

Annual Report 2014



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All sections with a red marking in the table of contents have been audited. Those sections with an orange marking have been reviewed. On page 128 is a GRI Index to clarify what is included in the sustainability reporting.

B = Board of Directors' report **F** = Financial statements
S = Sustainability work

2014 – a busy business year

Q1

> **Refinancing of outstanding bridge loans** In February ICA Gruppen refinanced the final 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 have thus been refinanced.

> **Preliminary notice from the Norwegian Competition Authority concerning ICA Norway** In February the Norwegian Competition Authority gave notice of its intention to stop the planned cooperation between ICA Norway and Norgesgruppen.

> **ICA Sweden funds sustainability projects in suppliers' countries and joins Supply Chain Initiative** ICA Sweden decided to co-fund projects in suppliers' countries intended to promote sustainable trade together with IDH, the Sustainable Trade Initiative. ICA Sweden also joined the international framework for good trading practices, the Supply Chain Initiative.

Q2

> **Collaboration with LRF** In April ICA Sweden started a collaboration with the Federation of Swedish Farmers (LRF) intended to broaden the range of Swedish products and increase sales of Swedish food in ICA stores.

> **Application for permit to conduct insurance business** ICA Bank submitted an application to the Swedish Financial Supervisory Authority for a permit to conduct insurance business. ICA Bank already offers insurance to private clients but now intends to conduct non-life insurance operations entirely under its own management.

> **Sale of Kjell & Company** In May the 50% holding in Kjell & Company was divested to FSN Capital for a cash consideration of SEK 630 million. The sale generated a capital gain of SEK 445 million.

> **Issue of bonds for SEK 1.5 billion** In June ICA Gruppen issued bonds for SEK 1.5 billion under the Company's Swedish MTN programme.

Q3

> **Sale of Forma** In August ICA Gruppen signed an agreement to sell Forma Publishing Group to the Danish media company Egmont. In a separate deal, the trade magazines Icanheter and Market were sold to ICA-handlarnas Förbund.

> **Goodwill impairment in inkClub** After testing for impairment of goodwill and brands, earnings for the third quarter were charged with a goodwill impairment in inkClub of SEK –322 million.

> **Licensing agreement with Starbucks** In September ICA Sweden signed a licensing agreement to open Starbucks cafés at ICA stores in Sweden. The cafés will be operated by ICA Sweden according to the Starbucks concept and under the Starbucks brand.

> **Divestment of ten retail properties to Ancore** In September ICA Fastigheter Sverige AB divested ten retail properties to Ancore Fastigheter AB, which is co-owned by ICA Fastigheter AB and Alecta.

Q4

> **Divestment of ICA Norway** ICA Gruppen announced the divestment of all shares in ICA Norway to Coop Norway for SEK 2.8 billion on a debt-free basis. Completion of the transaction is conditional on approval from the Norwegian Competition Authority, Konkurransettilsynet.

> **Acquisition of Apotek Hjärtat AB** ICA Gruppen announced the acquisition of Apotek Hjärtat AB, Sweden's largest privately owned pharmacy chain, for SEK 5.7 billion on a debt-free basis. The acquisition will make ICA Gruppen the second-largest player in the Swedish pharmacy market.

This is ICA Gruppen



2,150 own and retailer owned stores and pharmacies.
The core business is grocery retail.

2,150

Food and health are key

ICA Gruppen AB is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic which are mainly conduct in grocery retail, ICA Real Estate which owns and manages properties, and ICA Bank which offers financial services and, since January 2015 Apotek Hjärtat, which conducts pharmacy operations. The Group also includes ICA Norway, which is being divested, and a number of wholly-owned or partly-owned portfolio companies. ICA Gruppen's shares are listed in the Large Cap segment of NASDAQ Stockholm. The largest shareholder at the end of 2014 was ICA-handlarnas Förbund (the Association of ICA Retailers).

Simplicity

– we think simply first

Entrepreneurship

– we create opportunities

Commitment

– we make a difference



ICA Sweden

The leading grocery retailer in Sweden.

Sales
SEK m **71,026**

Profit
SEK m **3,249**

Rimi Baltic

Grocery retailer operating in Estonia, Latvia and Lithuania through Rimi Hypermarket, Rimi Supermarket, Supernetto and Säästumarket.

Sales
SEK m **11,632**

Profit
SEK m **383**

ICA Bank

The bank with a strong mobile offering.

Sales
SEK m **848**

Profit
SEK m **189**

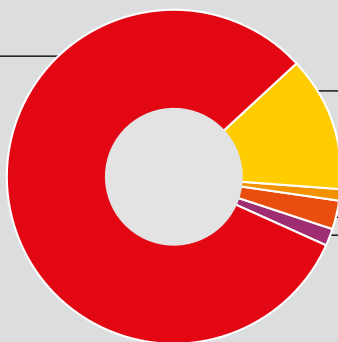
Sales in 2014, SEK

87.2 billion

Profit in 2014, SEK

3.9 billion

Sales, breakdown



“The positive performance is a result of resolutely implementing the strategy”

Per Strömberg, CEO

ICA Real Estate

One of the largest commercial real estate firms in retail in the Nordic region.

Sales
SEK m **2,253**

Profit
SEK m **409**

Portfolio Companies

ICA Gruppen owns, wholly or partly, three retail companies: Hemtex, inkClub and Cervera.

Sales
SEK m **2,564**

Profit
SEK m **53**

ICA Norway

Grocery retail under the store profiles ICA Supermarked, Rimi and Matkroken. ICA Norway is being divested.



ICA

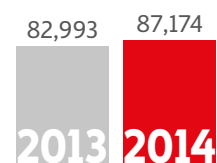
GRUPPEN

**We make
every day
a little easier**

ICA Gruppen's vision

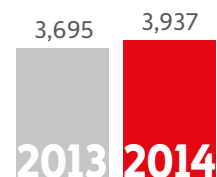
Net sales

SEK m



Operating profit

excluding non-recurring items, SEK m



Key indicators

Group	Pro forma	
	2014	2013
Net sales, SEK m	87,174	82,993
Operating profit (EBIT) excluding non-recurring items, SEK m	3,937	3,695
Operating profit (EBIT), SEK m	4,097	3,482
Profit before tax, SEK m	3,727	2,859
Profit for the year, SEK m	2,667	1,424
Income from continuing operations	3,105	2,432
Operating margin excl. non-recurring items, %	4.5	4.5
Operating margin, %	4.7	4.2
Return on capital employed, %	10.1	8.5
Return on equity, %	9.3	6.0
Earnings per ordinary share, SEK	12.53	7.18
Earnings per C share, SEK	14.71	12.72
Dividend per ordinary share, SEK	9.50*	8.00

*Board's proposal



A more focused ICA Gruppen

2014 was an eventful year for ICA Gruppen. We continued to grow in Sweden and the Baltic region, divested our operations in Norway and two of our portfolio companies, while the acquisition of Apotek Hjärtat suddenly made us the second biggest player in the Swedish pharmacy market. All together, this has helped create a stronger and more streamlined ICA Gruppen.

In financial terms, too, 2014 was a strong year. Net sales increased during the year by 5% to SEK 87,174 million. Operating profit excluding non-recurring items amounted to SEK 3,937 million, an improvement by over 6% compared with 2013. 2014 was also a successful year from a shareholder perspective with a positive development for ICA Gruppen's share.

The positive performance is a result of resolutely implementing the strategy we have been working with since 2012. Our vigorous pursuit of this long-term strategy played a significant part in making us more competitive.

Looking at the individual figures, ICA Sweden sustained its strong performance and over the year continued to do better than the market as a whole. Good sales development, an increased share of profits from the stores and continued strong development within our Cura pharmacies contributed to higher sales, improved profits and increased market share. A further contributory factor was that our private labels accounted for an increased share of sales. In this respect we are ahead of our target of a year-on-year increase by one percentage point.

We also continued to take market share in the Baltics. Sales developed well, we invested in new stores and increased profits for 2014.

ICA Real Estate continued its stable performance, focusing on the strategic priorities: developing the local marketplaces, strengthening the service offering, streamlining the process for new construction and renovations, and introducing a more active buying and selling strategy. For ICA Bank, the low interest rates brought challenges. However, the number of customers and number of bank cards issued continued to increase during the year. The aim going forward is to broaden both our offering and our customer relations. As part of this, we applied in 2014 to Finansinspektionen (the Swedish Financial Supervisory Authority) for authorisation to start non-life insurance operations in Sweden. This was approved in January and the business is expected to be up and running at the end of 2015.

In line with our non-food and portfolio strategy, we divested our holdings in Kjell & Company and Forma Publishing during the year. We are also in the process of divesting our holding in Cervera.

Divestment of ICA Norway

One of the biggest events in 2014 was naturally the current divestment of ICA Norway. The Norwegian operations have been characterised by negative sales and profit growth for a number of years, partly driven by high purchasing prices and logistics costs. After the Norwegian Competition Authority gave notice at the beginning of the year that it did not intend to approve the planned sourcing cooperation with Norgesgruppen, we began looking more actively at alternative solutions. Having carefully analysed conceivable courses of action, it was very gratifying to be able to present a solution in early October that we believe will be good for ICA Gruppen, our owners, the Norwegian operations and Norwegian consumers. The agreement entered into means



“A culture based on simplicity, entrepreneurship and commitment”

that we are selling all shares in ICA Norway to Coop Norway for SEK 2.8 billion on a debt-free basis. The transaction will result in a capital gain of around SEK 1 billion that will be booked when the transaction is completed. The deal is conditional upon approval by the Norwegian Competition Authority. It is currently being reviewed and a decision is expected by latest in May this year.

Acquisition of Apotek Hjärtat

The second important event was the acquisition of Sweden's largest privately-owned pharmacy chain, Apotek Hjärtat. The acquisition considerably strengthens our position in health. Combined with our Cura pharmacy business, it makes us the second largest player in the Swedish pharmacy market with a market share of around 30%.

The acquisition follows a clear industrial logic and fits in well with our overall strategy: the market is exciting and we know the sector concerned, while the underlying business is solid, profitable and complements our existing business well. It also creates possible synergies on both the cost and revenue sides.

Continued investments in sustainability

Sustainability work is extremely important to us and we aim to excel in corporate responsibility. In essence, it is about securing the supply of food and products for the future. Conditions are changing due to a growing population and climate change. Our internal steering document ICA's Good Business sets out how we work – from factory to store. It also covers the ten principles of the UN Global Compact initiative, which ICA Gruppen has adopted. We have also signed the Global Compact's Caring for Climate and we are working in partnership with a number of non-profit organisations such as Childhood, the Red Cross and the WWF.

As one of the leading grocery retailers in the Nordic region we have great opportunities to influence both producers and consumers of groceries towards greater sustainability. Through our product range, marketing and pricing we can help our customers make healthy and sustainable choices. There is no doubt that customers are becoming more and more aware of these issues. In 2014 ICA Sweden's sales of organic products increased by 55%. We also made a number of investments to stimulate and meet increased demand for locally produced food, including collaboration with the Federation of Swedish Farmers (LRF). Together we want to meet the increased demand for Swedish food, safeguard viable

Swedish agriculture and continue contributing to Swedish rural development and growth.

To monitor our sustainability work we have set ourselves tough targets. During the year we reached not only our target of a 30% reduction in ICA Gruppen's direct climate impact by 2020 compared with 2006, but also the target that 80% of ICA Gruppen's corporate brand suppliers should be quality certified. This is extremely gratifying, and great proof of our work together. We will now evaluate and review how to formulate our next ambition for ICA Gruppen in the areas of climate and the environment. The target that 80% of ICA Gruppen's corporate brand suppliers should be quality certified will remain in place, because it is an important operational target.

Strong platform for continued growth

Overall, the developments in 2014 mean we now have a stable platform that will allow continued good growth in the future. The goal remains to ensure that we have good growth in all of the Group's operations. Our strategy stands firm: we will become even better at combining knowledge of local markets and proximity to the customers through strong common processes and structures. Right from the start, the ICA Idea – with its focus on cooperation between independent retailers – has been the basis of our business model. By focusing even more on taking advantage of our size and of the synergies that exist between our operations, we will continue to strengthen both the Group as a whole and the individual companies.

With a major divestment and an important acquisition behind us, the focus in 2015 will be on consolidation and continued organic growth. We will continue our work to strengthen the store network. The main focus will be on Lithuania and large cities in Sweden. One of our major tasks will be to strengthen our marketplaces. The partnership with Starbucks, establishing ICA To Go in existing stores and opening more pharmacies close to stores are important elements of this work. In addition, there will be new product categories within non-food: Kitchen & Baby and ICA Home by Hemtex. Adding new operations that complement the ICA store and marketplace will generate growth in our core business – grocery retail.

To strengthen our customer offering and customer loyalty we will naturally continue to invest in private labels and CRM systems. We have made great progress here in recent years, but there is still a lot to do.

2015 will also be the year in which we roll out our online platform on a major scale. The

trials in Östergötland over the past year have gone well and provided us with useful experience. This initiative will enable us to offer an attractive complement to the physical stores.

Strategic priorities also include executing two large infrastructure projects: the implementation of a completely new infrastructure for logistics in southwest Sweden, and the outsourcing of parts of our IT operations and IT development. Both are very central to our business.

Continually evolving

It is clear from the above that we are in an intense period characterised by many large-scale projects. What we are doing now will leave its mark on ICA Gruppen for a long time to come. Naturally, this places great demands on the organisation and on those of us working within it. Our aim and desire is to offer a workplace that is evolving, stimulating and able to make the most of new ideas. Our starting point is a culture based on simplicity, entrepreneurship and commitment. It is part of our DNA to want to evolve and build on what we have achieved – and this is undoubtedly one of the main factors in our success. The ability to maximise talent, knowledge and new ideas will be more important than ever in the time ahead. Our Talent Management initiatives will therefore be stepping up a gear. The more major elements include implementing Group-wide processes, methods and tools; all with the aim of strengthening both the organisation and the individual employee.

