Rimi Baltic in Estonia donated one additional product. As a result, sales of the selected products – which included pasta, tinned goods and soup – grew by 40% during the campaign. Along with Save the Children and the Lithuanian chocolate manufacturer Rūta, Rimi Baltic in Lithuania also produced a special chocolate bar. This is being sold exclusively in Rimi stores and 5% of the proceeds go to a day centre for children from poor and socially disadvantaged families.

Rimi Baltic's hypermarkets in Lithuania and Estonia have set up boxes where customers can donate products to families in need.

Employment

ICA supports various projects to get unemployed people into work. In partnership with the Association of ICA Retailers and local ICA retailers, ICA Sweden offers people with disabilities job opportunities through Samhall, Arbetsförmedlingen (the Swedish Public Employment Service) and municipal day care facilities. Working with the merit.nu project and city officials in Stockholm and the Bergsjön district of Gothenburg, ICA School has given long-term unemployed young people training and the opportunity of work experience in a store. The project has been very successful and more than half of the participants have found a job in the store where they worked or for another employer and are now self-sufficient. In addition, for a number of years Rimi Baltic has had an initiative to integrate employees with disabilities in the stores.

In 2013 the "ICA 2020" project was started in Sweden, which aims to utilise and develop opportunities for more young people to work within ICA.

How ICA shares its profits

In 2013 ICA was involved in a number of successful activities and campaigns together with NGOs.

ICA Sweden has been the principal partner of the World Childhood Foundation since 2003, raising funds for Childhood's projects. In this year's Christmas campaign ICA donated

part of the proceeds from sales of ICA oranges and clementines, a unique floral bouquet and a Childhood plastic bag. ICA also had a campaign on Instagram in which ICA donated SEK 50 to Childhood for every picture tagged with #icapussen. Customers could also make a donation when self-scanning, directly at store checkouts, through a donation button at icabanken.se or using a payment slip in the customer magazine Buffé. This year's campaign raised SEK 7.5 (8.6) million.

For the eleventh consecutive year ICA Sweden was the main sponsor for the Pink Ribbon campaign, which raises funds for Swedish cancer research. The aim is to increase awareness of the link between good health, good habits and daily exercise in preventing breast cancer. In 2013 the Pink Ribbon campaign raised SEK 16 (11) million. The Pink Ribbon and other campaign products were sold in ICA stores and customers donated using a payment slip in the customer magazine or by making a donation when self-scanning. Eleven different private label products were sold for the benefit of the Pink Ribbon, the focus being on fruits and vegetables, including carrots and blueberries, complemented by a floral bouquet.

Swedish ICA customers contributed a record SEK 6.4 million to the work of the Red Cross by donating the deposits from their recyclable packaging. This was an increase of SEK 600,000 from SEK 5.8 million 2012. Today over 650 ICA stores are taking part in the scheme.

When the Philippines disaster occurred in the autumn, ICA Sweden made an appeal via its digital channels for customers to donate via the Red Cross.

Activities aimed at children

At the end of January the charity project "Angels over Latvia", a partnership between Rimi, Swedbank, the television channel LNT and Ziedot.lv, was brought to a close. "Angels over Latvia" carries out various fundraising activities, including in Rimi stores, to pay for care for children suffering from congenital illnesses or who have been injured in accidents. In total, more than SEK 1 million was raised via Rimi stores.

During the year Rimi Baltic in Latvia, along with the organisation Ziedot.lv, raised more than SEK 230,000 for the "Stabins" charity project, which helps local associations and foundations organise leisure activities for schoolchildren from poorer families. This gives the children an opportunity to do something meaningful – such as sport, music or art – at the end of the school day.

ICA 2020 gives youth a chance

Sweden's ICA stores are a big youth employer. Around half of the 40,000 employees are under 25 years old and a variety of career paths are available. To attract even more young talent ICA Gruppen has started the "ICA 2020" project, which aims to utilise and develop opportunities for more young people to work within ICA.

The objective is to give a further 2,000 or so young people the opportunity for a first job at ICA over the coming years. The initiative is aimed at those 25 years old or younger. It is split into two parts: giving young people who are not in employment work experience to get them off to a start in their working lives, and making the most of all the young people who are already working at ICA.

Through ICA work placements, young people can get experience and contacts, even if not all the participants are offered employment at the end of their placement. ICA will also offer internships within retail; a start for students who have completed the retailing and administration programme at upper secondary school.

In the second part of the initiative, ICA wants to highlight and involve the young people already working at ICA. The views of young employees will be sought through a youth panel, taking the form of an annual web survey, and a network for discussion and innovation – ICA's Youth Network. The thoughts and ideas that emerge will make a valuable contribution to help retailers and employees develop ICA as a workplace.

Rimi Baltic in Latvia also supports a regular fundraising campaign for a children's hospital treating children suffering from cancer and raised more than SEK 250,000 over the year. Another campaign that Rimi supports is "The Goodness Day", which helps seriously ill children. During the year Rimi customers donated more than SEK 47,000, the project's largest donation to date.

Rimi Baltic in Estonia, along with partners such as the Red Cross in Tallinn, took part in a fundraising campaign to help children from low income families get rucksacks and essential school supplies. A total of 324 children were given new school supplies.

Engagement in society's decision-making

ICA works in partnership with organisations and participates in networks focusing on social responsibility, the environment, health and food quality.

ICA signed the UN Global Compact in 2004 and Caring for Climate in 2007. ICA has also pledged to follow the European Consumer Goods Forum's sustainability programme. ICA supports and follows the OECD's guidelines for multinational enterprises, the International Chamber of Commerce's (ICC) Business Charter for Sustainable Development and the ICC's anti-corruption and anti-bribery principles.

ICA Sweden's SVP Corporate Responsibility is ICA's representative in the UN Global

Compact, including its Nordic network. ICA Sweden's SVP Corporate Responsibility is also ICA's representative in Globalt Ansvar, working on issues related to corporate social responsibility. The project falls under the unit for international trade policy at the Ministry for Foreign Affairs. The minister responsible is Minister for Trade Ewa Björling.

ICA Sweden's SVP Corporate Responsibility is a member of the Monitoring Board of the Swedish Chemicals Agency.

ICA Sweden's head of environmental and social responsibility has been a board member of SVN Sweden since 2011. SVN is an international network of companies and organisations looking to combine business benefits with a greater focus on social responsibility, business ethics and environmental work.

ICA Sweden and ICA Norway participate in a network organised by the Norwegian-Swedish Chamber of Commerce to strengthen relationships between Scandinavia and the Balkan region.

ICA Norway participates in a sustainability network organised by Hovedorganisasjonen Virke, the Enterprise Federation of Norway (formerly known as Handels- og Servicenæringens Hovedorganisasjon), where experience in the area is shared with others in the retail community. In Sweden a similar organisation, Svensk Dagligvaruhandel (the Swedish Grocery Trade Federation), works to protect the interests of consumers.

Since 2001 ICA Norway has been a member of the Ethical Trading Initiative Norway (IEH), a forum for ethical trade and other challenges in global supply chains.

Rimi Baltic in Lithuania is a permanent member of Baltoji Banga (The White Wave), which promotes transparency in Lithuanian business.

Rimi Baltic in Latvia is one of the founders of the Latvian Food Retailers' Association, which was established in 2010.

ICA Bank has joined together with ECPAT, other financial institutions and the police to stop online child pornography. ECPAT is a global network of organizations working to eliminate child prostitution, pornography and trafficking.

ICA is an active partner in "Arena for Growth," a public-private partnership to promote local and regional growth through collaboration and growth-promoting processes.

Charitable donations, SEK million

ICA Sweden	2013	2012	2011
Donations from ICA Sweden	8.2	7.8	11
Donations from customers, suppliers and employees through ICA Sweden	26.6	24	16

Sustainability awards

The best at sustainability

ICA won the Sustainable Brand Index 2013 award for its work on sustainability. The Sustainable Brand Index is Scandinavia's biggest brand survey for sustainability and asked customers which companies they considered to be best in Sweden at shouldering their environmental and social responsibilities. ICA Bank was also the best in its category and was nineteenth overall out of a total of 228 companies.

The best at communication

ICA was ranked top in the Nordic region's survey of communications and marketing professionals, which asked who was best in Sweden at communication. The reasons given for ICA's top placement were its well-known adverts featuring Stig and the gang and its communication of the Group's sustainability work. The survey was organised by representatives of Sveriges Annonsörer (the Association of Swedish Advertisers), Sveriges kommunikatörer (the Swedish Association of Communication Professionals), Sveriges Marknadsförbund (the Swedish Marketing Federation) and the company Hammer & Hanborg.

ICA wins Coeliac Youth Society award

ICA's nutritionist and Senior Health Manager in Sweden, Christina Karlsson, won an award from the Swedish Coeliac Youth Society (SCUF) for having "significantly pushed the issue of gluten and lactose intolerance in her work on ICA's own brand gluten-free and lactose-free range". ICA launched its gluten-free range in spring 2013 and its lactose-free range in 2011.

Good reputation in Latvia

Rimi Baltic in Latvia came top in its category for the second year in a row in the Sustainability Index 2013, an annual ranking of the best regarded companies. Rimi Baltic in Latvia was ranked in ninth place overall. The survey was carried out by PR agency Nords Porter Novelli, opinion pollster SKDS and the magazine Dienaz Bizness. In another survey called "Meaningful Brands", carried out by the Baltic Idea Group, customers named Rimi Baltic in Latvia as the country's third most important brand as regards working to improve quality of life.

Health campaign nominated for prize

Rimi Baltic in Estonia has been nominated in the European Business Award Competition for its health campaign entitled "For your health". The competition, the outcome of which will be decided in April 2014, has attracted 527 projects from 31 countries.

Environmental prize for transport

ICA Sweden's logistics function was awarded the Transport Group's Pegasus Prize for 2013. The prize is for ICA's efforts to find new, more environmentally-sound fuels for goods transportation, primarily methane diesel. The Transport Group – the transport sector's employer organisation – writes that as a large transport services purchaser, ICA has in an important and admirable way required hauliers and their suppliers to improve their environmental performance.

Green light from Råd & Rön magazine

Swedish consumer magazine Råd & Rön looked into the social responsibility of various grocery companies and what the companies are doing to influence the conditions under which food is produced in developing countries. ICA was the only grocery company to be given the green light.

Sports Sponsor of the Year

ICA Sweden was named Sports Sponsor of the Year by the magazine Sport och Affärer, which is published by the newspaper Dagens Industri. The magazine stated: "ICA has a long and extensive history of sports sponsorship at local and central levels. In 2013 the company's health-focused sponsorship strategy "Join in and feel good" took things to a new level by concentrating its efforts on the target groups of children/young people and women".

ICA Bank tops the polls

ICA Bank gets top marks from individual customers when asked which bank they are most satisfied with. This is the third year in succession that ICA Bank has been ranked in top place by the Swedish Quality Index (SKI).

About the Sustainability Report

The Sustainability Report is a way to communicate the work ICA Gruppen is doing on sustainability with the communities around it and how this work is developing.

Basis of the report

ICA Gruppen's Sustainability Report follows the latest version of the Global Reporting Initiative's (GRI) guidelines (G4). It covers all significant principles in the UN Global Compact and describes sustainability issues of interest to our stakeholders.

The Group will continue to refine the report in line with the GRI's guidelines, ICA's Good Business values and the UN Global Compact. ICA Gruppen's GRI report for 2013 has been reviewed by a third party and is in accordance with the Core level according to GRI.

ICA's Sustainability Report describes the Group's work on economic development, the environment, ethical trading, quality, health, employees and community engagement. ICA has published an annual environmental and corporate responsibility report since 1995. Since 2004 ICA has reported in accordance with the GRI reporting standard. As of 2008 the Sustainability Report has been reviewed by a third party, following a decision by the Executive Team. The report follows ICA Gruppen's financial year, and as such covers the period 1 January 2013 to 31 December 2013. The previous report was published in March 2013 (ICA AB).

Information and performance indicators in this report have been selected based on the sustainability aspects deemed to be relevant to ICA's operations. Opinions expressed by the Group's stakeholders are taken into consideration when defining the key issues in sustainability work, in order to make continuous improvements. Using the GRI's Guidance on Defining Report Content, a materiality analysis has been carried out, based in part on the demands and expectations of stakeholders. The materiality analysis was defined for the first time in 2008 and is revised each year.

Boundaries

Hakon Invest acquired Ahold's shares in ICA AB in spring 2013 and changed its name to ICA Gruppen on 20 May. The report covers all companies within ICA Gruppen, except the portfolio companies. Information relating to earlier periods has therefore not been restated to include the portfolio companies.

The report mainly comprises operations that have a significant, direct impact from a sustainability perspective, i.e. the Group's own operations. In Sweden ICA collaborates with around 1,300 independent ICA retailers through agreements. Information on these is presented when relevant to the overview of ICA's sustainability work, e.g.:

- Electricity consumption.
- Waste collected in connection with deliveries of goods to stores.
- Sales data from stores.
- The number of stores that are certified according to the Swedish standard for food handling in stores, are Swan eco-labelled or have introduced ICA Retailers for the Environment.

Operations outside ICA's direct control, such as suppliers and customers, are not included in the report. Information on suppliers of ICA's private labels is included in the report where appropriate.

Contact
Kerstin Lindvall
SVP Corporate Responsibility
ICA Sverige AB
+46 8 561 500 00
kerstin.lindvall@ica.se

GRI Index

ICA Gruppen's Sustainability Report follows the latest version of the Global Reporting Initiative's (GRI) guidelines (G4). It covers all significant principles in the UN Global Compact and describes sustainability issues of interest to our stakeholders.

General Standard Disclosures		External Assurance	
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability	CEO comments, page 8 Comment from SVP CR, page 47	✓
ORGANIZATIONAL PROFILE			
G4-3	Report the name of the organization	Board of Director's Report, page 86	✓
G4-4	Report the primary brands, products, and services	This is ICA Gruppen, page 2 Business model, page 16 ICA Gruppen's six segments, page 21	✓
G4-5	Report the location of the organization's headquarters	Board of Director's Report, page 86	✓
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	This is ICA Gruppen, page 2 ICAs world of suppliers, page 68	✓
G4-7	Report the nature of ownership and legal form	Board of Director's Report, page 86	✓
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Business model, page 16	✓
G4-9	Report the scale of the organization	ICA Gruppen's six segments, page 21 Five-year financial summary, page 90	✓
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Employees, page 44	✓
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Sweden, 100% Norway, offices and warehouses: 100%, stores: 40-50%, Baltic countries, no data	✓
G4-12	Describe the organization's supply chain	ICA Gruppen's six segments, page 21 ICA's world of suppliers, page 68	✓
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	New Group with long history, page 4 Board of Director's Report, page 86	✓
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	Risks and opportunities in ICA's sustainability work, page 52	✓
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	Engagement in society's decision-making, page 76	✓
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organization	Dialogue partners, page 74 Engagement in society's decision-making, page 76	✓
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	Note 9 Share of profits from Group companies and joint ventures, page 151 About the Sustainability Report, page 78	✓
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	Materiality analysis, page 55	✓
G4-19	List all the material Aspects identified in the process for defining report content	Materiality analysis, page 55	✓
G4-20	For each material Aspect, report the Aspect Boundary within the organization	Measurement and calculation methods, page 82 See respective indicator for other boundaries.	✓
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	Measurement and calculation methods, page 82	✓
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Measurement and calculation methods, page 82	✓
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Measurement and calculation methods, page 82	✓

General Standard Disclosures		External Assurance
STAKEHOLDER ENGAGEMENT		
G4-24	Provide a list of stakeholder groups engaged by the organization	Dialogue with stakeholders, page 54 ✓
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Dialogue with stakeholders, page 54 ✓
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Dialogue with stakeholders, page 54 ✓
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Dialogue with stakeholders, page 54 ✓
REPORT PROFILE		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	About the Sustainability Report, page 78 ✓
G4-29	Date of most recent previous report (if any)	About the Sustainability Report, page 78 ✓
G4-30	Reporting cycle (such as annual, biennial)	About the Sustainability Report, page 78 ✓
G4-31	Provide the contact point for questions regarding the report or its contents	About the Sustainability Report, page 78 ✓
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option	About the Sustainability Report, page 78 GRI-index, page 79 ✓
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report	About the Sustainability Report, page 78 ✓
GOVERNANCE		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Corporate governance report, page 96 How ICA's sustainability work is managed, page 49 ✓
ETHICS AND INTEGRITY		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	Principles, page 48 ✓
Specific Standard Disclosures		External Assurance
ECONOMIC IMPACT		
Economic performance		
G4-DMA	Disclosure on management approach	Goals and strategy, page 10 Goals and outcomes, page 14 ✓
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Risks and opportunities in ICA's sustainability work, page 52 ✓
ENVIRONMENTAL IMPACT		
Energy		
G4-DMA	Disclosure on management approach	Goals and strategy, page 10 Goals and outcomes, page 14 Environment, page 56 ✓
G4-EN3	Energy consumption within the organization	Energy data, page 61 Measurement and calculation methods, page 82 ✓
G4-EN4	Energy consumption outside of the organization	Energy data, page 61 Measurement and calculation methods, page 82 ✓
G4-EN6	Reduction of energy consumption	Environmental work in stores, page 89 Measurement and calculation methods, page 82 ✓
Emissions		
G4-DMA	Disclosure on management approach	Goals and strategy, page 10 Goals and outcomes, page 14 Environment, page 56 ✓
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	Reduced environmental impact, page 56 Measurement and calculation methods, page 82 ✓
G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	Reduced environmental impact, page 56 Measurement and calculation methods, page 82 ✓
G4-EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)	Reduced environmental impact, page 56 Measurement and calculation methods, page 82 ✓
G4-EN19	Reduction of greenhouse gas (ghg) emissions	Reduced environmental impact, page 56 Measurement and calculation methods, page 82 ✓

Specific Standard Disclosures		External Assurance
Effluents and Waste		
G4-DMA	Disclosure on management approach	Environmental work in warehouses and offices, page 59 ✓
G4-EN23	Total weight of waste by type and disposal method	Environmental work in warehouses and offices, page 59 Measurement and calculation methods, page 82 ✓
Transport		
G4-DMA	Disclosure on management approach	Transportation, page 60 ✓
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Transportation, page 60 Measurement and calculation methods, page 82 ✓
SOCIAL IMPACT - HUMAN RIGHTS		
Freedom of Association and Collective Bargaining		
G4-DMA	Disclosure on management approach	Ethical trade, page 66 Steps to improve working conditions, page 67 ✓
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Steps to improve working conditions, page 67 Measurement and calculation methods, page 82 ✓
Child Labour		
G4-DMA	Disclosure on management approach	Steps to improve working conditions, page 67 ✓
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Steps to improve working conditions, page 67 Measurement and calculation methods, page 82 ✓
Forced or Compulsory Labour		
G4-DMA	Disclosure on management approach	Ethical trade, page 66 Steps to improve working conditions, page 67 ✓
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor	Steps to improve working conditions, page 67 Measurement and calculation methods, page 82 ✓
Supplier Human Rights Assessment		
G4-DMA	Disclosure on management approach	Goals and outcomes, page 14 Ethical trade, page 66 Steps to improve working conditions, page 67 ✓
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Steps to improve working conditions, page 67 Measurement and calculation methods, page 82 ✓
SOCIAL IMPACT - PRODUCT RESPONSIBILITY		
Customer Health and Safety		
G4-DMA	Disclosure on management approach	Sterling work on food safety, page 63 Quality assurance of ICA suppliers, page 62 Quality assurance of ICA products, page 62 ✓
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Quality assurance of ICA suppliers, page 62 Quality assurance of stores, page 64 Measurement and calculation methods, page 82 ✓
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Quality assurance of ICA products, page 62 Measurement and calculation methods, page 82 ✓

Measurement and calculation methods

Hakon Invest acquired Ahold's shares in ICA AB in spring 2013 and changed its name to ICA Gruppen on 20 May. The report covers all companies within ICA Gruppen, except the portfolio companies.

ICA Sweden, ICA Norway and Rimi Baltic use a common IT system to collect data on sustainability issues. The system supports continuous reporting with the aim of ensuring the long-term quality of the indicators included in ICA's continuous monitoring and reporting of the sustainability work. The company in each country reports data according to the Group's definitions and routines for sustainability reporting. ICA's calculation and reporting parameters are described in detail below.

Charitable contributions

Include voluntary donations from ICA Sweden, as well as donations from customers, employees and suppliers collected through ICA in Sweden. The recipients are charitable organisations and NGOs.

Energy

Includes stores and warehouses, as well as offices belonging to logistics departments.

To calculate electricity consumption in Swedish and Norwegian stores a sampling of stores in each format is used. Their actual consumption is then extrapolated in order to report the total energy consumption at the end of the reporting period.

To calculate energy consumption per square metre in warehouses and stores the area of the stores and warehouses in operation at the end of the measurement period is used.

Goods transportation and climate impact

Include goods transportation between stores and ICA's warehouses. Transportation by suppliers to warehouses is not included.

For ICA Sweden all the hauliers report actual transport data, for both diesel and alternative fuels.

For ICA Sweden, both total fuel consumption and the part included in ICA's climate goal are reported.

The transports moved from suppliers to be owned by ICA are not included in ICA's climate goal. From the fourth quarter 2012, carbon dioxide emissions associated with these transports are identified and therefore will be reported separately in addition to the total amount of carbon dioxide emissions.

Diesel consumption for transport vehicles leased by Rimi Baltic is calculated based on distances driven and average fuel consumption. Diesel consumption for ICA's own goods transportation in ICA Norway and Rimi Baltic is obtained directly from the diesel supplier. Leased transportation between warehouses and stores in Norway is estimated based on distance travelled and average diesel consumption for ICA's own transportation.

Cooling agents

Include cooling agent refills in all warehouses and Rimi Baltic's stores. Stores in Norway and Sweden are not included. Data on ICA Sweden's warehouses is based on official coolant reports.

Business travel

Includes business travel by air booked through ICA's central travel agency for employees of ICA Norway and ICA in Sweden. ICA has been buying carbon offsets for air travel since 2008.

Includes business travel by rail by employees in Sweden booked through ICA's central travel agency or directly through travel providers using ICA's customer number.

Includes business travel by car by employees in Sweden.

Climate impact

2006 represents the base year for ICA's climate target and hence has this year been chosen as the base year for emission factors. For any new energy- and fueltypes that will be introduced after 2006 emission factors will be set in accordance with the IPCC's recommendation. Since Q1 2013 the target figure for reducing the Group's direct greenhouse gas emissions has been reported as direct climate impact per square metre of sales area in stores. This is in order to improve transparency and accuracy, since the outcome will follow changes in ICA's operations (i.e. store mergers and divestments will not in themselves affect the result of the climate target).

Reporting in accordance with GHG Protocol has been added in GRI G4. Reporting starts 2013 and historical data is not reported.

The following factors are used to calculate carbon dioxide emissions:

- Emissions factor for 2006 Nordic electricity mix for conventional electricity in Sweden and Norway.

- Supplier-specific emissions factor for units that have signed ICA's central electricity agreement.
- The International Energy Agency's average for the years 2000–2005 for electricity production in each Baltic country.
- The Swedish Society for Nature Conservation's specific emissions factor for Good Environmental Choice electricity.
- Swedish average for district heating from the Swedish Energy Agency (as recommended by the GHG Protocol).
- Emissions factor for diesel and ethanol from Nätverket för Trafik och Miljö (NTM).
- Global Warming Potential (GWP) for each type of cooling agent according to the Montreal Protocol and IPCC.
- Carbon dioxide emissions from air and rail travel are obtained from ICA's carbon offset suppliers or the travel provider.
- The GHG Protocol's emission factor for business travel by car.
- Alternative fuels from the haulage company concerned, base year 2012.

Waste

Includes all warehouses, as well as ICA Norway's and Rimi Baltic's stores. Soft plastics from stores are not included for the Baltic countries, but are included for Sweden and Norway since this type of waste is returned from stores to warehouses.

National laws and regional waste management systems define the types of waste included.

Information on waste management methods and amounts is obtained from waste contractors.

Waste volumes in ICA Norway stores are based on actual waste amounts collected during the year for a significant part of the stores. Generated waste is extrapolated using the number of stores at year-end.

Rimi Baltic's waste is based on actual waste data extrapolated by the number of stores at year-end. Waste from outsourced warehouses in Estonia is excluded.

Waste reported for Rimi Baltic also includes packaging waste for products that Rimi Baltic introduces on the market.

Compostable waste comprises biodegradable organic waste, i.e. waste sorted as compostable and 90% of organic waste fractions with packaging.

Combustible waste comprises combustible

waste fractions and 10% of organic fractions with packaging. In Norway, 75% of unsorted production waste is included as well.

Recycled/reused waste includes glass, metal, wood, plastics and other non-landfill waste. ICA Norway also includes 10% of unsorted production waste in recycled/reused fractions and 15% in landfill waste fractions.

For categories where ICA acts on producer responsibility, such as pharmaceuticals, batteries, electronic products and packaging, handling occurs in accordance with applicable legal requirements and any permits required. The waste under ICA's producer responsibility is not included in the reported waste volumes.

ICA seeks to reduce waste to landfill and increase the prospects for sorting and recycling of waste.

Supplier-related data

GFSI-certified suppliers comprise ICA's corporate brand suppliers approved according to one of the quality standards approved by the Global Food Safety Initiative (GFSI).

Information on socially audited suppliers refers to active suppliers in high-risk countries whose production units have been socially audited in an ICA Social Audit and/or in any of the third party audit schemes accepted by ICA.

The definition of a high-risk country is based on a combination of the UN Development Programme's (UNDP) Human Development Index and the ILO's Economic Security Index. A country is considered a high-risk country if it scores <0.85 in the Human Development Index and <0.50 in the Economic Security Index. If the two index levels are not consistent, the Human Development Index is decisive in the assessment of a country's level of risk.

Sales trends and number of products

Includes sales from Swedish and Norwegian ICA and Rimi stores. In Sweden, only ICA Sweden's central range of the products described below is included.

The number of products corresponds to the total number of unique EAN codes for ICA's range of food intolerance products and those labelled as Fairtrade (not reported for ICA Norway), Keyhole or organic (KRAV/Debio, EU organic).

Keyhole-labelled products and food intolerance products are available in Swedish and Norwegian ICA stores.

Quality work and product safety

Recalls comprise all recalled products from warehouses and/or stores. Recalls that are considered a risk to human health or the environment are public recalls, i.e. the public is informed via a press release or by other means.

Tests comprise the number of internal and external product tests on ICA's private label products (both new and existing products).

Quality in stores

Certified stores in Sweden refers to stores approved and certified by a third party in accordance with the Swedish standard for food handling in stores.

Stores that have implemented the food safety standard refers to Swedish ICA stores that apply the standard but have not been certified by a third party.

Hygiene inspections comprise the number of inspections performed by ICA Norway's own employees at ICA and Rimi stores in Norway.

Employees

Comprises personnel employed by the Group, i.e. including employees in stores owned by ICA.

The number of full-time equivalents (FTE) comprises permanent employees, probationers and temporary employees hired for longer than three months.

Employee turnover is calculated as the number of individuals who leave during the year in relation to the average number of probationers and permanent employees.

Sick leave is calculated as the number of hours of sick leave in relation to scheduled working hours.

The gender distribution at management level refers to all management levels within the Group and is based on the number of full-time equivalents (FTE).

Store robberies include robberies or attempted robberies of merchandise or money from stores or store employees, as well as physical violence or threats of physical violence.

Significant changes since the previous reporting period

Compared to previous years, the following changes were made in the reporting and calculation principles in 2013:

Goods transportation and climate impact
For ICA Sweden all the hauliers report actual transport data, for both diesel and alternative fuels.

For Sweden, both total fuel consumption and the part included in ICA's climate goal are reported.

Climate impact

Since Q1 2013 the target figure for reducing the Group's direct greenhouse gas emissions has been reported as direct climate impact per square metre of sales area in stores. This is in order to improve transparency and accuracy, since the outcome will follow changes in ICA's operations (i.e. store mergers and divestments will not in themselves affect the result of the climate target).

Reporting in accordance with GHG Protocol has been added in GRI G4. Reporting starts 2013 and historical data is not reported.

Significant changes in coming reporting periods

Climate impact

At the beginning of 2013 it was announced that ICA Norway and Norgesgruppen were entering into a cooperation agreement within sourcing and distribution. The Norwegian Competition Authority gave an advance ruling in the beginning of February 2014 that it will not approve ICA Norway's cooperation with Norgesgruppen. ICA is looking into the ruling and the consequences it may have for operations in Norway. The measurement and calculation methods will change if the cooperation comes about.

Business travel

From 2014, carbon offsetting from business travel by air will end.

Supplier-related data

Starting in 2014 ICA will also accept local standards as quality standards for local suppliers, such as IP Sigill in Sweden (in addition to GFSI-approved standards).

Starting in 2014 high-risk countries will be identified based on the BSCI definition.

Other

ICA Gruppen was formed in May 2013. This will affect the scope of reporting and the measurement and calculation methods in future years. The extent of this is not yet clear.

Assurance report

Auditor's Limited Assurance Report on ICA Gruppen AB's Sustainability Report

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

To the readers of ICA Gruppen AB's Sustainability Report

Introduction

We have been engaged by the Board of Directors of ICA Gruppen AB to undertake a limited assurance engagement of ICA Gruppen AB's Sustainability Report for the year 2013. The Group has defined the scope of the Sustainability Report to the sections referenced in the GRI index.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

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 Sustainability Report in accordance with the applicable

criteria, as explained in the section 'Measurement and calculation methods', and are the parts of the Sustainability Reporting Guidelines G4, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Group has developed and disclosed.

Responsibilities of the auditor

Our responsibility is to express a limited assurance conclusion on the Sustainability Report based on the procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement 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 a reasonable assurance opinion.

The criteria on which our procedures are based are the parts of the Sustainability Reporting Guidelines G4, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Group has developed and disclosed. These criteria are presented in 'Measurement and calculation methods'. We consider these criteria suitable for the preparation of the Sustainability Report.

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

Limited Assurance Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the above stated criteria.

Stockholm, 21 February 2014
Ernst & Young AB

Thomas Forslund
Authorized Public Accountant

Charlotte Söderlund
Authorized Public Accountant

Financial information and governance

Board of Director's Report

The Board of Directors and the Chief Executive Officer of ICA Gruppen AB (publ) hereby present the annual report for the financial year 1 January 2013–31 December 2013. The Company has its registered office in Stockholm municipality, Sweden and its corporate registration number is 556048-2837. The head office address is ICA Gruppen AB, SE-171 92 Solna, Sweden, visiting address Svetsarvägen 16, Solna, and the website is www.icagruppen.se. ICA Gruppen AB is a subsidiary to ICA Handlarnas förbund, corporate registration number 802001-5577. All amounts are in millions of Swedish kronor (SEK million) unless indicated otherwise.

Operations

ICA Gruppen AB (publ) is the Parent Company of the ICA Group and is one of the Nordic region's leading retailers with its own and retailer-owned stores in Sweden, Norway, Estonia, Latvia, Lithuania and Finland. The Group includes ICA Sweden, ICA Norway and Rimi Baltic, which are primarily engaged in grocery retail. ICA Real Estate owns and manages real estate, while ICA Bank offers financial services to Swedish customers. The Group also includes the wholly-owned Portfolio Companies Forma Publishing Group and inkClub, as well as the partly owned Cervera, Hemtex and Kjell & Company. The core business is grocery retail and all the other operations are there to support this.

2013 financial year

In addition to creating ICA Gruppen in 2013, we also put a lot of energy into implementing the Group-wide strategy we decided upon earlier. This process went well and clearly demonstrated that we are doing things right; customers appreciate what we do, sales are increasing and we are continuing to reinforce our already strong position in most of our markets.

One of the factors driving our improved results is the positive growth for ICA Sweden, which continued to outperform the market. Strong sales growth, a good expansion rate, positive sales development for private labels, a new and more inspiring store concept for non-food items and more efficient logistics all contributed to higher net sales and improved earnings. Rimi Baltic also continued to enjoy good sales and profit development. ICA Bank was named Bank of the Year in 2013, which is clear proof that our customers are satisfied. ICA Real Estate also demonstrated stable growth. An evaluation of our portfolio companies was conducted in 2013. This resulted in the decision to divest Forma, Kjell & Company and Cervera. Hemtex and inkClub are believed to have the potential to support the core business and will therefore continue to have the same ownership structure. Our one big disappointment was ICA Norway, which continued to experience negative sales and profit development in 2013. Turning the trend around for ICA Norway and laying the foundation for long-term profitability will be our biggest challenge by far. Some major restructuring has already taken place; we have divested the Norwegian ICA Maxi stores, introduced an extensive cost-cutting programme, defined roles and the division of responsibilities, and drawn up new strategies for private label and pricing. But the biggest challenges are reducing our sourcing costs and improving distribution efficiency. The Norwegian Competition Authority has recently notified an advance ruling that it will not approve our cooperation with Norges-

gruppen. At the time of writing we are looking into the ruling and the consequences it may have for our operations in Norway.

2013 was our first year as ICA Gruppen. Our core business is grocery retail and surrounding this are other operations that support and strengthen the whole organisation, but also themselves contribute to ICA Gruppen's profitability. The goal going forward is to ensure that we have good growth in all of the Group's operations. We want to be even better at combining knowledge of local markets and proximity to the customers with the strength of common processes and structures. By focusing even more on taking advantage of the synergies that exist between our businesses, we will strengthen both the Group as a whole and the individual companies. The guiding principles here are our strategic priorities. They help us stay focused and on track, and in most areas we have made considerable progress. In Sweden we opened new stores in 2013 in all store formats, including Cura pharmacies, and decided to continue investing in ICA To Go, our small store format that offers ready meal solutions. In the Baltic region we established new stores and converted a number of low-cost stores into Rimi, our most important brand in the region. The grocery market in the Baltic region is growing, our position is strong and we have a sound plan for expansion in the future. We have also increased the percentage of sales of private label products, which is important in terms of both profitability and loyalty. To better support and exploit the sourcing synergies that exist within the Group, we have also created a Group-wide sourcing function. In logistics and goods transportation, we have put a lot of energy in recent years into modernising and improving efficiency in our product flows. One of the most important events in 2013 was the acquisition of ICA Sweden's warehouse property in Helsingborg.

Another important priority for 2013 was to start working on our Group-wide values. Having common attitudes and a common approach to our basic values provides clarity for our customers about who we are, helps us make the right decisions and makes us the nimble organisation we want to be.

The change in our ownership structure when ICA Gruppen was formed also changed our financing and capital structure. Several actions were taken to replace the bridge financing that funded the acquisition of ICA. In May a new issue of shares was fully subscribed and raised a total of around SEK 5 billion for the company. During the summer, bonds were issued within the framework of ICA Gruppen's MTN programme. This raised an additional SEK 5 billion. At the end of the year unlisted preference shares were issued in the subsidiary ICA Fastigheter Sverige AB for a total of SEK 3 billion. It's a great pleasure to be able to conclude that the level of interest and confidence in ICA Gruppen has been high in the capital market.

Important events during the year

- March: Acquisition of Ahold's shares in ICA AB.
- April: New Executive Management appointed. The Board of Directors appointed Per Strömberg as the new CEO of ICA Gruppen, following completion of the acquisition of the remaining shares in ICA. Per Strömberg and the other members of ICA Gruppen's Executive Management took up their positions in conjunction with the Annual General Meeting on 20 May 2013.
- April and July: The Norwegian Competition Authority suspended the cooperation agreement. The Royal Norwegian Ministry of Government Administration, Reform and Church Affairs (FAD) gave a temporary go-ahead to joint sourcing while the Company awaited a final ruling. The Norwegian Competition Authority decided to temporarily suspend ICA Norway's cooperation with Norgesgruppen, which was planned to start in April, while it carried out a review. The suspension was initially effective until 30 September 2013. In early July the FAD announced that ICA Norway was permitted to commence the sourcing cooperation while awaiting a final ruling, but that cooperation on logistics must wait until the Authority had given its ruling, which was provisionally expected on 30 September 2013.
- May: The company changed its name from Hakon Invest to ICA Gruppen. ICA Gruppen issued new shares for SEK 5 billion to existing shareholders. The issue formed part of the financing of the acquisition of the remaining shares in ICA that was completed in March 2013.
- June: ICA Sweden decided to expand the warehouse in Helsingborg and phase out the warehouse in Arlöv as part of its development of a more modern and more efficient logistics structure. The changes are implemented starting in spring 2015. ICA Real Estate acquired the warehouse property in Helsingborg along with Alecta via a joint venture. The agreed property value was SEK 931 million. The acquisition was completed on 15 August 2013.
- June: ICA Gruppen issued bonds within the framework of the Company's MTN programme. In total, bonds were issued in Swedish kronor for SEK 5 billion with a split tenor of five and two years. The proceeds were used to repay part of the bridge financing for the acquisition of ICA.
- September: The Norwegian Competition Authority extended the suspension of the cooperation agreement until 10 January 2014 while its review continues.
- September: ICA Sweden is to expand its store concept ICA To Go, involving smaller stores that are highly accessible and offer ready-prepared meal solutions. The ICA To Go concept has been piloted in central Stockholm for over three years. Over the coming two years the aim is to open a further 10 stores and to establish the concept in a number of existing ICA stores.
- October: ICA Bank's CEO Jörgen Wennberg will retire in September 2014. ICA Gruppen therefore begun a recruitment process to find a successor. Jörgen Wennberg will remain CEO of ICA Bank and a member of ICA Gruppen's Executive Management until his retirement.
- October: ICA Bank is ranked as Sweden's best retail bank by the Swedish Quality Index (SQI), which conducts an annual survey of satisfaction among bank customers. ICA Bank has increased its accessibility and service during the year, including the launch of a new internet bank.
- November: Merlin Poljak, CFO of ICA Sweden, was appointed Acting CFO of ICA Gruppen as Sonat Burman-Olsson, former Deputy CEO and CFO, left the Group to take up other duties.
- November: The Board adopted the long-term financial goals for the Group and carried out an evaluation of the five portfolio companies that ICA Gruppen owns alongside the ICA operations. The holdings in Hemtex and inkClub remain unchanged, while Forma, Kjell & Company and Cervera will be divested.
- December: ICA Gruppen issued unlisted preference shares in the subsidiary ICA Fastigheter Sverige AB for a total of SEK 3 billion. The issue formed part of the financing of the acquisition of the remaining shares in ICA.
- December: ICA Real Estate sold two properties leased to Maxi ICA Stormarknad to Ancore. The underlying property value was SEK 435 million.
- December: The Norwegian Competition Authority extended its review of the planned cooperation between ICA Norway and Norgesgruppen on sourcing and distribution. The reason for this was the plans for sourcing cooperation notified by COOP Norway and Rema 1000. The authority is expected to rule on the matter by the end of February 2014.

Important events after the end of the year

- ICA Sweden is to launch border trade with Norway. The first store will open in Riksgränsen in September 2014 and the plan is to open a number of new stores along the Norwegian border by 2020.
- In February 2014 ICA Gruppen signed an agreement to refinance the last outstanding bridge loans with other debt financing. All the bridge loans raised in conjunction with the acquisition of the remaining shares in ICA AB in spring 2013 are thereby refinanced.
- The Norwegian Competition Authority has notified in an advance ruling that it will not approve the cooperation with Norgesgruppen. At the time of writing, the review of the decision and the consequences it may have for the Company's operations in Norway is in progress.

Financial summary

Key figures SEK m	January–December	
	2013	2012
Net sales	77,702	2,726
Operating profit/loss excl. non-recurring items	2,554	118
Operating profit/loss ¹⁾	2,223	212
Profit before tax ¹⁾	1,774	244
Profit for the year ¹⁾	1,395	262
Cash flow from operating activities	3,975	814
Operating margin excl. non-recurring items, %	3.3	4.3
Operating margin, % ¹⁾	2.9	7.8
Return on capital employed, % ¹⁾	6.6	2.9
Return on equity, % ¹⁾	6.5	2.9
Earnings per ordinary share, SEK ¹⁾	7.31	1.65
Earnings per C share, SEK ¹⁾	7.31	1.65

¹⁾ Excluding the effects of the acquisition of ICA AB

Earnings overview

Group

Consolidated net sales amounted to SEK 77,702 million (2,726). Operating profit in the Group amounted to SEK 10,274 million (212). Effects of the acquisition of the remaining shares in ICA are included at SEK 8,051 million, of which revaluation of the former 40% holding in ICA amounts to SEK 7,868 million. Operating profit excluding non-recurring items amounted to SEK 2,554 million (118). Profit for the period was SEK 9,446 million (262) and earnings per share amounted to SEK 49.68 (1.65). Profit for the period excluding the effects of acquisition of the remaining shares in ICA was SEK 1,395 million and earnings per share were SEK 7.31.

In order to increase comparability with previous years, the segments are presented with figures for the full year.

ICA Sweden

ICA Sweden's net sales amounted to SEK 67,992 million (65,750) in January–December, an increase of 3.4%. Higher sales within wholesale and the Cura pharmacies contributed to the increase. Operating profit excluding non-recurring items for ICA Sweden improved to SEK 3,058 million (2,872) during the year. Higher sales, improved margins in wholesale due to a higher proportion of private labels, efficiency improvements in logistics and improved earnings for the Cura pharmacies contributed to the improved earnings.

ICA Norway

ICA Norway's net sales amounted to SEK 16,463 million (19,050) during the full year. Net sales decreased due to the divestment of the ICA Maxi stores and the closure of a number of unprofitable units, but also due to weak development in existing stores. Operating profit excluding non-recurring items amounted to SEK -691 million (-589). Lower sales volumes and a lower gross margin had a negative impact on earnings. The cost-cutting measures initiated in the previous year have had an impact in the form of lower administrative expenses.

Rimi Baltic

Rimi Baltic's net sales amounted to SEK 10,333 million (10,050) during the year. Sales in local currency rose by 3.5%. Operating profit excluding non-recurring items amounted to SEK 308 million (259). The improvement is due to higher sales and improved gross margins in all countries.

ICA Bank

ICA Bank's revenues amounted to SEK 850 million (814) for the full year. Business volume rose by 6% and contributed to increased commission income. Net interest income also rose as a result of divestment of a bond portfolio at the beginning of the year as well as increased lending volumes, which compensated for reduced deposit margins due to the lower repo rate. Operating profit excluding

non-recurring items amounted to SEK 201 million (181). Higher costs for marketing, consultants and IT were charged against earnings for the period. The consultancy costs relate to, among other things, adjustments to the new regulatory requirements. The higher costs were counteracted by reversal of previous provisions for loan losses of SEK 34 million.

ICA Real Estate

ICA Real Estate's net sales amounted to SEK 2,255 million (2,252). Operating profit excluding non-recurring items amounted to SEK 519 million (649). Depreciation increased by SEK 129 million due to the market valuation of the property portfolio in conjunction with acquisition of the remaining shares in ICA AB. New establishments, including the acquisition of the warehouse property in Helsingborg, made a positive contribution to earnings.

The portfolio companies

The portfolio companies' net sales totalled SEK 2,657 million (2,726), a decrease of 2.5% compared with the previous year. The decrease is mainly due to the divestment of Forma Contract and the Finnish magazine operations in the second quarter of 2012. The portfolio companies' operating profit excluding non-recurring items amounted to SEK 21 million (124). All the companies except inkClub report improved earnings for the full year 2013.

Net financial items and tax

ICA Gruppen's net financial items amounted to SEK -449 million (32). The less favourable net financial items are due to higher interest expenses in conjunction with the acquisition of the remaining shares in ICA. ICA Gruppen's tax expense amounted to SEK -379 million (18).

Financial position

ICA Gruppen's total assets amounted to SEK 68,961 million at 31 December 2013 (10,381). The equity/assets ratio was 38.5% at 31 December 2013 (86.9%). ICA Gruppen's net debt, excluding pension liabilities and ICA Bank, amounted to SEK 9,190 million at 31 December 2013 (net cash SEK 1,199 million). The Group's interest-bearing liabilities mainly comprise the bond issued in June 2013, bank loans and bridge loans related to acquisition of the remaining shares in ICA.

Cash flow

Cash flow from operating activities amounted to SEK 3,975 million (814). Excluding ICA Bank, cash flow from operating activities amounted to SEK 4,096 million (814). Cash flow from investing activities amounted to SEK -16,585 million (-266), of which SEK 15,739 million is related to acquisition of the remaining shares in ICA. Cash flow from financing activities was SEK 16,203 million (-505). Consolidated cash and cash equivalents and short-term investments amounted to SEK 3,948 million (291) at 31 December 2013.

Investments

The Group's investments totalled SEK 18,279 million (57) during the year. This includes acquisition of the remaining shares in ICA during the first quarter at SEK 15,739 million.

Financing

The Group's net debt, excluding pension liabilities and ICA Bank, amounted to SEK 9,190 million at 31 December 2013. In May 2013 a new issue was carried out with preferential rights for existing shareholders amounting to around SEK 5 billion. The proceeds of the new issue were used to repay parts of the bridge financing. In June 2013 ICA Gruppen also issued bonds for SEK 5 billion under the Company's MTN programme. The proceeds of the bond issue were used to repay parts of the bridge financing. In December 2013 ICA Gruppen issued preference shares in ICA Fastigheter Sverige AB for SEK 3 billion and raised a bilateral loan with Svensk Exportkredit for an additional SEK 1 billion. At the end of 2013, the Group's bridge loans had decreased to SEK 2.3 billion. The remaining bridge loans will be replaced with other debt financing in 2014. At 31 December 2013 the Group's net debt amounted to 2.1 times EBITDA (calculated on pro forma EBITDA on a rolling 12 month basis).

Definitions of key figures:**Return on equity (ROE)**

Profit after tax, excluding acquisition effects, as a percentage of average equity. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on equity.

Return on capital employed (ROCE)

Profit after financial income, excluding acquisition effects, as a percentage of average capital employed. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed.

Equity per share

Equity, excluding non-controlling interests, divided by the total number of shares outstanding.

Cash flow per share

Cash flow for the period divided by the average number of shares outstanding.

Net debt

Interest-bearing liabilities excluding pensions, ICA Bank and cash and cash equivalents.

Earnings per ordinary share

Profit for the period, excluding non-controlling interests, divided by the average number of shares outstanding.

Earnings per C share

Same definition as Earnings per ordinary share, since ordinary shares and C shares provide entitlement to equal participation in earnings and equity. C shares do not carry entitlement to a cash dividend, which is the case for ordinary shares.

Operating margin

Operating profit as a percentage of net sales.

Equity/assets ratio

Equity including non-controlling interests as a percentage of total assets.

Capital employed

Total assets less non-interest bearing liabilities and provisions.

Five-year financial summary

SEK m	Pro forma ¹⁾ 2013	Pro forma ¹⁾ 2012	Result 2013	Result 2012	Result 2011	Result 2010	Result 2009
Income statement							
Net sales	99,456	99,602	77,702	2,726	2,498	2,663	2,392
Operating profit (EBIT) excluding non-recurring items	3,004	2,715	2,554	118	283	114	373
Operating profit (EBIT)	2,547	2,607	10,274	212	283	-170	373
Profit/loss before tax	1,919	2,091	9,825	244	233	-124	621
Profit/loss for the year	1,424	312	9,446	262	40	-174	651
Balance sheet							
Non-current assets	52,352	51,742	52,352	8,207	8,894	9,043	9,855
Cash and cash equivalents and short-term investments	3,949	4,788	3,949	1,446	1,001	1,223	1,049
Other current assets	12,660	12,835	12,660	728	827	931	943
Total assets	68,961	69,365	68,961	10,381	10,722	11,197	11,847
Equity	26,541	22,899	26,541	9,021	9,275	9,625	10,682
Non-current liabilities	13,612	20,022	13,612	633	517	399	303
Current liabilities	28,808	26,444	28,808	727	930	1,173	862
Total equity and liabilities	68,961	69,365	68,961	10,381	10,722	11,197	11,847
Cash flow							
Cash flow from operating activities			3,975	814	669	534	486
From investing activities			-16,585	-266	9	-311	47
From financing activities			16,203	-505	-577	-300	-479
Cash flow for the year			3,593	43	101	-77	54
Key figures							
Operating margin, %	2.6	2.6	13.2	7.8	11.3	-6.4	15.6
Return on capital employed, %	6.1	7.0	6.6	2.9	2.8	-0.9	6.3
Return on equity, %	6.0	1.1	6.5	2.9	0.4	-1.7	6.4
Equity/assets ratio, %	38.5	33.0	38.5	86.9	86.5	86.0	90.2
Share data							
Earnings per share, SEK			49.68	1.65	1.74	-0.51	3.98
Equity per share, SEK			116.23	55.28	56.75	59.35	65.38
Cash flow per share, SEK			17.87	0.27	0.59	-0.45	0.32
Dividend per ordinary share, SEK			8.00	-	6.25	6.00	6.00
Share price at 31 December, SEK			201.00	118.30	96.05	117.60	111.75
Direct yield, %			4.0	n.a	6.5	5.1	5.4
Number of shares							
Ordinary shares after repurchase			118,937,248	78,597,674	78,597,414	78,584,624	78,584,624
C shares			82,067,892	82,067,892	82,067,892	82,067,892	82,067,892
Total number of shares			201,005,140	160,665,566	160,665,306	160,652,516	160,652,516
Total average number of shares after repurchase			190,006,752	169,828,539	169,828,539	169,828,539	169,828,539

¹⁾ The figures refer to the full year and exclude the effects of acquisition of ICA AB

Risk and risk management

ICA Group's operations are exposed to various types of risk that can have a material impact on the Group's ability to achieve its goals. A Group-wide risk management process (Enterprise Risk Management – ERM) increases transparency and awareness about the main risks. It provides a better basis from which to set priorities and also provides support in decision-making processes. The Group's ERM process is integrated with the strategy and budget processes. Information on the risks is compiled and reported at least twice a year to Executive Management and once a year to the Board of Directors. Below are some of the main identified risk areas with a brief description of how the risks are managed.

Risk	Description	Management
Risk relating to ICA Norway's operations	ICA's operations in Norway have had negative results for a long time. A strategic business plan has been produced to turn this trend around. Delays in implementing or an inability to implement parts of the strategic business plan could result in a continuation of the negative impact on the Group's earnings.	A significant element of the strategic business plan is a cooperation agreement with Norgesgruppen to reduce sourcing and distribution costs. The implementation of this cooperation agreement has been delayed pending a decision from the Norwegian Competition Authority. On 13 February, 2014 the Norwegian Competition Authority informed the Company in an advance ruling that it is to block the cooperation. ICA Norway has taken all possible steps to reduce sourcing costs and improve efficiency in existing distribution processes. Another important aspect of the strategic business plan consists of activities to improve store sales and operation. During the year ICA Norway has, among other things, reduced prices and improved marketing communication to raise the level of customer satisfaction and loyalty.
Risk relating to agreements with ICA retailers	Agreements with the Swedish ICA retailers are structured according to various generations of agreements involving different levels of revenue for ICA Sweden. A lower renewal rate for the agreements could, in the long term, impact the Group's operations and earnings. Furthermore, the Swedish ICA retailers are free to choose the product suppliers they use and any inability to offer products on competitive terms could have a significantly negative impact on operations and results.	ICA Gruppen and ICA retailers are engaged in an ongoing dialogue to ensure that products are offered on competitive terms and that agreements are in line with current conditions.
Market risk	ICA Gruppen's operations and products are affected to a great extent by the general economic situation, changes in commodity prices and distribution costs. Significant changes in consumption patterns, such as increased online sales or actions by competitors may also reduce the market share, and margins or increase price pressure.	By maintaining a dialogue with customers and ensuring the Group has sufficient resources for investments and product development, ICA Gruppen strives to offer prices, products, quality and service in line with customer demand. To deal with the increasing competition from online sales, the Group intends to launch an online solution in 2014.
IT-related risk	ICA Group's operations are highly dependent on having efficient IT infrastructure. Any inability to ensure the Group has modern IT infrastructure that is appropriate for the Group's operations could have a significantly negative impact on the Group's operations and earnings. In addition, any disruptions resulting in extended operational interruptions or loss of important information could reduce the public's confidence in ICA Gruppen and have a negative impact on the Group's earnings.	ICA Gruppen's current IT platform is complex and developing new functionality is very time-consuming and associated with potential accessibility or functionality problems as well as high costs. Planned platform replacement/upgrades will be carried out in stages over the next few years and will be preceded by an analysis of dependencies and tests to reduce risks associated with replacement. As part of its structured risk management work, the Group is engaged in ongoing activities to limit the number of system disruptions and the consequences of these. Training in information security and back-up routines reduces the risk of unauthorised access to or loss of information.

Risk	Description	Management
Distribution risk	ICA Gruppen's distribution solutions vary from market to market. Access to efficient distribution in all the markets where the Group operates is essential if the Group is to reach its goals. In the event a significant supplier, haulage firm, warehouse or other party involved in the supply chain should strike, go bankrupt or otherwise cease to meet its obligations, this could have a negative impact on ICA Gruppen and could make it difficult to supply products for a period of time. The same applies if an interruption should occur as a result of lengthy disruption at or serious damage to any of the facilities.	ICA Group implements preventative measures to ensure a high degree of reliability and to ensure the Group is prepared to manage any distribution disruptions. One aspect of this is constant maintenance of facilities, employee training, risk inspections and measures to ensure that everything is in good order.
Personnel risk	ICA Gruppen's ability to attract talented and dedicated employees is crucial if the Group is to develop in line with the strategic plan and achieve the established goals. If ICA Gruppen does not have access to employees with the right skills at the right time, operations and earnings could be negatively impacted.	By keeping track of dependency on key individuals and through constant professional development and strategic HR planning, ICA Gruppen can ensure it has knowledgeable and dedicated employees to develop the business and achieve the goals.
Sustainability risk	To meet the expectations of the market and customers as well as the Group's own goals, ICA Gruppen strives to constantly adapt the business to the increasing demands for transparency and sustainability as well as changes in laws. Any inability to work effectively on sustainability issues could reduce cost efficiency as well as customer confidence.	Sustainability issues are integrated into the day-to-day operations through ICA's common values, ICA Good Business. ICA Gruppen's sustainability work is constantly being developed to reduce climate impact, improve energy efficiency and goods transportation, and ensure social responsibility in the distribution chain, food safety, health and well-being. Since 2009 the Group has worked in a structured way using tools and models to follow up and ensure compliance with the laws in effect and the Group's common values. One aspect of this work is certification of sourcing, logistics and store processes.
Brand risks	A good reputation is of great importance in ICA Gruppen's success. Should a product that is harmful to health or otherwise substandard be supplied by ICA Gruppen or sold by an ICA retailer, ICA Gruppen's reputation could be negatively impacted. The same applies if ICA Gruppen, any of the Group's suppliers, distributors, other partners or any of the ICA retailers acts in a way that is in conflict with the values that ICA Gruppen represents.	ICA Gruppen's values are summarised in the ICA Good Business and are integrated into its operations. Combined with various other guidelines, these values support the employees in understanding how to act in interactions with customers, colleagues and suppliers. Since ICA's operation in Sweden consists of independent retailers who in varying degrees purchase products from suppliers other than ICA Sverige, the Group's ability to ensure adherence to the values can sometimes be limited. Through constant dialogue with ICA-handlarnas Förbund and ongoing training, the Group strives to achieve the highest level of adherence to its values.
Regulatory risk	Both retail and financial operations are subject to increasingly comprehensive and complex regulations. An inability to comply with laws or regulations as well as changes in the application or interpretation of existing laws and regulations could require ICA Gruppen to change its business methods, cause the loss of permits to operate or incur unforeseen costs. This could also affect the Company's reputation among customers and shareholders.	Adapting the business to changes in laws and regulations is an ongoing process and is achieved by monitoring regulatory changes, through analysis and training and by producing policy documents. ICA Gruppen also maintains a dialogue with the regulatory authorities to keep them informed about the operations and to ensure the Group is in compliance with laws and regulations.
Financial risk	ICA Gruppen's goal is to provide a good and stable return on investment over the long term and to reduce the level of debt. The ability to secure financing for the Group and to control financial exposure in line with policies and guidelines is essential if ICA Gruppen is to achieve its goals.	Financial risks such as interest rate risk, refinancing risk, liquidity risk, foreign currency risk, credit risk and commodity price risk are managed centrally by the Group's Treasury & Tax function in accordance with the policies set annually by the Board of Directors. For a more detailed description of established risk levels and how compliance with these is ensured, see Note 21.
Real estate related risks	To ensure access to attractive and appropriate retail locations, ICA Gruppen is engaged in both property management and property development. Shortcomings in property development or insufficient maintenance could lead to the violation of regulations and standards and could result in harm to people and/or buildings, increase costs and affect the value of the properties. Two other factors that may have a negative impact on the Group's earnings are failure by tenants to meet their financial obligations and significant changes in consumption patterns.	Through constant dialogue with the tenants, regular inspections and extensive investment, ICA Gruppen ensures that properties are well maintained and developed. Before decisions are made on major new construction or renovations, ICA Gruppen conducts risk analysis to identify and reduce risks associated with property development, e.g. environmental impact. A long-term plan to ensure access to strategic locations and that properties have a variety of tenants helps to maintain high occupancy rates for the Group's properties and keep rent levels in line with market norms.

Employees

The Group had an average of 16,710 employees (1,112) during the year.

Having the right people in the right place is one of the essential factors in ICA Gruppen's ability to achieve its goals and good profitability. To succeed in this, it is important to be able to attract and retain dedicated and talented employees. In 2013 a major initiative was underway to launch common values and to

continue to invest in professional development and good health. In the ICA Group's strategy, having dedicated employees is a central and long-term theme. One of the most important priorities in 2013 was to work on ICA Gruppen's values. The idea was to create common values that will be guiding principles for employees in their work and support the Company in achieving its goals. In autumn

2013 three key values were defined: Simplicity, Entrepreneurship and Commitment. In addition to the values, there are four cornerstones for ICA Gruppen's efforts to build a Group-wide corporate culture: leadership, competence, diversity and ICA Gruppen as a workplace and an employer brand.

ICA's sustainability work

ICA is very aware that it has a responsibility from field to fork. Sustainability work is a strategic priority and is integrated into all of the Group's operations. This builds confidence in the company in its communities and contributes to long-term profitability.

ICA is a sustainable company with a solid financial footing, a commitment to the environment and strong social engagement. Achieving this requires targeted work to continually develop the company as a responsible operator. This work rests on strong shared values and a belief that every link in the chain is important, from supplier to employee and customer.

Sustainability work is important in both the short and the long term. The core issue is how the supply of food resources can be secured in the future. Action must be taken today in order to ensure there is sufficient produce for the coming years.

It is also important that ICA acts responsibly in order to win customers' confidence. Every two years a customer survey is carried out on sustainability issues in the retail trade in ICA's five markets. The results of the latest survey show that customers still attach most importance to the company being open, honest and transparent.

For the employees it is important that ICA is an employer that shoulders its responsibilities. This is true of both current and future employees.

Sustainability work is also important for achieving long-term profitability. Working on sustainability issues is essential to the Company's long-term survival.

ICA's Good Business

ICA has signed up to the United Nations Global Compact and has committed to its ten principles covering human rights, labour conditions, the environment and anti-corruption. This is being implemented through the seven position statements in ICA's Good Business, which have been adopted by ICA's Executive Management and serve as the foundation for the Group's sustainability work. All governing bodies and employees are trained in the ICA Good Business values, both via web training and through special efforts.

Policies and guidelines are linked to this foundation and explain how each of these positions is put into practice.

ICA's Good Business guidelines mean that ICA will:

- Be driven by profitability and high ethical standards
- Listen to customers and always base decisions on their needs
- Nurture diversity and growth among its employees
- Maintain an open dialogue internally and with the community
- Ensure quality and safe products
- Promote a healthy lifestyle
- Adopt sound environmental practices to promote sustainable development

ICA's sustainable product range

ICA supplies its stores with brand name products as well as private label products. The first private label was launched back in 1922. Today, the following lines are an important part of the company's sustainability work:

- ICA Gott liv, a line of healthy options
- ICA I love eco, the organic product line
- ICA Skona, an environmentally focused line, including detergents and cleaning products
- ICA private label products with ethical labels are clearly marked so that customers can find them easily (UTZ, Rainforest Alliance and Fairtrade)

ICA's stores and their sales

ICA store sales during the year

The following tables refer to store sales. In Sweden, this includes Swedish retailer-owned ICA store sales. In Norway, franchise store sales are included. Sales for retailer-owned and franchised stores are not consolidated in the Group. The percentages below are year-on-year comparisons, where the previous year has been adjusted for the stores that have changed format.

ICA store sales in Sweden

Store sales excl. VAT	January–December 2013		
	SEK m	Development all	Development comparable
Maxi ICA Stormarknad	30,122	4.1%	3.1%
ICA Kvantum	24,141	4.1%	2.1%
ICA Supermarket	31,730	2.5%	3.0%
ICA Nära	15,508	2.1%	2.5%
Total	101,501	3.3%	2.7%

In 2013 the share of private label sales in Sweden rose from 19.6% to 21.4%. The share of private label sales in 2012 based on the changed definition in 2013 was 20.1%.

ICA store sales in Norway

Store sales excl. VAT	January–December 2013		
	NOK m	Development all	Development comparable
Rimi	10,007	3.2%	-1.3%
ICA Supermarked	4,620	-2.7%	-5.6%
ICA Nær	467	-77.2%	-7.9%
Matkroken	1,555	151.9%	-0.4%
Total	16,649	-2.7%	-2.8%

In 2013 the share of private label sales in Norway increased from 9.6% to 9.7%.

ICA store sales in the Baltic countries

Store sales excl. VAT	January–December 2013		
	EUR m	Development all	Development comparable
Estonia	361	0.5%	-2.5%
Latvia	609	6.0%	3.5%
Lithuania	217	1.4%	0.8%
Total	1,187	3.4%	1.1%

In 2013 the share of private label sales in the Baltic countries increased from 12.6% to 14.2%.

Store sales in the portfolio companies

Store sales excl. VAT	January–December 2013		
	SEK m	Development all	Development comparable
Cervera	944	-0.2%	1.6%
Hemtex	965	5.5%	4.5%
Kjell & Co	931	14.3%	5.6%
Total	2,840		

Number of stores

ICA stores in Sweden, including retailer-owned stores

Store profile	December 2012	New	Converted	Closed	December 2013
Maxi ICA Stormarknad	75	1	1	0	77
ICA Kvantum	121	5	-2	-2	122
ICA Supermarket	430	5	-2	-3	430
ICA Nära	700	4	3	-19	688
ICA To Go	4	0	0	0	4
Total	1,330	15	0	-24	1,321

ICA and Rimi stores in Norway, including franchised stores

Store profile	December 2012	New	Converted	Closed	December 2013
Rimi	315	2	6	-5	318
ICA Supermarked	78	0	2	-4	76
ICA Nær	68	0	-63	-5	0
Matkroken	135	1	55	-14	177
Total	596	3	0	-28	571

Number of stores in Baltic countries

Country	December 2012	New	Closed	December 2013
Estonia	83	3	-3	83
Latvia	114	2	-3	113
Lithuania	38	3	-2	39
Total	235	8	-8	235

Number of portfolio company stores

	December 2012	New	Closed	December 2013
Cervera	77	1	-5	73
Hemtex	154	7	-3	158
Kjell & Co	66	6	0	72
Total	297	14	-8	303

Parent Company

The Parent Company's net sales amounted to SEK 5 million (0) and profit after financial items was SEK 5,676 million (790). The change in profit after financial items is due to ICA Fastigheter AB and ICA Banken AB having been received as a dividend from ICA AB and to increased interest expenses after acquisition of the remaining shares in ICA on 27 March 2013.

The Parent Company's cash and cash equivalents and the current value of short-term investments amounted to SEK 0 million (1,294) at 31 December 2013.

Corporate governance report 2013



Claes-Göran Sylvén, Chairman of the Board

Good corporate governance is vital to ICA Gruppen's positive development and is essential in order to maintain and develop confidence in the Company. The governance of ICA Gruppen is characterised by openness, reliability and a genuine concern that every aspect of ICA Gruppen must be sustainable. The Company has an effective organisational structure, transparency and a system for sustainable development, internal control and risk management.

Good corporate governance within ICA Gruppen is based on clear goals, strategies and values that are well known throughout the organisation. Ultimately, corporate governance is about how we create a healthy corporate culture that effectively contributes to developing the Group.

During ICA Gruppen's first year of operation the Board has worked intensively, with noticeable activity and commitment. The work has been conducted through Board meetings and in various committees. All the Board members sit on one or more committees, which means they are involved and in continual contact even between Board meetings.

During the year considerable effort has been put into following up the implementation of ICA Gruppen's new Group-wide strategy and the strategic priorities decided on previously. The strategy, the priorities and the new ownership structure create a clarity and long-term thinking that allows the Company and its leadership to focus on future operations. Our core business will remain grocery retail. Other operations are to support the core business, but may also be developed on their own merits.

Other important areas have included decisions on our long-term financing and new financial goals. The new goals focus clearly on continued – and long-term – growth with good profitability. Building on a strong cash flow and healthy capital structure, we want to create room both for continued investments and for good and stable returns to shareholders.

In order to make critical, sustainable decisions, we need knowledge and insights into day-to-day

“Good corporate governance within ICA Gruppen is based on clear goals, strategies and values that are well known throughout the organisation.”

work as well as the changes that are driving the markets. In my opinion, the current Board has all of the expertise that ICA Gruppen needs. To help us we have efficient systems, routines and processes to follow up goals, internal control and risk management.

One of the Board's most important tasks is to support members of Executive Management and critically evaluate their work. To succeed in this, it is necessary to have an open and constructive dialogue between the Board and Executive Management. On behalf of the Board I would therefore like to take this opportunity to thank Per Strömberg and the rest of the Executive Management for excellent cooperation in 2013. I would also like to express our appreciation for the hard work of management, retailers and other employees in our first year as a new group of companies. It is both impressive and inspiring to see the energy and drive that permeates everyone's efforts. We will take that with us as we enter a new fiscal year.