Thank you!

Our performance in 2014 is the result of hard work carried out in many different parts of the organisation, so in closing I would like to take this opportunity to thank all the employees of ICA Gruppen, the independent retailers and our other partners for the good work they have done – efforts that resulted in a successful, inspiring and fantastically enjoyable year.

Stockholm, February 2015

Per Strömberg
CEO

Clear strategy provides operational framework

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 health.

ICA Gruppen's strategy is based on the Group's joint strengths and a comprehensive understanding of both our business environment and our markets. The strategy is based on six long-term strategic themes that create a framework and set the course 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 targets and broken down into specific activities which are then followed up on a quarterly basis. These priorities, which are critical for ICA Gruppen's development, also facilitate cooperation and take advantage of synergies between different businesses within ICA Gruppen.



VISION

We make every day a little easier.

MISSION

We will be the leading retail company focusing on food and meals.

STRATEGIC THEMES

- Strengthen customer loyalty and brand position
- Strengthen and expand our customer offering
- Develop and broaden our sales channels
- Simplify our business
- Engage and develop our people
- Excel in corporate responsibility

>> Read more on page 6

LONG-TERM FINANCIAL TARGETS

- Grow faster than the market
- Operating margin of 4.5%
- Return on capital employed of 10%
- Net debt/EBITDA <2
- Dividend of at least 50% of net profit for the year

SUSTAINABILITY TARGETS

- Reduce climate impact by 30% by 2020
- All of ICA Gruppen's corporate brand product suppliers in high-risk countries will be socially audited
- 80% of ICA Gruppen's corporate brand suppliers will be quality certified

>> Read more on page 10

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

>> Read more on page 12



Strategic themes and priorities

In 2014 ICA Gruppen worked successfully according to the Group strategy which contains six strategic themes and ten strategic priorities. ICA Gruppen delivered in line with or exceeding the targets for all of the priorities except to reverse the trend in Norway that is no longer a current priority because of the ongoing divestment. Seven priorities have a time horizon of several years and will therefore be carried forward, with some minor adjustments, into 2015. These are marked with a yellow tick and arrow indicating that the 2014 targets were reached but the priority is still in place. The three new ones relate to the structure of ICA Gruppen's new pharmacy operations and position in the health sector, as well as implementation of large projects in logistics and IT outsourcing.



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 and well-targeted marketing activities. The most important brands are ICA and Rimi. ICA Gruppen is working on further defining and developing its brand-related promises. The acquisition of Apotek Hjärtat brings an additional brand for which a strategy will be defined and refined. Customer loyalty programmes are a key part of ICA Gruppen's offering and create added value for both customers and the Group. Loyalty programmes are used both in Sweden and the Baltic countries and provide customers with offers based on individual purchasing behaviour.


Comment

Developing loyalty programmes remains a strategic priority within ICA Gruppen. Consumer digitalisation is presenting new challenges and in 2015 the fast development of the CRM programmes will remain a high priority in both Sweden and the Baltic countries. New opportu-

nities will open up when Apotek Hjärtat's customer club becomes part of ICA Gruppen.

In light of the divestment of the loss-making operations in ICA Norway, the priority in 2014 of turning the trend around in the Norwegian operations is no longer relevant.

Priorities 2014

- Turn around the trend in Norway
- Develop and use leading loyalty programmes (CRM) 

Priorities 2015

- Develop and use leading loyalty programmes (CRM)





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 strengthen the "health" offering (including 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 for investment. They give customers more value and contribute to an advanced product range.

Comment

A strong private label offering and good price perception are two important factors for profitable growth in grocery retail. In 2014 good progress was made with both of these priorities, not least in the Baltic countries, and

they are also being carried forward into 2015.

The portfolio and non-food strategy was largely implemented in 2014 and is therefore not being carried forward into 2015. Kjell & Company and Forma have been divested and ICA Special will test new "attraction ranges" in pilot stores in Q1 2015.

ICA Gruppen's acquisition of Apotek Hjärtat is a clear example of an expansion of the customer offering within an adjacent area that has significant synergies with grocery retail operations. The acquisition is of strategic significance, and structuring the new pharmacy operations and strengthening the Group's position in health together constitute a new strategic priority for 2015.

Priorities 2014

- Strengthen private label products ✓ →
- Ensure competitive pricing and price perception ✓ →
- Implement the portfolio and non-food strategy ✓

Priorities 2015

- Strengthen and grow the private label offering
- Ensure competitive prices and price perception
- Structure ICA's new pharmacy operations and develop ICA's position in health



Develop and broaden our sales channels

ICA Gruppen continuously works to optimise the 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 also constantly be renewed and developed with a particular focus on the geographical areas where ICA is under-represented.

Comment

In November 2014 ICA launched a new online

sales platform and four stores in Östergötland served as test stores ahead of a continued roll-out in 2015 and 2016. The response from the first launch was positive – both from customers and ICA retailers, but a lot of work remains to be done and this will therefore remain a strategic priority in 2015.

In 2014 the Group established a large number of stores in three areas where ICA Gruppen has identified the greatest potential for strengthening the network: 12 stores in the Baltics, mainly in Lithuania, 6 stores in metro Sweden and 9 Cura pharmacies. This priority is also considered of sufficient importance to be carried forward into 2015.

Priorities 2014

- Create a leading position in online sales ✓ →
- Strengthen the store network (main focus on Cura pharmacies, Lithuania and metro Sweden) ✓ →

Priorities 2015

- Create a leading position in digital business
- Strengthen the store network (main focus on pharmacies close to stores, Lithuania and metro Sweden)



Simplify our business

Cost efficiency is an essential success factor in grocery retail. ICA Gruppen intends to take full advantage of all cost synergies within the Group (for example in sourcing) to ensure that processes and methods are simple and effective and to focus on continuous improvement. Appropriate infrastructure is important in all areas. For ICA Gruppen this is especially true in logistics and IT, both of which are critical for efficient operations.

Comment

In 2014 ICA Gruppen worked actively on realising sourcing synergies, primarily among the Baltic countries and between the Baltics and Sweden (private label products, brands and

non-food). New structures have been created and the initiative has had a positive impact on competitiveness.

In 2015 the focus will be shifted to two areas where significant infrastructure changes are planned: logistics and IT. In Sweden an entirely new infrastructure for logistics in southwest Sweden will be launched and in the Baltics, preparations are being made to centralise logistics management. In the IT area, ICA Gruppen will be outsourcing some operations and development activities in 2015 to increase cost efficiency and flexibility and thereby improve the conditions for IT-dependent project development work.

Priorities 2014

- Exploit sourcing synergies 

Priorities 2015

- Develop and implement major infrastructure projects in logistics
- Implement IT outsourcing project





Excel in corporate responsibility

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

Comment

In 2014 ICA Gruppen focused on helping customers make sustainable choices. Several concrete targets were reached, such as an increased percentage of sales of healthy and organic products and improved communication and guidance provided to customers. This work will continue with undiminished intensity. Through the acquisition of Apotek Hjärtat, ICA Gruppen will have an opportunity to further strengthen and develop the Group's position in health, which will be a priority in 2015.

Priorities 2014

- Support customers in making sustainable choices  

Priorities 2015

- Support customers in making sustainable and healthy choices



Engage and develop our **people**

Having talented and dedicated employees is key for ICA Gruppen's success. Efforts to constantly attract and develop employees and to encourage internal mobility are therefore an important priority. A common approach and a shared view of basic values help customers better understand who we are and make ICA Gruppen more attractive to current and future employees. This makes it easier to make the right decisions and thus improves internal efficiency. In 2013 ICA Gruppen launched its three common values: Simplicity, Entrepreneurship and Commitment.

These values serve as an internal compass and as guiding principles for daily activities. The focus going forward will be on further reinforcing the implementation of these values in the offices, warehouses, logistics and the stores.

Comment

In 2014 intense efforts were made to communicate and carry on a dialogue with a large

number of employees about the common values. This is a long-term initiative and the implementation of ICA Gruppen's common values will remain a strategic priority in 2015. There will also be an emphasis on improving talent management. This will involve introducing a common framework and common, intensified processes for professional development.

Priorities 2014

- Implement ICA's common values  

Priorities 2015

- Implement ICA's common values and further develop talent management



Targets and outcomes

Financial targets

The Group's financial targets exist to ensure that ICA Gruppen creates shareholder value over the long term and to reflect the Group's focus on stable grocery retail sales. The Board of ICA Gruppen decided in December 2014 to adjust the long-term financial targets. The new targets take into account the acquisition of Apotek Hjärtat, the ongoing divestment of ICA Norway and the planned divestment of the Norwegian property portfolio.

Grow faster than the market

The target is sales growth in each individual market that outperforms growth in the market as a whole. 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 Swedish cities and the Baltic region, where several stores will be opened, particularly in Lithuania.

Outcome

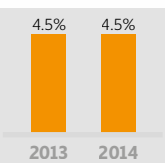
ICA Sweden and Rimi Baltic increased their sales more than the market in each area.

Achieve an operating margin of 4.5%

The target relates to operating profit, excluding non-recurring items, for the Group as a whole. Strong brands, internal efficiency, customer loyalty programmes and a higher percentage of private labels are important factors in increasing profitability. The previous target was 4.0%.

Outcome

Operating margin after the divestment of ICA Norway is 4.5% (4.5), in line with the target.

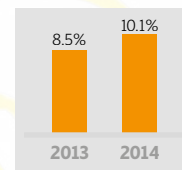


Achieve a return on capital employed of 10%

Return on capital employed is defined as operating profit plus financial income, excluding the effects of acquisitions, as a percentage of the average capital employed (equity plus interest-bearing liabilities). ICA Bank's operations 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. The previous target was 9.0%.

Outcome

Return on capital employed rose to 10.1% (8.5). The capital gain from the divestment of Kjell & Company contributed to this target being met.

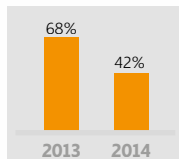


Dividend of at least 50% of profit for the year

The dividend target reflects ICA Gruppen's stable earnings and is to be set at a level that is competitive in the sector.

Outcome

The dividend corresponds to 42% of profit for the year. The proposed dividend is in line with the aim to pay a good and stable dividend over time and takes into account the fact that with effect from next year the number of shares carrying dividend entitlement will increase.

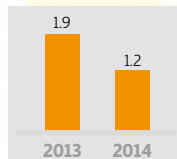


Net debt/EBITDA < 2

Net debt is defined as the Group's interest-bearing liabilities, excluding pensions and ICA Bank, cash and cash equivalents, in relation to operating profit before depreciation and amortisation (EBITDA). The target is a long-term net debt below two times EBITDA.

Outcome

At year-end the ratio was 1.2. After the acquisition of Apotek Hjärtat in January 2015 net debt increased to above 2.



Sustainability targets

ICA Gruppen's sustainability work is a strategic priority and is integrated into all of the Group's operations. These sustainability targets are for ICA Gruppen excluding the portfolio companies. Hemtex and inkClub are working towards the goal of ensuring that all corporate brand product suppliers in high-risk countries are socially audited. During the year both companies invested significant resources into implementing social audits in the supply chain.

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

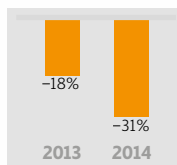
Direct climate impact comes from operating stores and warehouses, goods transports between warehouses and stores, and business travel. The climate impact from the product range is not included.

Outcome

Since 2006 ICA Gruppen's direct emissions of greenhouse gases have decreased by 31% (18). This means that ICA Gruppen's long-term climate target was reached in 2014. The decrease was largely thanks to long-term work on a number of measures in the areas of energy, cooling agents, transports and business travel. Compared with 2013, ICA Gruppen's direct carbon dioxide emissions decreased by 13% in 2014.

During the year all warehouses and ICA-owned stores in Norway, as well as a number of franchisees in the country, switched to using only renewable energy. This made a significant contribution to the decrease in carbon dioxide emissions. In Sweden the logistics operations increased the share of goods transported by vehicles that use alternative fuels. Other measures that contributed include an increased proportion of Swedish ICA stores using renewable electricity and energy efficiency measures in the stores.

In 2015 a new long-term climate ambition will be set.



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

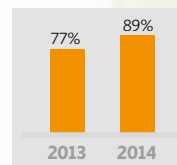
Corporate brands are essentially private label products. Since 1 January 2014 high-risk countries are defined in accordance with the Business Social Compliance Initiative's definition (BSCI). Social audits are to be performed according to a standard that is approved by ICA Gruppen or according to ICA Gruppen's own tool for social audits.

Outcome

By the end of 2014, 89% (77) of the suppliers in high-risk countries that produce ICA Gruppen's corporate brand products had been socially audited. ICA Gruppen has worked in a targeted way during the year to support the suppliers in ensuring that the corporate brand products are produced in a manner that is acceptable with respect to human rights.

The number of suppliers of corporate brand products in high-risk countries continued to fall during the year. The decrease in the number of suppliers has mainly been in the non-food category in all markets. In the fruit, vegetables and flowers categories, however, the number of suppliers continued to rise during the year.

The percentage of socially audited suppliers of corporate brand products in high-risk countries increased in all categories during the year.