Stockholm, February 2014

*Claes-Göran Sylvén
Chairman of the Board*

Further information:

- Swedish Companies Act, www.government.se
- NASDAQ OMX Stockholm, www.nasdaqomxnordic.com
- Swedish Corporate Governance Code and specific Swedish regulations on corporate governance, www.corporategovernanceboard.se

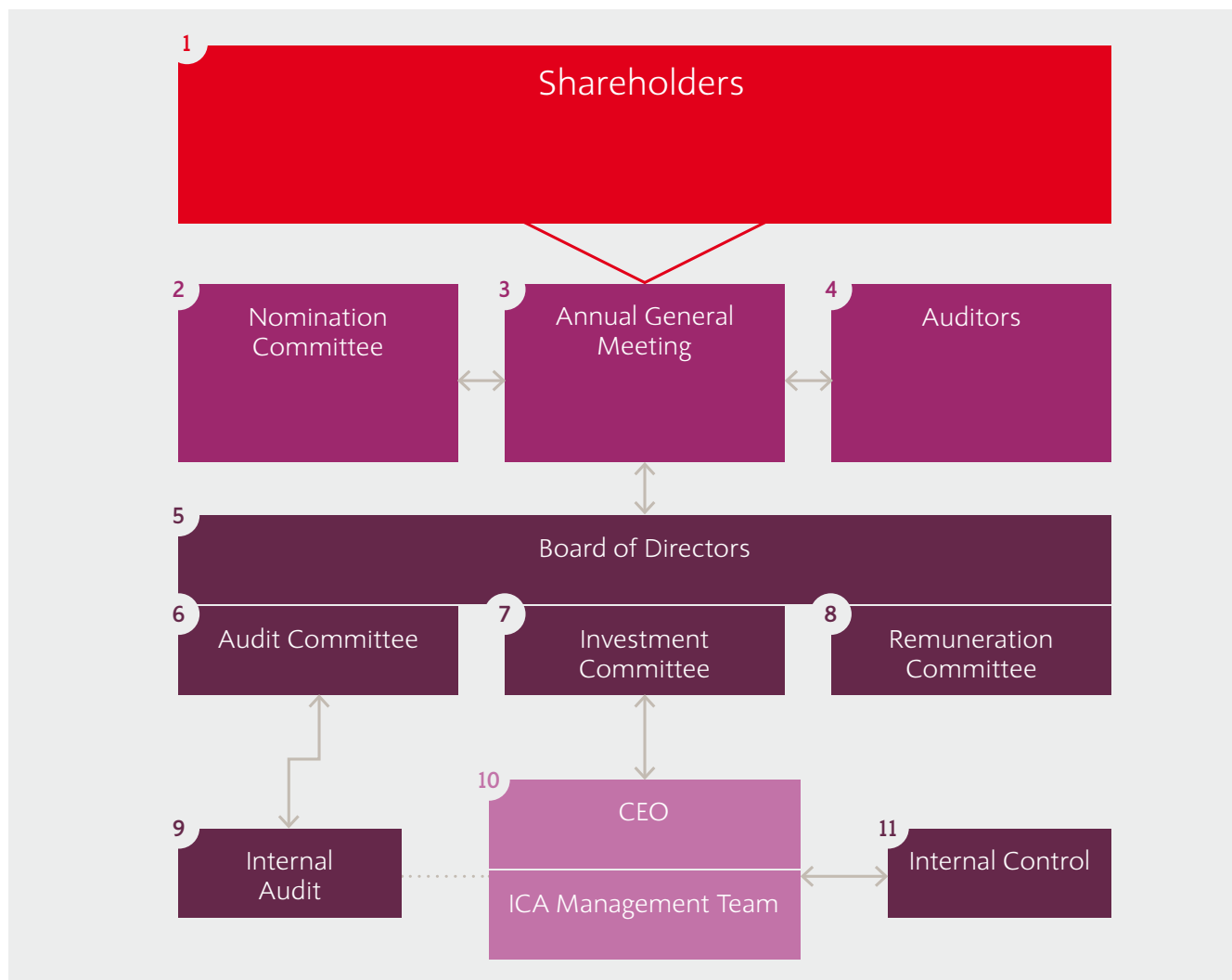
Governance for value creation

Corporate governance is about how companies should be operated so as to safeguard primarily the interests of the owners, but also the interest of the customers and employees. The overall goal is to create shareholder value and in this way meet the requirements that the owners have with regard to their invested capital. The main external and internal control instruments for ICA Gruppen (ICA Gruppen or the Company) are the Swedish Companies Act, NASDAQ OMX Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code, the Articles of Association adopted by

the Annual General Meeting, the rules of procedure for the Board of Directors, the instructions for the three Board committees, the instructions for the CEO including instructions on financial reporting and the policies established by the Board.

ICA Gruppen's Board of Directors is responsible for corporate governance within the Company and the CEO Per Strömberg is responsible for ensuring that day-to-day administration of the Company is carried out in accordance with the Board's guidelines and

instructions. In dialogue with the Chairman of the Board, the CEO also compiles an agenda for Board meetings and is responsible for providing the meetings with information documents and material for use as a basis for decisions. The CEO also ensures that Board members receive information on ICA Gruppen's development so that they can reach well-founded decisions.



1 Shares, shareholders and treasury shares

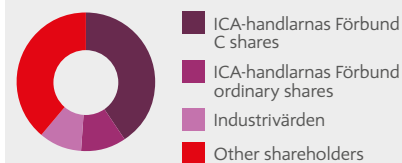
ICA Gruppen has a share structure with two classes of shares: ordinary shares and C shares. The C shares, which comprise 40.8% of the total number of shares, are unlisted and do not carry entitlement to cash dividends. The remaining 59.2% are listed ordinary shares with dividend entitlement. As of 31 December 2013 all the C shares and 10.5% of the ordinary shares, i.e. 51.3% in total, were owned by ICA-handlarnas Förbund (the Association of ICA Retailers), which is ICA Gruppen's largest shareholder. The next largest shareholder, AB Industrivärden, owns 10% of the ordinary shares. The other ordinary shares were held as of 31 December 2013 by approximately 24,340 shareholders. As of this date, none of these shareholders held more than 10% of the shares in the Company, either directly or indirectly. In voting at general meetings each share carries entitlement to one vote and each person entitled to vote may vote for the full number of shares he/she represents.

The share capital in ICA Gruppen amounts to SEK 502,866,988 distributed among 201,146,795

shares, each with a quota value of SEK 2.50. The number of ordinary shares is 119,078,903 and the number of C shares is 82,067,892. As of 31 December 2013 ICA Gruppen held 141,655 ordinary treasury shares, corresponding to 0.0007% of capital and votes. The number of outstanding shares and vote is thus 201,005,140. Since 31 December 2012 the number of shareholders has increased by 10,126 (71%). As of 31 December 2013 the Board had no outstanding authorizations from the Annual General Meeting to issue new shares or acquire further shares.

Section 5 of the Articles of Association states that from 2011, the holder of C shares – i.e. ICA-handlarnas Förbund – may request that C shares in ICA Gruppen, which do not carry entitlement to dividend, be converted into dividend-receiving ordinary shares. Such conversion is to take effect five years after receipt of the request for conversion. On 1 January 2011 ICA-handlarnas Förbund lodged a request with the Board of the Company for all the C shares to be converted into ordinary shares. With effect from 2016, therefore, the share structure of

Shareholders



ICA Gruppen will comprise solely of ordinary shares with dividend entitlement.

Following the Company's acquisition of Ahold's shares in ICA AB, in May 2013 ICA Gruppen carried out a new share issue with preferential rights for existing shareholders amounting to SEK 5 billion. The new issue only related to ordinary shares. Each ordinary share carried entitlement to one subscription right, and four subscription rights gave entitlement to purchase one new ordinary share at a price of SEK 121. The ordinary shares subscribed for by ICA-handlarnas Förbund on the basis of its C shares were subscribed for at a price of SEK 129 per ordinary share.

More information on ICA Gruppen's shares and shareholders can be found in section Share and shareholders and on the Company's website, www.icagruppen.se.

Rules and regulations

External rules

As a Swedish public limited company with securities listed on NASDAQ OMX Stockholm, ICA Gruppen is obliged to comply with a number of rules that affect governance of the Company. The main external rules include the Swedish Companies Act, the NASDAQ OMX Stockholm Rule Book for Issuers and the Swedish Corporate Governance Code (the Code).

Deviations from the Code, stock exchange rules or good stock market practice

Until the Annual General Meeting on 20 May 2013 the Audit Committee had two members and ICA Gruppen thus deviated from rule 7.3 of the Code, which states that the Audit Committee is to have three members. Since the Annual General Meeting the Audit Committee has had four members. The reason for the deviation was the Company's previous structure, in which ICA AB – which through a shareholder agreement was 50% controlled (40% owned) by the Company (formerly Hakon Invest) and made up the bulk of the Company's holdings – had its own Audit Committee, and the fact that the Company had a representative on this committee. The Company therefore judged that it was sufficient for the Company's Audit Committee to have two members. In addition, the Company deviated from rule 9.2 of the Code in respect of the Remuneration Committee and independence of members in relation to the Company and its management, in that committee member Fredrik Häggglund is not deemed to be independent in relation to the Company and its management, see section Independence of Board members. The reason for the deviation is that, through his former position of Legal Counsel at Hakon Invest and as a member of the board of ICA AB, Fredrik Häggglund has extensive experience of both

the establishment and definition of remuneration principles for the management of the Company, i.e. the former management of ICA AB; moreover, he also has wide-ranging experience of remuneration programmes in listed and unlisted companies. Thus the committee gains necessary and valuable expertise while at the same time maintaining continuity. There were no other deviations from the Code or from stock exchange rules. The Company has thus not been the subject of a Disciplinary Committee decision by NASDAQ OMX Stockholm or a decision on infringement of good practice in the stock market by Aktiemarknadsnämnden (the Swedish Securities Council).

Internal rules

ICA Gruppen has a number of internal rules which, together with the external rules, provide a framework for its operations. The main rules are the Articles of Association, the rules of procedure for the Board of Directors and each committee, the instructions for the CEO including instructions on financial reporting, delegation arrangements and ICA's Good Business. In addition, there are the following fundamental policies:

- Financial Policy
- Insurance Policy
- Guarantee Policy
- Information Policy
- Corporate Security Policy
- Legal Matters Policy
- Tax Policy

ICA's Good Business

ICA Gruppen's internal rules and policies relating to ethics and social responsibility are brought together in ICA's Good Business. ICA's Good Business are

designed to be applied practically in day-to-day operations; policies and associated guidelines provide support and help with this. ICA's Good Business state that ICA will:

- Be driven by profitability and high ethical standards
- Listen to customers and always base decisions on their needs
- Nurture diversity and growth among its employees
- Maintain an open dialogue internally and with the community
- Ensure quality and safe products
- Promote a healthy lifestyle
- Adopt sound environmental practices to promote sustainable development

For some years the companies in ICA Gruppen have been using selected key indicators in the areas of the working environment, the environment, equality, human rights and quality. The Company publishes quarterly reports on its sustainability work showing ongoing developments during the year. The report covers all the companies in the Group except the Portfolio Companies. In addition, the Company publishes an annual sustainability report in accordance with Global Reporting Initiative (GRI) guidelines to provide an overall picture of its sustainability work. Read more about the Group's sustainability work in section Sustainability report and on the Company's website, www.icagruppen.se.

ICA Gruppen has a Business Ethics & Policy Committee which is tasked with developing and, if need be, monitoring the Company's application of ICA's Good Business and the corporate responsibility strategy. The Committee reports to the CEO, is interdepartmental and consists of representatives of the Company's central functions.

2

Nomination Committee

The rules for ICA Gruppen's Nomination Committee were adopted at the 2013 Annual General Meeting. The Nomination Committee is to comprise four members representing the Company's shareholders. Two of the members are nominated by the largest shareholder, which as of 31 August 2013 was ICA-handlarnas Förbund, and two by the two subsequent largest shareholders, which as of 31 August 2013 were AB Industrivärden and AMF - Insurance and Funds.

The Nomination Committee will present proposals regarding the following matters prior to the 2014 Annual General Meeting:

- Proposal for Chairman of the Meeting
- Proposal for members of the Board of Directors
- Proposal for Chairman of the Board
- Proposal for Board fees, broken down into amounts for the Chairman of the Board and other Board members and as remuneration for committee work

- Proposal for auditor or auditors and proposed fees to be paid to the Company's auditor

The work of the Nomination Committee

The composition of the Nomination Committee was announced on 24 September 2013. ICA-handlarnas Förbund is represented by Claes Ottosson and Anna-Karin Liljeholm. AB Industrivärden is represented by Anders Nyberg, and AMF - Insurance and Funds by Anders Oscarsson. Up to and including 20 February 2014 the Nomination Committee had held three meetings. All the members were present at these meetings. No fees were paid by ICA Gruppen to the members of the Nomination Committee for their work.

At its initial meeting the Nomination Committee met separately with Chairman of the Board Claes-Göran Sylvén and with CEO Per Strömberg, in order to obtain information on ICA

Gruppen's operations, Board work and future focus areas. The Chairman of the Board also presented the results of the 2013 evaluation of the Board. Cecilia Daun Wennborg, who chairs the Audit Committee, and Göran Blomberg, member of the Audit Committee, reported on the work of the Audit Committee and on ICA Gruppen's Treasury & Tax Function. This information provided the Nomination Committee with a good basis for assessing whether the composition of the Board is satisfactory, and the expertise and experience needed on the Board. The Nomination Committee's proposals ahead of the 2014 Annual General Meeting is detailed in the notice of the meeting and on the Company's website, www.icagruppen.se.

3

Annual General Meeting

The general meeting of shareholders is ICA Gruppen's highest decision-making body. The general meeting that is held within six months of the end of the financial year and that adopts the income statement and balance sheet is known as the Annual General Meeting. ICA Gruppen's Annual General Meeting is normally held in Stockholm. In addition to resolutions on the adoption of the income statement and balance sheet for ICA Gruppen, the Annual General Meeting also, inter alia, decides how profits are to be allocated, decides on the composition of ICA Gruppen's Board of Directors and the fees payable to the Board, guidelines for remuneration to senior executives and elects external auditors. General meetings are advertised in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the Company's website, www.icagruppen.se. The fact that a meeting has been convened is advertised in Svenska Dagbladet, Dagens Nyheter and Dagens Industri.

Shareholders who are registered in the share register five working days prior to a meeting and who have duly notified ICA Gruppen of their intention to attend are entitled to attend the meeting, in person or through a proxy, and to vote at the meeting for or against the resolutions proposed and to put questions to the Board of Directors and the CEO.

Decisions at a general meeting are usually taken by simple majority; in elections, the person receiving the most votes is deemed elected. Certain decisions – such as amendment of the Articles of Association – must however be approved by a qualified majority.

Annual General Meeting 2013

The 2013 Annual General Meeting was held on 20 May at Näringslivets Hus in Stockholm. In addition to shareholders, the meeting was attended by ICA Gruppen's Board of Directors, Executive Management, employees, media representatives and a number of invited guests.

Among the resolutions passed by the Annual General Meeting were the following:

- New Articles of Association were adopted, in which i) the Company changed its name from Hakon Invest AB to ICA Gruppen AB, ii) the limit on the number of board members was increased from nine to ten, and iii) the auditor's period of office was changed from four years to one year.
- Claes-Göran Sylvén was elected as a new member of the Board and as Chairman of the Board.
- Peter Berlin, Cecilia Daun Wennborg, Andrea Gisle Joosen, Magnus Moberg and Jan Olofsson were re-elected to the Board.

- Göran Blomberg, Fredrik Häggglund, Bengt Kjell and Margot Wallström were elected as new Board members.
- In view of the acquisition of the remaining shares in ICA AB, it was decided that no dividend would be paid for the 2012 financial year.
- Resolution to terminate the 2011 and 2012 incentive programmes.

Annual General Meeting 2014

The 2014 Annual General Meeting will be held at 09.30 CET on Friday 11 April 2014 at the Friends Arena in Solna. Shareholders who are (i) registered in the share register as of 5 April 2014, which means that the listing must take place no later than Friday, 4 April 2014, (ii) have notified their intention to attend the Annual General Meeting no later than Monday, 7 April 2014, are entitled to attend the Annual General Meeting, in person or through a proxy. In order to have a matter considered, shareholders must submit such a request no later than 24 February 2014 in accordance with the instructions on ICA Gruppen's website, www.icagruppen.se.

5

The Board of Directors

The Board of Directors is responsible for the administration of ICA Gruppen's affairs and the interests of all the shareholders. The duties of the Board include establishing operational goals and strategies; appointing, evaluating and where necessary dismissing the CEO; approving significant assignments held by the CEO outside the Company; ensuring that systems for monitoring and control of operations are effective; ensuring that there is satisfactory control of compliance with applicable laws and regulations; and ensuring that ethical rules have been established for employee conduct. The Board is also to ensure that the provision of information is correct, relevant, reliable and transparent.

According to the Articles of Association adopted at the 2013 Annual General Meeting, ICA Gruppen's Board of Directors is to have between five and ten members. There are no other rules in the Articles of Association concerning the appointment or removal of Board members. The present Board has ten regular members, see section The Group's Board of Directors. In the previous financial year (2012) the Board had seven members; the Board has thus been expanded by three members. At the 2013 Annual General Meeting Claes-Göran Sylvé was elected as Chairman of the Board. The CEO makes presentations at Board meetings and the General Counsel is the secretary to the Board. In addition to the Board members elected by the Annual General Meeting, the Board has two employee representatives, each with a deputy. The Board members newly elected at the 2013 Annual General Meeting – Claes-Göran Sylvé, Göran Blomberg and Fredrik Hägglund – were members of the management of the Company up until the 2013 Annual General Meeting. They each left their positions in the Company in conjunction with the meeting and became employed by ICA-handlarnas Förbund. At the 2013 Annual General Meeting Anders Fredriksson declined re-election to the Board and Hannu Ryöppönen declined re-election

to the Board and as Chairman of the Board.

The Board is made up of individuals with long, sound expertise from ICA and in retail, business development, corporate finance, corporate governance, corporate responsibility, enterprise and social issues.

Independence of Board members

Five of the members of the Board – Margot Wallström, Bengt Kjell, Cecilia Daun Wennborg, Jan Olofsson and Andrea Gisle Joosen – are independent in relation both to ICA Gruppen and its management and to the major shareholders in the company. Combined, they have many years of experience of management and board positions in various listed companies, institutions and organisations. Peter Berlin and Magnus Moberg are ICA retailers and members of the board of ICA-handlarnas Förbund. ICA-handlarnas Förbund is a non-profit association for Sweden's ICA retailers. According to NASDAQ OMX Stockholm's Rule Book for Issuers and the rules of the Code concerning independence, Peter Berlin and Magnus Moberg are independent in relation to ICA Gruppen and its management, but not independent in relation to its principal shareholder ICA-handlarnas Förbund. Magnus Moberg and Peter Berlin have each participated in establishing new ICA stores. In conjunction with the establishment of a new ICA store, ICA Sverige AB (a subsidiary to ICA Gruppen) may provide a financing solution to the ICA retailer. Magnus Moberg and Peter Berlin participated in such a financing solution. This does not affect their independence in relation to the Company or their membership of ICA-handlarnas Förbund, and thus does not affect their independence in relation to ICA Gruppen. Up to and including 20 May 2013 Claes-Göran Sylvé, Fredrik Hägglund and Göran Blomberg were members of the Company's management. Under the Code, therefore, they are not considered independent in relation to the Company and its management. As employees of

4

Auditor

According to the Articles of Association, the Annual General Meeting shall appoint a minimum of one and a maximum of two auditors, or one or two registered public accounting firms. The audit firm Ernst & Young AB was elected auditor on the Annual General Meeting 2010 for a term of four years up until the Annual General Meeting 2014. Ernst & Young AB has consequently audited the Company's accounts for 2013 and authorised public accountant Thomas Forslund was the auditor in charge.

Thomas Forslund attended one Board meeting to present Ernst & Young AB's audit process for ICA Gruppen and to give Board members an opportunity to ask questions without management being present.

ICA-handlarnas Förbund since 20 May 2013, Fredrik Hägglund and Göran Blomberg are also not considered independent in relation to the Company's principal shareholder ICA-handlarnas Förbund. Claes-Göran Sylvé was employed by ICA-handlarnas Förbund in 2013, but left his position on 31 January 2014. In his capacity as an ICA retailer and member of ICA-handlarnas Förbund, however, he is not in any case to be regarded as independent in relation to ICA-handlarnas Förbund.

The work of the Board

The main task of the Board of Directors is to manage the Company's affairs on behalf of the shareholders such that the shareholders' interest in a good long-term capital return is satisfied in the best possible way. The main issues of concern to the Board are strategies, risk management and adding value.

6

Audit Committee

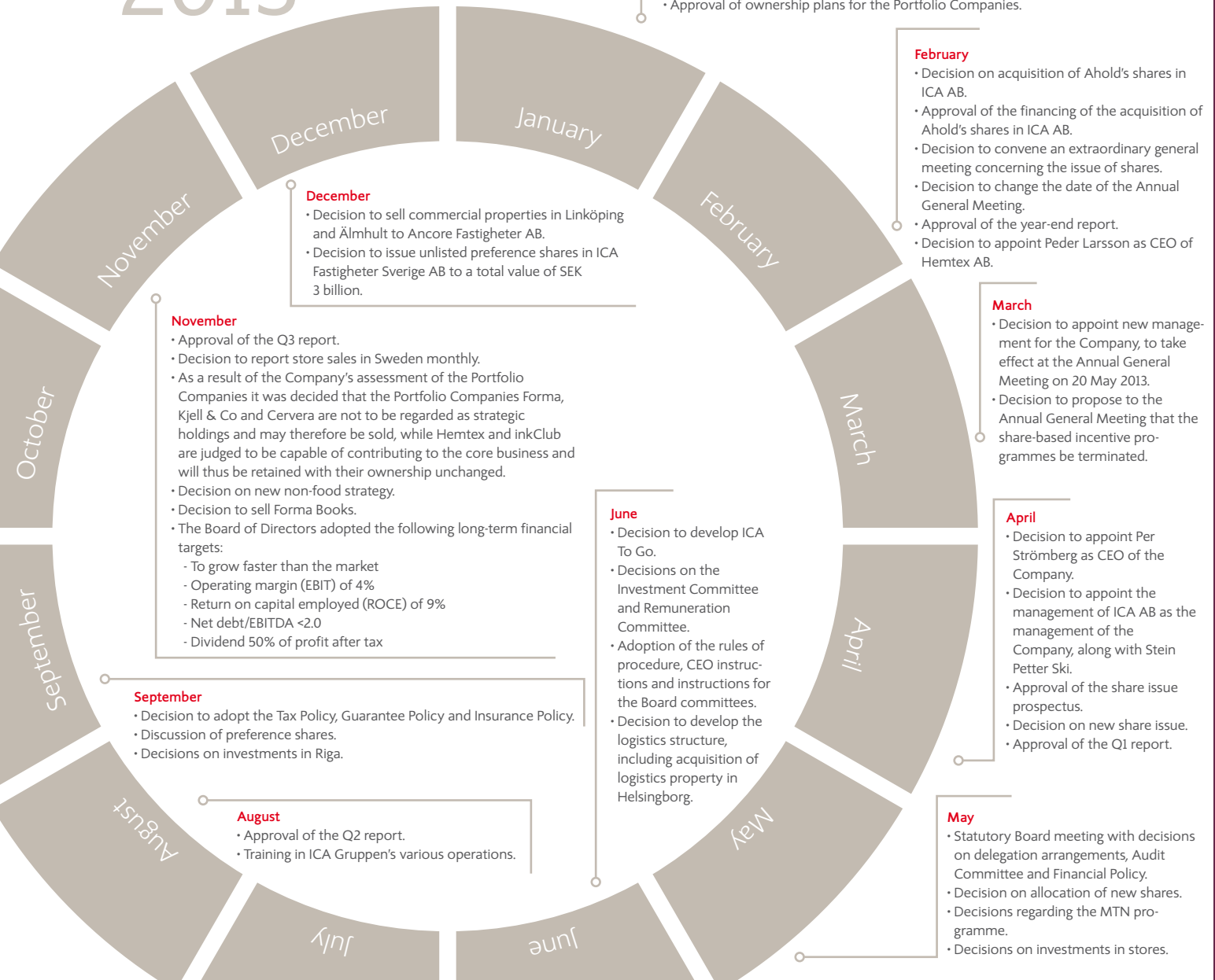
The Audit Committee's tasks are to supervise the Company's accounting and financial reporting, and to monitor the effectiveness of the Company's internal control, internal audit, risk management and compliance with rules and regulations. The Audit Committee must also keep itself informed concerning the audit of ICA Gruppen and must review and monitor the impartiality and

independence of the audit. The Audit Committee assists with the preparation of proposals to the Annual General Meeting concerning the election of auditors. Since the 2013 Annual General Meeting the Audit Committee has comprised Cecilia Daun Wennborg (chair), Bengt Kjell, Göran Blomberg and Magnus Moberg. Matters are presented by the Company's CFO.

Board committees

ICA Gruppen's Board has three committees: the Audit Committee, the Remuneration Committee and the Investment Committee. The work of the committees is reported to the Board on a regular basis. The committees are to be regarded as working committees to the Board and do not assume the responsibility that rests with the Board as a whole.

Matters arising and business dealt with 2013



7 Investment Committee

The Investment Committee's main tasks are to review and quality-assure the documentary basis for decisions on acquisitions and divestments, to recommend decisions and to ensure compliance with ICA Gruppen's Investment Policy. In addition, the Investment Committee has an investment and divestment mandate as set out in the Company's delegation arrangements. Since 10 June 2013 the Investment Committee has comprised Claes-Göran Sylvén (chair), Jan Olofsson, Margot Wallström and Peter Berlin.

8 Remuneration Committee

The Remuneration Committee is responsible for the preparation and evaluation of issues regarding remuneration and other terms of employment for ICA Gruppen's Management Team (IMT), including pay structures, pension plans, incentive programmes and other terms of employment. The Committee also monitor and evaluate the variable remuneration arrangements for the IMT that are ongoing or concluded during the year, and monitor and assess the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting, as well as current pay structures and remuneration levels in the Company. Since 10 June 2013 the Remuneration Committee has comprised Claes-Göran Sylvén (chair), Andrea Gisle Joosen and Fredrik Hägglund.

The Group's Board of Directors



Claes-Göran Sylvén¹⁾
Chairman
Born: 1959
Education: Studied economics and business management ICA retailer (ICA Kvantum Flygfyren)
Elected: 2013
Member of the Remuneration Committee (chair) and Investment Committee (chair)



Peter Berlin
Board member
Born: 1960
Education: Master of Science in Business and Economics
ICA retailer (ICA Kvantum Emporia)
Elected: 2011
Member of the Investment Committee



Göran Blomberg
Ledamot
Born: 1962
Education: Master of Science in Business and Economics
Elected: 2013
Member of the Audit Committee



Cecilia Daun Wennborg
Board member
Born: 1963
Education: Master of Science in Business and Economics
Elected: 2005
Member of the Audit Committee (chair)



Andrea Gisle Joosen
Board member
Born: 1964
Education: Master of Science in Business and Economics
Elected: 2010
Member of the Remuneration Committee



Fredrik Hägglund
Board member
Born: 1967
Education: Bachelor of Law degree
Elected: 2013
Member of the Remuneration Committee

Other material assignments	Board member, Centrum Fastigheter i Norrtälje AB, Svensk Handel AB etc.; ICA retailer with many years' experience in store operations.	Chairman of the board, ICA-handlarnas Förbund etc.; board member, Hyllie Mat AB and Grobladet AB; CEO of Hyllie Mat AB; ICA retailer with many years' experience in store operations.	Chairman of the board, Retail Finance Europe AB; board member, Hugo Lindersson Kläder Aktiebolag etc.; CFO, ICA-handlarnas Förbund.	Board member, Getinge AB, Loomis AB, Proffice Aktiebolag, Eniro AB, Ikano Bank AB (publ), Carnegie Fonder AB, Aktiebolaget Svensk Bilprovning, Sophiahemmet Aktiebolag, etc.	Board member, Dixons Plc UK and Neopitch AB; CEO, Boxer TV-Access AB.	Board member, EuroCommerce, Independent Retail Europe etc.; CEO, ICA-handlarnas Förbund.
-----------------------------------	--	---	---	--	---	--

Previous material posts	Chairman of the board, ICA AB; CEO, Hakon Invest AB (publ); President, ICA-handlarnas Förbund.	Chairman of the board, Sandby Livs AB; board member, Erfa gruppen AB and ICA AB; CEO, Erfa gruppen AB and Sandby Livs AB.	Board member, ICA AB and Rindi Energi AB etc.; CFO, Hakon Invest AB, RNB Retail and Brands AB, Portwear AB and Pronyx AB.	Vice President, Ambea AB, President and CFO Carema Vård och Omsorg Aktiebolag, Acting CEO, Skandia-banken, Swedish Operations, Skandia, President, SkandiaLink Livförsäkrings AB.	Chairman of the board, Panasonic Nordic AB; board member, Branchen Forbrugerelektronik DK, Elektronikbranschen and Radioleverantörernas Serviceaktiebolag; President, Panasonic Nordic AB and Panasonic Nordic, branch of Panasonic Marketing Europe GmbH, Germany.	Board member, ICA AB and the Swedish Anti-Corruption Institute; Vice President and Legal Counsel, Hakon Invest AB; Legal Counsel, ICA-handlarnas Förbund; Lawyer, Clifford Chance in Brussels; Assistant Lawyer, Linklaters.
--------------------------------	--	---	---	---	---	--

Total remuneration in 2013, SEK	1,000,000 ²⁾	350,000	375,000 ²⁾	450,000	350,000	350,000 ²⁾
Independent ³⁾	Non-independent in relation to the Company, its management and the Company's principal owner.	Independent in relation to the Company and its management, but not in relation to the Company's principal owner.	Non-independent in relation to the Company, its management and the Company's principal owner.	Independent in relation to the Company, its management and the Company's principal owner.	Independent in relation to the Company, its management and the Company's principal owner.	Non-independent in relation to the Company, its management and the Company's principal owner.
Shareholding ⁴⁾	617,889	133,930	11,000	3,125	825	13,192
Attendance, Board meetings	8 of 20 ⁵⁾	18 of 20	8 of 20 ⁵⁾	17 of 20	17 of 20	8 of 20 ⁵⁾
Attendance, Audit Committee meetings	-	-	5 of 10 ⁶⁾	10 of 10	-	-
Attendance, Remuneration Committee meetings	3 of 3	-	-	-	3 of 3	3 of 3
Attendance, Investment Committee meetings	5 of 5	5 of 5	-	-	-	-

¹⁾ Elected as Chairman and member of the Board at the Annual General Meeting on 20 May 2013.

²⁾ Paid out to ICA-handlarnas Förbund.

³⁾ For further information on independence see The Board of Directors.

⁴⁾ Own shareholdings in ICA Gruppen AB and shares held by related parties (physical or legal persons).

⁵⁾ Elected to the Board on 20 May 2013; has since attended 8 out of 8 Board meetings.

⁶⁾ Elected to the Audit Committee on 20 May 2013; has since attended 5 out of 5 Audit Committee meetings.

⁷⁾ Elected to the Board on 20 May 2013; has since attended 7 out of 8 Board meetings.

⁸⁾ Appointed an employee representative on 8 April 2013; has since attended 9 out of 10 Board meetings.

⁹⁾ Appointed an employee representative on 8 April 2013; has since attended 4 out of 10 Board meetings.

¹⁰⁾ Appointed an employee representative on 8 April 2013; has since attended 7 out of 10 Board meetings.



Bengt Kjell
Board member

Born: 1954
Education: Master of Science in Business and Economics
Elected: 2013
Member of the Audit Committee



Magnus Moberg
Board member

Born: 1966
Education: Senior high school diploma in economics
ICA retailer (Maxi ICA Stormarknad Falköping)
Elected: 2008
Member of the Audit Committee



Jan Olofsson
Board member

Born: 1948
Education: Master of Science in Business and Economics
Elected: 2005
Member of the Investment Committee



Margot Wallström
Board member

Born: 1954
Education: Three-year senior high school programme Honorary doctorates from Chalmers University of Technology, Mälardalen University, Umeå University and the University of Massachusetts
Elected: 2013
Member of the Investment Committee



Jonathon Clarke
Board member
Employee representative Handelsanställdas Förbundet

Born: 1968
Education: Trained welder; studied labour law
Employee representative for the trade union Handelsanställdas Förbundet
Appointed: 2013



Magnus Rehn
Board member
Employee representative Unionen

Born: 1966
Education: Senior high school diploma
Employee representative for the trade union Unionen
Appointed: 2013

Ann Lindh
Deputy member
Employee representative Unionen

Born: 1964
Education: Senior high school diploma
Employee representative for the trade union Unionen
Appointed: 2013
Previous material posts: Employee representative, ICA AB.
Total remuneration in 2013, SEK: –
Independent: –
Shareholding ⁴⁾: 0
Attendance, Board meetings: 4 of 20 ³⁾
Attendance, Audit Committee meetings: –
Attendance, Remuneration Committee meetings: –
Attendance, Investment Committee meetings: –

Marcus Strandberg
Deputy member
Employee representative Handelsanställdas Förbundet

Born: 1966
Education: Senior high school diploma
Employee representative for the trade union Handelsanställdas Förbundet
Appointed: 2013
Previous material posts: Employee representative, ICA AB.
Total remuneration in 2013, SEK: –
Independent: –
Shareholding ⁴⁾: 0
Attendance, Board meetings: 7 of 20 ³⁾
Attendance, Audit Committee meetings: –
Attendance, Remuneration Committee meetings: –
Attendance, Investment Committee meetings: –

Chairman of the board, Hemfosa Fastigheter AB (publ), Skånska Byggarvar Holding AB, etc.; board member, Helsingborgs Dagblad Aktiebolag, Aktiebolaget Handel och Industri, Indutrade Aktiebolag, Pandox Aktiebolag, Swegon Aktiebolag, Plastal Industri AB, Nordic Tankers Holding AB, etc.; CEO, Aktiebolaget Handel och Industri.

Chairman of the board, Nya Ulfmag AB; board member, ICA-handlarnas Förbund, Jomag AB and Storbutiken i Falköping AB; CEO, Storbutiken i Falköping AB; ICA retailer with many years' experience in store operations.

Chairman of the board, INIT Aktiebolag; board member, Kabinettet Aktiebolag, Falkenbergs Laxrökeri AB and MultiQ International Aktiebolag; CEO, Kabinettet Aktiebolag.

Chairman of the board, Lund University and the Council of Women World Leaders; board member, the Swedish Postcode Foundation, Global Challenges Foundation, etc.; Project Director, the Swedish Postcode Lottery; advisory board member, International IDEA; International Advisor, Institute for Human Rights and Business.

Deputy employee representative, ICA AB.

Employee representative, ICA AB.

Chairman of the board, Kungsleden AB; board member, Höganäs AB, Skanska AB, Munters AB, Össur Hf, Fermenta AB, Byggnadsfirman Wallenstam AB, Bonifazius AB, Gandalf AB and Hoist International AB, etc.; Vice President, Industrivärden; Senior Partner, Navet Affärsutveckling AB; Head of Corporate Finance, Securum.

Chairman of the board, Köpet i Sandared AB; board member, Moberg & Svensson i Sandared AB and Ulfmag AB.

Chairman of the board, Bindomatic Holding Aktiebolag, Silva AB, Arkitektkopia and Printley AB; board member, Koneo AB; Head of M&A and Deputy Head of Corporate Finance, Handelsbanken Capital Markets.

First Vice President of the European Commission; EU Commissioner for the Environment; Minister for Culture; Minister for Social Affairs; Deputy Minister for Civil Affairs; member of the Swedish Parliament; UN Special Representative on Sexual Violence in Conflict.

–

–

375,000

375,000

350,000

350,000

–

–

Independent in relation to the Company, its management and the Company's principal owner.

Independent in relation to the Company and its management, but not in relation to the Company's principal owner.

Independent in relation to the Company, its management and the Company's principal owner.

Independent in relation to the Company, its management and the Company's principal owner.

–

–

0

43,750

3,000

0

0

250

7 of 20 ⁷⁾

20 of 20

19 of 20

7 of 20 ⁷⁾

9 of 20 ⁸⁾

9 of 20 ⁸⁾

5 of 10 ⁶⁾

9 of 10

–

–

–

–

–

–

–

–

–

–

–

–

5 of 5

5 of 5

–

–

The Board's work is led by a chairman. The work is regulated by the rules of procedure established by the Board each year, and by applicable laws and regulations. The Board has also prepared instructions for the CEO and for its three working committees, as well as other policy documents as guidelines for ICA Gruppen's employees. Each year the Board reviews the rules of procedure and instructions. The present rules of procedure and instructions were discussed and formally adopted at the Board meeting on 10 June 2013.

As a result of the Company's acquisition of Ahold's shares in ICA AB, the operations of ICA AB have been incorporated into the Company. This has occasioned changes to the rules of procedure and its annexes. The intention was to leave as much as possible unchanged, the only exceptions being changes required by the changed operations.

During the 2013 financial year the Board of Directors met 20 times. Eight of the Board meetings were held by the present Board elected on 20 May 2013.

Conflicts of interest

The rules of procedure of ICA Gruppen's Board of Directors state that the CEO and the Board members must not deal with matters relating to agreements between themselves and the Company or matters between the Company and third parties if the person in question has a significant interest that could conflict with the Company's interests.

9 Internal Audit

The Company has an Internal Audit function. This is an independent, objective function that works according to instructions from the Board and reports to the Audit Committee. Internal Audit performs audits on corporate governance, risk management and the management and control of ICA Gruppen's business processes. Each year the

Audit Committee draws up a risk-based plan for Internal Audit work to ensure that it focuses on the areas where most value can be added to ICA Gruppen.

Internal Audit reviews how ICA Gruppen's operations are working in Sweden, Norway and the Baltic countries and how the Group can be developed from a management and control perspective. Audit of stores is a special area within the review of business processes. Internal Audit did not review the Portfolio Companies in 2013, but the Portfolio Companies that will remain part of the Group – i.e. Hemtex and inkClub – will be included in Internal Audit's reviews with effect from 2014.

The observations and recommendations made by Internal Audit aim both to reduce the level of risk within a business area and to increase efficiency and improve ICA Gruppen's processes. It is the responsibility of the respective management team to put in place appropriate action plans in respect of the recommendations made by Internal Audit. An important part of Internal Audit's work is to follow up the action plan quarterly.

Internal Audit reports quarterly to ICA Gruppen's Audit Committee, which in turn reports to the Board. The reporting covers the audits carried out during the past quarter and the status of the action plans.

Evaluation of the Board

An evaluation of the Board is carried out every year in order to develop the work of the Board and provide a basis for the Nomination Committee's evaluation of the Board's composition. The evaluation of the Board in 2013 took the form of members completing a questionnaire and having individual conversations with the Chairman of the Board. The evaluation showed that the Board is functioning efficiently and is a well-composed group of highly committed individuals. Each of the members contributes broad expertise and

many years' experience in various areas that are relevant to ICA Gruppen's operations.

Remuneration to the Board of Directors

Nomination Committee submits proposals to the Annual General Meeting for resolutions on Board fees.

The 2013 AGM approved the Nomination Committee's proposal concerning fees. Information on Board fees in 2013 can be found in Note 4 for the Group and on The Group's Board of Directors.

The Nomination Committee is proposing to the 2014 AGM that the fees to the Board should amount to SEK 3,780,000 (3,550,000) in total, which is an increase of SEK 230,000 compared with 2013. The Nomination Committee proposes that the fees are distributed as follows: SEK 900,000 (850,000) to the Chairman of the Board and SEK 320,000 (300,000) to each of the other members. The Nomination Committee also proposes that a provision of SEK 900,000 (825,000) is made for committee work in 2014, to be distributed as follows: For work on the Audit Committee, compensation totalling SEK 425,000 (300,000) shall be paid, of which SEK 170,000 (150,000) to the chairman and SEK 85,000 (75,000) to each of the other members. For work on the Remuneration Committee, fees totalling SEK 175,000 (175,000) shall be paid, of which SEK 75,000 (75,000) to the chairman and SEK 50,000 (50,000) to each of the other members. For work on the Investment Committee, fees totalling SEK 225,000 (175,000) shall be paid, of which SEK 75,000 (75,000) to the chairman and SEK 50,000 (50,000) to each of the other members. A total of SEK 75,000 (175,000) will be held in reserve to give the Board the capacity to appoint up to three additional committee members or create additional Board committees. For full details of the Nomination Committee's proposals refer to the notice convening the Annual General Meeting.

10 CEO and Management Team

As a consequence of the acquisition of Ahold's shares in ICA the Company became the Parent Company of the ICA Group and ICA AB's operational work thereby became assimilated into the Company. In view of ICA AB's dominant significance for the Company and the fact that the Company has basically been changed from an investment company into the Parent Company of the Group, the former management of the Company – with the exception of Stein Petter Ski (responsible for the Portfolio Companies) – was replaced by the former management of ICA AB, i.e. the former Parent Company of the ICA Group.

CEO

CEO Per Strömberg is responsible for the day-to-day management of the Company in accordance with the guidelines and instructions issued by the Board. In dialogue with the Chairman of the Board, the CEO also compiles an agenda for Board meetings and is responsible for providing the meetings with information documents and material providing a basis for decisions. In addition, the CEO must ensure that the members of the Board receive information on ICA Gruppen's performance in order that they may make well-founded decisions. The Board has

approved Per Strömberg's significant assignments and financial commitments outside the Company, such as assignment as board member in Almondy Group Holding AB, Childhood Foundation, En Frisk Generation and Segulah Advisor AB. The CEO has no significant shareholdings or proprietary involvement in companies with which the Company has significant business links. An assessment of the CEO was carried out by the Board in 2013 without management being present.

Central functions

The Company has 11 Group functions: Corporate Communication, Strategy & Business Development, HR & ICA School, Legal, Corporate Security, Enterprise Risk Management, Accounting, Treasury & Tax, Group IT, Internal Control and Internal Audit.

ICA Management Team

Alongside CEO Per Strömberg, the members of the ICA Management Team (IMT) are ICA Gruppen's CFO, SVP HR & ICA School, SVP Portfolio Companies, SVP Strategy & Business Development, SVP Corporate Communication and the CEOs of the various operating companies/segments (ICA Sweden, ICA Norway, Rimi Baltic, ICA Real Estate, ICA Bank, ICA Special). The IMT meets regularly to discuss matters including corporate governance, reporting and strategy. In addition, the IMT prepares matters that the rules of procedure state require a decision by the Board and assists the CEO with implementing decisions made by the Board. In addition to their collective responsibility for the management of the Company, each member of the IMT has individual responsibility for his or her respective area of the Company. To support the IMT's work the IMT has set up five committees: the Audit Summary, Reward Group, Business Ethics and Policies Committee, Retail Investment Committee and Enterprise Risk Management (ERM) Steering Committee. At the beginning of each financial year the IMT assesses its work, focusing on the quality of decisions, agendas, the meeting structure, effectiveness and the IMT's overall performance.

Remuneration to senior executives

Guidelines 2013

The Company's guidelines for remuneration to senior executives, adopted at the AGM 2013, state that the remuneration packages are to be in line with market terms for senior executives in similar sectors and are aimed at recruiting, developing and retaining senior executives with relevant experience and expert leadership qualities. The remuneration principles are also to motivate senior executives to enhance the Group's market position and earnings, and are to be linked to long-term growth in shareholder value. In addition, variable remuneration is to be linked to quantifiable criteria set in advance. The levels of remuneration paid to senior executives in related industries and markets is continually investigated and assessed. The total remuneration is to comprise the following components: basic salary, pension benefits, bonus, other remuneration and benefits, and severance pay.

Basic salary

The basic salary is to be on market terms and based on skills, responsibility and performance.

Pensions

For the CEO and other senior executives a defined contribution pension plan is to be applied, with pension premiums amounting to a maximum of 35% of pensionable salary (not including bonuses). Premiums are to be paid as long as the person is employed in the Company. Executives employed in countries other than Sweden and members of Executive Management have pension agreements in line with national practice and which abide by the above principles¹.

Bonuses

The CEO and other senior executives in the company shall be included in two variable remuneration schemes taking the form of a cash bonus, one of which runs for one year and the other for three years. The size of the combined bonus is maximised per person and year at the equivalent of 50 per cent of annual salary (100 per cent for the CEO). The bonus is not pensionable. Payment of bonus is to be contingent upon the participants' employment not being terminated during the term of the programme. The Board of Directors has the right to adjust the bonus system in the case of, for example, extraordinary increases or decreases in the Group's earnings.

– Annual bonus programme

A cash-based bonus programme linked to the budget for each financial year and maximised at 25% of annual salary (50% for the CEO and the current CEO of ICA Bank). The targets for the bonus programme are determined by the Board of Directors ahead of each new financial year and individual bonus agreements are to be signed with each participant. The content of the agreements depends on the participant's position at the time of signing. The targets must be objectively quantifiable and related to the budget.

– Long-term bonus programme

A cash-based, three-year incentive programme linked to value creation within the Group and maximised at 25% of annual salary (50% for the CEO). The current CEO of ICA Bank AB is not included in this incentive programme. The targets for the incentive programme must be objectively quantifiable and decided upon by the Board, and must be linked to both absolute and relative performance criteria. Fulfilment of the absolute performance criteria accounts for 40% of the

maximum outcome and the relative performance criteria account for the remaining 60%.

Notice of termination and terms of severance pay

A mutual notice period of six (6) months is to apply to senior executives. Severance pay to senior executives is to be paid at up to 18 months of basic cash salary if the Company terminates employment. The severance pay will be deductible. If it is the executive that terminates the employment and the Company decides to apply a non-competition clause which has been agreed in certain cases, the Company will provide compensation during the period the non-competition clause applies at a maximum amount of 60% of basic salary. Severance pay and compensation paid during the non-competition period will not be pensionable².

Other remuneration and benefits

Other remuneration and benefits are to be of limited value in relation to the total remuneration and are to correspond to the market norm.

Deviation for good reason

The Board has the right to deviate from the guidelines proposed above if there is particular reason to do so.

Proposal to the 2014 Annual General Meeting

The Board of Directors proposes to the 2014 Annual General Meeting that the principles described above, which were adopted at the 2013 AGM, be adopted again with the following additions/adjustments:

Definition senior executive

The term senior executive refers to the CEO of ICA Gruppen and the executives who report directly to the CEO and who are part of the ICA Management Team (IMT). However, the definition refers to the same group of people.

Annual bonus programme

The maximum outcome of the annual bonus programme may under exceptional circumstances amount to, with respect to the CEO 54% and for certain senior executives 27%. The targets have also been adjusted.

Long-term incentive programme

Fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and the relative performance criteria account for the remaining 40%. The targets have also been adjusted.

Cont. on page 108.

¹ A few senior executives with contracts signed previously are entitled to retire at the age of 62 with a defined-benefit pension plan for the period until the normal retirement age of 65.

² There are exceptions to the notice period, severance pay and deduction clause in a few agreements entered into before the 2013 Annual General Meeting.

Executive Management



Per Strömberg
CEO, ICA Gruppen AB. Employed at ICA and member of ICA's management since 2012.

Born: 1963
Education: Master of Science in Business and Economics
Other assignments: Board member Segulah Advisor AB, Almond Group Holding AB, Childhood Foundation, En Frisk Generation.
Experience: President and CEO, Lantmännen 2007–2012; President and CEO, Sardus AB 2006–2007; positions at Kraft Foods 1988–2006 including Managing Director, Kraft Foods Sweden; Managing Director, Kraft Foods Denmark; Director Business Development, Kraft Foods International, London; various managerial positions at Kraft Freia Marabou, Sweden.
Shareholding: 5,500



Björn Abild
CEO, ICA Special. Employed at ICA and member of ICA's management since 2009.

Born: 1955
Education: Master of Science in Business and Economics.
Other assignments: Board member, Deltaco Aktiebolag and Angered Byggar Aktiebolag.
Experience: CEO, Expert Sverige AB 2004–2009; CEO, Team Sportia AB 2001–2004; CEO, Dagab Närilvs AB 1998–2001; Marketing and Sales Director, Sardus AB 1996–1998; Marketing and Sales Director, Bergendahl Grossist AB 1993–1996.
Shareholding: 0



Lena Boberg
CEO, ICA Real Estate. Employed at ICA since 2007 and member of ICA's management since 2010.

Born: 1970
Education: Master of Science in Business and Economics
Other assignments: -
Experience: CFO, ICA Real Estate 2007–2011; CFO, Skandrenting AB 1999–2007; Projects Director and Consultant, Knowit AB 1999; Financial Manager, Hagströmer & Qviberg Fondkommission AB 1996–1998; Financial Manager, Nordien System AB 1995.
Shareholding: 0



Liv Forhaug
SVP Strategy & Business Development, ICA Gruppen AB. Employed at ICA and member of ICA's management since 2013.

Born: 1970
Education: Master of Science in Business and Economics
Other assignments: -
Experience: McKinsey & Company, Partner and responsible for the retail sector in Scandinavia (2006–2013), previously project manager and consultant (1996–2005). Working in Sweden, elsewhere in Europe and in the US.
Shareholding: 2,500



Åsa Gabriel
SVP HR & ICA School, ICA Gruppen AB. Employed at ICA since 2004 and member of ICA's management since 2008.

Born: 1959
Education: Master of Science in Business and Economics
Other assignments: -
Experience: CEO, Twilfit AB 2002–2004; positions at Statoil 1986–2002 including HR & HES Director, Statoil Detaljhandel AS; Franchise and Competence Director, Statoil Detaljhandel AS; Marketing Director, Statoil AB; HR Director, Statoil Detaljist AB; Managing Director, Statoil AB.
Shareholding: 750



Björn Olsson
Senior Vice President Corporate Communication, ICA Gruppen AB. Employed at ICA since 2004 and member of ICA's management since 2009.

Born: 1971
Education: Master's degree in Political Science, Economics and Commercial Law
Other assignments: -
Experience: Head of Media Relations/ Acting Head of Communications, Svensk Handel (Swedish Trade Federation) 2000–2003.
Shareholding: 0 aktier.

*Own shareholdings in ICA Gruppen AB and shares held by related parties (physical or legal persons).



Merlin Poljak
Acting CFO, ICA Gruppen AB. Employed at ICA since 2009 and member of ICA's management since 2013.

Born: 1966
Education: Master of Science in Business and Economics.
Other assignments: -
Experience: Positions at ICA Gruppen AB, including Chief Financial Officer, ICA Sverige AB; Chief Financial Officer, Rimi Baltic; positions at AB Electrolux 1990-2008 including Chief IT Controller; Chief Financial Officer, Electrolux Russia; Chief Financial Officer, Electrolux China; Chief Financial Officer, Electrolux India; General Manager, Electrolux Poland; Controller.
Shareholding: 0



Edgar Sesemann
CEO, Rimi Baltic. Employed at ICA since 1999 and member of ICA's management since 2008.

Born: 1961
Education: Diploma in Market Economics
Other assignments: -
Experience: Positions at ICA AB including CEO, Rimi Estonia; Purchasing Director, ICA AB; Purchasing Director, ICA Sweden and ICA AB; Purchasing Director, ICA Handlarnas AB; Business Unit Director, Grocery KF Stormarknader 1992-1998; Category Director, B&W Stormarknader 1990-1992; Department Manager, B&W Falkenberg and B&W Täby 1996-1990.
Shareholding: 0



Stein Petter Ski
SVP Portfolio Companies, ICA Gruppen AB. Employed at ICA Gruppen (Hakon Invest) and member of management since 2005.

Born: 1967
Education: University degree focusing on Economics and Politics, University of York, UK
Other assignments: Chairman of the board, Hemtex Aktieföretag; board member, Kjell & Co Elektronik AB and Cervera AB.
Experience: Partner, ABG Sundal Collier specialising in Corporate Finance 2003-2005; worked at Ministry of Enterprise, Energy and Communications 2001-2003 and before that various positions at Enskilda Securities 1989-2001.
Shareholding: 13,500



Anders Svensson
CEO, ICA Sweden. Employed at ICA and member of ICA's management since 2009.

Born: 1964
Education: Master of Science in Business and Economics
Other assignments: Chairman of the Board, Svensk Dagligvaruhandel Ekonomisk Förening (Swedish Grocery Trade Federation), Board member, Svensk Handel AB (Swedish Trade Federation) and Svenskt Näringsliv (Confederation of Swedish Enterprise).
Experience: Positions at Arla 2002-2009 including Senior Vice President, Arla Foods Consumer Nordic; Managing Director, Arla Foods Sweden; positions at Procter & Gamble 1993-2002 including Sales Director, Procter & Gamble Sweden, Logistic Director, Procter & Gamble Nordic; various positions at Procter & Gamble Nordic and Procter & Gamble UK; Consultant, Andersen Consulting 1988-1993.
Shareholding: 0



Thorbjörn Theie
CEO, ICA Norway. Employed at ICA and member of ICA's management since 2012.

Born: 1959
Education: Officer, Befalsskolen for Infanteriet og Hærens Krigsskole (Norwegian Military Academy, Oslo).
Other assignments: -
Experience: Managing Director, Kjøpmannshuset Norgesgruppen AS 1999-2012; Business Development Director, Spar Norge 1995-1999; Sales & Marketing Director, Nycomed Pharma 1986-1995.
Shareholding: 0



Jörgen Wennberg (retiring in 2014)
CEO, ICA Bank. Employed at ICA since 1974 and member of ICA's management since 2008.

Born: 1952
Education: Diploma in Market Economics
Other assignments: Chairman of the board, Nordic Yachts AB.
Experience: Vice President, ICA Bank; CEO, ICA-kundkort AB; Sales Director, ICA Parthandel AB 1974-2014.
Shareholding: 34,204

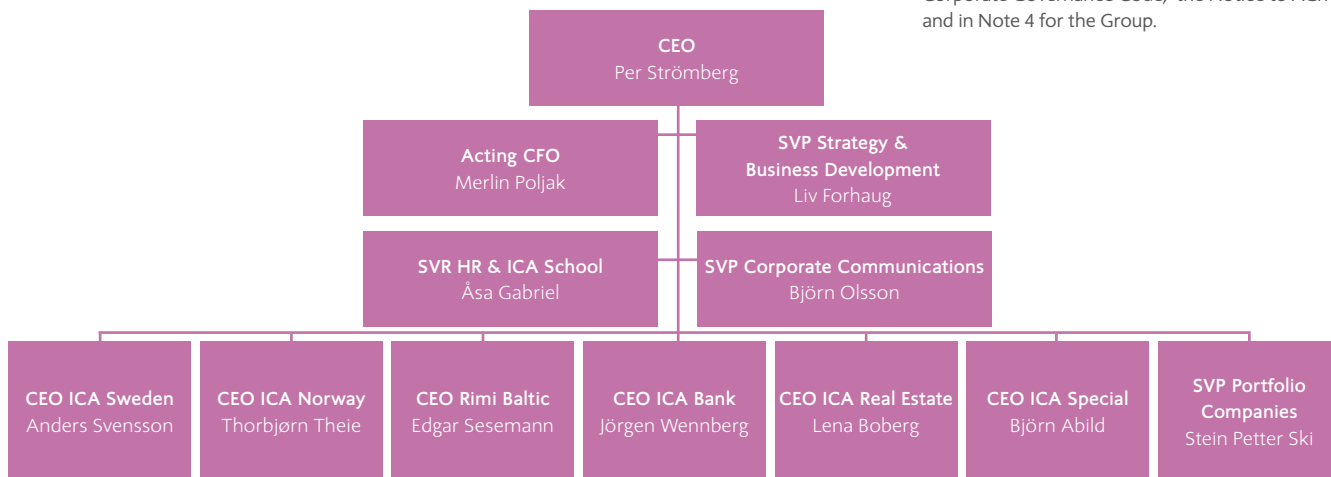
Share investment programme

For the purpose of increasing the senior executives' identification with and interest in the Company and its value growth, the Board is proposing that the Board will determine on an annual basis that the senior executives will be

expected to invest between 5% and 10% of their fixed gross salary in shares in the Company. Contingent upon services rendered in return, it is proposed that, after one year, they will be entitled to receive a net cash amount from the Company corresponding to 50% of the invested capital.

Further information

More information on basic salaries and variable remuneration can be found on the Company's website, in the Board's statement on the Remuneration Committee's evaluation in accordance with section 9.1 of the Swedish Corporate Governance Code, the Notice to AGM and in Note 4 for the Group.



11 Internal control over financial reporting

This section has been prepared in accordance with the Code and the Annual Accounts Act, and describes the Company's internal control and risk management in relation to financing reporting. The aim is to provide shareholders and other stakeholders with an understanding of how internal control over financial reporting is organised in the Company.

The Board of Directors is responsible for ensuring that ICA Gruppen has good internal control and routines which guarantee compliance with the adopted principles for financial reporting and internal control. The Board is also responsible for ensuring that financial reporting conforms to the Companies Act, applicable accounting standards and other requirements of listed companies.

Introduction

ICA Gruppen has a separate Internal Control function which is to support and contribute to reliable internal control and effective processes for financial reporting, and is also to evaluate and contribute to compliance with internal policies and guidelines.

ICA Gruppen's internal control work is based on the internal control principles produced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). These principles

have five basic elements: 1. control environment, 2. risk assessment, 3. control activities, 4. information & communication, and 5. monitoring.

Taking into consideration the guidelines and policies established by the Board, the management and Internal Control have divided the responsibility for ensuring good control over financial reporting between themselves as follows:

1. Control environment

A good control environment forms the foundation of an effective internal control system within a company. It is built on an organisation with clear decision paths, where authority and responsibilities have been distributed based on guidelines and where there is a corporate culture with shared values. The control environment is also affected by the individual employee's awareness of his or her role in the maintenance of good internal control.

The Board's rules of procedure and the instructions for the CEO ensure a clear division of roles and responsibilities designed for effective control and management of operational risks. The Board has also adopted a number of basic guidelines and policies of significance for maintaining effective control, such as the delegation arrangements, Financial Policy,

Guarantee Policy, Sustainability Policy and Communication Policy.

2. Risk assessment

The Audit Committee is responsible for ensuring that significant risks of error in financial reporting are identified and managed. Within ICA Gruppen there is continuous dialogue with each operating company to ensure good internal control and awareness of operational risks. Self-assessments and analysis of processes are used to identify deficiencies and potential sources of error in financial reporting, supported by Internal Control. In addition, all risks judged to have a potential negative impact on achievement of ICA Gruppen's goals are analysed and managed within the framework of the Group's Enterprise Risk Management (ERM) process. Significant risks are reported to the management at least twice a year and annually to the Board of Directors.

3. Control activities

The Board is of the opinion that there is good understanding among employees of the need for good control over financial reporting. ICA Gruppen's internal control structure is based on regular reporting to the Board, established policies and guidelines. ICA Gruppen places particular emphasis on controls designed to prevent,

identify and correct deficiencies in the income statement and balance sheet items that might be associated with increased risk.

The Company mainly uses three types of controls:

- Group-wide controls relating to the overall control environment. The control requirements concern Group policies, authorisation/access to business-critical systems and applications, (delegation arrangements, certification instructions, etc.).
- Key controls are created for each operating company based on that company's operations, organisation and risks. The key controls aim to check specific risks associated with an account, a transaction and/or a process.
- IT controls cover IT processes and applications that are critical from a financial or commercial perspective. The control requirements concern security, maintenance and development of applications and IT infrastructure.

4. Information/communication

Efficient and correct communication of information, both internally and externally, is important for ensuring complete and correct financial reporting at the right time. Policies, routines, handbooks and other documents of significance for financial reporting are updated and communicated to the employees involved on an ongoing basis. The Group's Accounting function has direct operational responsibility for ongoing financial accounting and works to achieve consistent application of the Group's guidelines, principles and instructions for financial reporting. Subsidiaries and operating units provide regular financial reports and reports on current operations to Executive Management, which in turn reports to the Board of Directors.

The Communication Policy and associated guidelines ensure that external communication is correct and meets the requirements made of companies listed on NASDAQ OMX Stockholm. Financial information is provided regularly through annual reports, interim reports, press releases and notices on the Company's website, www.icagruppen.se.

5. Monitoring

The Board continually assesses the information submitted by the Management Team and the Audit Committee. The Audit Committee's work on monitoring the efficiency of internal control is of particular importance. This includes ensuring that action is taken to deal with any deficiencies and that proposed measures arising from internal and external audits are heeded. In addition, Executive Management, Internal Audit and Internal Control review and follow up as described above.

Taking into consideration the guidelines and policies established by the Board, the management and Internal Control have divided the responsibility for ensuring good control over financial reporting between themselves as follows:

Responsibility over internal control of financial reporting

	Management (all levels)	Internal Control
Policies/ processes	Establishes, communicates and implements policies and routines. Maintains up-to-date process descriptions. Defines, implements and maintains key controls for all processes.	Supports the implementation of processes for follow-up of compliance with policies and routines within financial reporting. Assists with updating process descriptions and defining key controls.
Identification of deficiencies	Identifies potential deficiencies in processes or compliance with policies.	Facilitates and challenges the identification of potential deficiencies in processes or compliance with policies within financial reporting. Surveys processes, helps to identify control deficiencies and opportunities to improve/streamline processes.
Analysis	Analyses the likelihood and potential impact of identified deficiencies.	Facilitates and challenges the analysis. Assists with expertise on how the identified deficiencies could impact the Company.
Assessment	Establishes and assesses the potential deficiencies to be addressed/remedied.	Facilitates and challenges the assessment. Determines whether identified deficiencies are to be followed up in the self-assessment process.
Management	Implements key controls to address potential deficiencies. Monitors control components in daily operations, including regular monitoring activities, analyses and follow-up.	Defines minimum requirements for internal control and key controls for centralised follow-up/monitoring. Initiates and/or supports process improvement activities/projects.
Reporting	Responsible for self-assessment of compliance with the key controls defined. Reports the self-assessment result to Internal Control. Establishes action plans for all reported deficiencies.	Assists with tools for monitoring internal control and compliance. Consolidates results of reported self-assessments and presents these to Executive Management based on the assessed impact of the deficiencies.
Monitoring	Responsible for implementation/follow-up of defined remedial measures and assessment of their effectiveness.	Responsible for follow-up of previously defined and reported action plans.

Shares and shareholders

The price of the ICA Gruppen share went up in 2013 by 81%, making it one of the share price winners on NASDAQ OMX Stockholm, whose All-Share Index went up by 23%. The acquisition of the remaining shares in ICA AB and formation of ICA Gruppen was very well received on the market and contributed to the increase in the share price.

In May 2013 Hakon Invest changed its name to ICA Gruppen and consequently the Company's ticker was changed to ICA. ICA Gruppen is in the Large Cap segment and in the Consumer Staples sector index according to the NASDAQ OMX classification.

Share price development and return

The ICA Gruppen share reached its highest price for the year of SEK 210.00 on September 19, 2013. The lowest price of SEK 110.19 was on January 2. At the end of the year the share price was SEK 201.00, which represents a price increase of 81% from the beginning of the year. This is equivalent to a market capitalisation of around SEK 40,402 million.

Since 2005, when Hakon Invest was floated on the stock exchange, the share has provided a total return of 284.8% compared to the SIX Return Index with a return of 93.6%.

The total trading volume for ICA Gruppen shares on NASDAQ OMX in 2013 was 68.8 million shares for a value of SEK 12.4 billion, equivalent to an average daily trading volume of 275,150 shares. On average shares were traded for SEK 49.4 million per day in 2013.

Trading on NASDAQ OMX Stockholm during the year accounted for 92% of all trading in ICA Gruppen shares. The remaining trading took place on exchanges such as Chi-X: 7%, Turquoise: 1% and Bats: 1%.

Share structure

ICA Gruppen's share structure consists of ordinary shares and C shares. Both types carry the same voting entitlement. The ordinary shares are listed and constitute 59.2% of the total number of shares. The remaining 40.8% consist of C shares which are unlisted and do not carry entitlement to cash dividends for the financial years 2005–2015. On 1 January 2016 the C shares will be converted into ordinary

shares and will then carry entitlement to cash dividends. All C shares are owned by ICA-handlarnas Förbund.

In May 2013 ICA Gruppen carried out a new share issue amounting to SEK 5 billion and consisting of 40,229,359 new ordinary shares. This increased the number of ordinary shares to 119,078,903. The number of C shares remains the same at 82,067,892.

Shareholders

The number of shareholders as of 31 December 2013 was 24,342, an increase of 10,126 shareholders compared with the previous year. The largest shareholder on the same date was ICA-handlarnas Förbund with 51.3% of the shares and votes in ICA Gruppen, of which 41 percentage points consisted of C shares and 10.3 percentage points of listed ordinary shares. The second largest shareholder was AB Industrivärden with 10% of the shares and capital. The remaining 38.7% is owned by institutional investors and private individuals in Sweden and other countries. 5.7% of the shares were foreign owned at the end of the year (4.5%).

Share capital

ICA Gruppen's share capital amounted to 502,866,987.50 distributed among 201,146,795 shares with a quota value of SEK 2.50. All shares carry the same number of votes.

Treasury shares

During the years 2007–2009 ICA Gruppen repurchased its own shares to cover the allotments in the incentive programmes for the respective years. In April 2013 16,119 shares were transferred to cover the allotment in the 2010 incentive programme. In May 2013 94,096 ordinary shares were transferred to cover the allotments in the 2011 and 2012 incentive programmes following a decision at the 2013 Annual General Meeting to discontinue these.

ICA Gruppen's holdings of treasury shares subsequently amounted to 141,655 ordinary shares.

Dividends

The Board of ICA Gruppen proposes a dividend of SEK 8 per ordinary share for 2013 or a total of SEK 951 million. Due to the acquisition of the remaining shares in ICA, ICA Gruppen did not pay out any dividend the previous year. The targets established by the Board of Directors include ICA Gruppen providing an annual dividend to shareholders of 50% of profit for the year. Only ordinary shares, which constitute 59% of the total number of outstanding shares in ICA Gruppen, carry entitlement to cash dividends. The dividend proposed by the Board is equivalent to 68% of profit for the year.