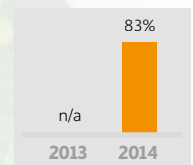
80% of ICA Gruppen's corporate brand suppliers will be **quality certified**

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

Outcome

Since the beginning of 2014 ICA Gruppen has been reporting quality status for suppliers across the entire range. Previously this was only reported for suppliers of food, fruit and vegetables. As a result of this change, the outcome for this target cannot be compared to previous years.

The percentage of quality certified corporate brand product suppliers amounted to 83% at the end of 2014, which means that ICA Gruppen exceeded the target set for the Group. The main reason why the target was met is that new routines have been introduced to ensure that quality certificates is updated and registered on an ongoing basis. The target of 80% of ICA Gruppen's corporate brand suppliers being quality certified will remain in place as it is an important operational target for ICA Gruppen.



ICA Gruppen's role in society

With size comes responsibility. As one of the leaders in grocery retail and the pharmacy market, ICA Gruppen has an important responsibility to several groups of stakeholders. This responsibility includes environmental aspects as well as social and financial ones.

One of ICA Gruppen's business linchpins is that profitability goes hand in hand with responsible behaviour. By acting in a responsible way today, we safeguard our ability to do good business tomorrow.

ICA Gruppen takes this responsibility very seriously. Maintaining the trust of our shareholders, customers, independent retailers, employees, suppliers and others in society is one of ICA Gruppen's most important success factors. Safeguarding this trust enables us to build a long-term sustainable and profitable business.

With size and proximity to the end customer come resources and, in fact, the ability to have an influence. ICA Gruppen wants to be a positive force and an active player in long-term sustainable development in society.

ICA Gruppen's approach to social responsibility covers a broad spectrum of areas. At the social level the focus is on doing business in a way that minimises negative impacts on the environment, climate and the surrounding community. It also involves operating a business in a way that creates jobs and tax revenue, and that contributes to the positive development of society as well. At the consumer level it is about providing choices promoting good health for individuals and the community at large. This includes offering healthy everyday products at low prices. From an employer perspective the focus is on offering work assignments that are stimulating and allow people to develop. It is important to nurture talent and create job opportunities for young people and other groups who for various reasons find it difficult to enter the labour market.

ICA Gruppen is also involved in fundraising activities for various non-profit organisations. In 2014, for example, ICA in Sweden and its customers together contributed SEK 27 million to Pink Ribbon, around SEK 5 million to Childhood and SEK 7 million to the Red Cross.

Sound and sustainable financial growth is necessary if ICA Gruppen is to be a positive force over time. Growth and a good financial return are the foundation for future investments and initiatives, and enable ICA Gruppen to provide a good return for the shareholders.



Development through dialogue

ICA Gruppen's most important stakeholder groups include the shareholders, customers, independent ICA retailers in Sweden, employees, suppliers and various representatives from the community – at the international, national, regional and local levels. ICA Gruppen's goal is, through constant dialogue, to balance and optimise the interests of these groups, and thereby create the greatest possible value for all involved.



Owners

ICA Gruppen's overall goal is to create long-term shareholder value. This value is created through positive share price development and dividends. ICA Gruppen is aiming for a good and stable dividend that reflects the Group's stable earnings in grocery retail over the long term. The goals established by the Board include ICA Gruppen providing an annual dividend to shareholders of at least 50% of net profit for the year.

broad and deep – in stores and online. The top priorities include making it easy for the customers to make sustainable and healthy choices. This is done through, among other things, constantly expanding the range of organic products, increasing place-of-origin labelling and running more extensive fruit and vegetable campaigns.

and continue to develop as a company. ICA Gruppen creates value for the employees by offering employment terms and benefits in line with market norms, opportunities for professional development and a stimulating, safe and healthy working environment.

Independent ICA retailers

An important part of ICA Gruppen's business model is based on cooperation with independent ICA retailers. Unique strengths are created by combining large-scale operations and efficiency with local entrepreneurship. The relationship is regulated legally by what is known as the ICA Agreement, but is essentially entirely dependent on mutual trust between ICA Gruppen and the independent retailers.

Suppliers

ICA Gruppen wants to have transparent and long-term relationships with its suppliers. The goal is to guarantee both high quality and financial stability for both parties. ICA Gruppen has a well-developed control system to ensure that social as well as environmental and quality aspects are covered. One of the most important elements of this system is certification of third parties to, for example, ISO standards, in accordance with the Global Food Safety Initiative (GFSI) or to local standards for local suppliers.

Society

ICA Gruppen's contribution to the community is manifested in a variety of ways. By virtue of being a large employer active in several countries and regions, ICA Gruppen can contribute to the local economy by creating jobs and paying salaries and taxes. ICA Gruppen's efforts in areas such as the environment, health, food safety and food production also have an important impact at the community and individual levels. Initiatives involving, for example, organic products bring environmental gains and locally produced food promotes positive development for the local community.

Customers

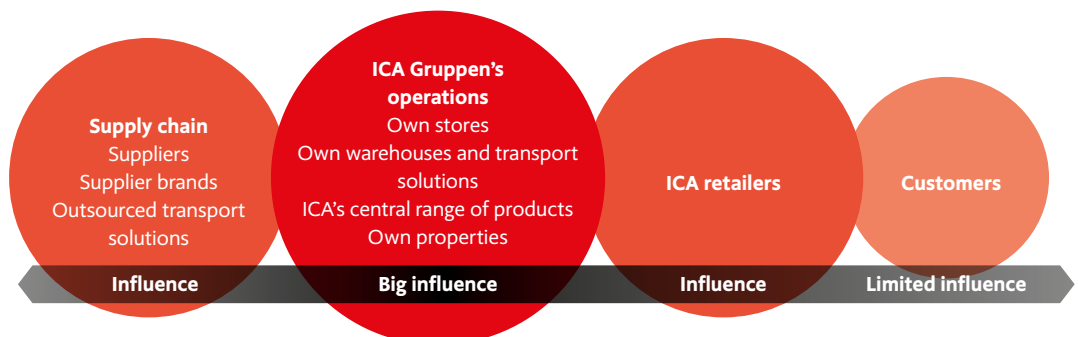
ICA Gruppen's vision and goal is to make every day a little easier. In grocery retail and pharmacy operations, among the ways this is done is by providing a range of products that is both

Employees

The skills and performance of the employees are crucial if ICA Gruppen is to reach its goals

This is how ICA Gruppen can have an impact

ICA Gruppen can impact various parts of the value chain to different extents.



Risk and risk management

Risk is a natural aspect of all business activities and risk-taking is necessary for financial growth. The objective of ICA Gruppen's risk management is therefore not to eliminate risk, but to gain good control of the Group's overall risk exposure and ensure that risk is managed cost effectively.

Through a Group-wide risk management process called Enterprise Risk Management (ERM) with uniform criteria for evaluating risk and a risk consolidation method, the Group is better able to control its risk exposure. The process also provides support for decision making and resource allocation.

The Group's ERM process is integrated with the strategy and budget processes where risks are identified, evaluated and managed within each segment of the business. Regular meetings with the central functions and risk managers in the various segments promotes a good dialogue about future areas of risk, as well as better quality in both the assessment and management of the risks. Monitoring risk within the segments is done within the Management Team's half-yearly review of operations and in connection with establishing the strategic plan and budget. The Group's

main risks and measures to manage them are reported twice a year to Management Team and at least once a year to the Board.

A risk is defined as a future uncertain event that may have a negative impact on the Company's ability to achieve established targets. ICA Gruppen divides risk into three categories: strategic, operational and external risk. Categorising risk in this way provides guidance on appropriate methods to identify and manage risk in each category, and clarifies which parts of the organisation should focus on which risk category. Strategic risk is usually identified through risk workshops linked to a strategic initiative and managed

through measures that limit both the impact and the likelihood of the risk arising. Operational risk is

identified when processes are reviewed and revised. In managing operational risk the focus should be on limiting the likelihood of the risk arising by creating controls, routines and standards. External risk is risk that is outside the Group's control, such as regulatory changes or changed market conditions. A good way to prepare for these risks and to limit the consequences if they arise is to raise awareness about them and have action plans in place to employ if the risks do arise.

ICA Gruppen's operations are exposed to all categories of risk. On the pages that follow a selection of the main risk areas that may have a material impact on the Group's ability to achieve its goals and targets are presented, accompanied by a brief description of the measures in place to manage the risks.



Strategic risk		
Risk	Description	Management
Risk relating to ICA Norway's operations	<p>ICA Gruppen entered into an agreement on 6 October 2014 on the transfer of ICA Norway to Coop Norway. The agreement is subject to approval by the Norwegian Competition Authority, Konkurransetilsynet.</p> <p>This risk is not, therefore, primarily related to profit growth in Norway, but instead to 1) the Norwegian Competition Authority not approving the transaction and 2) disruptions in the Norwegian operations with consequences for other parts of ICA Gruppen's organisation.</p>	<p>Coop Norway has filed an acquisition application with the Norwegian Competition Authority. ICA Gruppen is, however, assisting Coop Norway by providing information on ICA Norway's operations for the acquisition application so that the Competition Authority will have documentation that is as complete as possible for its review of the case. The review is subject to statutory deadlines and a decision from the Norwegian Competition Authority is expected no later than May 2015.</p> <p>ICA Norway is in talks with the Norwegian trade unions to ensure that a good relationship is maintained.</p>
Risk relating to agreements with ICA retailers	<p>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 the Group's operations and earnings.</p>	<p>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 prevailing norms.</p>
Risk relating to acquisitions	<p>In 2014 ICA Gruppen entered into agreements on the acquisition of operations, including Apotek Hjärtat. If the status of the acquired operations were to differ significantly from what was known before their acquisition, this could have a material impact on ICA Gruppen's earnings and brand.</p>	<p>In connection with acquisitions, the risks and processes of the operations are carefully analysed by both internal and external experts. With respect to the pharmacy segment, ICA Gruppen has been operating its own pharmacies since 2010 and thus has a thorough understanding of the regulations and the processes required to ensure compliance and efficiency.</p>
Brand risk	<p>A good reputation is a key factor in ICA Gruppen's success. ICA Gruppen's reputation could be negatively impacted if ICA Gruppen or an ICA retailer were to supply a product that is harmful or otherwise substandard. The same applies if ICA Gruppen, any of the Group's suppliers, distributors, other partners or any of the ICA retailers act in a way that conflicts with the values that ICA Gruppen represents.</p>	<p>ICA Gruppen's values are summarised in ICA's Good Business and are integrated into the Group's operations. Combined with various guidelines, the values support the employees in understanding how to act in interactions with customers, colleagues and suppliers. Since ICA Gruppen's operations in Sweden consist of independent retailers who to various extent purchase products from other suppliers than ICA Sweden, the Group's ability to ensure adherence to the values can sometimes be limited. Through continuous training and dialogue with ICA-handlarnas Förbund, the Group strives to achieve a high level of adherence to its values.</p>
Real estate-related risk	<p>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 violation of regulations and standards which may result in harm to people and/or buildings, increased costs, and reduce the value of the properties.</p> <p>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.</p>	<p>Through constant dialogue with the tenants, regular inspections and extensive investment, ICA Gruppen ensures that existing properties are well maintained and developed. Before decisions are made on major new construction or renovations, ICA Gruppen conducts a risk analysis to identify and reduce risk associated with property development, such as environmental impact.</p> <p>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.</p>

Operational risk

Risk	Description	Management
IT-related risk	ICA Gruppen's operations are highly dependent on having an efficient IT infrastructure. Any inability to ensure that the Group has modern IT infrastructure that is adapted to ICA Gruppen's operations could have a significantly negative impact on the Group's operations and earnings. In addition, any disruptions resulting in extended business interruptions or loss of important information could reduce the public's trust in ICA Gruppen and have a negative impact on the Group's earnings.	ICA Gruppen's current IT platform is complex. Developing new functionality is very time-consuming and associated with potential limitations in accessibility or functionality problems as well as high costs. 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 risk associated with replacement. As part of its structured risk management work, the Group is engaged in on-going 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.
Distribution risk	ICA Gruppen's distribution solutions vary from market to market. Access to efficient distribution in all markets where the Group operates is essential if the Group is to reach its targets. In the event a significant supplier, carrier, warehouse-partner or other party 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 imply difficulties in delivering products for a period of time. The same applies if a prolonged interruption should occur as a result of a disruption at or damage to any of the facilities. The risk of distribution disruptions is considered higher when the logistic units undergo major renovation.	ICA Gruppen maintains preventive measures to ensure a high degree of reliability and to ensure the Group is prepared to manage any interruptions in the supply chain. These measures include constant maintenance of facilities, employee training, risk inspections and ensuring that everything is in good order.
Personnel risk	ICA Gruppen's ability to attract talented and dedicated employees is essential if the Company is to develop in line with the strategic plans and achieve the established targets. If ICA Gruppen does not have access to employees with the right skills at the right time, the Group's operations and earnings could be negatively impacted.	By keeping track of dependency on key competencies and through constant professional development and strategic HR planning, ICA Gruppen can ensure it has skilled and dedicated employees to develop the business and achieve the goals.
Insurance-related risk	ICA Gruppen's insurance protection mainly covers the Group's property, business interruption and liability risk. The insurance policies are signed after a determination of appropriate coverage in relation to the premium costs. There is a risk that anticipated insurance compensation will not be received in the event of damage and this could have a negative impact on the Group's earnings.	ICA Gruppen works closely with insurance experts and conducts regular risk assessment as a basis for damage prevention processes and insurance procurement. ICA Gruppen also has an insurance policy which provides guidance on how insurable risk should be managed and which criteria to apply when selecting an insurance provider.