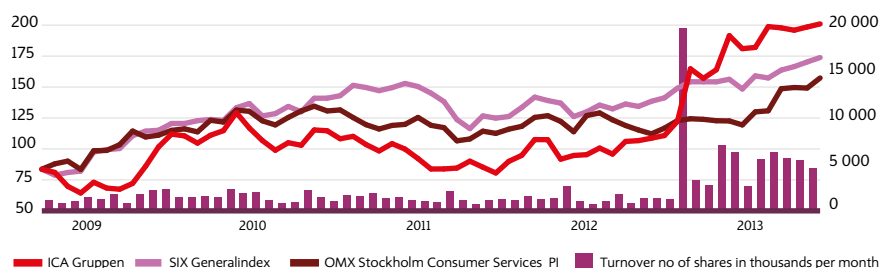
Largest shareholders

	Number of shares	Percentage of capital and votes
ICA-handlarnas Förbund	103,163,599	51.3
AB Industrivärden	20,125,000	10.0
AMF – Försäkring och fonder	3,462,302	1.7
Lannebo Fonder	2,955,455	1.5
SEB Investment Management	1,986,663	1.0
Swedbank Robur Fonder	1,957,130	1.0
Robur Försäkring	1,318,331	0.7
Danske Capital Sverige	1,264,845	0.6
Leif Jönsson	1,254,651	0.6
Enter Fonder	1,031,100	0.5
Ten largest shareholders, total	139,136,916	69.2
ICA Gruppen's holdings	141,655	0
Other shareholders	61,868,224	30.8
Total	201,146,795	100.0

The table above only includes the shareholders named in Euroclear's register of shareholders.

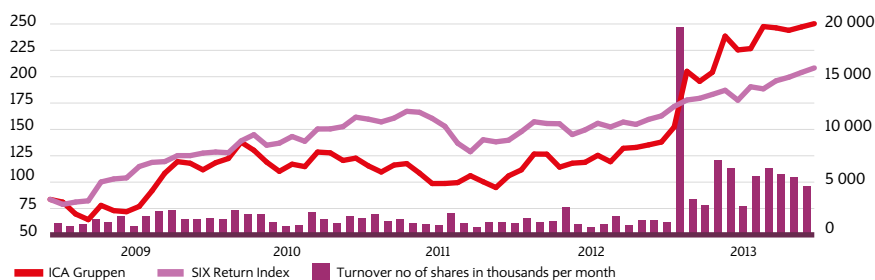
Source: Euroclear

Share price development 2009–2013



Source: SIX

Total return 2009–2013



Source: SIX

Analysts following ICA Gruppen

Company	Analyst	Phone no	E-mail
ABG Sundal Collier	Andreas Lundberg	+46 8 566 286 51	andreas.lundberg@abgsc.se
Carnegie	Niklas Ekman	+46 8 588 686 92	niklas.ekman@carnegie.se
Danske Bank	Anders Hansson	+46 8 568 805 35	anders.g.hansson@danskebank.se
Handelsbanken	Erik Sandstedt	+46 8 701 3128	ersa07@handelsbanken.se
Nordea	Stellan Hellström	+46 8 534 922 02	stellan.hellstrom@nordea.com
SEB	Stefan Nelson	+46 8 52 22 98 07	stefan.nelson@seb.se
Swedbank	Christian Andersson	+46 8 5859 38 59	christian.anderson@swedbank.se

Share price development 2013



Source: SIX

Ownership structure

Holding, no. of shares	No. of shareholders	Capital and votes, %
1–500	17,386	1.40
501–1,000	2,458	1.00
1,001–5,000	3,020	3.40
5,001–10,000	577	2.10
10,001–15,000	247	1.50
15,001–20,000	131	1.10
20,001–	523	89.40
Total	24,342	100

Source: Euroclear Sweden AB as of 30 December 2013

Share information

 Marketplace NASDAQ OMX Stockholm,
Large Cap segment.

Ticker	ICA
ICB code	5300
ISIN-code SE	SE0000652216
Round lot	1
Market cap as of 31 December 2013, SEK million	40,402
Share price as of 31 December 2013, SEK	201.00
Change during the year, %	81
Highest price for the year, SEK	210.00
Lowest price for the year, SEK	110.19

Share data

	2013	2012
Earnings per ordinary share, SEK	49.68	1.65
Earnings per ordinary share proforma, SEK	7.05	1.65
Earnings per C share, SEK	49.68	1.65
Earnings per C share proforma, SEK	7.05	1.65
Cash flow per C share, SEK	17.87	0.27
Equity per C share, SEK	116.23	55.28
Dividend per ordinary share, SEK	8	0
Dividend payout ratio, %	68	0
Share price at end of year, SEK	201	118.3
Dividend yield, %	4	0
P/E ratio	28.5	71.7
Share price/Equity	173	214
No. of ordinary shares at end of year	118,937,248	78,597,674
No. of C shares at end of year	82,067,892	82,067,892
Total no. of shares at end of year	201,005,140	160,665,566
Average no. of shares	190,006,752	169,828,539
Average number of shares after dilution	190,194,330	169,911,961

Contents

Group

Statement of comprehensive income	113
Consolidated statement of financial position	114
Statement of changes in equity	116
Consolidated statement of cash flows	117

Notes

Note 1 Accounting principles	118
Note 2 Segment reporting	122
Note 3 Expenses by type of expense	124
Note 4 Average number of employees, salaries and other remuneration	124
Note 5 Audit expenses	125
Note 6 Other operating income	125
Note 7 Leases	126
Note 8 Exchange differences in operating profit	126
Note 9 Net financial items	126
Note 10 Taxes	127
Note 11 Earnings per share	127
Note 12 Intangible non-current assets	128
Note 13 Tangible non-current assets	130
Note 14 Interests in joint ventures and associated companies	131
Note 15 ICA Bank	132
Note 16 Inventories	132
Note 17 Related-party transactions	132
Note 18 Assets and liabilities held for sale	133
Note 19 Equity	133
Note 20 Pensions	134
Note 21 Financial risks, financial risk management and financial instruments	136
Note 22 Pledged assets and contingent liabilities	139
Note 23 Statement of cash flows and cash and cash equivalents	139
Note 24 Business combinations	140

Parent Company

Income statement	143
Other comprehensive income	143
Balance sheet	144
Changes in shareholders' equity	146
Statement of cash flows	147

Notes

Note 1 Accounting principles	148
Note 2 Intra-Group purchases and sales	148
Note 3 Average number of employees, salaries and other remuneration	148
Note 4 Audit expenses	149
Note 5 Depreciation and amortisation	149
Note 6 Operating leases	149
Note 7 Profit/loss from financial items	150
Note 8 Taxes	150
Note 9 Share of profits from Group companies and joint ventures	151
Note 10 Non-current receivables from Group companies	153
Note 11 Accruals	153
Note 12 Short-term investments	153
Note 13 Provisions for pensions	153
Note 14 Non-current liabilities	153
Note 15 Pledged assets and contingent liabilities	153
Note 16 Financial assets and liabilities	154
Note 17 Statement of cash flows	154
Proposed appropriation of earnings	155
Signatures	155
Auditor's report	156
Annual general meeting and financial calendar	158
Glossary	159

Statement of comprehensive income

SEK m	Note	2013	2012
Net sales	2, 17	77,702	2,726
Cost of sales	3, 17	-66,074	-1,494
Gross profit		11,628	1,232
Other operating income	6	191	167
Selling expenses	3	-7,271	-1,147
Administrative expenses	3, 5	-2,446	-372
Share of profits from associated companies and joint ventures	14	121	332
Effects of acquisition of ICA AB	24	8,051	-
Operating profit	2, 4, 5, 7, 8	10,274	212
Financial income		63	63
Financial expense		-512	-31
Net financial items	9	-449	32
Profit before tax		9,825	244
Tax	10	-379	18
PROFIT FOR THE YEAR		9,446	262
Other comprehensive income, items that may not be reclassified to profit or loss			
Revaluation of defined benefit pension plans, net after tax		214	-
Other comprehensive income, items that may be reclassified to profit or loss			
Change in translation reserve, net after tax		81	8
Change in fair value reserve, net after tax		0	-28
Change in hedging reserve, net after tax		20	-7
Items reclassified to profit or loss at acquisition of ICA AB		-259	-
Total items that may be reclassified to profit or loss	10	-158	-27
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9,502	235
Profit for the year attributable to:			
Owners of the parent		9,439	280
Non-controlling interests		7	-18
Total comprehensive income for the period attributable to:			
Owners of the parent		9,495	253
Non-controlling interests		7	-18
Earnings per share before dilution, SEK	11		
Ordinary share		49.68	1.65
C share		49.68	1.65

Consolidated statement of financial position

Assets SEK m	Note	31 Dec. 2013	31 Dec. 2012
Non-current assets			
<i>Intangible non-current assets</i>			
	12		
Goodwill		11,867	574
Trademarks		13,065	935
IT systems		548	27
Other		222	59
		25,702	1,595
<i>Tangible non-current assets</i>			
	13		
Land and buildings		13,838	-
Investment properties		1,513	-
Leasehold improvements		874	-
Equipment		2,468	48
Construction in progress		553	-
		19,246	48
<i>Financial non-current assets</i>			
Interests in joint ventures and associated companies	14	712	6,339
ICA Bank's investments	15	1,204	-
ICA Bank's lending	15	5,066	-
Other financial non-current assets		45	-
Other receivables		8	2
		7,035	6,341
Deferred tax assets	10	369	223
Total non-current assets		52,352	8,207
Current assets			
<i>Inventories</i>			
	16	4,253	433
<i>Current receivables</i>			
Trade receivables		2,926	100
Tax assets		15	10
ICA Bank's investments	15	50	-
ICA Bank's lending	15	2,881	-
Short-term investments		1	1,155
Receivables from related parties	17	1	-
Other receivables		52	66
Prepaid expenses and accrued income		1,839	119
		7,765	1,450
<i>Cash and cash equivalents</i>	23	3,948	291
Total current assets		15,966	2,174
<i>Assets held for sale</i>	18	643	-
TOTAL ASSETS		68,961	10,381

Equity and liabilities SEK m	Note	31 Dec. 2013	31 Dec. 2012
Equity	19		
Share capital		503	402
Other capital contributed		7,694	2,778
Reserves		101	259
Retained earnings		15,065	5,443
Equity attributable to owners of the parent		23,363	8,882
Non-controlling interests		3,178	139
Total equity		26,541	9,021
Non-current liabilities			
Provisions for pensions	20	1,862	206
Deferred tax liabilities	10	4,925	212
Bond	21	5,000	-
Other interest-bearing liabilities	21	1,770	186
Other provisions		47	28
Other liabilities		8	1
Total non-current liabilities		13,612	633
Current liabilities			
Interest-bearing liabilities	21	3,523	61
Trade payables		9,364	443
Deposits, ICA Bank	15	10,600	-
Liabilities to related parties	17	6	-
Tax liabilities		243	-
Other liabilities		1,860	105
Provisions		250	-
Accrued expenses and deferred income		2,450	118
Total current liabilities		28,296	727
<i>Liabilities held for sale</i>	18	512	-
TOTAL EQUITY AND LIABILITIES		68,961	10,381

Statement of changes in equity

SEK m	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Other capital contributed	Reserves	Retained earnings	Total			
Opening equity, 1 January 2012	402	2,778	286	4,990	8,456	157	8,613	
Effect of change of accounting principle				662	662		662	
Equity after change of accounting principle	402	2,778	286	5,652	9,118	157	9,275	
Income for the year				280	280	-18	262	
Other comprehensive income			-27		-27	-	-27	
Total comprehensive income for the year			-27	280	253	-18	235	
Incentive programme				2	2		2	
Dividend				-491	-491		-491	
Closing equity, 31 December 2012	402	2,778	259	5,443	8,882	139	9,021	
Opening equity, 1 January 2013	402	2,778	259	5,443	8,882	139	9,021	
Income for the year				9,439	9,439	7	9,446	
Other comprehensive income			-158	214	56	-	56	
Total comprehensive income for the year			-158	9,653	9,495	7	9,502	
Change in non-controlling interests						32	32	
Incentive programme				5	5		5	
New share issue ICA Gruppen AB	101	4,916			5,017		5,017	
Proceeds preference shares as non-controlling interests				-36	-36	3,000	2,964	
Closing equity, 31 December 2013	503	7,694	101	15,065	23,363	3,178	26,541	

Preference shares

In 2013 ICA Gruppen issued unlisted preference shares in the subsidiary ICA Fastigheter Sverige AB. Pensionsförsäkring AB and If Skadeförsäkring AB subscribed for an equal number of the preference shares. In ICA Gruppen the proceeds for the preference shares were recognised as non-controlling interests.

Consolidated statement of cash flows

SEK m	Note 23	2013	2012
Operating activities			
Operating profit/loss		10,274	212
Effects of acquisition of ICA AB		-8,051	-
Dividend from joint ventures		24	815
Adjustments for non-cash items		1,403	-281
Income tax paid		-429	-18
Cash flow from operating activities before change in working capital		3,221	728
Change in working capital			
Inventories (increase - /decrease +)		-37	56
Current receivables (increase - /decrease +)		822	-24
Current liabilities (increase + /decrease -)		252	54
ICA Bank's net deposits, lending and investments		-283	-
Cash flow from operating activities		3,975	814
Investing activities			
Purchase of tangible and intangible non-current assets		-2,540	-57
Sale of tangible and intangible non-current assets		507	-
Loans issued		-8	-
Repayment of loans issued		11	-
Other financial non-current assets (increase -/decrease +)		1,168	-421
Interest received and dividends		35	42
Investments in joint ventures		-30	-
Acquisition of ICA AB	24	-15,739	-
Divestment of subsidiaries		11	170
Cash flow from investing activities		-16,585	-266
Financing activities			
Borrowings		26,775	112
Repayment of borrowings		-18,112	-95
Interest paid		-477	-31
Dividend paid		0	-491
New share issue		5,017	-
New share issue of preference shares in subsidiaries		3,000	-
Cash flow from financing activities		16,203	-505
Cash flow for the year		3,593	43
Cash and cash equivalents at beginning of year		291	248
Exchange differences in cash and cash equivalents		64	0
Cash and cash equivalents at year end		3,948	291

Notes

Note 1 Accounting principles

ICA Gruppen AB (publ) has corporate registration number 556048-2837 and its registered office is in Stockholm municipality, Sweden. The head office address is ICA Gruppen AB, SE-171 93 Solna, Sweden, visiting address Svetsarvägen 16, Solna, and the website is www.icagruppen.se. ICA Gruppen AB is a subsidiary to ICA Handlarnas förbund, corporate registration number 802001-5577.

ICA Gruppen AB (publ) is the Parent Company for ICA Gruppen and is one of the Nordic region's leading retail companies with its own and retailer-owned stores in Sweden, Norway, Estonia, Latvia, Lithuania and Finland. The Group consists of ICA Sweden, ICA Norway and Rimi Baltic, which are mainly involved in grocery retail, ICA Real Estate which owns and manages properties, and ICA Bank which offers financial services to Swedish customers. The Group also includes the wholly-owned portfolio companies Forma Publishing Group and inkClub, as well as the partly-owned Cervera, Hemtex and Kjell & Company. For more information see www.icagruppen.se.

ICA Gruppen is listed on NASDAQ OMX Stockholm in the Large Cap segment.

The annual financial statements and consolidated financial statements were approved for publication by the Board of Directors on 21 February 2014. The consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be adopted by the Annual General Meeting on 11 April 2014.

The consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Commission and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC). RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, is applied as well. This recommendation contains supplementary standardisations based on the provisions in the Swedish Annual Accounts Act.

New accounting principles in 2013

Changed accounting principles relating to sale and leaseback transactions

When ICA has sold a property and at the same time leased back and subleased the property to a non-consolidated ICA retailer, the transaction has been reported as a sale and leaseback transaction. Under this arrangement the property has not been regarded as sold and the proceeds have been reported as a loan. The property has remained in the balance sheet and has been depreciated over its useful life. Lease payments have been recognised as interest expense and loan amortisation. At the point when the sublease agreement with an independent ICA retailer was terminated for some reason, the property has been recognised as sold. If, on the other hand, the property was leased back for use within ICA Gruppen, the property has been considered sold provided that it is classified as an operating lease with market terms for both the sale and the lease agreement.

This principle was established by the Board of Directors upon the implementation of IFRS in 2004. It is based on IAS 18 Revenue, and the rules in US GAAP.

The Board has reassessed these transactions. The Board's opinion is that the way these transactions have been reported does not adequately or relevantly represent the nature of the transactions. The leaseback or sublease agreements are to be assessed together as these agreements are put in place at the same time. ICA Gruppen has limited risk and involvement in the property. The principle applied up

to now has given greater consideration to the leasebacks to ICA Gruppen than to the subleases to ICA retailers, despite the fact that the agreements are interdependent. The arrangement is also similar regardless of whether the ICA store is consolidated in ICA Gruppen or is an independent, non-consolidated ICA store. As the nature of the agreements is the same in both cases they should not be reported in different ways, which has been the case up to now.

It is the Board's opinion that reporting a property as sold in connection with such an arrangement and reporting lease payments following the sale as lease expenses provides a more relevant and accurate picture of the nature of these transactions than the way they were reported in the past.

The change in the accounting principle was implemented retroactively and the opening balance for 1 January 2012 was recalculated, resulting in an increase in the item "Interests in joint ventures" of SEK 662 million. The corresponding item was recognised as an accounting principle change in shareholders' equity. In 2012 the income from interests in joint ventures relating to the holding in ICA AB was decreased by SEK 44 million. The corresponding effect for 2013 up until the acquisition of ICA AB on 27 March was a decrease in income of SEK 17 million. The effect of the acquisition of ICA AB on the revaluation based on the same changed accounting principle was a decrease of SEK 601 million to SEK 8,051 million.

Since the impact of the changed accounting principle on the balance sheet affects only the historical values for shares in joint ventures and associated companies and for equity, no comparison balance sheet as of 1 January 2012 is provided.

Presentation of calculations

The way in which the calculations are presented in the consolidated annual financial statements for 2013 is the same as in 2012, with some adjustment due to the fact that ICA AB became the dominant operation following the acquisition of 100% of the shares on 27 March 2013.

New or amended standards applied from the beginning of 2013

Amendments in IFRS 7 Financial Instruments: Disclosures

IFRS 13 Fair Value Measurement

Amendments in IAS 1 Presentation of Financial Statements

Amendments in IAS 19 Employee Benefits

Amendments in IFRS 7 *Financial Instruments: Disclosures* expands the disclosure requirement in connection with offsetting financial assets and financial liabilities. ICA Gruppen has supplemented its offsetting disclosures in Note 21.

IFRS 13 *Fair Value Measurement* establishes the rules for measuring fair value when other standards require this. The standard is applicable when measuring the fair value of both financial and non-financial items. IFRS 13 requires several quantitative and qualitative disclosures on fair value measurement. The result of these amendments is that the disclosure requirement regarding fair value has been increased to some extent.

Amendments in IAS 1 *Presentation of Financial Statements* with respect to the presentation of items in other comprehensive income. Items that can be reversed in profit or loss are presented separately from items that cannot be reversed.

IAS 19 *Employee Benefits* is amended. The main change is that previously revaluations are reported in other comprehensive income when they arise. ICA

Gruppen's policy has been to recognise revaluations in profit or loss, which means the change in IAS 19 has very little effect on the financial statements.

Amendments in IAS 36 – *Impairment of Assets*. This amendment removes the requirement to disclose the recoverable amount for all cash-generating units to which goodwill has been allocated, which was introduced in connection with the introduction of IFRS 13 Fair Value Measurement. Instead another requirement is being introduced regarding disclosure of fair value when the recoverable amount of an impaired asset is based on fair value less the cost of disposal. The amendment goes into effect on 1 January 2014, but ICA Gruppen decided to early adopt the amendment in 2013.

No other new or amended, and EU endorsed, IFRS standards that have a material impact on ICA Gruppen's financial statements have been applied in 2013.

New accounting principles in 2014 and beyond

The following EU endorsed IFRS standards that are relevant to ICA Gruppen will be applied in 2014:

IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRIC 21 Levies

IFRS 10 *Consolidated Financial Statements* replaces parts of IAS 27 Consolidated and Separate Financial Statements which focuses on when and how a controlling entity must prepare consolidated financial statements.

IFRS 10 contains rules on when a company must be consolidated and the basis is controlling interest. The purpose of IFRS 10 is that there should only be one basis for consolidation of all entities regardless of the nature of the investment. The basis is controlling interest. IFRS 10 will not have any material impact on ICA Gruppen's reporting.

IFRS 11 *Joint Arrangements* replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities on the contribution of a non-monetary asset from a venturer to a jointly controlled entity. IFRS 11 classifies joint arrangements either as joint operations or as joint ventures. The classification as a joint operation or joint venture is determined by the parties' contractual rights and obligations. According to IFRS 11 the percentage of capital is the determining factor in interests in joint ventures. IFRS 11 will not have any material impact on ICA Gruppen's reporting.

IFRS 12 *Disclosure of Interests in Other Entities* will be applied in disclosing interests in subsidiaries, joint arrangements, associated companies or structured non-consolidated companies. IFRS 12 will involve a change in disclosure requirements.

IFRIC 21 *Levies* deals with at what point an obligating event requires a liability to be recognised. A levy is defined as an outflow of resources required by a government or similar body in accordance with laws and regulations. The introduction of IFRS 21 will not have any impact on ICA Gruppen's financial reporting. IFRIC 21 is expected to be endorsed by EU in the second quarter of 2014.

IFRS 9 *Financial Instruments* is part of a complete replacement of the current standard IAS 39 Financial Instruments: Recognition and Measurement. The standard will be supplemented with rules on, among other things, impairment. There is no schedule for applying the standard at this time.

Accounting principles applied

Basis of accounting

The consolidated financial statements are based on historical acquisition costs, with the exception of financial derivatives and available-for-sale financial assets, which are recognised at fair value. The Parent Company's functional currency is Swedish kronor (SEK) and this is also the reporting currency for the Parent Company and the Group. All amounts in the financial statements are in millions of Swedish kronor unless indicated otherwise.

Fixed assets and long-term liabilities are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities are expected to be recovered or paid within twelve months of the balance sheet date.

The preparation of the financial statements in accordance with IFRS requires management to make assessments, estimates and assumptions that affect the application of the accounting principles and the carrying amounts in the income statement and the balance sheet. Estimates and assumptions are based on historical experience and a number of factors that are considered reasonable based on the circumstances. The results of these estimates and assumptions are used to assess the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates and assessments.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company of ICA Gruppen (name changed in 2013 from Hakon Invest AB) and its subsidiaries.

The purchase accounting method is applied to the acquisition of subsidiaries. The purchase price for the acquisition of ICA AB is measured at fair value on the acquisition date, calculated as the sum of the fair values on the acquisition date of assets received, liabilities accrued or assumed and equity interests issued in exchange for control over the acquired enterprise. Acquisition-related expenses are recognised in profit or loss as they arise.

In business combinations where the sum of the purchase price, any non-controlling interests and fair value on the acquisition date of previous shareholdings exceeds the fair value on the acquisition date of acquired identifiable net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, it is recognised as a gain on a low-price acquisition directly in profit or loss after the difference is reassessed.

The past non-controlling interest in the acquired entity is measured for every business combination either at fair value or at the value of the proportionate share of the non-controlling interest in the acquired company's identifiable net assets. The principle is assessed for each acquisition.

In incremental acquisitions, the previous equity interest in the acquired entity is restated at its fair value on the acquisition date. Any gains or losses are recognised in profit or loss. Any changes in the value of previous equity interests that are recognised before the acquisition date in other comprehensive income are reclassified in profit or on the same basis as if the interests had been divested.

Investments in associated companies

Holdings in associated companies are reported according to the equity method.

Investments in joint ventures

ICA Gruppen reports joint ventures according to the equity method.

Foreign currency

The Parent Company's functional currency is Swedish kronor (SEK) which is also the reporting currency for the Parent Company and the Group.

Foreign currency transactions are translated for each entity into the entity's functional currency at the exchange rates on the transaction date. On each balance sheet date, monetary items in foreign currencies are calculated at the exchange rate on the balance sheet date. Non-monetary items that are measured at fair value in a foreign currency are translated at the exchange rate on the day fair value was established. Non-monetary items that are measured at historical cost in a foreign currency are not translated.

Exchange rate differences are recognised in profit or loss for the period in which they arise, with the exception of hedging transactions that meet the criteria for hedge accounting of cash flows, in which case gains and losses are recognised in other comprehensive income.

In consolidated accounting, all Group companies with a functional currency that is different from the reporting currency are translated to SEK. The exchange rate differences that arise upon translation are recognised in other comprehensive income. Exchange rate differences relating to expanded investments in the form of permanent loans granted are also recognised in other comprehensive income. When foreign operations are divested, the accumulated exchange rate differences are recognised through profit or loss upon divestment.

Revenue

Wholesale sales are recognised as revenue upon delivery of the goods and retail sales are recognised when the customer pays at the store. In the case of online sales, revenue is recognised when the goods have been delivered to the customer. Revenue from franchise sales is recognised upon delivery for both goods and other franchise revenue. Rental revenue is recognised in the period to which it pertains.

In cases where a sale is made with a commitment that the customer will receive a bonus, the revenue for the bonus portion of the payment is not recognised until the bonus is used. Until then it is recognised as a liability.

Revenues from consulting services and franchise fees, royalties and dividends from ICA retailers are recognised as they are earned.

Profit or loss on property sales is recognised when the main risks and benefits associated with the property are transferred to the buyer, which is often on the occupancy date.

In cases where ICA builds a property to sell, ICA normally makes the decisions on the property's design and construction. Revenue from the sale is recognised in its entirety at the point when the buyer has assumed the risks associated with the property and ICA has received payment.

Dividends are recognised through profit or loss when the right to receive payment has been determined.

Leases

The Group's leases are classified as either operating or finance leases. There are currently no finance leases.

ICA as lessee

Lease fees for operating leases are expensed through profit or loss and divided up over the life of the lease on a straight-line basis.

ICA as lessor

Assets subject to an operating lease are divided up by asset class. Lease revenue is accrued and recognised on a straight-line basis over the lease term.

Income tax

Income taxes are recognised through profit or loss except when the underlying transaction is recognised in other comprehensive income, while the associated tax effect is recognised in other comprehensive income or in shareholders' equity.

Deferred tax is recognised in accordance with the balance sheet method. Deferred tax assets are recognised for all deductible temporary differences and unutilised tax loss carryforwards to the extent it is likely that future taxable gains will be available. The value of deferred tax assets is tested on each balance sheet date.

Goodwill

Goodwill arising from company acquisitions is attributed to the cash-generating units that benefit from the acquisition. Their useful life is indefinite. Goodwill is not amortised but is tested for impairment at least once a year.

Tangible fixed assets

Tangible fixed assets are recognised at cost less accumulated depreciation and impairment.

Investment properties

Investment properties are properties which are leased to third parties, unlike operating properties which are used by the Group or leased to ICA retailers. Investment properties are recognised according to the same principles as other tangible fixed assets.

Fixed assets held for sale

Fixed assets are classified as fixed assets held for sale if they are available for immediate sale, a decision on their sale has been taken and it is likely that they will be sold within 12 months. Fixed assets held for sale are measured at either their book value or an assessed sale value less selling expenses.

A divested operation is part of a company that has either been divested or been classified as held for sale and normally constitutes at least one segment.

Depreciation and amortisation

Depreciation and amortisation are calculated on the asset's cost, estimated useful life and residual value. Estimates are reassessed annually.

Buildings	20-40 years
Investment properties	20-40 years
Leasehold improvements	6-20 years
Store equipment and vehicles	7-10 years
IT systems	3-6 years
Other equipment	3-10 years

Impairment

The carrying amount of fixed assets is tested for impairment by comparing the carrying amount with the higher of the asset's fair value less selling expenses and its value in use. The value in use calculation of future net cash flows uses a discounting factor before tax that reflects the market's current estimate of the time value of money and the risks associated with the asset.

Goodwill, assets with an indefinite useful life and intangible assets that are not yet in use are tested at least annually for impairment.

Inventory

Inventory is valued at the lower of cost and net realisable value. Cost consists of all purchase costs after deducting supplier bonuses received relating to products in stock.

Financial instruments

Financial instruments are initially recognised at cost. The subsequent recognition depends on which category the financial instrument belongs to. The categories are: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss and other financial liabilities.

Purchases and sales of financial assets are recognised on the date of the trade, i.e. the date on which ICA commits to buy or sell the asset.

The fair values of financial assets and liabilities have been determined in accordance with the descriptions in Note 21.

Liabilities to credit institutions and other liabilities

All liabilities belong to the category "Other financial liabilities" and are recognised at amortised cost according to the effective interest method. Initially, loans are recognised at the value of the loan amount received less borrowing expenses. Borrowing expenses accrue over the lifetime of the loan.

Derivatives

All derivatives are recognised at fair value in the balance sheet. The derivative instruments where ICA Gruppen is not using hedge accounting are categorised as "Fair value through profit or loss" in the sub-category "Held for trading" and changes in value are recognised through profit or loss.

For derivative instruments that meet the criteria for cash flow hedging, the effective portion of the value change is recognised in other comprehensive income until the hedged item is recognised through profit or loss. The ineffective portion of the changes in value is recognised through profit or loss.

ICA Bank's receivables and liabilities

ICA Bank's lending in the form of credit card balances and unsecured credit extended to consumers belongs to the category "Loan receivables and accounts receivable" and is recognised at amortised cost on the settlement date and subsequently after taking into account established and anticipated credit losses. ICA Bank's deposits are recognised at amortised cost. Investment of ICA Bank's surplus liquidity is recognised at amortised cost or at fair value with changes in value in other comprehensive income, depending on the type of investment.

Interest

Interest income is recognised as it is earned. The interest expense for assets that take at least a year to complete is capitalised as part of the cost of the asset.

Liquid assets

Liquid assets comprise cash, bank balances and other short-term investments with a remaining maturity of no more than three months. Cash and bank balances are categorised as "Loan receivables and accounts receivable" and are therefore measured at amortised cost. Short-term investments are categorised as "Fair value through profit or loss" in the sub-category "Held for trading" and changes in value are recognised through profit or loss.

Provisions

A provision for contract losses is recognised when the anticipated benefits the Group expects to receive from a contract are lower than the unavoidable costs according to the contract.

If the Group is involved in a dispute an assessment is made of the most likely outcome. If the collective assessment is that there is more than a 50% likelihood that ICA Gruppen will lose the dispute, a provision is allocated in the amount considered to be the most likely outcome.

Pensions and other undertakings for post-employment benefits

The Group has both defined-contribution and defined-benefit pension plans. The calculation of the present value of the defined-benefit pension plans is based on a number of assumptions. The fair value of the plan assets is deducted from the present value of the pension obligations. The discount rate is the interest rate for first-class corporate bonds with a maturity corresponding to that of the obligation.

Revaluations are recognised in other comprehensive income when they arise.

Share-based remuneration

Hakon Invest has had three combined share matching and performance-based incentive programmes aimed at all of the Parent Company's employees. The programmes have required an investment by the employee and have had a specified earning period and exercise period. When share-based remuneration is paid for with equity instruments, an expense is accrued and recognised during the earning period. The cost is based on a value per share established from the beginning and an assessment made at the end of each reporting period of how many shares will eventually be allotted, taking into account the earning and performance criteria. During the earning period provisions are made for the social security contributions made. The repurchase of ICA Gruppen's own shares to meet programme obligations is reported directly in equity.

In some cases the Portfolio Companies have stock option programmes for their board chairmen and senior executives. The stock option programmes consist of synthetic stock options and in certain cases call options. The programmes are paid in cash and the change in value of the stock options is included in profit for the year.

Important assumptions and estimates

The consolidated accounts are based on assumptions and estimates made by the Board of Directors. The assumptions and estimates that the Board of Directors considers the most important and where there is the greatest risk of future changes in the value of assets and liabilities are as follows:

Classification of preference shares: preference shares issued in the subsidiary ICA Fastigheter Sverige AB in 2013 have been classified as equity based on the terms that apply for the shares.

Valuation of fixed assets

Assessments are made on an ongoing basis to ensure that the book value of fixed assets does not exceed their recoverable amount. Determining the recoverable amount requires assumptions and estimates to be made about the future. If actual outcomes deviate from the assessed values, a write-down of book value may be required.

Note 2 Segment reporting

The segments were changed after the acquisition of the ICA AB Group. The Portfolio Companies have been grouped together in one reportable segment because, following the acquisition of ICA AB, they constitute a smaller portion of the whole of ICA Gruppen.

Segments are defined based on how ICA Gruppen's management monitors and oversees operations. ICA Gruppen is engaged in wholesale and retail operations in the geographical markets Sweden, Norway and the Baltic countries. Each of these markets constitutes a segment. Properties located in Sweden and Norway are monitored separately from other operations and are included in the ICA Real Estate segment. Properties located in the Baltic countries are monitored together with the

retail operations in the Baltic countries and are therefore included in the Rimi Baltic segment. Banking operations are reported in the segment ICA Bank. The retail companies Hemtex, inkClub, Cervera, Forma och Kjell & Company are reported in the Portfolio Companies segment. Other consists of items that are not included in identified segments which mainly consists of Group-wide functions.

Management monitors the segments' operating profit excluding non-recurring items. Assets and liabilities include financial items. All international transactions are executed using market prices. The same accounting principles apply for the segments as for the Group.

SEK m	ICA Sweden		ICA Norway		Rimi Baltic		ICA Bank		ICA Real Estate	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External net sales	52,815	-	12,547	-	8,102	-	621	-	933	-
Internal net sales	72	-	-	-	-	-	22	-	790	-
Depreciation and amortisation	279	-	359	-	204	-	28	-	319	-
Profit from joint ventures and associated companies	-	-	-	-	-	-	-	-	7	-
Operating profit/loss excluding non-recurring items	2,465	-	-462	-	272	-	150	-	359	-

Other segment information

Assets	37,207	-	3,572	-	5,068	-	12,152	-	14,912	-
Liabilities	16,340	-	2,137	-	4,100	-	10,833	-	5,015	-
Investments in tangible and intangible non-current assets	472	-	236	-	181	-	7	-	1,555	-
Investments in associated companies and joint ventures	0	-	0	-	0	-	-	-	30	-
Other non-cash flow items	0	-	-24	-	-17	-	-	-	14	-

SEK m	Portfolio Companies		Total reported segments		Other		Eliminations		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External net sales	2,657	2,726	77,675	2,726	27	0	-	-	77,702	2,726
Internal net sales	-	-	884	-	20	-	-904	-	0	0
Depreciation and amortisation	47	66	1,236	66	51	0	-	-	1,287	66
Profit from joint ventures and associated companies	36	23	43	23	78	309	-	-	121	332
Operating profit/loss excluding non-recurring items	21	-124	2,805	-124	-251	242	-	-	2,554	118
Non-recurring items	-	-	-	-	-	-	-	-	7,720	94
Net financial items	-	-	-	-	-	-	-	-	-449	32
Profit/loss after financial items	-	-	-	-	-	-	-	-	9,825	244

Other segment information

Assets	2,253	1,661	75,164	1,661	49,558	8,720	-55,761	-	68,961	10,381
Liabilities	1,834	1,052	40,259	1,052	23,240	308	-21,079	-	42,420	1,360
Investments in tangible and intangible non-current assets	69	57	2,520	57	15,759	-	-	-	18,279	57
Investments in associated companies and joint ventures	0	-	30	-	0	-	-	-	30	-
Other non-cash flow items	-201	-	-228	-	-103	-	-	-	-331	-

The segment Other 2013 includes profit and share of capital from ICA AB in the profits of associated companies and joint ventures. The segment Other also includes the cash flow effect of the investment in ICA AB in investments in tangible and intangible non-current assets.

SEK m	2013	2012
Operating profit/loss excluding non-recurring items	2,554	118
<i>Capital gain upon sale of non-current assets</i>		
Portfolio Companies, Forma	-82	94
ICA Real Estate	14	-
Other	1	-
<i>Impairment</i>		
Portfolio Companies	-223	-
ICA Norway	-24	-
Rimi Baltic	-17	-
<i>Other non-recurring items</i>		
Effects of acquisition ICA AB	8,051	-
Total non-recurring items	7,720	94
Operating profit/loss	10,274	212

External net sales by revenue source		
SEK m	2013	2012
Wholesale sales	42,072	-
Retail sales	29,689	2,726
Rental income	2,131	-
Net interest income and commissions, ICA Bank	621	-
Other services for ICA retailers and franchisees	3,189	-
Net sales	77,702	2,726

Geographical information	Net sales		Tangible and intangible non-current assets	
	2013	2012	2013	2012
Country				
Sweden	56,610	2,327	37,424	1,643
Norway	12,710	77	4,186	-
Baltic countries	8,115	-	3,338	-
Other countries	267	322	-	-
Total	77,702	2,726	44,948	1,643

Net sales are distributed by country based on where customers are located.

ICA Gruppen has a large number of customers and therefore no one customer accounts for more than 10% of ICA Gruppen's revenues.

Pro forma segment reporting

The information below is pro forma by segment. Pro forma means that the segments are presented as if the ICA AB Group had been part of ICA Gruppen for the whole of 2012 and 2013, and after the change in the accounting principle on sale and leaseback transactions.

SEK m	ICA Sweden		ICA Norway		Rimi Baltic		ICA Bank		ICA Real Estate	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External net sales	67,905	65,691	16,463	19,050	10,333	10,050	825	786	1,232	1,244
Internal net sales	87	59	-	-	0	-	25	28	1,023	1,008
Depreciation and amortisation	356	328	472	491	266	254	37	33	420	419
Profit from associated companies and JVs	-	-	-	-	-	-	-	-	13	-12
Operating profit/loss excluding non-recurring items	3,058	2,872	-691	-589	308	259	201	181	519	649

SEK m	Portfolio Companies		Total reported segments		Other		Eliminations		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External net sales	2,657	2,726	99,415	99,547	41	55			99,456	99,602
Internal net sales	-	-	1,135	1,095	0	0	-1,135	-1,095	0	0
Depreciation and amortisation	47	66	1,597	1,591	64	50			1,661	1,641
Profit from associated companies and JVs	36	23	49	11	1	0			50	11
Operating profit/loss excluding non-recurring items	21	-124	3,416	3,248	-412	-533			3,004	2,715

Note 3 Expenses by type of expense

SEK m	2013	2012
Cost of goods sold	58,120	1,344
Personnel expenses	7,323	742
Administration expenses	2,034	231
Cost of premises	2,836	290
Depreciation/amortisation and impairment losses	1,551	66
Other expenses	3,927	340
Total expenses	75,791	3,013

Note 4 Average number of employees, salaries and other remuneration

Average number of employees

The number of employees has been calculated on the basis of how the Group measures normal working hours (1,800 hours).

	2013			2012		
	Women	Men	Total	Women	Men	Total
Sweden	3,831	3,565	7,396	838	200	1,038
Norway	1,661	1,284	2,944	-	-	-
Baltic countries	5,337	885	6,222	-	-	-
Finland	72	2	74	72	2	74
Hong Kong	40	34	74	-	-	-
Total	10,941	5,770	16,710	910	202	1,112

Salaries, other remuneration and social security contributions

Group	2013	2012
Salaries and other remuneration	5,133	518
Social security contributions	1,280	156
Pension costs	407	51
Total	6,820	725

Group	2013	2012
<i>Board of Directors and CEO:</i>		
Salaries and other remuneration	83	36
- of which variable component	10	4
Pension costs	12	11
<i>Other employees</i>	5,445	522
Total	5,540	569

Of the Board members and CEOs of the Group's companies, 341 are men (20) and 255 are women (5).

Remuneration to the Board of Directors

The Chairman of the Board and Board members receive fees based on decisions at the Annual General Meeting. Remuneration to Board members is reported in thousands of kronor (SEK 000s).

Fees to members of the Board of ICA Gruppen AB:	2013			2012		
	Board fees	Com-mittee work	Total fees	Board fees	Com-mittee work	Total fees
Claes Göran Sylvén	850	150	1000	-	-	-
Fredrik Hägglund	300	50	350	-	-	-
Göran Blomberg	300	75	375	-	-	-
Peter Berlin	300	50	350	220	25	245
Magnus Moberg	300	75	375	220	25	245
Bengt Kjell	300	75	375	-	-	-
Cecilia Daun Wennborg	300	150	450	220	75	295
Jan Olofsson	300	50	350	220	25	245
Andrea Gisle Joosen	300	50	350	220	25	245
Margot Wallström	300	50	350	-	-	-
Hannu Ryöppönen	-	-	-	275	-	275
Anders Fredriksson	-	-	-	330	25	355
	3,550	775	4,325	1,705	200	1,905

Remuneration to the CEO and other senior executives

The CEO and other senior executives in the Company are covered by two variable compensation systems in the form of a cash bonus, one of which expires after one year and the other after three years. The combined bonus per person is maximised at an amount equivalent to 50% of the annual salary (100% for the CEO). The bonus is not pensionable for the CEO or Executive Management. Variable remuneration to the CEO of ICA Banken AB is handled according to the Swedish Financial Supervisory Authority's regulation FFFS 2011:1.

Annual bonus programme

The cash-based bonus programme is linked to the budget for each financial year and is maximised at 25% of annual salary (50% for the CEO and the current CEO of ICA Bank). The targets for the bonus programme are to be determined by the Board of Directors ahead of each new financial year, and individual bonus agreements are to be signed with each participant. The content of the agreements depends on the participant's position at the time of signing. The targets must be able to be objectively measured and related to the budget. Payment of bonus is contingent upon the participants' employment not being terminated during the bonus year. If an executive retires during the earning period the bonus is paid out pro rata. The Board of Directors has the right to adjust the bonus system for example in the case of extraordinary increases or decreases in the Group's profits.

Long-term incentive programme

The cash-based, three-year incentive programme is linked to value creation within the Group and is maximised at 25% of annual salary (50% for the CEO). The current CEO of ICA Bank AB is not included in this incentive programme. The targets for the incentive programme must be able to be objectively measured and linked to both absolute and relative performance criteria. Fulfillment of the absolute performance criteria accounts for 40% of the maximum outcome and the relative performance criteria account for the remaining 60%. Payment of bonus is contingent upon the participants' employment not being terminated during the term of the programme. If the executive retires during the earning period the bonus is paid out on condition that at least 2/3 of the programme has been earned, and is paid out pro rata. The Board of Directors has the right to adjust the bonus system for example in the case of extraordinary increases or decreases in the Group's profits.

Executive Management

2013, SEK 000s ¹⁾	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO Per Strömberg	4,251	4,211	134	1,762	10,358
CEO Claes-Göran Sylvén	552	2,309	0	1,897	4,758
Other senior executives	25,476	14,054	941	13,503	53,974
	30,279	20,574	1,075	17,162	69,090

2012, SEK 000s ¹⁾	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO Claes-Göran Sylvén	1,342	2,028	113	3,941	7,424
Other senior executives	6,916	2,300	375	2,223	11,814
	8,258	4,328	488	6,164	19,238

1) The amounts given are the amounts expensed during the respective years and exclude social security contributions.

The variable remuneration for 2013 includes an extra bonus in the amount of three monthly salaries in Hakon Invest. The bonus is for work on the acquisition of ICA AB from Royal Ahold. The bonus amounts to SEK 1,068,000 for CEO Claes-Göran Sylvén and SEK 1,839,000 for other senior executives. The amounts are included in variable remuneration in the table above.

The number of other senior executives in 2013 was 14, 4 of which are women (3 in 2012, all men).

ICA Gruppen's current CEO and senior executives took up their positions in connection with the Annual General Meeting on 20 May 2013. During the period from January 2013 until the Annual General Meeting, Executive Management consisted of Hakon Invest's Executive Management with Claes-Göran Sylvén as CEO.

In total, this group has been granted loans and credits from ICA Bank of SEK 1 million (0).

CEO's employment terms

Chief Executive Officer ICA Gruppen Per Strömberg

The Chief Executive Officer for ICA Gruppen has an agreed annual salary of SEK 71 million and a six-month mutual term of notice with severance pay equivalent to one year's salary if terminated by the Company. The retirement age is 65. The Company is covering its pension obligations through annual payments of pension premiums to insurance companies corresponding to 35% of base salary.

Chief Executive Officer Hakon Invest Claes-Göran Sylvén

The Chief Executive Officer for Hakon Invest (January–20 May 2013) had a gross remuneration package of SEK 7.4 million, consisting of salary, vacation pay, social security contributions, pension premiums and other expenses in the form of a Company car, etc. The CEO had the right to make free use of the package in a manner that is cost neutral for the Company. The notice period was six months during which time the total remuneration package was payable at 1/12 per month. The CEO was not entitled to any severance pay.

Notice periods and severance pay for other senior executives

A mutual notice period of six months applies for senior executives. If termination of employment is initiated by the Company, the other senior executives are entitled to severance pay of up to 18 months' fixed cash salary. Severance pay is deductible. There are exceptions to the notice period, severance pay and deduction clause in a few agreements entered into before the 2013 Annual General Meeting.

If the senior executives resign, the Company will provide compensation during the period the non-competition clause applies for an amount maximised at 60% of the fixed salary if the Company decides to include such a clause in a specific case. Severance pay and compensation during the non-competition period is not pensionable income.

Pension benefits for other senior executives

Other senior executives have a combined defined-contribution and defined-benefit pension plan. This means that up to 35% of salary goes to pension premiums, which are paid during the employment period. A few senior executives with prior contracts are entitled to retire at the age of 62 with a defined-benefit pension plan for the period until the normal retirement age of 65.

Share-based incentive programme

The incentive programmes from 2011 and 2012 consist of a combined share-matching and performance-based incentive programme. The programmes were introduced to create a remuneration system linked to the Company's earnings development. When Hakon Invest acquired ICA AB and changed its name to ICA Gruppen, the Management Team of ICA Gruppen was largely replaced by individuals from ICA AB. The Board therefore decided at the shareholders' meeting in May 2013 to conclude these programmes with full allotment. The effect of this on equity was SEK 5 million. The total cost in 2013 amounted to SEK 9 million including social security expenses. The cost relating to Claes-Göran Sylvén in 2013 was SEK 1,241 and for other senior executives, SEK 2,769. The amounts are included in variable remuneration in the table above.

Note 5 Audit expenses

SEK m	2013	2012
Ernst & Young:		
Audit assignments	22	5
Other auditing activity	7	-
Other services	0	3
Total	29	8
Deloitte:		
Audit assignments	6	-
Other auditing activity	1	-
Total	7	-

Note 6 Other operating income

SEK m	2013	2012
Share of profits and share dividends from ICA retailers	191	-
Profit from divestment of subsidiaries	-	94
Other	-	73
Total	191	167

Note 7 Leases

Operating leases

ICA Gruppen as lessee

The Group leases buildings and equipment. Lease fees are contracted over an average lease period of 10 years. Rents change in accordance with index clauses in the contracts. Options are available to extend the leases beyond the current term.

Contractual lease expenses under existing agreements fall due for payment as follows:

SEK m	2013	2012
Lease expense for the year	2,853	290
Of which minimum lease fees	2,498	290
Of which variable fees	355	0
The year's lease revenue from subleased assets	-1,050	0
Future contractual minimum lease fees:		
Maturity date within 1 year	3,228	261
Maturity date between 1-5 years	9,143	439
Maturity date later than 5 years	6,011	47
Total	18,382	747
Future minimum lease fees incoming for agreements with subleased assets.	5,374	0

ICA Gruppen as lessor

The Group rents out buildings and equipment. The rents are fixed but are also variable based on net sales. Lease fees are contracted over an average lease period of 10 years. Rents change in accordance with index clauses in the contracts.

Contractual lease expenses under existing agreements fall due for payment as follows:

Future contractual minimum lease fees:	2013	2012
Maturity date within 1 year	1,741	-
Maturity date between 1-5 years	4,353	-
Maturity date later than 5 years	1,550	-
Total	7,644	-
Variable fees included in profits	640	-

Note 8 Exchange differences in operating profit

Purchases of goods and services in foreign currencies have produced exchange differences on the following levels of operating profit.

SEK m	2013	2012
Net sales	-1	0
Cost of goods sold	12	0
Administrative expenses	0	0
Total	11	0

Note 9 Net financial items

SEK m	2013	2012
Financial income		
Dividends	-	17
Interest income	35	21
Change in fair value of financial instruments	20	21
Exchange differences	8	4
Financial income	63	63
Financial expenses		
Interest expenses	-512	-21
Exchange differences	-	-6
Other financial expenses	-	-4
Financial expenses	-512	-31

ICA Bank's interest income and interest expense are recognised in consolidated net sales.

Note 10 Taxes

SEK m	2013	2012
Current tax		
Current tax on profit for the year	-495	-19
Deferred tax on temporary differences	116	37
Reported tax expense	-379	18
Reconciliation of effective tax		
Profit before tax	9,825	244
Tax as per the current tax rate, 22% in Sweden (26.3%)	-2,161	-64
Profit share according to the equity method	27	99
Tax related to unrecognised deferred tax assets	-201	-48
Effect of changed tax rate	10	9
Share of profit and share dividends	42	-
Capital gains/losses	57	-
Non-deductible expenses/non-taxable income	-8	-7
Effect of other tax rates for foreign subsidiaries	58	-
Profit from the acquisition of ICA AB	1,771	-
Goodwill impairment	-30	-
Other	56	29
Effective tax rate 3.9% (-7.4%)	-379	18

SEK m	2013	2012
Reported deferred tax assets and tax liabilities		
Non-current assets	-4,174	-210
Inventories	25	-
Provisions	390	21
Tax loss carryforwards	160	202
Untaxed reserves	-953	-2
Financial derivatives	-4	-
Total deferred tax assets (+) / deferred tax liabilities (-), net	-4,556	11

As reported in balance sheet:

Deferred tax assets	369	223
Deferred tax liabilities	-4,925	-212

The Group has unrecognised deferred tax assets related to tax loss carryforwards of SEK 1,277 million (-) in Norway and SEK 68 million (-) in Lithuania. The loss carryforwards do not expire. Based on forecasts it is not deemed possible to recognise the tax assets relating to this tax loss.

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance, 1 Jan. 2013	Recognised in income statement	Recognised in other comprehensive income	Effect of acquisitions	Balance, 31 Dec. 2013
Non-current assets	-210	2	-38	-3,928	-4,174
Inventories	-	0	-	25	25
Provisions	21	-16	-53	438	390
Tax loss carryforwards	202	128	0	-170	160
Untaxed reserves	-2	2	-	-953	-953
Financial derivatives	-	0	-6	2	-4
Total	11	116	-97	-4,586	-4,556

SEK m	Balance, 1 Jan. 2012	Recognised in income statement	Recognised in other comprehensive income	Balance, 31 Dec. 2012
Non-current assets	-259	53	-4	-210
Provisions	22	-1	-	21
Tax loss carryforwards	215	-13	-	202
Untaxed reserves	-	-2	-	-2
Total	-22	37	-4	11

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

Tax in other comprehensive income

SEK m	2013		
	Before tax	Tax	After tax
Revaluation of defined-benefit pension plans	267	-53	214
Translation differences in foreign operations	119	-38	81
Cash flow hedges:			
- change in value for the year	26	-6	20
Items reclassified to profit or loss	-259	-	-259
Other comprehensive income	153	-97	56

SEK m	2012		
	Before tax	Tax	After tax
Translation differences in foreign operations	12	-4	8
Fair value reserve	-28	-	-28
Cash flow hedges:			
- change in value for the year	-7	-	-7
Other comprehensive income	-23	-4	-27

Note 11 Earnings per share

Earnings per share before dilution for ordinary shares and C shares is calculated by dividing the earnings for the year pertaining to owners of the parent by the weighted average number of outstanding shares during the year. The incentive programme concluded in 2013 did not cause any significant dilution in the number of shares. The 2012 earnings per share were recalculated as an effect of the new issue of shares in ICA Gruppen AB in 2013. The tables below show the number of shares used in calculating earnings per share:

SEK m	2013	2012
Profit for the year attributable owners of the parent	9,439	280
Weighted average number of shares before dilution and recalculated for the effect of the 2013 new share issue, thousands	190,007	169,829

Note 12 Intangible non-current assets

SEK m	Goodwill		Trademarks		IT systems		Other		Total intangible non-current assets	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Accumulated cost	12,282	858	13,159	937	688	36	369	170	26,498	2,001
Accumulated amortisation		-	0	-	-140	-9	-147	-111	-287	-120
Accumulated impairment losses	-415	-284	-94	-2	0	0	0	-	-509	-286
Book value	11,867	574	13,065	935	548	27	222	59	25,702	1,595
Opening balance	574	687	935	967	27	23	59	67	1,595	1,744
Investments	0	-	-	-	215	12	2	19	217	31
Business acquisitions	11,545	-	12,200	-	441	-	204	-	24,390	-
Divestments and disposals	0	-113	-29	-31	0	-1	-7	-13	-36	-152
Reclassifications	-122	-	-	-	-4	-	-	-	-126	-
Amortisation for the year	-	-	-	-1	-131	-7	-36	-14	-167	-28
Impairment losses for the year	-131	-	-92	-	-	-	-	-	-223	-
Translation differences for the year	1	-	51	-	0	-	0	-	52	-
Book value	11,867	574	13,065	935	548	27	222	59	25,702	1,595

Amortisation of intangible non-current assets is included in the following income statement items.

SEK m	2013	2012
Selling expenses	-36	-28
Administrative expenses	-131	-
Total	-167	-28

Impairment losses on intangible non-current assets are included in the item "Selling expenses" in the income statement. Impairment write-downs were booked during the year of the whole carrying amount for trademarks relating to Cervera (82) and the magazine Hälsa (10). There was also a write-down of goodwill attributable to Hemtex (104) and Cervera (27), both in the Portfolio Companies segment. Following the write-down no goodwill was reported for Hemtex and Cervera.

The trademark and goodwill write-downs were booked in connection with a review that was conducted of the Portfolio Companies and their roles in ICA Gruppen. For Hemtex the impairment related to value in use, while for Cervera it was a fair value write-down after selling costs in connection with Cervera being classified as an available-for-sale asset. Goodwill attributable to Forma has been tested for impairment in connection with Forma being classified as an available-for-sale asset.

Goodwill is attributable to the lowest level where it is monitored internally in the Group. Goodwill attributable to Swedish store operations is attributable to the segment ICA Sweden. Goodwill attributable to the Portfolio Companies segment is attributable to inkClub and the Forma publishing business.

ICA Sweden	11,545
Portfolio Companies:	
inkClub	322
Total goodwill	11,867

Goodwill amounting to 122 for Forma has been reclassified to Assets in the item Available-for-sale assets.

ICA's operations in relation to the Swedish ICA retailers are regulated through various agreements; partly through a negotiated business model which handles supply chains, customer relationships and ICA's central costs, and partly through agreements which regulate royalties and profit sharing as well as leases. The business model which regulates the relationship between the individual ICA retailer and ICA is based on the experiences, skills and relationships which have been developed over almost 100 years. All of the agreements and relationships in the business model are interdependent, which makes it impossible to separate one or more agreements or parts from the whole. This whole in the form of ICA's business model is recognised as goodwill. No part of recognised goodwill is income tax deductible.

Upon the acquisition of ICA AB, the ICA and Rimi trademarks were defined. The ICA trademark is for Swedish store operations and the ICA stores. The Rimi trademark is for store operations in the Baltic countries. The trademarks are attributable to the following segments:

ICA Sweden	11,500
Rimi Baltic	750
Portfolio Companies:	
inkClub	315
Hemtex	500
Total trademarks	13,065

All trademarks have an indefinite useful life.

IT systems are capitalised development expenditures for IT systems. The useful life determined for each system ranges from three to five years. Amortisation is booked on a straight-line basis over the useful life of the assets. The remaining amortisation schedule for IT systems is approximately 3 years.

Other intangible assets consist of tenancy rights, other intangible surplus values in connection with the acquisition of store operations and assets under construction. Amortisation is booked over the estimated useful life of the assets.

Impairment testing of goodwill and trademarks

Trademark and goodwill impairment tests are conducted annually and when there is an indication of impairment. The recoverable amount is established based on calculations of the asset's value in use unless it is classified as an available-for-sale asset, in which case the recoverable amount is fair value less selling expenses. The calculations are based on the Management's forecasts for the next three to five years. Cash flows beyond this period are extrapolated.

Goodwill and trademarks from the acquisition of ICA AB were tested for impairment at the end of the year. Since the acquisition no circumstances have occurred that indicate an impairment in the value of goodwill or trademarks from the acquisition. The value in use for the segment ICA Sweden is more than SEK 10 billion higher than the carrying amount. For the segment Rimi Baltic, the value in use exceeds the carrying amount by SEK 5 billion.

Important variables	Methods for estimating values
Growth	Growth is assessed based on business plans and forecasts during a period of three to five years. After the end of the forecast period the long-term growth is estimated at 2% for ICA Sweden and 2.5% for Hemtex and inkClub and 3.0% for Rimi Baltic. This does not in any case indicate an increased growth rate compared with the three to five-year forecast period.
Investments	The assessment is made of the level of maintenance investments needed to keep the assets in their present condition.
Working capital	The need for working capital is assumed to be at the same relative level as that reached at the end of the forecast period.
Discount rate	The discount rate is set taking into account current interest rate levels and specific risk factors for each unit. The discount rate corresponds to the unit's average cost of capital. ICA Sweden 6,1% Rimi Baltic 8,0% inkClub 13,8% (13,8) Hemtex 11,5% (12,3)

Impairment testing of other intangible assets

For intangible assets other than goodwill and trademarks, a recoverable amount is determined when there is an indication of impairment of the asset. During the year, no circumstances occurred that indicated impairment.

Sensitivity analysis

For ICA Sweden a one percentage point increase in the discount rate or a decrease in the EBITDA margin of one percentage point does not indicate an impairment loss.

For Rimi Baltic a one percentage point increase in the discount rate or a decrease in the EBITDA margin of one percentage point does not indicate an impairment loss.

For Hemtex a one percentage point increase in the discount rate indicates an impairment loss of 57.

For inkClub a one percentage point increase in the discount rate does not indicate an impairment loss.

Note 13 Tangible non-current assets

SEK m	Land and buildings		Investment properties		Leasehold improvements		Equipment		Construction in progress		Total tangible non-current assets	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Accumulated cost	14,208	-	1,540	-	1,051	-	3,289	284	555	-	20,643	284
Accumulated depreciation	-370	-	-27	-	-177	-	-782	-236	-	-	-1,356	-236
Accumulated impairment losses	0	-	0	-	0	-	-39	0	-2	-	-41	0
Book value	13,838	-	1,513	-	874	-	2,468	48	553	-	19,246	48
Opening balance	0	-	0	-	0	-	48	66	0	-	48	66
Investments	1,589	-	37	-	141	-	750	21	115	-	2,632	21
Company acquisitions	13,234	-	1,543	-	912	-	2,390	-	445	-	18,524	-
Sales/disposals	-615	-	-40	-	-3	-	-135	-7	-5	-	-798	-7
Depreciation for the year	-370	-	-27	-	-177	-	-546	-33	-	-	-1,120	-33
Impairment losses for the year	0	-	0	-	-	-	-39	-	-2	-	-41	-
Translation differences for the year	0	-	0	-	1	-	0	1	0	-	1	1
Book value	13,838	-	1,513	-	874	-	2,468	48	553	-	19,246	48

Investment properties

An internal measurement has been made of the fair value of all investment properties. The measurement is based on the existing rents and the real yield requirements in the various markets. It shows that the fair value exceeds the book value by 166 (-). According to IFRS 13 these properties are measured at level 3.

The following amounts have been recognised through profit or loss from investment properties:

SEK m	2013	2012
Rental income	62	-
Direct costs	10	-

Construction in progress

Expenses capitalised during the year include a capitalised interest expense of 9 (0) calculated based on an interest rate of 1.25% (-).

Note 14 Interests in joint ventures and associated companies

Joint ventures and associated companies

SEK m	2013	2012
Carrying amount, joint ventures and associated companies		
Carrying amount, opening balance	6,339	6,847
Acquisition of ICA AB ¹⁾	674	-
New investments	30	-
Divestments	-21	-
Dividends	-24	-15
Dividend ICA AB	-800	-800
Share of profits	121	332
Items in other comprehensive income	-	-25
Reclassifications ²⁾	-5,607	-
Carrying amount, closing balance	712	6,339

¹⁾ Relates to Ancore Fastigheter AB

²⁾ Reclassifications relate to ICA AB for subsidiaries (5,464) and Kjell & Co Elektronik AB (143) for available-for-sale assets.

Table summarising the most significant holdings of interests in joint ventures and associated companies

SEK m	Share % ¹⁾		Book value		Share of profits	
	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Ancore Fastigheter AB, 556817-8858, Stockholm	50	-	703	-	6	-
Bra Förlag AB, 556424-7921, Stockholm	-	50	-	9	-	0
ICA AB, 556582-1559, Stockholm	-	40	-	6,186	78	308
Kjell & Co Elektronik AB, 556400-5378, Malmö	50	50	-	134	34	23
Trade Press AS, (966 705 086) Oslo	-	40	-	10	1	1
Other			9	-	2	-
Total			712	6,339	121	332

¹⁾ Ownership percentages are consistent with share of capital.

Table summarising ICA Gruppen's largest holdings in joint ventures

SEK m	Ancore Fastigheter AB		ICA AB Group	
	2013	2012	2013	2012
Revenues	273	-	-	96,863
Expenses	-116	-	-	-94,500
Other operating income	0	-	-	562
Operating profit/loss	157	-	-	2,925
Net financial items	-135	-	-	-71
Tax	-5	-	-	-2,020
Profit for the year	17	-	-	834
Non-current assets	3,775	-	-	21,975
Current assets	84	-	-	16,472
Total assets	3,859	-	-	38,447
Equity	43	-	-	11,335
Non-current liabilities	3,698	-	-	3,466
Current liabilities	118	-	-	23,646
Total equity and liabilities	3,859	-	-	38,447

Ancore Fastigheter AB is jointly owned with pension company Alecta and is classified as a joint venture. ICA Fastigheter AB owns 50%. Ancore Fastigheter AB owns and manages 19 properties in Sweden containing ICA stores. The amounts for Ancore indicated above are for the whole of 2013. The carrying amount of the share of capital includes long-term loans provided to Ancore of SEK 613 million.

As of 31 December 2012 ICA Gruppen AB owned 40% of the shares in ICA AB and the holding was reported as a joint venture. In 2013 ICA Gruppen AB acquired an additional 3,000,000 shares (60%) in ICA AB and the holding was reported as of 27 March 2013 as a subsidiary, see Note 24.

Kjell & Co Elektronik AB is joint venture of which ICA Gruppen has owned 50% since July 2006. The other 50% is owned by brothers Fredrik, Markus and Mikael Dahnelius with their father Kjell Dahnelius. The holding is classified in the 31 December 2012 balance sheet as available-for-sale assets.

Note 15 ICA Bank

ICA Bank conducts banking activities. In the private banking market, it provides payment and card services, deposits and lending, fund investments and brokered insurance services. Deposits consist of current accounts and savings accounts. Lending consists of overdraft facilities, credit cards, unsecured loans and loans secured by real estate. In addition, the bank offers mortgages sold through SBAB. ICA Bank offers three of its own funds marketed under their own names. ICA Bank also offers private individuals various types of insurance solutions in cooperation with insurance companies. Commercial services include ATMs, payment terminals including transaction processing, and payment service mainly for public sector clients.

Deposits and lending both carry variable interest rates, with the exception of a small portion of lending where rates are fixed for three months. The surplus liquidity that arises in ICA Bank where deposits exceed lending is mainly invested in short-term instruments with low risk. The combination of deposits, lending and investments keeps the total interest rate risk low. The bank has very small amounts in foreign currencies and therefore currency risk is low. The fair value of financial assets and liabilities corresponds to their carrying amounts.

ICA Bank's lending to private individuals has the following remaining maturities:

SEK m	2013	2012
No longer than 3 months	2,007	-
Longer than 3 months but not more than 1 year	874	-
Longer than 1 year but not more than 5 years	3,436	-
Longer than 5 years	1,630	-
Total lending	7,947	-

Bad debts

SEK m	2013	2012
Bad debts	45	-
Less: Reserve for anticipated credit losses	-28	-
Bad debts net	17	-

ICA Bank has a principle to classify a receivable as a bad debt when payment of interest or principal is more than 60 days overdue. Bad debts, net, amounted to 0.25% (0.29) of lending. The provision ratio is the reserve for anticipated credit losses in relation to total bad debts. The provision ratio for bad debts amounted to 61.81% (60.52). Net credit losses amounted to 5 (-38), which is equivalent to -0.06% (0.52) of average lending to the public. There was a positive effect of SEK 34 million on credit losses during the year due to revaluation of bad debts.

Loans overdue, not classified as bad debt

SEK m	2013	2012
Overdue between 0 and 30 days	5	-
Overdue between 31 and 60 days	48	-
Total	53	-

The majority of loans are unsecured.

Note 16 Inventories

SEK m	2013	2012
Inventories of goods for resale	4,373	433
Deduction for obsolescence in inventories	-120	-
Inventories	4,253	433

Note 17 Related party transactions

Other than the transactions in the consolidated financial statements, ICA Gruppen's transactions with related parties mainly consist of rental transactions relating to the properties owned by Ancore Fastigheter AB, the joint venture with Alecta.

2013	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures and associated companies	1	174	1	6
Total	1	174	1	6

2012	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
ICA AB	54	-	7	-

ICA Gruppen has daily transactions with Board members who are ICA retailers. The transactions are a natural part of their role as ICA retailers and take place on the same terms as for other ICA retailers.

For remuneration to senior executives, see Note 4

Note 18 Assets and liabilities held for sale

Assets held for sale	2013	2012
Tangible non-current assets	56	-
Other assets held for sale	586	-
Total	643	-
<hr/>		
Liabilities held for sale	512	-

At the end of 2013 the financial reporting for Portfolio Companies Forma Holding AB, Kjell & Co intressenter AB and Cervera Intressenter AB was in accordance with IFRS 5 Non-Current Assets Held for Sale as ICA Gruppen intends to sell these companies in the next 12 months. The table below shows the most important classes of assets and liabilities for these companies.

	2013	2012
Assets held for sale		
Intangible non-current assets	138	-
Tangible non-current assets	56	-
Financial non-current assets	158	-
Deferred tax assets	13	-
Current assets	278	-
Total assets	643	-
<hr/>		
Liabilities held for sale		
Current liabilities	354	-
Provisions for pensions	158	-
Total liabilities	512	-

No income or expenses relating to these Portfolio Companies were recognised in other comprehensive income.