External risk

Risk	Description	Management
Market risk	ICA Gruppen's operations and products are affected to some extent by the general economic situation and by fluctuations in commodity prices and distribution costs. Significant changes in consumption patterns, such as increased online sales or actions by competitors, may reduce ICA Gruppen's market share and margins or increase price pressure. There is also a risk of political instability or uncertainty in the markets where ICA Gruppen operates or purchases goods.	By maintaining a dialogue with customers and ensuring the Group has sufficient resources for investments and product development, ICA Gruppen aims to offer prices, products, quality and service in line with customer demand. To deal with the increasing competition from online sales, the Group initiated the launch of an online solution in 2014.
Regulatory risk	ICA Gruppen's grocery retail, pharmacy and financial operations require special permits and are subject to ongoing scrutiny from various supervisory authorities. There has been a general tightening of the rules over the past few years, making it necessary to place greater emphasis on ensuring that resources and controls are in place to implement and comply with laws and regulations. Inability to comply with laws or regulations, or changes in the application or interpretation of existing laws and regulations could require ICA Gruppen to change its business methods or could result in the loss of permits to operate or incur unforeseen costs. This could also affect the Company's good reputation among customers and shareholders.	Adapting operations 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 supervisory authorities to keep them informed about the Group's operations and to ensure compliance with laws and regulations.
Sustainability risk	To meet the expectations of the market and customers, and to reach the Group's own targets, 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 with sustainability issues could reduce cost efficiency as well as customer confidence.	The issue of sustainability is integrated into the day-to-day operations through the Group's common values in the form of ICA's Good Business and associated policies and guidelines. 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. The Group works 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 quality and environmental certification of sourcing, logistics, property and store operations.
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 targets.	Financial risk 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 policy set annually by the Board of Directors. For a more detailed description of established risk levels and how these are observed, see note 21.

Risks and opportunities relating to climate change

As a complement to the annual cycle of the ERM process, ICA Gruppen conducts in-depth analysis of specific risk areas. One example is sustainability, where risk is analysed and evaluated through a materiality analysis based on stakeholder requirements and expectations and an estimate of the impact on ICA Gruppen*. Sustainability work is focused on areas that are deemed to be of significant interest to both stakeholders and ICA Gruppen. The risks and opportunities associated with climate change are among the Group's sustainability focus areas.

Change	Risks	Opportunities
New legislation	<p>Society's growing awareness of climate change is likely to result in new laws and regulations, which in turn will affect ICA Gruppen both financially and operationally. The legislation could be amended so that for instance certain cooling agents are prohibited or subject to tax.</p> <p>ICA Gruppen continuously monitors these issues in order to be ready to quickly adapt. Important areas include emission limits on goods transportation, taxes that increase the cost of fossil fuels and society's transition to renewable energy sources.</p>	<p>Challenges give rise to new ideas. The climate debate and research are likely to lead to stricter limits on carbon dioxide emissions from transportation. This increases the need for green solutions. New technology is also being developed to meet the new needs, providing opportunities for more green solutions. A likely future tax on synthetic cooling agents would steer development towards more green alternatives in everything from transportation to refrigeration systems in stores.</p> <p>Since ICA Gruppen is already working on the issues today, the Group may be able to strengthen its position in the market if and when new regulations are introduced.</p>
Physical changes	<p>The physical risks inherent in climate change – temperature changes, drought, floods, etc. – affect everyone in society. For ICA Gruppen, this means that the supply of various crops may change in quantity and price and over time due to changed farming patterns. Some regions and countries may become unusable, which can imply challenges to find new suppliers to work with. Goods transportation may be affected if extreme weather conditions affect accessibility. Decisions to open new stores could also be affected when, for example, the risk of floods in certain locations must be taken into account. Reduced access to fossil fuels is also a potential risk if ICA Gruppen's operations are not able to be converted and adapted for renewable fuels.</p>	<p>Increasing demand from customers for climate-friendly and green products also provides new business opportunities. This could involve developing new products or services, or finding locations for new stores that are within walking or cycling distance of residential areas. Another opportunity is improved waste disposal and management in society which generally means that stores can manage their own waste in a greener way. 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 Gruppen to ensure a competitive operation even if the fossil fuel would become radically more expensive or if the supply is decreased. Reducing energy usage is also a way of saving money.</p>
Other changes	<p>New consumption patterns due to growing awareness of climate change could present a risk unless ICA Gruppen adapts quickly enough to new customer demands.</p>	<p>Customer satisfaction is a competitive advantage. ICA Gruppen can improve its market position by satisfying customer demands for transparency, quality, human rights and green and healthy products more successfully than the competitors. ICA Gruppen can improve customer relations by engaging in a good dialogue and being innovative and ambitious, which may put ICA Gruppen ahead of the competitors. New customer demands stimulate innovation and growth of a product range so that it will always be kept current while taking climate and environmental impact into account.</p>

* See page 45.



Market and trends

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. Here is an explanation of some of the main changes and challenges facing grocery retail and what ICA Gruppen is doing to turn them into business opportunities.

Trend 1

Common to all of ICA Gruppen's markets is the continuing urbanisation which results in growth of medium and large cities and the depopulation of rural areas and smaller towns. This also affects the age distribution because larger cities offer more opportunities for work, proximity to culture and a diverse offering of shops and other services and are therefore attracting more young people in working age. The increasing numbers of urban consumers value products, services and information that make life easier because time is often a limited commodity.



The urban consumer

Examples of solutions within ICA Gruppen

Increased focus on **establishing new stores** in big cities • An **adapted product range** in the Rimi stores in the Baltic • Growing **ICA To Go** in Sweden

Trend 2

In the Nordic countries about 70% of the population have smartphones. Internet penetration in the Baltic countries is around 80% and there is a trend whereby more and more consumers are switching to mobile internet use. Faster connection and portable devices (mobile phones and tablets) are the main drivers of development towards a society where information, goods and services are available anywhere and anytime. This trend is increasing the demand for transparency facilitating faster and more direct communication between companies and consumers.



The connected society

Examples of solutions within ICA Gruppen

ICA's central **online sales solution** • **Mobile login** to ICA Bank • Testing of **mobile payment**

Trend 3

Health is one of the strongest trends in today's society, and more and more consumers want help finding ways to live a healthier life. A healthy lifestyle involves paying attention to what we eat and getting exercise. Fruit and vegetables are associated to a great extent with a healthy diet and many consumers still find it hard to consume enough of them. There is a desire among consumers to learn more about what is in the food they buy and where it comes from. In recent years there has, for example, been an increase in organic products in Sweden and one of the main reasons for buying organic is that customers believe it is better for their health and contains fewer toxins.



Health and balance

Examples of solutions within ICA Gruppen

More **country-of-origin** labelling
 • **Cooperation** with the Federation of Swedish Farmers (LRF) • Continuation of **"Take a Green Year"** • Campaign with double **bonus points** on organic • Acquisition of **Apotek Hjärtat** • **Dietary advice** at pharmacies

Trend 5

The continuing economic instability in Europe and around the world means that the economy is still high on the list of things consumers are worried about. Low prices are not the only things that attract customers; they are also concerned about making smart decisions, conscious choices and good deals. Private label products are now an accepted concept, providing consumers with more economical alternatives. Digital development and social media are making it easier for consumers to compare products and keep informed about price and quality.



Value for money and smart

Examples of solutions within ICA Gruppen

Investment in **private label products** and price perception
 • New **low-price guarantee** in Säästumarket stores in Estonia • **Campaign initiatives** in Latvia and Lithuania
 • **Price-based** campaigns in Sweden
 • **Loyalty programme** rewarding loyal customers

Trend 4

The desire for help to solve life's everyday puzzle is strong, especially among families with children. Today children and adults alike are involved in numerous activities outside of school and work. This is increasing the demand for services and products that make life easier. 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 the consumers' desire to simplify their lives.



Simplicity and everyday convenience

Examples of solutions within ICA Gruppen

In-store banking and **pharmacies** in ICA stores • **ICA Grocery Bag** makes meal planning easier • **Ready-prepared meals** • Special sections for **ready-prepared food** in the stores in the Baltic countries • **Recipe app** including a smart shopping list • **Contactless payment**

Trend 6

The earth's resources are finite and everyone bears a responsibility to use them wisely. Demand for goods that are green, take into account production conditions and/or are grown locally has increased significantly in recent years. Among other things, as a company ICA Gruppen is expected to have a responsible value chain, work actively on quality and environmental issues in stores, have efficient and green transport solutions and be transparent about progress towards a more sustainable system.



Sustainability and responsibility

Examples of solutions within ICA Gruppen

ICA's Good Business, seven position statements for sustainability work, are reflected throughout the organisation • Environmental and quality **certification** of stores and sourcing and logistics processes • Social **audits** to improve suppliers' working conditions in high-risk countries • **Quarterly reports** on sustainability work • **Labelling** to guide customers to make sustainable and ethical choices

A strong business model

At the heart of ICA Gruppen's operations is grocery retail, and the grocery stores are the hub of the business. Around this we have built up a number of operations which individually or in combination are contributing to our attractive customer offering and a stronger market position.

Value creation that provides clear **benefits** and **strengths** ...



In Sweden grocery retail stores are operated in cooperation with independent ICA retailers who own their stores. ICA Sweden is responsible for coordinated sourcing, logistics and market communication, and providing support to retailers in areas such as marketing and store development. ICA Sweden includes Cura pharmacies, which in 2015 will become a separate segment along with Apotek Hjärtat. Read more on page 35.

In the Baltic countries all stores are owned by Rimi Baltic and all operations are integrated. In Norway around 55% of the stores are owned by ICA Norway, while the other 45% are operated as franchises. ICA Norway coordinates joint sourcing, logistics and market communication for all of the stores. If the sale of ICA Norway to Coop Norway is approved, ICA Gruppen will no longer have a grocery retail operation in Norway.

In addition to grocery retail, ICA Gruppen includes ICA Bank and ICA Real Estate which mainly operate in Sweden. The Group includes a number of wholly-owned or partly-owned portfolio companies.

ICA Bank fills a number of important functions within ICA Gruppen. In addition to providing a diverse range of smart and user-friendly bank services, ICA Bank helps strengthen loyalty to the ICA stores while also reducing costs for the financial flows in the ICA system. 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.

ICA Real Estate is one of the largest commercial real estate firms in retail in the Nordic region. The over-all mission is to meet the Group's long-term need for appropriate properties in the right locations. This is done through a combination of owning, leasing and strategically developing marketplaces. The tenants are ICA retailers as well as other businesses.

Value creation that provides clear benefits

In all geographical markets there is a constant focus throughout the value chain on efficiency and optimisation of sourcing and logistics processes, concept and product range development, optimising the existing store network and developing supplementary sales channels, improving the property portfolio and developing market communication and CRM systems.

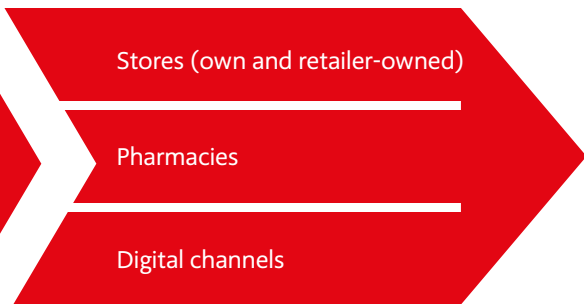
Taking advantage of economies of scale and opportunities for coordination creates benefits in the form of strong customer offerings, efficient processes, the right properties in the right locations, high customer loyalty and low financial transaction costs.



ICA Gruppen's revenues

The largest percentage of ICA Gruppen's revenues (around 59%) comes from wholesale sales, mainly relating to ICA Sweden's sales to independent ICA retailers. The second largest source of revenue is retail sales from stores owned by ICA Gruppen in Norway and the Baltic countries, as well as sales at Cura pharmacies. Other revenues are mainly in the form of rental income and net interest income as well as commissions.

... through several channels ...



... and a simpler life for our customers



ICA Sweden's business and earnings model

In Sweden ICA Gruppen's business is largely based on the so-called ICA Idea which combines the local retailers' commitment and local market knowledge with ICA Gruppen's ability to run a large-scale operation, economies of scale, efficiency and diversity.

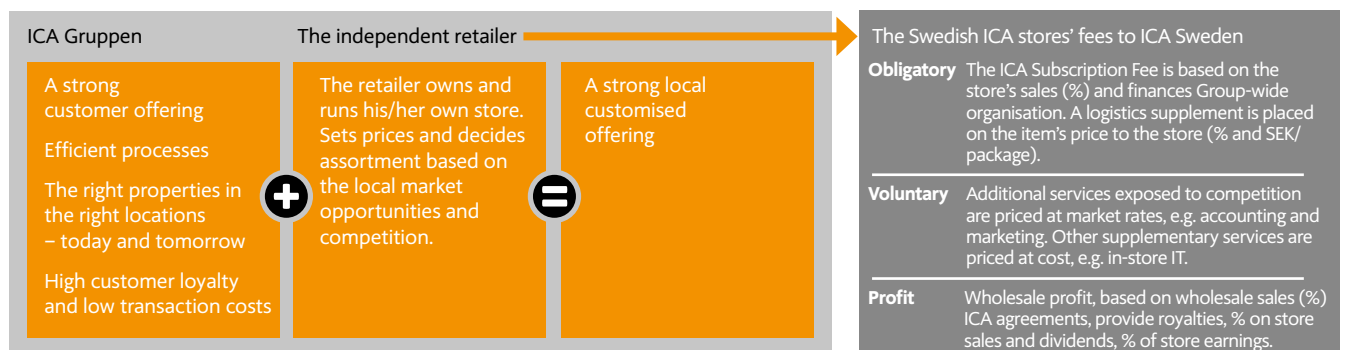
The relationship between ICA Sweden and the independent retailers is usually regulated in

the so-called ICA Agreement, a shareholder and financing agreement under which, among other things, ICA Sweden owns the right to the store location and trademark, while the retailer owns and operates the store.