Note 19 Equity

Share data (number)	31 Dec. 2013	31 Dec. 2012
Ordinary shares	141,655	251,870
Total holdings in treasury shares	141,655	251,870
<hr/>		
Outstanding ordinary shares	118,937,248	78,597,674
Outstanding C-shares	82,067,892	82,067,892
Total outstanding shares	201,005,140	160,665,566
<hr/>		
Total registered ordinary shares	119,078,903	78,849,544
Total registered C-shares	82,067,892	82,067,892
Total number of registered shares	201,146,795	160,917,436

Change in number of shares and share capital	Number of shares	Share capital ¹⁾
1 January 2013	160,917,436	402,294
New share issue, May 2013	40,229,359	100,573
31 December 2013	201,146,795	502,867

¹⁾ The quota value amounts to SEK 2.5 per share for all share classes.

The Parent Company's shares are divided between ordinary shares and C shares. Ordinary shares and C shares carry the same voting rights but a different dividend entitlement. While ordinary shares have an unlimited dividend entitlement, C shares do not carry entitlement to cash profit distribution. All C shares will be converted into ordinary shares on 1 January 2016, which means that thereafter the Company will only have one class of share in the form of ordinary shares with dividend entitlement. The total number of shares will remain unchanged after the conversion.

Share-based incentive programmes that ended in 2013 diluted the number of shares by 110,215 shares.

New share issue

In May 2013 ICA Gruppen carried out a new share issue amounting to SEK 5,017 million with preferential rights for existing shareholders. Each ordinary share carried entitlement to one subscription right and four subscription rights gave entitlement to purchase one new ordinary share at a price of SEK 121. The ordinary shares subscribed for by ICA-handlarnas Förbund (the Association of ICA Retailers) on the basis of its C shares were subscribed for at a price of SEK 129 per ordinary share. The new issue consisted of 40,229,359 ordinary shares. The Company's share capital increased from SEK 402,293,590 to 502,866,988 distributed among a total of 201,146,795 shares, each with a quota value of SEK 2.5.

Reserves

Specification of the equity item reserves	2013-12-31	2012-12-31
Translation reserve		
Translation reserve, opening balance	84	76
Reclassified to profit or loss	-84	-
Translation differences for the year	81	8
Translation reserve, closing balance	81	84

Fair value reserve

Fair value reserve, opening balance	-21	7
Reclassified to profit or loss	21	-
Change in value during the year	0	-28
Fair value reserve, closing balance	0	-21

Hedging reserve

Hedging reserve, opening balance	196	203
Reclassified to profit or loss	-196	-
Change in value during the year	20	-7
Hedging reserve, closing balance	20	196

Total reserves as of	2013-12-31	2012-12-31
Reserves, opening balance	259	286
<i>Changes in reserves during the year:</i>		
Translation reserve	-3	8
Fair value reserve	21	-28
Hedging reserve	-176	-7
Reserves, closing balance	101	259

Translation reserve

The translation reserve consists of all exchange differences that arise through the translation of financial statements from foreign operations that have prepared their statements in a currency other than the one in which the Group's financial statements are presented.

Fair value reserve

The fair value reserve consists of the cumulative net change after tax in the fair value of available-for-sale financial assets until the asset is derecognised from the balance sheet.

Hedging reserve

The hedging reserve consists of the effective share of the cumulative net change in the fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Other capital contributed

Other capital contributed essentially consists of the contributions over and above share capital that is provided by the owners.

Non-controlling interests

Refers primarily to preference shares issued by the subsidiary ICA Fastigheter Sverige AB in 2013. AMF Pensionsförsäkring AB and If Skadeförsäkring AB subscribed for the same number of the preference shares. The preference shares give the holders preferential rights to dividends from ICA Fastigheter Sverige AB equivalent to a direct yield of 5.0% annually, paid out quarterly. The preference shares do not carry any other entitlement to dividends. The terms for the preference shares essentially state that ICA Fastigheter Sverige AB, from the 2018 Annual General Meeting until the 2020 Annual General Meeting, may redeem the preference shares for an amount equivalent to 100% of the subscription price for the preference share issue. If the shares are redeemed before or after the stated period, an amount equivalent to 110% of the subscription price is payable instead. If no shares are redeemed by the 2018 Annual General Meeting, the preferential right to dividends increases to an amount equivalent to a direct yield of 6.0% annually. The preference shares entitle the holders to one tenth of a vote with a pre-emption right. ICA Gruppen's subsidiary ICA Fastigheter AB, in its capacity as principal shareholder in ICA Fastigheter Sverige AB, has entered into an agreement with AMF Pensionsförsäkring AB and If Skadeförsäkring AB. Under this agreement, ICA Fastigheter has, among other things, undertaken to observe certain limits with respect to ICA Fastigheter Sverige's debt/equity ratio. In addition, ICA Fastigheter AB has, in the event any preference shares are outstanding after the 2020 AGM, undertaken to take action to implement a listing and a broader dispersion of the preference shares.

Asset management

ICA Gruppen's managed assets constitute the Group's recognised equity. The Group's asset management goal is to ensure long-term value creation for the shareholders and to reflect the Group's focus on stable grocery retail sales. On 26 November 2013 the Board established the following long-term financial goals for ICA Gruppen:

Grow faster than the market

An operating margin of at least 4%

Return on capital employed of 9%

Net debt/EBITDA < 2.0

Dividend of 50% of net profit for the year

Paid and proposed dividends	SEK m
Dividends paid during the year	
Dividend per ordinary share:	
Dividend for 2012: SEK 0/share	0
Proposed dividend at the disposal of 2014 Annual General Meeting	
Dividend per ordinary share:	
Dividend for 2013: SEK 8/share	951

The Board of Directors of ICA Gruppen AB has decided to propose to the Annual General Meeting on 11 April 2014 an ordinary dividend of SEK 951,497,984 (0).

ICA Bank, part of ICA Gruppen, has capital adequacy requirements according to the rules that apply for banks. The capital adequacy requirements guarantee that ICA Bank is able to meet its obligations to its customers. The requirements stipulate that ICA Bank must maintain a specific amount of equity in relation to its lending and revenues. Compliance with capital adequacy requirements is monitored by the Swedish Financial Supervisory Authority. These requirements were fully met during the year.

Note 20 Pensions

Employees in Sweden receive pension benefits in accordance with collective agreements. Salaried employees receive defined-benefit pensions according to the ITP plan. Pension obligations are secured through provisions in the balance sheet and insurance premiums. Salaried employees born in or after 1979 receive defined-contribution pensions. Unionised employees receive defined-contribution pensions according to the STP plan through AMF Pension.

All employees in Norway are covered by occupational pension agreements. Although there are defined-benefit pension plans, the majority of employees in Norway receive defined-contribution pensions. The defined-benefit plans are secured through the payment of premiums to insurance companies and through provisions in the balance sheet. In addition to occupational pensions, unionised employees have the opportunity to retire at age 62. Premiums are paid for this purpose to a multi-employer defined-benefit plan. The Company does not have access to information that would make it possible to recognise this plan as a defined-benefit plan and it is therefore recognised as a defined-contribution plan.

In the Baltic countries contractual pensions are only used in exceptional cases and in these cases they are defined-contribution plans.

There are no healthcare benefits in the Group's plans that significantly affect the reported obligation for defined-benefit plans.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance with Alecta. In accordance with a statement from the Swedish Financial Reporting Board, UFR 3, this a multi-employer defined-benefit plan. For the fiscal year the Company did not have access to information that would make it possible to recognise this plan as a defined-benefit plan, which is why it is recognised as a defined-contribution plan. Premiums for the defined-benefit retirement and family pension plans are individually calculated based on criteria such as salary, previously vested pension and the expected remaining term of service.

Annual pension premiums covered by Alecta amount to SEK 12 million (-). The expected premiums for 2014 for ITP 2 covered by Alecta amount to SEK 20 million (-). The Group's share of the total pension plan premiums amounts to less than 0.1% (less than 0.1%). Alecta's surplus can be divided between the policy-holders and/or the insured individuals. As of 31 December 2013, Alecta's surplus in the form of its collective funding ratio was 148% (129% as of 31 December 31 2012). The collective funding ratio is based on the market value of Alecta's assets as a percentage of insurance obligations calculated using Alecta's actuarial assumptions, which do not conform to IAS 19. Alecta's collective funding ratio is normally allowed to range between 125% and 155%. If it falls below 125% or exceeds 155% steps are to be taken to return the funding ratio to within the normal range. In the case of a low funding ratio, one step that could be taken is to raise the agreed price for new policies and for expanding existing benefits. In the case of a high funding ratio, one step that could be taken is to introduce premium deductions.

For Swedish companies, if a difference arises between the pension debt established according to Swedish rules and the pension debt established according to IFRS, a provision or receivable is recognised for the special employer's contribution based on this difference.

The Swedish plans essentially constitute the Group's total plans and the Norwegian and Swedish plans are therefore reported together.

Cost of defined-benefit pension plans	2013	2012
SEK m		
Cost of vested benefits during the period	117	4
Interest expense	55	9
Pension cost for defined-benefit pension plans in profit for the year	172	13
Pension cost for defined-contribution pension plans	290	42
Pension cost in profit for the year	462	55
Revaluations recognised in other comprehensive income, gains (-) losses (+)	-267	6
Pension cost in comprehensive income for the year	195	61

The disclosures below relate only to the defined-benefit plans.

Carrying amount in the balance sheet	2013	2012
SEK m		
Present value of funded obligations	138	6
Fair value of plan assets	-93	-6
Net funded obligations	45	0
Present value of unfunded obligations	1,975	206
Carrying amount	2,020	206

Amount recognised in the following lines in the balance sheet:

Provisions for pensions	1,862	206
Available-for-sale liabilities	158	

Change in net obligations	2013	2012
SEK m		
Opening balance	206	206
Effects of acquisition of ICA AB	1,991	-
Cost of vested benefits during the period	117	4
Interest expense	55	9
Revaluation for, gains, (-) losses (+):		
Plan assets	5	-
Demographic assumptions	6	-
Financial assumptions	-278	6
Total revaluation	-267	6
Pension disbursements	-38	-7
Contributions from ICA Gruppen	-6	-
Divestment of subsidiaries	-30	-12
Changes in exchange rates	-8	-
Closing balance	2,020	206

Change in obligations	2013	2012
SEK m		
Opening balance	212	212
Effects of acquisition of ICA AB	2,100	-
Cost of vested benefits during the period	117	4
Interest expense	55	9
Revaluation for, gains, (-) losses (+):		
Demographic assumptions	6	-
Financial assumptions	-278	6
Total revaluations	-272	6
Pension disbursements	-44	-7
Divestment of subsidiaries	-30	-12
Changes in exchange rates	-25	-
Closing balance	2,113	212

Change in plan assets	2013	2012
SEK m		
Opening balance, plan assets	6	6
Effects of acquisition of ICA AB	109	-
Rate of return on plan assets	2	-
Revaluations	-5	-
Pension disbursements from plan assets	-63	-
Contributions	55	-
Exchange differences	-11	-
Closing balance, plan assets	93	6

Plan assets by asset class	2013	2012
SEK m		
Assets in insurance companies	93	-
Other assets	-	6
Total plan assets	93	6

Important actuarial assumptions (%)	2013	2012
Discount rate	4.0%	3.5%
Inflation	2.0%	2.0%
Rate of salary increase	3.5%	3.0%

Life expectancy for Sweden is calculated based on the Swedish Financial Supervisory Authority's table FFFS 2007:31 with a one-year increase of life expectancy.

The duration of the pension liability is 21 years.

Sensitivity analysis

An increase in the discount rate of one half of a percentage point would reduce the net obligation by SEK 176 million. A reduction in the discount rate of one half of a percentage point would increase the obligation by SEK 203 million.

Fees expected to be paid to defined benefit plans for 2014 amount to SEK 49 million (0).

Note 21 Financial risks, financial risk management and financial instruments

ICA Gruppen has a central function for financial management whose primary task is to ensure that the Group has secured financing through loans and lines of credit to handle cash management and to actively manage and control financial exposure in line with the Group's financial policy.

Financial policy and financial goals

The financial policy applies to all companies in the Group with the exception of Portfolio Companies Hemtex, Cervera, inkClub and Forma Publishing Group. The joint venture Kjell & Company is not subject to the Group policy either. The policy determines which financial risks the Group is prepared to take and describes risk management goals and guidelines. It describes the division of responsibilities as well as reporting and internal control routines for financial risk management.

The policy is revised annually or as needed by ICA Gruppen's Audit Committee and is approved by ICA Gruppen's Board of Directors.

In connection with the acquisition of the remaining shares in ICA, the Board expressed a long-term financial goal for a debt level whereby the net debt/EBITDA is to be lower than 2x.

Interest rate risk

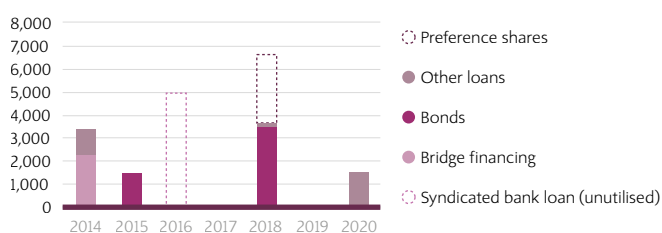
Interest rate risk is the risk that changes in market interest rates will affect ICA Gruppen's earnings and cash flow or the fair value of financial assets and liabilities.

The financial policy states that interest rate risk is to be limited to a total loss of no more than SEK 30 million given a parallel shift in the yield curve of one percentage point. At year end the interest rate risk was SEK 16.2 million. In addition to the fixed interest rate periods for the actual loans, interest rate swaps are used to adjust interest rate exposure.

ICA Gruppen's interest-bearing liabilities and investments

Duration	Specification	Confirmed credit facilities and loans	Unconfirmed credit facilities	Borrowed Nom.	Interest rate	Type of interest	Maturity date	Interest rate swaps	Interest rate incl. derivatives	Interest rate swaps, maturity date
	Pre-paid loan fees			-46						
2013-2015	Bank facilities	930	2,718	161	n/a		n/a		n/a	
2013-2014	Store deposits		949	949	0.9100%	variable	2014-02-15		0.9100%	
2013-2020	Property financing Helsingborg	543		543	3.4700%	variable	2020-08-15	543	4.2050%	2018-06-25
2013-2018	Property financing Helsingborg	181		181	7.0000%	variable	2018-12-31		7.0000%	
	Short-term bank loans, subsidiaries		235	235	3.3900%				3.3900%	
2013-2014	Bridge loan, acquisition financing	2,300		2300	2.3100%	variable	2014-09-26		2.3100%	
2013-2016	Syndicated bank loan	5,000		0	0.2600%		2016-03-27		0.2600%	
2013-2015	Bond MTN Sweden	1,500		1500	1.7740%	variable	2015-06-25	1,500	2.3555%	2015-06-25
2013-2018	Bond MTN Sweden	1,500		1500	2.6040%	variable	2018-06-25	1,500	3.6575%	2018-06-25
2013-2018	Bond MTN Sweden	2,000		2000	3.5000%	fixed	2018-06-25		3.5000%	
2013-2020	Bilateral loan Svensk Exportkredit	1,000		1000	3.8900%	fixed	2020-12-19		3.8900%	
		14,954	3,902	10,324				3,543		

Maturity profile interest-bearing liabilities and long-term confirmed credit facilities



The Portfolio Companies' financial liabilities as of the balance sheet date, 31 December 2013, amounted to SEK 218 million, but are not included in the table.

Hedge accounting

Cash-flow hedging according to IAS 39 is used for the interest rate derivatives that match existing loans. As of the balance sheet date, 31 December 2013, a negative market value of SEK -8.2 million was recognised from hedging.

Refinancing and liquidity risk

Refinancing risk is the risk of ICA Gruppen being unable to finance or refinance its capital requirement on reasonable terms. The Group aims to diversify financing to various sources and to have a balanced maturity profile for loans and credit facilities.

In connection with the acquisition of shares from Ahold, ICA Gruppen AB (then Hakon Invest AB) took out an acquisition bridge loan package totalling SEK 19.9 billion. Following the new share issue in May 2013 the debt was reduced by SEK 5 billion. In June SEK 5 billion was refinanced when ICA Gruppen AB issued three bonds on the Swedish market in a new SEK 10 billion MTN programme with maturities of two and five years. During the third quarter SEK 2 million was amortised from the Group's surplus liquidity. Preference shares in ICA Fastigheter Sverige AB were issued in December for an amount of SEK 3 billion. In December SEK 1 billion was refinanced through a five-year fixed loan with Svensk Exportkredit of SEK 1 billion, at the same time as SEK 700 million of the acquisition financing loan was amortised using surplus liquidity. At the end of the year SEK 2.3 billion of the acquisition financing loan remained. In connection with the acquisition financing, a three-year syndicated bank loan of SEK 5 billion was taken. As of the end of the year, this had not been utilised. This facility and the bridge loan have covenants requiring that certain financial key ratios be reached. At the end of the year these key ratios were achieved with good margins.

Liquidity risk is the risk that ICA Gruppen will not meet its short-term payment obligations. ICA Gruppen's financial policy states that the liquidity reserve must be sufficient so that the reserve can handle the fluctuations that may be expected over a 12-month period. To ensure this, the Group has bank overdraft facilities and confirmed credit facilities. At the end of the year the liquidity reserve longer than one year amounted to SEK 5 billion. According to banking laws, ICA Bank's surplus liquidity is not available to the Group.

Current liabilities are primarily ICA Bank deposits (10,600) and trade payables (9,364). ICA Bank deposits are payable upon request and most trade payables have a maturity of no more than three months.

Credit risk

Credit risk is the risk that a counterparty in a transaction will not fulfil its contractual obligations and that any security provided will not cover the Company's claim. The banks and financial institutions the Group works with must have a credit rating corresponding to at least an "A" from Standard & Poor's or "A2" from Moody's Investor Service. For commercial counterparties with which the Group has a high exposure, individual credit assessments are made. The credit risk arising from ICA Bank's lending to the public is managed by performing credit checks for all loan applications before they are granted.

ICA Gruppen has netting agreements – so-called ISDA master agreements – with counterparties for derivatives. This means that receivables and liabilities from or to an individual counterparty can be offset in the event, for example, of insolvency. Offsetting of assets and liabilities is not recognised in the financial statements. Reported derivatives on the assets side amounted to SEK 47 million and on the liabilities side to SEK 22 million. ICA Bank has reported OMX-cleared derivatives on the assets side of SEK 1.7 million and on the liabilities side of SEK 4.2 million.

Flows between ICA Gruppen and individual ICA retailers are offset on a daily basis through the Group's own netting system, ICA Kontot.

Analysis of overdue receivables that have not been written down, excluding ICA Bank		
SEK m	2012	2011
Up to 30 days overdue	187	-
More than 30 days overdue	25	-
Total	212	-

The overdue receivables mainly consist of exceeded limits on the overdraft facilities of independent ICA retailers. An individual assessment is made of each receivable based on the likelihood that it will be paid. If it is believed that the receivable will not be paid in full or in part, it is written down to the amount that is expected to be paid. During the year receivables were written down by 61 (0) and the reserve for doubtful trade receivables at the end of the year was 26 (0). Collateral for the credits is mainly provided through chattel mortgages.

For an analysis of ICA Bank's overdue receivables, see the Note 15 ICA Bank.

Foreign currency risk

Transaction exposure is the risk that changes in exchange rates will affect the income statement and cash flow. Foreign currency risk for ICA Gruppen is mainly related to the importing of goods paid for in foreign currencies (commercial currency risk). This also applies to lending and deposits within the Group to subsidiaries in Norway and the Baltic countries (financial currency risk).

Translation exposure is the risk that changes in exchange rates will affect the translation to Swedish kronor of the consolidated income statements and balance sheets for the operations that report in a currency other than Swedish kronor. There is no currency hedging for this translation risk. According to the financial policy, the effect on earnings of a 5% change in exchange rates is maximised at SEK 10 million. As of 31 December 2013 the amount was SEK 1.5 million.

Hedging policy

ICA Gruppen's commercial currency exposure varies depending on the company, in so far as they may change the prices customers pay with different periodicity based on the exchange rate. ICA Gruppen only uses currency hedging during the periods when customer prices are fixed. The hedge horizon is therefore between three and nine months with around a six-month average. According to the financial policy 80-100% of the forecast cash flows are hedged during the period the customer price is fixed, and 80-100% of the actual cash flows.

ICA Gruppen's financial currency exposure in the form of lending and deposits within the Group to subsidiaries in Norway and the Baltic countries is hedged by obtaining a corresponding liability or asset in the foreign currency, mainly through currency swaps.

Commercial currency derivatives

Currency ¹⁾	31 Dec. 2013					31 Dec. 2013
	1-3 months	3-6 months	6-12 months	12-24 months	Nominal amount	Fair value
DKK/SEK	18				18	0
EUR/NOK	59				59	0
EUR/SEK	1,203	60	40	27	1,329	20
EUR/USD	-15				-15	0
HKD/SEK	15	11	19		45	0
NOK/SEK	22				22	0
USD/EUR	3				3	0
USD/SEK	235	35			270	2
	1,540	106	59	27	1,731	22

Financial currency derivatives

Currency ¹⁾	SEK m		
	1-3 months	Nominal amount	Fair value
EUR/SEK	-92	-92	8
LTL/SEK	23	23	-1
NOK/SEK	-880	-880	17
	-949	-949	24

1) Example: DKK/SEK means purchase in DKK hedged against SEK.

Hedge accounting

ICA Gruppen uses cash flow hedges according to IAS 39 for the portion of the currency exposure that is based on forecasts. Of the positive total fair value amounting to SEK 45 million, positive earnings of SEK 19.4 million were hedged as of the balance sheet date, 31 December 2013.

Sensitivity analysis

If ICA Gruppen did not hedge the commercial transaction exposure during the period when no price adjustment can be made for customers, the total effect on earnings in the case of an unfavourable 5% exchange rate change for ICA Gruppen in the respective currency pair would be SEK -59 million. At the same time equity would be negatively affected in the amount of SEK -28 million.

Commodity price risk

Of the commodity risks identified by ICA Gruppen, energy price risk relating to electricity and diesel are the risks that are considered material and are therefore hedged. The energy price risk is the risk that changes in energy prices will affect ICA Gruppen's earnings and cash flow.

ICA Gruppen hedges energy price risk relating to diesel and electricity at the central level. In accordance with ICA Gruppen's financial policy, these price risks are hedged for a period of up to 36 months. This is done using financial future contracts.

In 2013 ICA Gruppen purchased around 132 MWh of electricity and 20,400 metric tons of diesel.

Diesel hedges

	Maturity analysis			Nominal amount, SEK m 31 December 2013	Fair value, SEK m 31 December 2013
	2014	2015	2016		
Total metric tons:	20,400	12,600	4,800	231	-6
Total litres (1,000s):	24,142	14,911	5,680		
Forecast litres (1,000s):	26,368	25,050	23,797		
Hedge ratio:	91.56%	59.53%	23.87%		

Electricity hedges

	Maturity analysis			Nominal amount, SEK m 31 December 2013	Fair value, SEK m 31 December 2013
	2014	2015	2016		
Total MWh:	79,366	30,660	17,568	48	-7
Forecast:	90,050	90,050	90,050		
Hedge ratio:	88.14%	34.05%	19.51%		

Hedge accounting

ICA Gruppen uses cash flow hedges according to IAS 39 for the portion of the currency exposure that is based on forecasts.

Sensitivity analysis

If ICA Gruppen did not hedge against diesel price exposure, the total effect on earnings in the case of a 5% negative price change would amount to around SEK 19 million.

If ICA Gruppen did not hedge against electricity price exposure, the total effect on earnings in the case of a 5% negative price change would amount to around SEK 5 million.

Cont. Note 21 Financial risks, financial risk management and financial instruments

Financial assets and liabilities

31 Dec. 2013

SEK m	Derivatives in hedge accounting	Financial assets and liabilities measured at fair value through profit or loss	Loan receivables and trade receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Total carrying amount
Financial assets						
ICA Bank's investments		1,254				1,254
ICA Bank's lending			7,947			7,947
Other financial non-current assets		14	31			45
Other receivables			8			8
Short-term investments		1				1
Trade receivables			2,926			2,926
Other receivables	11	41	1,840			1,892
Cash and cash equivalents		971	2,977			3,948
Total financial assets	11	2,281	15,729	0	0	18,021
Financial liabilities						
Bonds					5,000	5,000
Non-current interest-bearing liabilities					1,770	1,770
Other non-current liabilities		8				8
Current liabilities		4			27,901	27,905
Total financial liabilities	0	12	0	0	34,671	34,683

The carrying amount is equivalent to the fair value for all financial assets and liabilities except bonds where the fair value is 5,073.

All financial assets are assignable to level 2 in the fair value hierarchy. Assets at level 2 have been calculated according to the generally accepted price models based on discounted cash flows. The most important input data used in the models is the discount rate which reflects counterparty risk. The main instrument classes are commercial papers and bonds.

Financial assets and liabilities are measured at fair value through profit or loss including derivatives held for trading, receivables of SEK 47 million and liabilities of SEK 22 million. Other financial assets and liabilities in this category are managed and results are evaluated based on fair value.

No changes were made to the measurement method in 2013. There were no transfers between the measurement levels during the year.

31 Dec. 2012

SEK m	Financial assets measured at fair value through profit or loss	Loan receivables and trade receivables	Financial liabilities measured at amortised cost	Total carrying amount
Financial assets				
Short-term investments	1,155			1,155
Trade receivables		132		132
Other current receivables		34		34
Liquid assets		291		291
Total financial assets	1,155	457	0	1,612
Financial liabilities				
Non-current interest-bearing liabilities			186	186
Current liabilities			609	609
Total financial liabilities			795	795

Carrying amounts are equivalent to fair value for all financial assets and liabilities.

Financial assets and liabilities measured at fair value through profit or loss are ones that are held for trading.

Net profit/loss attributable to financial instruments

The table below indicates how the net profit/loss and interest income/interest expense pertaining to financial instruments have affected ICA Gruppen's earnings for the different categories of financial instruments.

SEK m	2013	2012
Financial assets and liabilities measured at fair value through profit or loss:		
Short-term investments	20	21
Loan receivables and trade receivables:		
Trace receivables/trade payables ¹⁾	-56	0
Interest from financial liabilities and assets measured at amortised cost:		
Interest income from financial assets	531	21
Interest expense from financial liabilities	-585	-21
Profit/loss	-90	21

¹⁾ Disclosures on reserves for doubtful trade receivables for ICA Bank can be found in Note 15.

ICA Bank's interest income and interest expense are included in consolidated operating profit/loss.

Note 22 Pledged assets and contingent liabilities

Pledged assets		
SEK m	2013	2012
Property mortgages	26	-
Chattel mortgages	429	427
Restricted cash, ICA Bank	361	-
Total	816	427
Contingent liabilities		
Guarantees and contingent liabilities	205	12
Total	205	12

Note 23 Statement of cash flows and cash and cash equivalents

Adjustments for non-cash items	2013	2012
Depreciation and amortisation	1,287	66
Impairment	264	-
Share of profits from joint ventures and associated companies	-121	-332
Capital gains/losses	52	-94
Provisions	-79	79
Total non-cash items	1,403	-281

ICA Bank: cash flow net deposits, lending and investments	2013	2012
Deposits in ICA Bank (increase +/decrease -)	247	-
Short-term lending (increase -/decrease +)	-101	-
Long-term lending (increase -/decrease +)	-333	-
Investments (increase -/decrease +)	-96	-
Total	-283	-

Composition of cash and cash equivalents	2013	2012
Cash and bank balances ¹⁾	2,977	291
Short-term investments ¹⁾	971	-
Total cash and cash equivalents	3,948	291

1) Of which ICA Bank		
Cash and bank balances	1,844	-
Short-term investments	970	-
Total cash and cash equivalents ICA Bank	2,814	-
Total cash and cash equivalents excluding ICA Bank	1,134	291

According to banking laws, ICA Bank's cash and cash equivalents are not at the Group's disposal.

SEK m	Group 2013	ICA Bank 2013	Group excl. ICA Bank
Cash flow from operating activities before change in working capital	3,221	172	3,049
Change in working capital			
Inventories	-37	0	-37
Current receivables	822	-23	845
Current liabilities	252	13	239
ICA Bank's net deposits, lending and investments	-283	-283	-
Cash flow from operating activities	3,975	-121	4,096
Cash flow from investing activities	-16,585	2,701	-19,286
Cash flow from financing activities	16,203	234	15,969
Cash flow for the period	3,593	2,814	779
Cash and cash equivalents at beginning of period	291	0	291
Exchange differences in cash and cash equivalents	64	0	64
Cash and cash equivalents at end of period	3,948	2,814	1,134

Note 24 Business combinations

Acquisitions in 2013

As a result of Ahold's goal of concentrating on companies over which it has full control, Ahold sold its holding of 60% of the shares in ICA AB to Hakon Invest AB as of 27 March 2013 for a cash consideration of SEK 20 billion. ICA is therefore reported as a subsidiary of Hakon Invest as of 27 March 2013. In conjunction with the Annual General Meeting on 20 May 2013, the name Hakon Invest was changed to ICA Gruppen.

ICA Gruppen's 40% holding in ICA was revalued on the acquisition date to SEK 13.3 billion and this resulted in a positive one-time effect of SEK 8,051 million.

At the acquisition of the remaining shares in ICA AB, differences were identified between the fair value and carrying amounts of properties in Sweden, Norway and the Baltic countries. In addition, assets in the form of the trademarks ICA in Sweden and Rimi in the Baltic countries were identified. These are measured at fair value and recognised as intangible assets. The acquisition-related expenses of SEK 76 million are recognised in profit or loss.

Since the purchase price exceeds the net of the fair values for all identified assets and liabilities acquired, goodwill is recognised. This goodwill amounts to SEK 11,545 million. ICA's operations in relation to the Swedish ICA retailers are regulated

through various agreements; partly through a negotiated business model which covers supply chains, customer relationships and ICA's central costs, and partly through agreements which regulate royalties and profit sharing as well as leases. The business model which regulates the relationship between the individual ICA retailer and ICA is based on the experiences, skills and relationships that have been developed over almost 100 years. The business model and all of the agreements and relationships are interdependent, which makes it impossible to separate one or more agreements or parts from the whole. This whole in the form of ICA's business model is recognised as goodwill. No part of recognised goodwill is income tax deductible.

The net sales from the ICA AB Group, which is included in the Group since 27 March 2013, amount to SEK 75,045 million. The effect from the ICA AB Group on profit for the year is SEK 1,998 million for the period from 27 March 2013 until 31 December 2013. If the acquisition of ICA had taken place on 1 January 2013, the net sales for ICA Gruppen would have amounted to SEK 99,456 million and profit for the year would have been SEK 9,475 million, of which the effect of the acquisition is SEK 8,051 million in January–December 2013.

Purchase price allocation (PPA)

SEK m	Carrying amounts in ICA AB as of 27 March 2013	Effect of change in accounting principle	Carrying amounts in ICA AB after change in accounting principle	Acquisition adjustments	Value according to PPA
Trademarks	560		560	11,640	12,200
Acquired goodwill	1,760		1,760	-1,760	0
Land and buildings	12,005	-1,719	10,286	5,786	16,072
Other non-current assets	9,313	-729	8,584	776	9,360
Other current assets	12,688		12,688		12,688
Cash and cash equivalents	4,261		4,261		4,261
Non-controlling interests	-8		-8		-8
Provisions	-2,372		-2,372		-2,372
Non-current liabilities	-4,267	3,763	-504		-504
Deferred tax liabilities	-673	-3	-676	-3,920	-4,596
Current liabilities	-25,502	189	-25,313		-25,313
Acquired, identified net assets	7,765	1,501	9,266	12,522	21,788
Goodwill					11,545
Acquired, identified net assets including goodwill					33,333
Cost					20,000
Remeasurement of earlier holding					13,333
Consideration transferred					33,333
Consideration paid					20,000
Cash and cash equivalents in ICA AB					-4,261
Change in consolidated cash and cash equivalents					15,739

The table below presents ICA Gruppen's income statement and financial position for the different interim periods in 2013 before ("Preliminary") and after ("Final") preparation of the final PPA for ICA AB and the change in the accounting principle for sale and leaseback transactions.