New stores are normally established by ICA Sweden, which provides financing for the retailers to establish the stores. Initially the retailer

only owns a small percentage of the shares in the company operating the store on the understanding that the shareholding will gradually increase using the profits that the store generates.

The ICA Agreement also regulates the size of the annual fee the stores pay to ICA Sweden and contains a pre-emption clause if the ICA retailer wants to sell her/his company or its operations.



ICA Gruppen's segments

ICA Gruppen's operations are divided into the segments ICA Sweden, Rimi Baltic, ICA Bank, ICA Real Estate and the Portfolio Companies. The ICA Norway segment is being divested and in January 2015 the acquisition of Apotek Hjärtat was concluded. The core business is grocery retail. The intention is for other operations to support the core business, but they may also be further developed to new business opportunities.

ICA Sweden

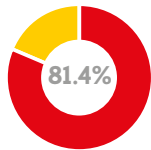
With 1,314 stores and a market share of around 36*%, ICA Sweden is the leading grocery retailer in the country.

The independent ICA retailers own and operate their own stores, but have agreements with ICA Sweden in areas such as coordinated purchasing, logistics, market communication and store development.

ICA Sweden also encompasses ICA Maxi Special which, among other things, operates the non-food departments at Maxi ICA Hypermarkets. Until 2014 also included Cura pharmacies.

* Calculated based on total grocery consumption irrespective of channel according to Nationalräkenskaperna (Sweden's national account).

Net sales, %
(of the whole Group)



Operating profit excl. non-recurring items, SEK m

3,249

Number of employees

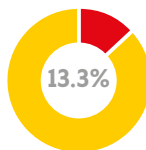
8,213

Rimi Baltic

Rimi Baltic is a grocery retailer operating 242 wholly owned stores in Estonia, Latvia and Lithuania. The properties owned by the Group in the Baltic region are also part of Rimi Baltic.

At the end of the year Rimi Baltic had 84 stores in Estonia, 112 in Latvia and 46 in Lithuania. Sales in 2014 break down as 28% from Estonia, 52% from Latvia and 20% from Lithuania.

Net sales, %
(of the whole Group)



Operating profit excl. non-recurring items, SEK m

383

Number of employees

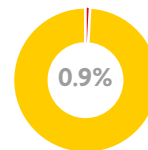
8,995

ICA Bank

ICA Bank fills a number of important functions within ICA Gruppen. In addition to providing a diverse range of smart and user-friendly bank services, ICA Bank helps strengthen loyalty to ICA stores while also reducing the cost of the financial flows in the ICA system.

At the end of 2014 ICA Bank had around 656 000 million bank customers. A total of around 591 000 bank cards have been issued.

Net sales, %
(of the whole Group)



Operating profit excl. non-recurring items, SEK m

189

Number of employees

322

ICA Gruppen's pharmacy operations will become a separate segment in 2015

At the end of 2014 ICA Gruppen acquired Apotek Hjärtat AB, Sweden's largest privately-owned pharmacy chain. In January 2015 the Swedish Competition Authority approved the acquisition, enabling completion of the transaction. From 2015 Apotek Hjärtat and Cura pharmacies is reported as a segment. Read more about ICA Gruppen's pharmacy operations on page 35.



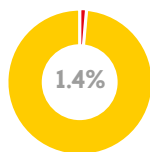
ICA Real Estate

ICA Real Estate is one of the largest commercial real estate firms in retail in the Nordic region. The overall mission is to meet ICA Gruppen's long-term need for appropriate properties in the right locations.

The business idea is based on acquiring, developing, managing and in some cases selling properties and market places adjacent to existing or planned ICA 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 jointly owns two companies, Ancore Fastigheter and Långeberga Logistik, with the pension company Alecta, both companies holding an equal share.

Net sales, %
(of the whole Group)



Operating profit excl.
non-recurring items, SEK m

409

Number of employees

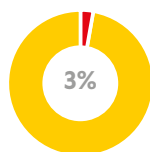
77

Portfolio Companies

ICA Gruppen owns, wholly or partly, three retail companies: Hemtex, inkClub and Cervera.

As part of the ongoing strategy work, the home electronics chain Kjell & Company and Forma Publishing were divested during the year. There are plans to divest Cervera in 2015.

Net sales, %
(of the whole Group)



Operating profit excl.
non-recurring items, SEK m

53

Number of employees

1,025

OPERATIONS BEING DIVESTED:

ICA Norway

At the beginning of October 2014, all of the shares in ICA Norway were sold to Coop Norway. ICA Norway has 3,552 employees and 550 stores. The property portfolio owned by ICA Gruppen in Norway, which is part of ICA Real Estate, is not included in the sale, but the process of selling the properties will begin in 2015.

The transaction's completion is contingent upon approval by the Norwegian Competition Authority, Konkurransetilsynet. From the beginning of the third quarter 2014 and up until the transaction is concluded, ICA Gruppen will report ICA Norway as discontinuing operations.

ICA Sweden

Strong growth continues

2014 was another strong year for ICA Sweden. Increased wholesale sales, higher dividends from stores and strong profit growth for Cura pharmacies all contributed to the higher net sales and improved operating profit. At the same time, the independent ICA retailers continued to increase their market share.

Key ratios

	Pro forma	
	2014	2013
Net sales, SEK m	71,026	67,992
Operating profit excl. non-recurring items, SEK m	3,249	3,058
Operating margin excl. non-recurring items, %	4.6	4.5
% of private labels	22.7	21.5
Number of employees	8,213	7 617

Continued strong development 2014

ICA Sweden's net sales for the full year 2014 totalled SEK 71,026 million (67,992), an increase of 4.5% compared with the previous year. Higher sales within wholesale explain most of the increase but the store subsidiaries and Cura pharmacies also reported a strong growth in sales. ICA Sweden's operating profit excluding non-recurring items amounted to SEK 3,249 (3,058). The improvement is mainly explained by increased sales and higher profit shares from stores.

In 2014 ICA Sweden continued to work according to the adopted strategy and established strategic priorities. The focus areas for the year included increasing sales, continuing to develop the product range, increasing the number of private label products, developing the online sales platform and ensuring that prices were competitive and the logistics chain was efficient. Good results were achieved in all of these areas in 2014.

Work on developing the physical store network continued in 2014. All in all 14 new stores were opened during the year, while 21 mainly small stores were closed. The growth rate remained high within Cura pharmacies*. A total of nine new pharmacies were opened. This, combined with continued strong growth in comparable pharmacies, contributed to strong growth in sales within the pharmacy operations and an increased market share for Cura pharmacies.

To strengthen and broaden the customer offering, ICA Gruppen continued to invest in

private label products during the year. In 2014 private labels accounted for 22.7% of sales in Sweden, an increase of 1.2 percentage points compared to the previous year.

A total of around 420 new private label products were launched, many of which were in the fresh foods segment. ICA Sweden also launched approximately 350 new private labels in product categories home and leisure.

In addition to focusing on the physical stores, preparations continued to lay the foundations for the planned online offering. At the end of the year the option to shop online was launched from four pilot stores in Östergötland. The service will be added at more stores in 2015.

As part of the process of developing the product range while helping customers make healthy choices, ICA Sweden entered into a partnership in 2014 with the Federation of Swedish Farmers (LRF).

The objective is to join forces to expand the offering of Swedish products in stores, increase sales of Swedish food and support development



4.2 million active customers in ICA's loyalty programme

Sales growth and number of stores

Profile	Store sales (excluding VAT)			Number of stores in Sweden, including retailer-owned stores				
	2014, SEK m	Change, all stores, %	Change, like-for-like, %	Dec. 2013	New	Converted	Closed	Dec. 2014
MAXI ICA Stormarknad	31,152	3.4	2.2	77	2			79
ICA Kvantum	25,230	4.5	2.2	122	2		-1	123
ICA Supermarket	32,261	1.7	1.4	430	5		-4	431
ICA Nära	15,712	1.3	2.1	688	4		-16	676
ICA To Go				4	1			5
Total	104,356	2.8	1.9	1,321	14	0	-21	1,314

* Since January 2015 the Cura pharmacies together with Apotek Hjärtat comprise a separate segment.

and growth in Sweden's rural areas. Origin-labelling of corporate brand products was expanded during the year. This labelling has been used for a long time on corporate brands that contain meat. In 2014 it was expanded to include more product groups, including cheese, milk products and frozen vegetables. The fact that customers are increasingly prioritising sustainable options is clearly reflected in the sales statistics. Sales of organic products increased by a full 55%. Sales of ICA Gruppen's private label Fairtrade products increased significantly as well.

In logistics, the expansion of the warehouse in Helsingborg continued. The new warehouse, which is expected to be finished in the third quarter of 2015, will result in improved service, greater efficiency and significant environmental gains. One of the efficiency improvement measures is the closure of the warehouse in Arlöv.

In autumn 2014 a licence agreement was signed with Starbucks Coffee Company giving ICA Sweden the right to establish Starbucks cafés in its grocery stores in Sweden. The initial plan involves opening three cafés in 2015 for evaluation before more are added.

ICA stores sales

The independent ICA retailers continued to increase their market share during the year. Sales in the Swedish ICA stores increased by 2.8%, while the grocery retail market as a whole grew by 2.1%.*

A mature market

The Swedish grocery retail market experienced low growth in 2014, mainly due to low inflation, stiff competition and growing digitalisation. The grocery retail market in Sweden is a mature market where the traditional players have mainly been ICA, Axfood, Coop and Bergendahls. Combined, these players account for around 70% of the market. The competition has increased in recent years, mainly due to the growth of low-price chains, but also as a result of increased competition from other channels, such as restaurants and pre-packed grocery bags delivered directly to customers.

Grocery retail is expected to grow in a positive direction in 2015 although the competition is expected to remain tough and inflation low. The biggest growth in terms of percent-

ages, albeit from low levels, is expected to be in online sales.

Future focus

The focus in 2015 will be on maintaining strong sales growth and implementing a number of important projects, with an aim to further strengthen the Company's position. Online sales will be rolled out on a large scale during the year. The reconstruction and expansion of the warehouse in Helsingborg will result in major logistics changes in the whole of southern Sweden. Another important priority will be developing the customer loyalty programmes and continuing to offer value for money, with a particular focus on fresh foods, private label products and a healthy product range.

* Source: SCB



Rimi Baltic

Expansion and strong profitability

The Rimi Baltic operations demonstrated strong growth in 2014, with a sharp increase in sales, improved margins and profits, and a higher market share. Behind the growth was significant investment in new and existing stores and a maintained emphasis on further strengthening the customer offering.

Key ratios

	Pro forma	
	2014	2013
Net sales, SEK m	11,632	10,333
Operating profit excl. non-recurring items, SEK m	383	308
Operating margin excl. non-recurring items, %	3.3	3.0
% of private labels	19.9	18.2
Number of employees	8,995	8,248
EUR exchange rate averaged	9,1093	8,6553

Strong net sales and profit development

Rimi Baltic's net sales for 2014 amounted to SEK 11,632 million (10,333). In local currency, sales rose 7.0% with a good rate of increase in Latvia and a substantial positive effect from newly opened stores in Lithuania. Like-for-like sales increased by 4.2% with Latvia making the biggest contribution. Operating profit excluding non-recurring items amounted to SEK 383 million (308). The improvement is due to higher sales, better purchasing prices and positive mix effects.

The main strategic priorities in 2014 included further strengthening the Rimi brand, increasing private label sales and continuing store modernisation – all for the purpose of creating a more attractive customer offering and increasing customer loyalty. These efforts were successful and, in combination with a continued emphasis on cost control, constituted an important success factor for Rimi Baltic's growing market share during the year.

A total of twelve new stores were opened in 2014, nine in Lithuania, two in Latvia and one in Estonia. Alongside this expansion there was also a continued focus on modernising and upgrading the existing stores. Almost all of the stores have now been overhauled. Product range development also continued, especially in ready-prepared meals, private labels and non-food products. Sales of private label products continued to grow in 2014 and this was an important factor in the higher profitability, improved price perception and increased customer loyalty.

Market development

Growth in the grocery retail markets in Estonia, Latvia and Lithuania continued in 2014. In all three countries there is stiff competition accompanied by a high expansion rate and

a growing total retail surface area. Economic growth in Lithuania and Latvia remained strong in 2014. Growth was weaker in Estonia and this slowed the growth of Rimi Baltic in Estonia.



Future focus

The focus in 2015 will be on continuing to grow and strengthen the Rimi brand. A total of 20 new stores are planned for 2015, most of which will be in Lithuania. Development of private label products as well as work on various types of loyalty programmes will be further intensified. There will also be an emphasis on continued improvement in sourcing and logistics. The implementation of a new system for planning, forecasting and warehouse management is expected to have a positive impact. The goal is to further increase coordination of sourcing between Rimi Baltic and ICA Sweden in relevant areas.

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

Sales growth and number of stores

Profile	Store sales (excluding VAT)			Number of stores in Baltic countries			
	2014, EUR m	Change, all stores %	Change, like-for-like %	Dec. 2013	New	Closed	Dec. 2014
Estonia	363	0.6	-0.8	83	1		84
Latvia	658	8.1	7.2	113	2	-3	112
Lithuania	249	14.7	4.4	39	9	-2	46
Total	1,270	7.0	4.2	235	12	-5	242

ICA Bank

A broader and more click-friendly customer offering

The main points in ICA Bank's year were low interest rates, adjustment to new regulations, and continued expansion and digitalisation of the customer offering. Although low interest had a negative effect on net interest, this was partly offset by higher net commissions.

Key ratios

	Pro forma	
	2014	2013
Revenues, SEK m	848	850
Operating profit excl. non-recurring items, SEK m	189	201
Operating margin excl. non-recurring items, %	22.3	23.6
Business volume, SEK m	26,353	24,772
Number of employees	322	312

Increased business volume 2014

ICA Bank's revenues amounted to SEK 848 million (850). Net commission increased but not sufficiently to compensate for the lower net interest. The bank's business volume continued to rise. Operating profit excluding non-recurring items amounted to SEK 189 million (201). Compared with 2013 it is primarily increases in personnel and IT costs that explain the lower result. Cost increases are essentially due to adjustments to new regulations and a slightly higher number of employees.

ICA Bank continued to grow in terms of customers and business volume in 2014. The number of bank customers at the end of the year was 656,000, an increase of 7.2% for 2014.

Great effort was put into developing both the actual offering and the various digital customer channels during the year. Mobile BankID was, for example, launched on icabanken.se and in the app. ICA Bank customers were also given the option to connect to the Swish payment service.

In order to broaden the customer offering and increase the number of full-service customers, in the second quarter ICA Bank submitted an application to the Swedish Financial Supervisory Authority for a permit to conduct insurance business. ICA Bank already offers insurance to private clients through external partners but now intends to conduct P&C insurance operations entirely under its own management. The business will be operated as a subsidiary of ICA Bank. The goal is for the new insurance company to be up and running by the end of 2015. In January 2015 the bank received permission to conduct insurance business from Finansinspektionen.

Another important focus area was the upcoming regulatory changes relating to inter-

nal governance and control, capital evaluation and management of operational risk.

Market development

The Swedish banking market is still dominated by a few large players. In a ten-year perspective, both niche banks and foreign branches have increased their market share, mainly in the personal banking segment. The emergence of niche banks, in combination with technical developments, has resulted in greater mobility, made it easier for customers to switch banks and has increased the number of financial service providers.

Future focus

ICA Bank's overall goal going forward is to strengthen its position as a full-service bank. This will be achieved primarily by intensifying relationships with existing card customers and thereby increasing the number of services per customer. Cooperation with the stores will be developed and a new, more proactive and personalised strategy for marketing to customers will be implemented. ICA Bank will launch contactless payment and mobile payment in spring 2015.



ICA Real Estate

Focusing on development and adding value

In 2014 ICA Real Estate continued to operate in line with established strategic priorities: developing local commercial centres, strengthening the service offering, improving process efficiency in new construction and renovations, and introducing a more active purchasing and selling strategy.

Key ratios

	2014	Pro forma 2013
Net sales, SEK m	2,253	2,255
Operating profit excl. non-recurring items, SEK m	409	473
Operating margin excl. non-recurring items, %	18.2	21.0
Number of employees	77	75

Stable underlying profit development

ICA Real Estate's net sales amounted to SEK 2,253 million (2,255). Net sales comprise rent income from owned properties SEK 1,147 million, rent from leased properties SEK 1,071 million and service revenues SEK 35 million. Operating profit excluding non-recurring items amounted to SEK 409 million (473). Changed depreciation affected earnings by SEK -99 million compared with the previous year. Earnings effects from Långeberga (warehouse in southern Sweden) and other investments partly compensated for the negative effect from higher depreciation.

In addition to making continuous efforts to ensure the properties are managed in a sustainable way that adds value, ICA Real Estate was involved in a number of large investment and development projects in 2014. Altogether five new stores were opened during the year with a total surface area of 32,152 square metres. In addition, three development projects were completed with a total retail surface area of 3,271. The main projects include Gnista shopping centre outside Uppsala, Flygstaden in Halmstad and the Flottiljen shopping centre in Barkarbystaden outside Stockholm.

Common to all these commercial centres is that, in addition to ICA Maxi stores, they also house a large number of external stores and services which together help to secure stable customer flows.

In September ten commercial properties were sold to Ancore Fastigheter AB which ICA Gruppen owns with Alecta. The underlying property value was SEK 918 million. The transaction provided a capital gain of SEK 58 million for ICA Real Estate. Ancore Fastigheter owns a total of 30 store properties in which ICA is the main tenant. The estimated market value of Ancore's portfolio is SEK 5.2 billion. During the year three development projects were completed involving an investment of SEK 34 million.

In Sweden a number of properties containing ICA stores were acquired and in Norway six store properties were sold.

In autumn 2014 an external market valuation was conducted where the assessed market value, including properties owned by the partly owned company Långeberga Logistik, amounted to SEK 14.1 billion, compared with a book value for these properties of SEK 13.4 billion. The market valuation also resulted in write-downs of a few individual properties, totalling SEK 42 million.

Market development

The Swedish property market has been strong in recent years with relatively stable transaction volumes and prices. The focus of investors and financiers has shifted in recent years towards real estate assets that provide stable and long-term returns. These include homes, offices in prime locations and properties with retail tenants and grocery retail in particular. The transaction volumes in the Swedish commercial real estate market amounted to around SEK 157 billion in 2014, which was higher than the average for the previous year.

Future focus

As a consequence of ICA Gruppen's ongoing divestment of ICA Norway, a process will begin in 2015 with the objective of selling the property portfolio in Norway as well. In Sweden ICA Real Estate will in the future focus even more actively on acquiring and selling properties.

To enable ICA Gruppen to achieve its expansion objective in and around big cities, ICA Real Estate will emphasise property projects in locations close to cities. In 2015 the result of a cross-functional business project will be rolled out within ICA in Sweden. The overall purpose is to reduce costs, improve quality and increase speed in connection with new construction and renovation of ICA stores. During the year a new administrative organisation will be established in Sweden. This, in combination with several other new initiatives, will result in a greater customer focus.

Other ratios

	ICA Real Estate Sweden		ICA Eiendom Norway	
	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Book value of properties owned, SEK billion	9.9	10.4	2.2	2.5
Average no. of employees for the year	49	49	20	19
No. of properties owned	107	116	78	84
No. of square metres owned, thousands	541	558	175	192
No. of external tenants, %	11.3	10.2	35.0	35.5
No. of agreements with external landlords	605	605	571	511
Total no. of square metres of retail space leased from external landlords, thousands	1,217	1,210	510	538
Vacancy rate, area %	3.8	3.4	3.7	4.3
Investments, SEK m	695	759	18	30
Divestments, SEK m	874	503	163	122

Portfolio Companies

Successful divestments

In line with ICA Gruppen's non-food strategy, Kjell & Company and Forma Publishing were divested in 2014. The segment now consists of Hemtex, inkClub and Cervera. A process aimed at divesting Cervera is ongoing. The sale is expected to be implemented in 2015.

Key ratios

	2014	2013
Net sales, SEK m	2,564	2,657
Operating profit excl. non-recurring items, SEK m	53	21
Operating margin excl. non-recurring items, %	2.1	0.8
Number of employees	1,025	1,126

Positive result for Hemtex and Cervera

The portfolio companies' net sales totalled SEK 2,564 million (2,657). Adjusted for Forma, net sales amounted to SEK 2,376 million (2,301), which represents an increase of 3.3%. Operating profit excluding non-recurring items amounted to SEK 53 million (21). Like-for-like earnings, excluding Kjell & Company and Forma, improved by SEK 27 million to SEK 40 million. The improved earnings can to a great extent be attributed to performance in Hemtex, but Cervera also improved its operating profit and reported a profit for the full year.

As part of ICA Gruppen's strategy work, the companies owned by the Group alongside ICA operations were evaluated in 2013. The portfolio companies were evaluated based on three criteria: their own commercial potential, synergies within ICA Gruppen and, most importantly, what contribution the companies can make to ICA Gruppen's core business and non-food strategy.

As a result of the evaluations, ICA Gruppen divested its 50% holding in Kjell & Company in the second quarter of 2014 to FSN Capital for a cash sum of SEK 630 million. The divestment yielded a capital gain of around SEK 445 million after costs were deducted. In the third quarter Forma Publishing was divested to Egmont, a Danish media group. In a separate transaction the industry magazines ICA Nyheter and Market were sold to ICA-handlarernas Förbund. The purchase price was SEK 155 million and the cash flow effect was SEK 108 million.

The focus in 2015 will be on divesting Cervera and continuing to make changes within Hemtex and inkClub.

Developments during the year

Cervera enjoyed a positive trend break in 2014 and showed a profit for the full year, putting it in a good position for a sale.

In recent years Hemtex has undergone some comprehensive change management 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 was developed, sourcing efficiency was improved through coordination with ICA Global Sourcing, unprofitable stores were closed down or repositioned, marketing was given a sharper focus, distribution efficiency was improved and online sales were introduced in Sweden and Finland. Altogether this has resulted in positive sales growth and increased net sales, with the company showing a profit for the first time since 2007.

InkClub has also gone through some extensive changes. A new online sales platform and brand strategy were launched in April, the offering has been expanded and an increased emphasis on the corporate segment has been initiated. In the third quarter goodwill and brands were tested for impairment. This resulted in a write-down of goodwill in inkClub in the amount of SEK -322 million. The impairment is mainly due to the delayed effect of a new technical platform and brand strategy.



ICA Norway

Divestment of the Norwegian operations

In October 2014 all of the shares in ICA Norway were sold to Coop Norway for SEK 2.8 billion on a debt-free basis. The transaction will result in a capital gain of around SEK 1 billion. Completion is contingent upon approval from the Norwegian Competition Authority.

Key ratios

	Pro forma	
	2014	2013
Net sales, SEK m	15,826	16,463
Operating profit excl. non-recurring items, SEK m	-423	-691
Operating margin excl. non-recurring items, %	-2.7	-4.2
% of private labels	9.8	9.7
Number of employees	3,552	3,915
NOK exchange rate, average	1.0883	1.1087

Weak sales, improved result

ICA Norway's net sales amounted to SEK 15,826 million (16,463). Net sales decreased due to the closure of a number of unprofitable stores. Operating loss excluding non-recurring items amounted to SEK 423 million (-691). The improvement is due to lower store costs and central costs, lower shrinkage and improved purchasing terms. In addition, earnings are positively impacted by SEK 107 million (0) because no depreciations are charged since 1 October 2014.

One of ICA Gruppen's main strategic priorities in recent years has been to turn ICA Norway's negative trend around. A number of substantial structural changes were made. Stores were sold and extensive efficiency improvements were made in administration. These measures were important and necessary, but were unfortunately not enough. Among the most difficult aspects of trying to achieve profitability related to problems securing good purchasing prices and the need to comprehensively improve distribution given Norway's geography.

Consequently, at the beginning of 2013 ICA Norway entered into a strategic cooperation agreement with Norgesgruppen in sourcing and logistics. The aim was to secure competitive prices and achieve long-term profitability for the Norwegian operations. At the beginning of 2014, however, the Norwegian Competition Authority informed the Company in an advanced ruling that it intended to block the cooperation agreement.

Subsequently a number of alternatives were evaluated and analysed. The agreement entered into in 2014 involves the sale by ICA Gruppen of all the shares in ICA Norway to Coop Norway for NOK

2.5 billion, equivalent to SEK 2.8 billion, on a debt-free basis as of 30 June 2014. The transaction will result in a capital gain of around SEK 1 billion for ICA Gruppen, which will be booked when the transaction is completed. ICA Gruppen's property portfolio in Norway, which is part of ICA Real Estate, is not included in the sale. From an accounting standpoint, ICA Norway is being reported as discontinuing operations as of the third quarter of 2014.

The transaction's completion is contingent upon approval by the Norwegian Competition Authority. A decision will be handed down no later than May 2015.

About ICA Norway

ICA Norway operates a grocery retail business in Norway under the store profiles ICA Supermarked, Rimi and Matkroken. Around 55% of all ICA Norway's stores are wholly-owned and around 45% are franchises. At the end of the year there were 310 Rimi stores, 75 ICA Supermarked stores and 165 Matkroken stores. The number of employees as of the same date was 3,552.



Sales growth and number of stores

Profile	Store sales (excluding VAT)			Number of stores in Norway, including retailer-owned stores				
	2014, NOK m	Change, all stores %	Change, like-for-like %	Dec. 2013	New	Converted	Closed	Dec. 2014
Rimi	10,112	1.1	1.2	318	3	-1	-10	310
ICA Supermarked	4,435	-4.8	-1.2	76			-1	75
Matkroken	1,735	-12.6	-0.5	177	4	1	-17	165
Total	16,282	-2.2	0.4	571	7	0	-28	550

A leading player in the Swedish pharmacy market

In November 2014 ICA Gruppen signed an agreement on the acquisition of Apotek Hjärtat AB, Sweden's largest privately-owned pharmacy chain, for SEK 5.7 billion on a debt-free basis. The acquisition makes ICA Gruppen the second largest player in the Swedish pharmacy market.

This transaction creates growth opportunities in an attractive and important industry, and enables synergies to be created with other operations within ICA Gruppen. Combined, Apotek Hjärtat and Cura pharmacies have net sales of around SEK 11 billion, around SEK 3 billion of which is in the self-care segment. Together the companies will constitute the second largest player in the Swedish market with a 30% market share.

The acquisition is expected to create annual net cost synergies for ICA Gruppen of around SEK 80 million from 2019. The synergies will mainly arise in central expenses, sourcing and logistics. ICA Gruppen sees an opportunity to generate further value through an expanded and improved customer offering and stronger product range development, marketing and online sales.

Apotek Hjärtat and Cura pharmacies are reported as a segment from 2015.

An organisation guided by values

ICA Gruppen's overall goals include growing while remaining profitable and staying focused on development and innovation. In order to achieve these goals in a rapidly changing market, it is essential to maintain a high level of internal efficiency and an ability to recruit and retain talented employees.