SEK m	January-March 2013		April-June 2013		July-September 2013		October- December 2013	Full year 2013
	Preliminary	Final	Preliminary	Final	Preliminary	Final	Final	Final
Income statement								
Net sales	1,883	1,890	25,025	25,018	24,830	24,830	25,964	77,702
Cost of goods sold	-1,421	-1,511	-21,482	-21,492	-21,085	-21,180	-21,891	-66,074
Gross profit	462	379	3,543	3,526	3,745	3,650	4,073	11,628
Other operating income	13	3	74	68	60	59	61	191
Selling expenses	-388	-330	-2,119	-2,208	-2,070	-2,099	-2,634	-7,271
Administrative expenses	-126	-97	-811	-789	-724	-672	-888	-2,446
Share of profits from JV	99	83	7	0	18	9	29	121
Effects of acquisition of ICA AB	8,652	8,051	-	0	-	0	0	8,051
Operating profit/loss	8,712	8,089	694	597	1,029	947	641	10,274
Financial income	8	7	16	16	4	4	20	47
Financial expense	-11	-7	-212	-165	-214	-166	-174	-512
Change in fair value of financial instruments	16	16	-	0	-	0	-	16
Profit before tax	8,725	8,105	498	448	819	785	487	9,825
Tax	5	4	-178	-193	-234	-234	44	-379
Net profit for the year	8,730	8,109	320	255	585	551	531	9,446

Cont. Note 24 Business combinations

Financial position, summarised SEK m	31 March 2013		30 June 2013		30 Sept. 2013		31 Dec. 2013
	Preliminary	Final	Preliminary	Final	Preliminary	Final	Final
Assets							
<i>Non-current assets</i>							
Goodwill	14,116	12,119	14,161	12,120	14,121	12,120	11,867
Trademarks	13,149	13,136	13,163	13,170	13,157	13,163	13,065
Interests in joint ventures and associated companies	772	823	771	822	791	834	712
Deferred tax assets	238	238	237	205	237	369	369
Land and buildings	18,105	16,075	18,265	16,222	19,006	17,017	16,778
Other non-current assets	8,817	8,827	9,355	9,379	9,465	9,268	9,561
Total non-current assets	55,197	51,218	55,952	51,918	56,777	52,771	52,352
<i>Current assets</i>							
Inventories	4,463	4,463	4,356	4,356	4,306	4,306	4,253
Other current assets	9,004	9,004	8,117	8,116	7,682	7,681	8,408
Cash and cash equivalents incl. ICA Bank	4,500	4,500	3,610	3,610	3,413	3,413	3,948
Total current assets	17,967	17,967	16,083	16,082	15,401	15,400	16,609
Total assets	73,164	69,185	72,035	68,000	72,178	68,171	68,961
Equity and liabilities							
Equity	16,882	16,883	22,466	22,350	23,106	22,977	26,541
<i>Non-current liabilities</i>							
Provisions	2,597	2,278	2,578	2,302	2,331	2,071	1,909
Deferred tax liabilities	4,835	4,806	4,843	4,802	4,886	4,837	4,925
Interest-bearing liabilities	16,440	12,690	15,810	12,125	16,399	12,765	6,770
Other non-current liabilities	14	3	2	2	22	21	8
Total non-current liabilities	23,886	19,777	23,233	19,231	23,638	19,694	13,612
<i>Current liabilities</i>							
Interest-bearing liabilities	7,298	7,122	1,883	1,694	1,855	1,666	3,523
Deposits, ICA Bank	10,352	10,352	10,573	10,573	10,648	10,648	10,600
Other current liabilities	14,746	15,051	13,880	14,152	12,931	13,186	14,685
Total current liabilities	32,396	32,525	26,336	26,419	25,434	25,500	28,808
Total equity and liabilities	73,164	69,185	72,035	68,000	72,178	68,171	68,961

The table below presents information on operating profit per segment according to how this has been presented in ICA Gruppen's 2013 interim reports ("Preliminary") and with a comparison of how this would have been presented following preparation of a final PPA for ICA AB and the change in the accounting principle for sale and leaseback transactions ("Final").

SEK m	January-March 2013		January-June 2013		January-September 2013		Full year 2013
	Preliminary	Final	Preliminary	Final	Preliminary	Final	Final
Operating profit/loss before non-recurring items per segment							
ICA Sweden		36	754	754	1,646	1,646	2,465
ICA Norway		-17	-209	-210	-363	-364	-462
Rimi Baltic		4	76	74	163	159	272
ICA Bank		3	35	35	99	99	150
ICA Real Estate		9	244	111	500	236	359
Portfolio Companies	-60	-60	-95	-94	-110	-110	21
ICA	134	78	95	78	95	78	78
Other	-14	-15	-161	-110	-253	-150	-329
Operating profit/loss before non-recurring items	60	38	739	638	1,777	1,594	2,554

Income statement

Parent Company

SEK m	Note	2013	2012
Net sales	2	5	-
Cost of goods sold		0	-
Gross profit		5	-
Administrative expenses	3, 4, 5, 6	-83	-66
Operating profit/loss		-78	-66
Profit/loss from financial items	7		
Profit/loss from interests		5,354	-
Profit/loss from interests in joint ventures		800	800
Interest income and similar profit/loss items		32	63
Interest expense and similar profit/loss items		-432	-7
Total profit/loss from financial items		5,754	856
Profit/loss after financial items		5,676	790
Year-end appropriations			
Group contributions received		33	-
Group contributions provided		-60	-
		-27	-
Profit before tax		5,649	790
Tax on profit for the year	8	132	0
PROFIT FOR THE YEAR		5,781	790

Other comprehensive income

Parent Company

SEK m	2013	2012
Profit for the year	5,781	790
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5,781	790

Balance sheet

Parent Company

Assets				
SEK m	Note	31 Dec. 2013	31 Dec. 2012	
Non-current assets				
<i>Financial non-current assets</i>	16			
Interests in Group companies	9	30,034	1,255	
Interests in joint ventures	9	-	2,960	
Deferred tax assets	8	325	193	
Non-current receivables from Group companies	10	-	754	
Non-current receivables		-	27	
Total non-current assets		30,359	5,189	
Current assets				
<i>Current receivables</i>	16			
Trade receivables		1	0	
Receivables from Group companies		33	3	
Other receivables		20	0	
Prepaid expenses and accrued income	11	5	18	
Current tax assets		-	3	
		59	24	
<i>Short-term investments</i>	16			
Securities managed separately	12	-	1,103	
Other equities		-	52	
		-	1,155	
<i>Cash and bank balances</i>	16	-	139	
Total current assets		59	1,318	
TOTAL ASSETS		30,418	6,507	

Shareholders' equity, provisions and liabilities

SEK m	Note	31 Dec. 2013	31 Dec. 2012
Equity			
<i>Restricted equity</i>			
Share capital		503	402
Statutory reserve		2,772	2,772
<i>Non-restricted equity</i>			
Share premium reserve		4,916	-
Retained earnings		3,174	2,379
Profit for the year		5,781	790
Total equity		17,146	6,343
Provisions			
Provisions for pensions	13	5	32
Other provisions		3	1
Total provisions		8	33
Non-current liabilities			
	16		
Bonds		5,000	-
Liabilities to credit institutions		971	0
Liabilities to Group companies		3,000	0
Total non-current liabilities	14	8,971	0
Current liabilities			
	16		
Liabilities to credit institutions		2,286	0
Trade payables		0	8
Liabilities to Group companies		1,929	102
Tax liabilities		-	-
Other liabilities		34	8
Accrued expenses and deferred income	11	44	13
Total current liabilities		4,293	131
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		30,418	6,507
Pledged assets	15	27	27
Contingent liabilities	15	94	248

Changes in shareholders' equity

Parent Company

SEK m	Restricted equity		Non-restricted equity			Total equity
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit for the year	
Opening equity, 1 January 2012	402	2,772		2,408	460	6,042
Profit/loss for previous year				460	-460	0
Dividends				-491		-491
Incentive programmes				2		2
Total comprehensive income for the year					790	790
Closing equity, 31 December 2012	402	2,772		2,379	790	6,343
Opening equity, 1 January 2013	402	2,772	0	2,379	790	6,343
Profit/loss for previous year				790	-790	0
Incentive programmes				5		5
New share issue	101		4,916			5,017
Total comprehensive income for the year					5,781	5,781
Closing equity, 31 December 2013	503	2,772	4,916	3,174	5,781	17,146

As of 31 December 2013 the share capital consisted of 119,078,903 ordinary shares (78,849,544) and 82,067,892 C shares (82,067,892), each with a quota value of SEK 2.5 per share. All shares carry the same number of votes. The total holding of treasury shares is 141,655 ordinary shares (251,870). In 2013 ICA Gruppen carried out a new share issue with preferential rights for existing shareholders. The new issue consisted of 40,229,359 ordinary shares. For more information, see Note 19 for the Group.

Statement of cash flows

Parent Company

SEK m	Note	2013	2012
Operating activities			
Operating profit/loss		-78	-66
Dividends received		800	817
Adjustments for non-cash items	17	-23	1
Income tax paid		2	-5
Cash flow from operating activities before change in working capital		701	747
Change in working capital			
Current receivables (increase - /decrease +)		-64	6
Current liabilities (increase + /decrease -)		-4	88
Cash flow from operating activities		633	841
Investing activities			
Purchase of tangible and intangible non-current assets		0	-22
Acquisition of ICA AB		-20,000	-
Investments in subsidiaries		-230	-
Divestment of subsidiaries		0	0
Change in short-term investments		1,183	-379
Repayment of non-current receivables, Group companies		0	124
Loans provided to Group companies		-160	-
Interest received		10	22
Net of Group contributions		-27	-
Cash flow from investing activities		-19,224	-255
Financing activities			
Loans		31,561	-
Amortisation of loans		-17,701	-
Dividends paid		-	-491
Interest paid		-425	-
New share issue		5,017	-
Cash flow from financing activities		18,452	-491
Cash flow for the year		-139	95
Cash and cash equivalents at beginning of year		139	44
Cash and cash equivalents at year end		0	139

Notes

Note 1 Accounting principles

The Parent Company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for Legal Entities. RFR 2 according to which parent companies, in preparing the annual report for the legal entity, are to apply all IFRS/IAS, including interpretations, approved by the EU as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. RFR 2 specifies the exemptions from and supplements to the standards according to IFRS. All in all, this results in the following differences between the Group's and the Parent Company's accounting principles.

Subsidiaries

Interests in subsidiaries are recognised according to the cost method.

Taxes

Untaxed reserves are recognised including deferred tax liabilities. In the consolidated accounts, on the other hand, untaxed reserves are divided between deferred tax liabilities and equity.

Leases

All leases are recognised according to the rules for operating leases.

Defined-benefit pension plans

The Parent Company uses a different basis to calculate defined-benefit pension plans than in IAS 19. The calculations by the Parent Company comply with the Act on Safeguarding Pension Benefits and the Swedish Financial Supervisory Authority's regulations, as this is required for tax deductibility. The main differences compared with IAS 19 are the way in which the discount rate is determined and the fact that the calculation is based on current salary levels.

Group contributions

Group contributions (received and provided) are recognised as appropriations.

Note 2 Intra-Group purchases and sales

The Parent Company's net sales amounted to 5 (0) of which 54% (0) consisted of sales to Group companies. Purchases from Group companies amounted to 0 (0).

Note 3 Average number of employees, salaries and other remuneration

Average number of employees

The number of employees is calculated on the basis of how the Group measures normal working hours (1,800 hours).

	2013	2012
Women	5	6
Men	5	6
Total	10	12

Salaries, other remuneration and social security contributions

SEK m	2013	2012
<i>Board of Directors and CEOs</i>		
Salaries and other remuneration	11	5
- of which variable component	2	2
Other senior executives	14	8
Other employees	6	10
Total	31	23
<i>Social security contributions and pension costs</i>		
Social security contributions	13	10
Pension costs	7	8
- of which pension costs for the Board of Directors and CEOs	2	4
Total	20	18
Total salaries, other remuneration, social security contributions and pension costs	51	41

Gender distribution in Board and among other senior executives

	2013	2012
<i>Board of Directors</i>		
Men	9	5
Women	3	2
Total	12	7
<i>Other senior executives</i>		
Men	5	4
Women	1	0
Total	6	4

2013, SEK 000s ¹⁾	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO Per Strömberg	4,251	0	134	15	4,400
CEO Claes-Göran Sylvén	552	2,309	0	1,897	4,758
Other senior executives	9,002	4,608	237	2,440	16,287
	13,805	6,917	371	4,352	25,445

2012, SEK 000s ¹⁾	Salaries	Variable remuneration	Benefits	Pension costs	Total
CEO Claes-Göran Sylvén	1,342	2,028	113	3,941	7,424
Other senior executives	6,916	2,300	375	2,223	11,814
	8,258	4,328	488	6,164	19,238

¹⁾ The amounts given are the amounts expensed during the respective years and exclude social security contributions.

Remuneration to the Board of Directors and CEO

Remuneration to ICA Gruppen AB's Board members and CEO are determined at the individual level and terms for the CEO are provided in Note 4 for the Group.

Remuneration to other senior executives

Remuneration to other senior executives consists of fixed salary, pension benefits, severance pay, bonuses and other benefits. Other senior executives refers to the individuals who, along with the CEO, make up the Management Team. The Company's Executive Management was changed in connection with the shareholders' meeting in May 2013.

Notice periods and severance pay for other senior executives

A mutual notice period of six months applies for senior executives. If termination of employment is initiated by the Company, the other senior executives are entitled to severance pay of up to 18 months' fixed cash salary. Severance pay is deductible. There are exceptions to the notice period, severance pay and deduction clause in a few agreements entered into before the 2013 Annual General Meeting.

If a senior executive resigns, the Company will provide compensation during the period the non-competition clause applies for an amount maximised at 60% of the fixed salary if the Company decides to invoke the contractual non-competition clause in a specific case. Severance pay and compensation during the non-competition period is not pensionable income.

Pension benefits for other senior executives

Other senior executives have a combined defined-contribution and defined-benefit pension plan. This means that up to 30% of the pensionable salary is for pension premiums which are paid during the employment period. Senior executives with prior contracts are entitled to retire at the age of 62 with a defined-benefit pension plan for the period until the normal retirement age of 65.

Share-related incentive programmes

See Note 4 for the Group.

Note 4 Audit expenses

SEK m	2013	2012
Ernst & Young:		
Audit assignments	1	1
Other services	0	2
Total	1	3

Note 5 Depreciation and amortisation

Depreciation and amortisation of tangible and intangible non-current assets are included in the administrative expenses line in the income statement.

SEK m	2013	2012
Administrative expenses	0	0
Total	0	0

Note 6 Operating leases

SEK m	2013	2012
Lease expense for the year	1	-
Future contractual lease fees:		
Total	0	-

Note 7 Profit/loss from financial items

SEK m	2013	2012
Profit/loss from interests in Group companies		
Dividends:		
ICA Fastigheter AB	4,812	-
ICA Banken AB	1,054	-
Impairment	-512	-
Total	5,354	-
Profit/loss from interests in joint ventures		
Dividends from ICA AB	800	800
Other interest income and similar items		
Interest income, Group companies	9	2
Exchange differences	0	3
Other interest income and similar items	7	20
Dividends	-	17
Change in fair value of financial instruments	-	21
Capital gains/losses from investments	16	-
Total	32	63
Other interest expense and similar items		
Interest expense, Group companies	-45	-
Other interest expense and similar items	-386	-
Exchange differences	-1	-7
Total	-432	-7
Profit/loss from financial items	5,754	856

Note 8 Taxes

SEK m	2013	2012
Current tax		
Current tax on profit for the year		
	0	0
Deferred tax on temporary differences		
	132	0
Reported tax	132	0
Reconciliation of effective tax expense		
Profit/loss before tax		
	5,649	790
Tax according to tax rate of 22.0% (26.3)		
	-1,243	-208
Previous tax loss carryforwards not capitalised		
	17	31
Effect of changed tax rate		
	-	-31
Dividends		
	1,467	210
Write-down of equities		
	-115	-
Non-deductible expenses/non-taxable income		
	6	-1
Other		
	-	-1
Reported tax	132	0
Effective tax rate	-2.3%	0.0%

As reported in balance sheet:

Deferred tax assets	325	193
---------------------	-----	-----

The Parent Company's tax loss carryforwards as of 31 December 2013 amounted to 1,439 (914). Deferred tax assets of SEK 317 million (186) are recognised in the balance sheet for these tax loss carryforwards.

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance, 1 January 2012	Recognised through profit or loss	Balance, 31 December 2012
Tax loss carryforwards	185	1	186
Other	7	0	7
Total	192	1	193

SEK m	Balance, 1 January 2013	Recognised through profit or loss	Balance, 31 December 2013
Tax loss carryforwards	186	131	317
Other	7	1	8
Total	193	132	325

(Tax assets are denoted by (+) and tax liabilities by (-) in the table above.)

Note 9 Share of profits from Group companies and joint ventures

Interests in subsidiaries		
SEK m	2013	2012
Cost, opening balance	1,255	1,198
Acquisitions ¹⁾	23,035	57
Deconsolidated companies	5,866	-
Shareholder contributions	390	-
Accumulated cost, closing balance	30,546	1,255
Impairment losses, opening balance	-	-
Impairment losses for the year ²⁾	-512	-
Accumulated impairment losses, closing balance	-512	-
Residual value according to plan, closing balance	30,034	1,255

Interests in joint ventures		
SEK m	2013	2012
Cost, opening balance	2,960	2,960
Reclassified to interests in subsidiaries ¹⁾	-2,960	-
Accumulated cost, closing balance	0	2,960
Residual value according to plan, closing balance	0	2,960

¹⁾ In 2013 ICA Gruppen AB acquired an additional 3,000,000 shares (60%) in ICA AB, see Note 24. As of 31 December 2012 the holding amounted to 40% and it was recognised as a joint venture.

²⁾ Impairment write-downs were made in 2013 in Hemtex AB in the amount of 352 and Forma 160.

Interests in subsidiaries

Specification of ICA Gruppen AB's direct holdings of interests in subsidiaries.

SEK m	Corporate reg. no.	Registered office	No. of shares	Capital and votes, %	Quota value	Book value 2013-12-31	Book value 2012-12-31
Cervera Intressenter AB	556720-9563	Solna	1,000	100	SEK 100	155	155
Forma Holding AB	556045-0297	Västerås	26,700	100	SEK 500	200	200
ICA Holding AB	556720-3210	Solna	1,000	100	SEK 100	0	0
Hemtex AB	556132-7056	Borås	66,650,195	68.5	SEK 4000	542	894
ICA AB	556582-1559	Stockholm	5,000,000	100	SEK 100	23,035	-
ICA Banken AB ¹⁾	556401-0190	Stockholm	1,000	100	SEK 100	1,284	-
ICA FAST AB	556923-9519	Solna	50,000	100	SEK 100	0	-
ICA Fastigheter AB ¹⁾	556604-5471	Stockholm	1,000	100	SEK 100	4,812	-
inkClub Intressenter AB	556720-3467	Solna	1,000	100	SEK 100	5	5
Kjell & Co Intressenter AB	556703-2924	Solna	1,000	100	SEK 100	1	1
Total						30,034	1,255

¹⁾ ICA Banken AB and ICA Fastigheter AB were separated from ICA AB and transferred to ICA Gruppen AB in 2013.

Cont. Note 9 Share of profits from Group companies and joint ventures

Specification of important indirect holdings as of 31 December 2013

	Corporate reg. no.	Registered office	Capital and votes, %
Subsidiary of Cervera Intressenter AB			
Cervera AB	556701-1209	Stockholm	91.4
Subsidiary of Forma Holding AB			
Forma Publishing Group AB	556279-4940	Västerås	100
Subsidiaries of Hemtex AB			
Hemtex Oy	16,502,515	Finland	100
Hemtex International AB	556905-3845	Borås	100
Subsidiaries of ICA AB			
ICA Baltic AB	556042-7410	Stockholm	100
ICA Detalj AB	556604-5448	Stockholm	100
ICA Global Sourcing Ltd	1,150,322	Hong-Kong	100
ICA Norge AS	931,186,744	Norge	100
ICA Sverige AB	556021-0261	Stockholm	100
ICA Finans AB	556034-1462	Stockholm	100
Subsidiaries of ICA Fastigheter AB			
ICA Eiendom Norge AS	968,930,451	Norge	100
ICA Fastigheter Sverige AB	556033-8518	Västerås	100
Långeberga Holding AB	556931-5517	Stockholm	100
Långeberga Logistik AB	556928-2840	Stockholm	50
Subsidiaries of inkClub Intressenter AB			
inkClub Intressenter AB	556712-5777	Uppsala	100
inkClub AB	556664-4968	Uppsala	100
112ink Försäljning AB	556664-4968	Uppsala	100
Metrocos AB	556697-8127	Uppsala	100
DistriPak SA	200,603,752	Schweiz	100
ePayment Service Europe AB	556483-9586	Uppsala	100

Interests in joint ventures	Corporate regis- tration number	Number	Share %	Book value	
				2013-12-31	2012-12-31
ICA AB, Stockholm	556582-1559	2,000,000	40	-	2,960
Total				-	2,960

Note 10 Non-current receivables from Group companies

SEK m	2013	2012
Kjell & Co Intressenter AB	-	76
ICA Holding AB	-	1
Cervera Intressenter AB	-	120
inkClub Intressenter AB	-	557
Total	-	754

Note 11 Accruals

Prepaid expenses and accrued income		
SEK m	2013	2012
Other prepaid expenses	5	0
Other accrued expenses	0	18
Total	5	18

Accrued expenses and deferred income		
SEK m	2013	2012
Accrued salaries, vacation pay and social security expenses	4	4
Accrued interest expense	40	-
Other accrued expenses	0	9
Total	44	13

Note 12 Short-term investments

SEK m	2013	2012
Equities	0	180
Hedge funds	0	239
Securities	0	684
Book value	0	1,103

Note 13 Provisions for pensions

SEK m	2013	2012
Provisions PRI pensions	5	5
Other pensions	0	27
Total	5	32

Note 14 Non-current liabilities

Non-current liabilities that fall due for payment more than one year after but within five years of the balance sheet date:

SEK m	2013	2012
Bonds	5,000	-
Liabilities to credit institutions	971	-
Liabilities to Group companies	3,000	-
Total	8,971	-

Note 15 Pledged assets and contingent liabilities

SEK m	2013	2012
<i>Pledged assets</i>		
Pledged endowment policies	27	27
Total	27	27
<i>Contingent liabilities</i>		
Guarantees for subsidiaries	94	248
Total	94	248

Note 16 Financial assets and liabilities

Financial assets and liabilities by category

31 Dec. 2013	Loan receivables and trade receivables	Financial liabilities measured at amortised cost	Total carrying amount
Financial assets			
Current receivables from Group companies	33		33
Trade receivables	1		1
Other receivables	25		25
Total financial assets	59		59
Financial liabilities			
Bonds		5,000	5,000
Non-current liabilities to credit institutions		971	971
Non-current liabilities to Group companies		3,000	3,000
Current liabilities to credit institutions		2,286	2,286
Trade payables		0	0
Liabilities to Group companies		1,929	1,929
Other current liabilities		78	78
Total financial liabilities		13,264	13,264

The carrying amount is equivalent to the fair value for all financial assets and liabilities except bonds where the fair value is 5,073.

Financial assets and liabilities by category

31 Dec. 2012	Financial assets measured at fair value through profit or loss	Loan receivables and trade receivables	Financial liabilities measured at amortised cost	Total carrying amount
Financial assets				
Non-current receivables from Group companies	-	754		754
Current receivables from Group companies	-	3		3
Short-term investments ¹⁾	1,155	-		1,155
Cash and bank balances	-	139		139
Total financial assets	1,155	896		2,051
Financial liabilities				
Trade payables			8	8
Liabilities to Group companies			102	102
Other current liabilities			8	8
Total financial liabilities			118	118

¹⁾ SEK 162 million of the short-term investments are measured at level 2, the remaining amount at level 1 in the fair value hierarchy.

Note 17 Statement of cash flows

Adjustments for non-cash items

SEK m	2013	2012
Provisions for pensions	-27	0
Other provisions	4	1
Total	-23	1

Proposed appropriation of earnings

The Board of Directors for ICA Gruppen AB proposes an ordinary dividend of SEK 8.00 per ordinary share (0). The total dividend amounts to SEK 951 million (0), which is 16.4% of the Parent Company's profit. The proposed dividend will reduce the Parent Company's equity/assets ratio from 56.4% to 53.2%, and the Group's equity/assets ratio from 38.5% to 37.1%. The equity/assets ratio is adequate for both the long and short term.

According to ICA Gruppen's dividend policy, 50% of the Group's profit after tax is to be distributed. With the proposed dividend, 68% of profit, excluding the effect of the acquisition of ICA AB, will be distributed. In the Board's opinion, the proposed dividend is justifiable taking into account the requirements that the nature and scope of the business, as well as the risks associated with it, place on the Group's equity and financial position.

The following funds are at the disposal of the Annual General Meeting (SEK):

Share premium reserve	4,915,938,770
Retained earnings	3,173,491,989
Profit for the year	5,781,370,497
Total	13,870,801,256

The Board of Directors and the Chief Executive Officer propose that the earnings be distributed as follows:

To the shareholders, a dividend of	951,497,984
To the share premium reserve	4,915,938,770
Carried forward	8,003,364,502
Total	13,870,801,256

Signatures

The undersigned hereby provide an assurance that the consolidated financial statements and annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and according to sound accounting practices, and provide a fair and true representation of the Group's and

the Parent Company's financial position and results, and that the administration report provides a true and fair overview of the development of the Group's and the Parent Company's operations, financial position and results, and describes material risks and uncertainties faced by the companies in the Group.

Stockholm, 21 February 2014

Claes-Göran Sylvé
Chairman

Peter Berlin

Göran Blomberg

Cecilia Daun Wennborg

Andrea Gisle Joosen

Fredrik Hägglund

Bengt Kjell

Magnus Moberg

Jan Olofsson

Margot Wallström

Jonathon Clarke

Magnus Rehn

Per Strömberg
CEO

Our audit report was submitted on 21 February 2014

Ernst & Young AB
Thomas Forslund
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of ICA Gruppen AB, corporate identity number 556048-2837

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of ICA Gruppen AB for the year 2013, except for the corporate governance statement on pages 96–109. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 86–95 and 110–155.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors

and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 96–109. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of ICA Gruppen AB for the year 2013. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 96–109 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of

Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined [the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess] whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence which we have obtained is sufficient and appropriate in order to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Stockholm 21 February 2014

Ernst & Young AB

Thomas Forslund
Authorized Public Accountant

Annual general meeting and financial calendar

Annual General Meeting 2014

The Annual General Meeting of Shareholders in ICA Gruppen will be held on Friday, 11 April 2014 at 09:30 CET at Friends Arena, Entré K, Råsta Strandväg 1, Solna, Sweden.

The notice of the Annual General Meeting will be published on 14 March 2014 through a press release and on the company's website, as well as published in Post- och Inrikestidningar and in a notice in daily newspapers, such as Svenska Dagbladet. The notice and documentation relating to decisions on matters to be considered at the Meeting are available at <http://www.icagruppen.se/en/> under the section corporate governance.

Attendance

In order to attend the Annual General Meeting shareholders must be (i) listed in the shareholder register maintained by Euroclear Sweden AB on Saturday, 5 April 2014, which means that the listing must take place no later than Friday, 4 April 2014, (ii) have notified their intention to attend the Annual General Meeting no later than Monday, 7 April 2014.

Notification of attendance can be made on ICA Gruppen's website under the section corporate governance or by telephoning +46 8 402 90 40 on weekdays between 09:00 and 17:00 CET or by writing to ICA Gruppen AB, Annual General Meeting 2014, c/o Euroclear Sweden, Box 191, SE-101 23 Stockholm.

Nominee registered shares

In order to be entitled to attend the Annual General Meeting, shareholders whose shares are registered with a nominee through a bank or other nominee must well in advance of Friday, 4 April 2014 request the nominee to register them in their own name in the shareholder register maintained by Euroclear Sweden AB.

Dividend

The Board of Directors of ICA Gruppen proposes that the Annual General Meeting resolves on a dividend of SEK 8 per ordinary share, or a total of SEK 951 million. The final trading day for shares in ICA Gruppen including dividend entitlement, provided the Annual General Meeting resolves in accordance with the proposal, is Friday, 11 April 2014 and the record date is 16 April. The estimated payment date from Euroclear Sweden's system is therefore Wednesday, 23 April 2014.

Financial calendar

Annual General Meeting 2014:	11 April 2014
Interim report January–March 2014:	7 May 2014
Interim report January–June 2014:	20 August 2014
Interim report January–September 2014:	12 November 2014

Interim reports and other information from the company is published regularly on the company's website www.icagruppen.se. There is also an opportunity to subscribe to receive information published by the company in the form of press releases. All interim reports and press releases intended for the capital market are published in Swedish and English.

The Annual Report will be available at the company's head office in a printed version from week 12. The Annual Report will be sent by post to those shareholders who have requested this.

Contact

IR Director Frans Benson
+46 8 561 500 20
frans.benson@ica.se

Glossary

Bangladesh Accord – An international agreement between companies and trade unions to improve safety in the textile industry in Bangladesh.

BRC – British Retail Consortium.

BRC CP – British Retail Consortium Consumer Products, a standard for non-food products that covers product safety, quality and compliance.

BRC S&D – British Retail Consortium Storage and Distribution, a quality standard for retailers that covers product safety, quality and compliance.

BSCI – Business Social Compliance Initiative, European platform for social compliance in supplier countries.

Business Ethics and Policy Committee – ICA Gruppen's cross-organisational committee that suggests sustainability priorities and monitors ethical dilemmas, risks and public opinion.

Capital employed – Total assets less non-interest bearing liabilities and provisions.

Cash flow per share – Cash flow for the period divided by the average number of shares outstanding.

Corporate brand – All products where ICA is the primary contact for the product, essentially private label products.

Debio – Certification body for organic production, Norwegian equivalent to Sweden's KRAV.

Earnings per C share – Same definition as Earnings per ordinary share, since ordinary shares and C shares provide entitlement to equal participation in earnings and equity. C shares do not carry entitlement to a cash dividend, which is the case for ordinary shares.

Earnings per ordinary share – Profit for the period, excluding non-controlling interests, divided by the average number of shares outstanding.

EBITDA – (Earnings Before Interest, Taxes, Depreciation and Amortisation). Operating profit, excluding acquisition effects, before depreciation and impairment.

Equity per share – Equity, excluding non-controlling interests, divided by the total number of shares outstanding.

Equity/assets ratio – Equity including non-controlling interests as a percentage of total assets.

Fairtrade – Independent labelling system that promotes better working and living conditions for growers and their employees in countries with widespread poverty.

GFSI – The Global Food Safety Initiative, a business-driven initiative for the continuous improvement of food safety management systems.

Global Compact – UN initiative to encourage companies to support human rights, labor and the environment.

HACCP – Hazard Analysis and Critical Control Point, risk analysis and management program.

High-risk countries – High-risk countries are as defined by the UN Human Development Index and Economic Security Index (UNDP).

ICA's Good Business – Seven position statements that govern ICA's operations and serve as the foundation for the sustainability work.

IEH – Ethical Trading Initiative Norway, a forum for ethical trade and other challenges in global supply chains.

ISO 9001/ISO 14001 – International standards for quality/food safety and environmental management systems.

KRAV – Swedish independent labeling system for organic food.

Large cap is NASDAQ OMX Stockholm's list of large companies.

MSC – Marine Stewardship Council, international ecolabel for seafood.

NASDAQ OMX Stockholm is a marketplace for trading in securities. In addition to shares in various Swedish companies, other types of securities are also traded, such as bonds, debentures, lottery bonds, options and futures.

Net debt – Interest-bearing liabilities excluding pensions, ICA Bank and cash and cash equivalents.

Operating margin – Operating profit as a percentage of net sales.

Preference share – A share which has preferential rights over other shares, such as ordinary shares, when dividends are paid or in the event of liquidation.

Pro forma – The pro forma financial statements show a hypothetical financial situation. Pro forma financial statements have been prepared in order to illustrate what the financial situation would have been had ICA Gruppen had its present structure in 2012 and 2013.

Rainforest Alliance – Independent labelling system that aims of working to conserve biodiversity and ensure sustainable livelihoods.

Return on capital employed – Profit after financial income, excluding acquisition effects, as a percentage of average capital employed. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed.

Return on equity – Profit after tax, excluding acquisition effects, as a percentage of average equity. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on equity.

RSPO – Roundtable on Sustainable Palm Oil, an organization established to promote the growth and use of certified sustainable palm oil.

RTRS – Round Table on Responsible Soy, an organization established to promote the growth and use of certified sustainable soy.

Swan – Official Nordic ecolabel of the Nordic Council of Ministers.

Svensk standard för livsmedelshandling i butik – Swedish industry standard for food handling and food safety in stores.

UN-Water – UN entity that support states in their water-related efforts to reach the Millennium Development Goals.

UTZ Certified – Independent labelling system and program for sustainable farming of agricultural products.



rimi

black tea
flavoured
earl grey





Solberg
Print: Göteborgstryckeriet
Photo: Magnus Glans / Svartpunkt
Illustrations: Clara Aldén / Agent Bauer

Thanks!

With 2,100 of its own and retailer-owned stores in five geographical markets, ICA Gruppen is one of the leading retail companies in the Nordic region. The core business is grocery retail. In 2013 ICA Gruppen had net sales of around SEK 100 billion and more than 21,000 employees, most of them working in Sweden, Norway and the Baltic region.

www.icagruppen.se



ICA

GRUPPEN

ICA Gruppen AB
171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.icagruppen.se

Corporate
registration number
556048-2837

ICA Sverige AB
171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.ica.se

ICA Norge AS
Postboks 6500
Rodeløkka
0501 Oslo, Norway

Visiting address:
Sinselveien 45
Tel: +47 23 05 50 00

www.ica.no

Rimi Baltic AB
A. Deglava Str 161 Lv
1021 Riga, Latvia

www.rimibaltic.com

ICA Fastigheter AB
721 84 Västerås,
Sweden

Visiting address:
Ingenjör Bååths gata
11, T2
Tel: +46 21 19 30 00

www.icafastigheter.se

ICA Banken AB
171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.icabanken.se

ICA Portföljbolagen
171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 561 500 00