Among the factors that successful companies have in common is dedicated and engaged employees. This dedication often results in higher productivity, increased profitability, a greater capacity for innovation, fewer sick days and a reduced risk of employees leaving the company.

To produce and earn this dedication the working environment needs to be dynamic and stimulating. ICA Gruppen prioritises offering a working environment that stimulates creativity, responsibility and initiative. ICA Gruppen intends to be a place where people want to work, contribute and develop; a workplace where people can grow.

Important investment in talent management

ICA Gruppen's ability to identify, develop, attract and retain the right employees with the right skills and attitudes is crucial for the Group's future success. Without employees who are willing to play an active role in the Group's development and future, the Group will not achieve its goals and objectives.

For a couple of years now ICA Gruppen has been involved in a structured initiative focusing on talent management. An important element in this initiative is the implementation of Group-wide processes, methods and tools – all for the purpose of strengthening the organisation at both the management and individual levels, and also making it possible to measure development over time.

ICA Gruppen's HR information database is an important tool in this process. Here information is gathered on the Group's anticipated expertise requirements to use as a basis for individual career planning for the employees.

Common values

One of the essential factors for creating a strong culture that increases dedication, customer satisfaction, profits and profitability, is

having a common set of values; a common foundation upon which to build. ICA Gruppen's strategic priorities for 2014 included introducing the Group-wide values: Simplicity, Entrepreneurship and Commitment throughout the organisation. Among the ways this was achieved was through a values dialogue process whereby employees – totalling around 4,100 employees in 2014 – were given the opportunity to help interpret, create and develop the behaviours, attitudes and activities that would, in various ways, illuminate and strengthen the common values. In 2015 this long-term initiative to solidify the values throughout the Group will continue. A common attitude and approach to our values makes it easier for customers and for anyone seeking to have ICA as their employer, and creates a culture that sharpens the focus on reaching ICA's vision. The values provide guidance in daily activities, in decision-making and in how we treat each other, customers and the community. This will make it easier to take the right decisions and thereby increase internal efficiency.

An attractive employer

ICA Gruppen prioritises providing an attractive workplace for both current and future employees. It is therefore important to establish ICA Gruppen – both internally and externally – as a strong employer brand. The Group works actively to attract new talent, but also encourages internal mobility. The goal is for 70% of recruitment to take place internally.

Clear leadership

Clear and distinct leadership is crucial for the successful implementation of ICA Gruppen's

strategy. The Group's leadership model clearly emphasises the need for managers in ICA Gruppen to provide leadership in business activities as well as for the employees. A leader in ICA Gruppen needs to be able to manage both strategic and operational issues as well as interactions between people.

Continuous professional development and training takes place at all levels within the Company. A total of around 1,500 man-

agers have participated in the ICA Gruppen's new leadership development programme. ICA School offered around 70 different courses in 2014, attended by more than 4,000 participants. In addition to new skills, the course participants get an entirely new network of colleagues to share ideas with in the future.

Positive trend in employee survey

ICA Gruppen goes to great lengths to measure and follow up the initiatives implemented within the Group. One important aspect

of this is the annual employee survey, SpICAp. The survey focuses on three main areas: commitment, well-being and leadership. Its purpose is to identify potential areas for improvement. The results from SpICAp in 2014 showed that commitment among the employees was greater than the previous year, that they were doing well and were happy with their managers. In addition to showing that the initiatives implemented were worthwhile, the survey also serves as input in creating sound action plans for future work in each entity and department.

An active approach to diversity

Within ICA Gruppen everyone – regardless of gender, gender identity, ethnic background,



functional impairment, sexual orientation, age, religion or other belief system – should have the same chance of being recruited and developing in their work role. ICA Gruppen condemns any form of sexual harassment or discrimination. ICA Gruppen has had a special diversity manager working on the Group's diversity initiative since 2010.

The youth initiative called ICA 2020 is a joint project with ICA in Sweden. The goal for the next few years is to offer 2,000 internships for youth under 25 who find themselves excluded from the labour market. So far close to 1,500 young people have had internships in ICA stores. "We can do more" is another initiative where ICA stores in particular are employing and recruiting individuals with functional impairment. The programme was launched in 2009 and just over 1,400 people with functional impairment are now working at ICA stores. At the central level, ICA Sweden is working in cooperation with Samhall where around 350 people are working.

simplicity
entrepreneurship
commitment



Responsibility from field to fork

ICA Gruppen is a sustainable company with a solid financial footing, a commitment to the environment and strong community engagement. 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.

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

The core issue for ICA Gruppen is how a sustainable supply of food and other products can

be secured in the future. To achieve this, action has to be taken today.

ICA Gruppen carries out 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. ICA Gruppen's sustainability

work is based on the three key words transparency, credibility and traceability, and on the seven position statements in ICA's Good Business.

Read more about how ICA Gruppen's sustainability work is managed on page 58.

ICA Gruppen's sustainability targets

30%

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

100%

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

80%

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

Read more about the results on page 11.

Important events during the year

Climate impact target reached

In 2014 ICA Gruppen achieved its climate target of reducing the Group's carbon dioxide emissions by 30% compared with 2006 thanks to long-term work in the areas of energy, cooling agents, transports and business travel. A new long-term climate ambition will now be set.

Swedish food initiative

ICA Sweden and the Federation of Swedish Farmers (LRF) started working together to meet consumer demand for Swedish food, while at the same time safeguarding viable Swedish agriculture and continuing to contribute to Swedish rural development and growth.

Labelling helps customers

More and more customers want clear information on both where the products come from and where they were packed. ICA Sweden has for a long time labelled all meat and poultry as well as processed meats and ready meals with the meat's country of origin. During the year this initiative was extended to include origin-labelling of even more private labels at ingredient level, including cheese, dairy, frozen vegetables, dried fruit and rice.

Keyhole labelling in the Baltics

Lithuanian health authorities introduced Keyhole labelling of food products to help consumers make healthy dietary choices. Rimi in Lithuania was the first Baltic grocery player to introduce Keyhole labelling of products.

Launch of climate project

In Sweden preparatory work started on a climate project designed to help families find more ways to reduce their climate impact. The project is a cooperation between ICA Sweden, ICA Bank, ICA Supermarket Torgkassen and the Uppsalahem housing association together with Chalmers University of Technology and WWF, among others. The idea is to capitalise on the experiences from the acclaimed climate experiment One Tonne Life in which ICA took part in 2011.

The basis of ICA Gruppen's sustainability work

ICA Gruppen has signed the UN 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 Gruppen's Management Team 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 initiatives. Policies and guidelines – including a sustainability policy, a business ethics policy and other special policies – are linked to this foundation and explain how each of these positions is put into practice.

Read more about how ICA Gruppen's sustainability work is managed on page 58.

The ten principles of the UN Global Compact



ICA's Good Business

Read more on page 12.

ICA's policies on ethics and sustainability

ICA Gruppen's sustainable product range

ICA Gruppen 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 I love eco, the organic product line.

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



ICA Gott Liv, (Good Life), a line of healthy options.

ICA private label products with ethical labels are uniformly profiled so that customers can find them easily (UTZ Certified, Rainforest Alliance and Fairtrade).



Partnerships and memberships

ICA Gruppen cooperates with a number of organisations and participates in various networks focused on corporate social responsibility, the environment, health and food quality/food safety. Maintaining a continuous dialogue with consumer and environmental organisations, trade organisations and other interest groups is an important part of ICA Gruppen's sustainability work and enables the Group to compare and improve the way it works and thus promote positive development.

ICA Gruppen has signed the **UN Global Compact** (2004) and **Caring for Climate** (2007). ICA Gruppen has also pledged to follow the global industry network the **Consumer Goods Forum's** sustainability programme. ICA Gruppen 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 the Group's representative in the UN Global Compact, including its **Nordic network**. ICA Sweden's SVP Corporate Responsibility is also the Group's representative in **Globalt Ansvar**, working on issues related to corporate social responsibility. This project falls under the unit for international trade policy at the Ministry for Foreign Affairs.

ICA Sweden's SVP Corporate Responsibility is a member of the Monitoring Board of the **Swedish Chemicals Agency** and is also a member of the board of **KRAV**, which develops organic standards and promotes the KRAV label. ICA Sweden's head of environmental and social responsibility is a board member of **SVN Sweden**; 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 in Sweden and Norway participate in a network organised by the **Norwegian-Swedish Chamber of Commerce** to strengthen relationships between Scandinavia and the Balkan region.

ICA Sweden is a member of the trade organisation **Svensk Dagligvaruhandel**, (the Swedish Grocery Trade Federation), which works to protect the interests of consumers. 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.

Rimi Baltic in Lithuania is a permanent member of initiative **Baltoji Banga** (Clear 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 forces with **ECPAT**, other financial institutions and the police to stop online child pornography. ECPAT is a global network of organisations working to eliminate child prostitution, child pornography and trafficking.

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

Other memberships and initiatives in which ICA Gruppen participates

- Accord on Fire and Building Safety in Bangladesh (Bangladesh Accord)
- Business Social Compliance Initiative (BSCI)
- Global Food Safety Initiative (GFSI)
- Global Social Compliance Program (GSCP)
- In-Depth Cooperation Programme
- KRAV
- Round Table of Responsible Soy (RTRS)
- Roundtable of Sustainable Palm Oil (RSPO)
- Supply Chain Initiative
- Swedish Leadership for Sustainable Development
- The Swedish Network for Business and Human Rights

Dialogue partners

In addition to trade organisations in each market, ICA Gruppen's most important dialogue partners in the area of sustainability include:

- Aquaculture Stewardship Council (ASC)
- Fairtrade
- Federation of Swedish Farmers (LRF)
- Forest Stewardship Council (FSC)
- Marine Stewardship Council (MSC)
- Public Health Agency of Sweden (former Swedish National Institute of Public Health)
- Svenskt Sigill
- Swedish Board of Agriculture
- Swedish Coeliac Society and Swedish Asthma and Allergy Association
- Swedish Consumers' Association
- Swedish Environmental Protection Agency
- Swedish National Food Agency
- Swedish Society for Nature Conservation
- WWF (World Wide Fund for Nature)



Focus areas for sustainability work

ICA Gruppen 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 community engagement. This strengthens ICA Gruppen 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.



ICA Gruppen works on sustainability in a structured way, using tools and models to follow up and ensure that the products sold and processed meet both internal and external requirements. A significant element of this is certification of large parts of the sourcing, logistics and store processes to relevant standards on quality and the environment. The main advantage of working with established standards is the assurance that the sustainability work is being carried out effectively and methodically.

Environment

ICA Gruppen's business is dependent on the planet to produce food in the future; 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, sourcing and offices, partly through tools and certification schemes. There is a major focus on improved energy efficiency and on minimising waste throughout the chain. ICA Gruppen is working in a number of ways to protect biodiversity and further expand the proportion of organic and eco-labelled products. In addition, ICA Gruppen encourages its customers to reduce their own environmental impact in various ways. The overall target is a 30% reduction in ICA Gruppen's direct climate impact by 2020 – a target that was already achieved in 2014.

Environmental certification and standards

The logistics and real estate operations in Sweden are certified to the environmental

standard ISO 14001, as are the sourcing operations in Sweden and Asia. This certification is an important stamp of quality and confirmation of active environmental work that works towards continual improvement. At store level, ICA Gruppen works with the Swan eco-label and its own environmental support ICA Retailers for the Environment.

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

Quality

Customers should feel safe shopping with ICA Gruppen. ICA Gruppen's quality work is based on clear routines and traceability to ensure that products are handled safely. Quality has many aspects – including product safety, animal welfare, ingredients, taste, traceability and labelling. Every product that ICA Gruppen 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 Gruppen also carries out systematic quality assurance work in its logistics operations and in stores. The overall target is that 80% of ICA Gruppen's corporate brand suppliers will be quality certified.

Quality certification and standards

Sourcing operations in Sweden and in Asia are certified to quality standard ISO 9001. The Swedish logistics operations and the Rimi Baltic warehouse in Riga are quality certified to BRC Storage & Distribution (BRC S&D). In addition, over 330 Swedish stores are certified to the Swedish quality standard for food safety in stores.

ICA Gruppen 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. Local suppliers of corporate brands can also be certified to local standards (in addition to GFSI-approved standards). This allows small suppliers to safely supply products to ICA Gruppen and its 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 Consumer Products (BRC CP) or an equivalent standard. For other corporate brand

non-food suppliers to ICA Gruppen, the goal is to be certified to BRC CP, ISO 9001 or an equivalent standard.

Ethical trade

ICA Gruppen has a firm conviction that all trade should be conducted under humane conditions and has a long tradition of demanding compliance with human rights standards in production. ICA Gruppen 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 Gruppen does not accept discrimination, child

labour, forced labour, young workers exposed to hazardous work, 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. Monitoring is risk based and is mainly done through social audits at the production units which manufacture the Group's corporate brands and is located in a so-called high-risk country. ICA Gruppen 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 Gruppen'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.

Health

Helping customers to feel good and inspiring them to have a healthy lifestyle is an important role played by ICA Gruppen. It also helps to develop the product range and opens up new business. Through products that address issues concerning additives, allergies, trends and lifestyles, ICA Gruppen can spread information

and inspire customers to make conscious choices on a daily basis. This work is based on official nutritional recommendations. For years, ICA Gruppen has been providing healthy tips through recipes, customer magazines, websites and stores – based on customers' needs.

Community engagement

ICA Gruppen wants to be a positive force in society and make smart investments for the future, particularly through partnerships and strong local connections. The Group partners with charitable organisations that work on public health, the environment, humanitarian efforts and diversity. ICA Gruppen's sports-related activities help keep young people and their parents active. ICA Gruppen also wants to draw attention to important issues and contribute to local development that benefits everyone. The Group often participates in debates and outside initiatives, and supports local projects in all its markets. Its sponsorships focus on the areas of food, health and equality.

Portfolio Companies

The sustainability work described applies to all ICA Gruppen companies with the exception of the portfolio companies. Sustainability work in the portfolio companies is being gradually adapted to come into line with ICA Gruppen's approach and sustainability targets.

During the first half of 2014, inkClub – along with ICA Gruppen's operations in Asia – implemented social audits at suppliers of inkClub's corporate brands. The goal for 2015 is to refine flows involving returns and collection of used products, including empty cartridges for refilling, with the aim of reducing goods transportation and increasing reuse of empty cartridges.

Hemtex publishes its own sustainability report at www.hemtex.se. Significant events during the year included continued work on social audits, development of Hemtex's sourcing agreements for all suppliers, a review of the company's environmental targets and the launch of textile recycling in Hemtex stores.



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, suppliers, government authorities and a number of NGOs.

The stakeholders have differing expectations and place different demands on ICA Gruppen's sustainability work.

An important part of the Group's improvement work involves finding out what external players think of ICA Gruppen's sustainability work. The aim is to use various methods to structure the dialogue, including organising dialogue with stakeholders. In 2014 ICA Sweden invited players in the trade to a stakeholder dialogue on cases of hepatitis virus linked to frozen berries.

ICA Gruppen works systematically to communicate with consumers and hear what they think about ICA Gruppen and its corporate

brands, using both internal and external customer surveys – 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 Gruppen'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 Gruppen operates. Food safety and local products are also important in most of the countries. The survey also showed that in general customers give ICA Gruppen high marks for ethics and honesty, but the Group also

found out what customers feel ICA Gruppen can improve. For example, ICA Gruppen could be stronger within sustainable fishing and food additives.

ICA Gruppen's call centres are there to maintain contact with customers, stores and suppliers. In 2014 the departments were contacted more than 114,000 (108,000) times by customers in Sweden and Norway. The questions mainly concerned ICA Gruppen products, specifically nutritional information, ingredients, packaging and origin, and ICA Gruppen's various customer media, including ICA.se and the online shopping app ICA Handla.



Read more about ICA Gruppen's dialogue with stakeholders on page 15.

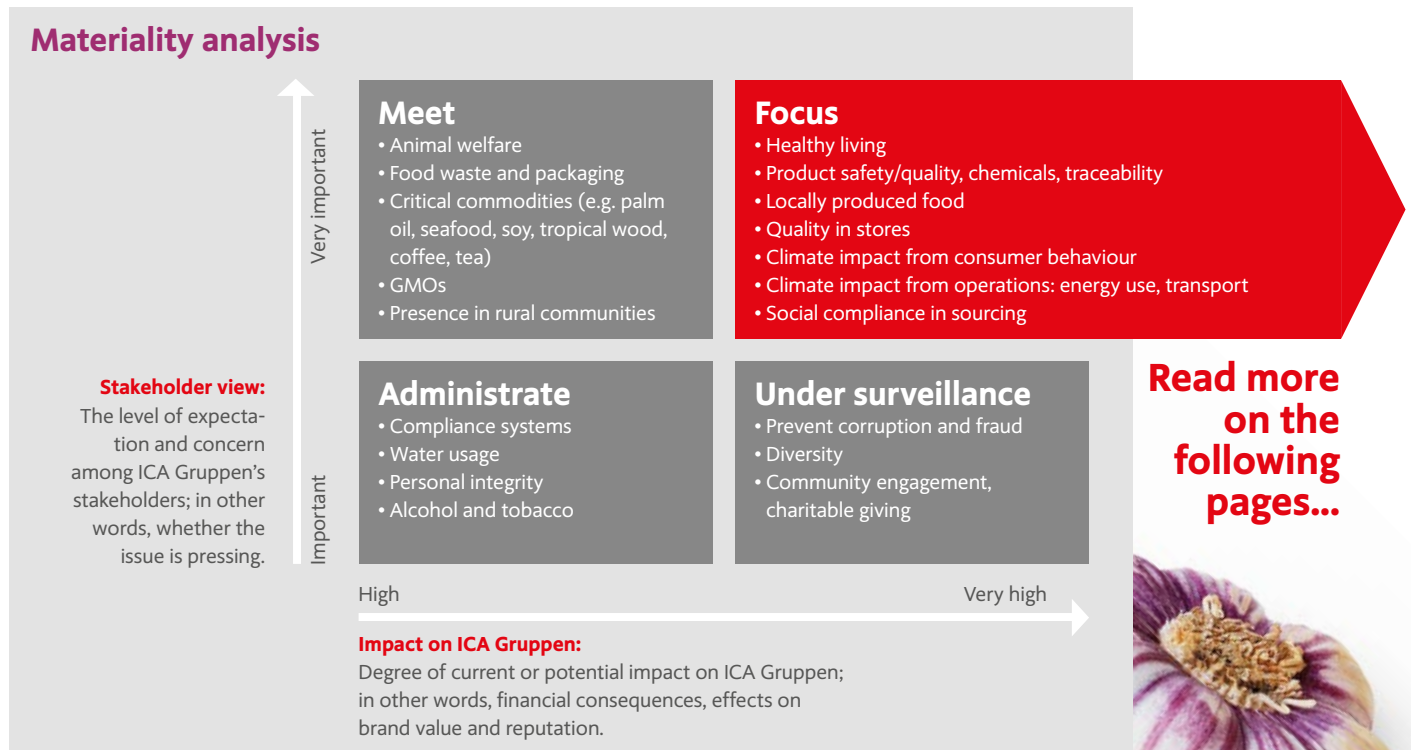
Key issues

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

ICA Gruppen 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 Gruppen’s sustainability work, which is intended to paint a common picture of the areas on which the Group should focus.

ICA Gruppen strives to be open and transparent and to act ethically in all matters shown in the heat map document. In so doing, and by excelling in corporate responsibility, ICA Gruppen 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 whether the areas are relevant and current, and whether they 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 ICA Gruppen.



Healthy living



As a major player in food and meals, one of ICA Gruppen's most important tasks is to help customers feel good and inspire them to make healthy choices.

For many years ICA Gruppen has focused on encouraging customers to adopt a healthy lifestyle. A number of initiatives were carried out during the year to achieve this. They are always based on official nutritional recommendations and guidelines on diet that are based on these.

Alternatives for people with allergies

The number of customers in the Nordic markets who have allergies or sensitivity to certain foods is increasing. ICA Gruppen works to offer these customers a wide range of food products adapted for allergy sufferers. In Sweden ICA's products are clearly labelled, the stores have clear signs showing where allergy-friendly products can be found and recipes have tips for allergy sufferers. In Sweden and Norway products free from sensitive ingredients like gluten, dairy, eggs, nuts and soy are labelled with Fri från (Free From). ICA Sweden's Free From range offered around 900 (770) allergy-friendly products during the year.

Keyhole labelling in place in the Baltics

During the year the Lithuanian health authorities introduced Keyhole labelling of food products to help consumers make healthy dietary

choices. Rimi in Lithuania was the first of the country's grocery players to start the process of introducing Keyhole labelling of products that meet the authorities' set criteria for fats, salt, sugar and fibre within the categories fruit, vegetables, berries and fresh fish. Keyhole labelling originated in an idea that ICA Sweden came up with in the 1980s.

Health guide in store

Together with Karolinska University Hospital's Lifestyle Unit, ICA Sweden has tested a store guide which will help both healthcare professionals and customers make healthier choices. Based on the store shelves, the guide gives tips and advice on healthy choices among the products that the visitor is standing in front of. The plan is to offer the guide in both printed and digital form and that it will help healthcare professionals, for example, to talk to patients about health matters when they visit the store.

Organic produce

Development and sales of organic products still vary greatly between different 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.

Over the last five years, Rimi in Latvia has put much effort into introducing organic products in Rimi stores. Currently, the assortment includes more than 400 local and imported organic products. Local organic products are mainly stocked in the Klēts (barn) farmers' market-style sections of Rimi's hypermarkets, but the most extensive product line is the ICA I love eco brand.

Demand for the organic range remains strong in Sweden. ICA Sweden's efforts to support customers' sustainable choices are especially apparent in sales of organic fruit and vegetables, which grew by 104% (27) in 2014. In total, sales of organic produce in ICA Sweden's main product range increased by 55% (16) during the year. This year there were more than 1,500 (1,100) organic products in ICA Sweden's main product range. ICA Gruppen's organic private label, ICA I love eco, is available in all the Group's markets. In 2014 sales of the ICA I love eco range in Sweden grew by 79% (24) and the range included a total of around 320 (220) ICA I love eco products.

Investing in children

ICA Gruppen 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 keep a healthy diet, to exercise and feel good. Slightly older children also get to learn more about environmental and climate



perspectives. The associated teaching material includes experiments and exercises, teaching notes linked to the curriculum, classroom posters and information for parents. More than 700 school classes registered for the campaign in 2014. Similar projects in the Baltic countries are teaching children the importance of eating right and exercising.

Supporting exercise activities

Eating healthily is important, but exercise is also important for wellbeing. ICA Gruppen therefore also wants to encourage physical activity and supports selected exercise activities. These events also provide opportunity to spread information on healthy nutrition and how to eat to perform better.

This year ICA Sweden was principal sponsor of the Swedish Ski Association's cross-country skiing competition for 13–14 year-olds, which was consequently called the ICA Cup. ICA Sweden also sponsors Lilla Världscupen, the Kortvasan ski race, Children's Vasalopp,

CykelVasan and the Swedish Ski Association project "Everyone on the snow", which allowed nearly 20,000 10-year-olds to have a go at skiing during the winter.

ICA Sweden is also a main sponsor of the Blodomloppet exercise race which took place at 14 locations between May and August. A total of 110,000 people took part in the race during this period. Sponsorship of Landslagets Fotbollsskola is also about health – in this case, teaching children to eat the right food. 51,000 children are estimated to have taken part in this football school in 2014. ICA Sweden gave the 6,100 leaders special training material about the significance of food for training.

For many years, Rimi in Latvia has been a principal sponsor of the Nordea Riga Marathon which attracts more than 22,000 runners from around the world every year. Rimi also had its own team of runners consisting of over 300 employees. To encourage a healthy lifestyle for the young, the Rimi Marathon for Kids was arranged – a 200-metre long obstacle course which attracted more than 600 children under the age of seven.

In Lithuania, Rimi is one of the main sponsors of Danske Bank Vilnius Marathon with over 14,000 runners. Rimi also has its own Rimi Family Run mini marathon of 4.2 km, in which more than 5,000 runners participated last year.

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



Product safety and quality



Being able to rely on the content of a product should be a given for ICA Gruppen's customers. A large number of checks are made to ensure aspects such as quality and traceability.

The products ICA Gruppen sells obviously have to comply with laws regarding such matters as labelling and ingredients. Quality tests and follow-up inspections are made regularly by ICA Gruppen's suppliers as part of their quality programme. In addition, ICA Gruppen takes random samples based on a risk assessment that is updated annually by product category.

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

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 Gruppen's position is that additives should be used restrictively and only if they add value for the consumer, e.g. by improving food safety.

Combating food fraud

ICA Gruppen is working on several fronts to prevent future food fraud. The debate on food fraud gained momentum after the industry-wide horsemeat scandal that came

to light in 2013. ICA Gruppen has a continuous dialogue with the food industry and the relevant authorities, and monitors GFSI's ongoing work. In 2014 ICA Gruppen performed an internal vulnerability analysis in accordance with GFSI requirements and produced an action

plan to counter food fraud. The action plan includes cooperation with various players in the industry and tests followed up by ICA Gruppen itself.

Labelling helps customers

Growing demand from customers for clear origin labelling means that it remains important for ICA Gruppen to increase traceability and openness about where the raw material is grown or reared.

The EU's new regulation on food information came into force at the end of 2014, requiring origin labelling not just for beef but also for meat from pigs, sheep, goats and poultry. For a number of years ICA Sweden has origin labelled its private label products beyond what the law requires. For almost ten years all meat and poultry as well as processed meats and prepared produce containing meat have been labelled with the meat's country of origin, and all products have been labelled with the country of packaging.

During the year it was decided to extend this initiative to include origin labelling of even more private labels at ingredient level, including cheese, dairy, frozen vegetables, dried fruit and rice. The products will be labelled with both the country of packaging and the country of origin of the raw material. In total, ICA Sweden will have origin labelled around 2,500 products when the project is completed in 2015.

Materials and chemicals

ICA Gruppen 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.

ICA Sweden has been working for a number of years to phase out the synthetic compound BPA from food packaging and products. The aim is that packaging for ICA's grocery range will not contain BPA by the end of 2015. This applies both to private labels and to products from external suppliers. During the year ICA Sweden's BPA-free mussel pot won the Plastovationer 2014 award, organised by the magazine Plastforum.

Genetically modified food

ICA Sweden attracted attention in both traditional and social media for the introduction of the so-called super broccoli Beneforté. The discussion mainly focused on whether the broccoli was genetically modified, due to its links to the company Monsanto which sells genetically modified seeds and seedlings. However, Beneforté is not genetically modified but is a traditionally developed cross between an Italian wild broccoli and the most common broccoli variety. ICA Gruppen basically has a positive attitude to new technology that gives consumers better products. On the other hand, for ethical and environmental reasons ICA Gruppen questions the production and cultivation of genetically modified food and seeds that are not produced in a closed environment. Within the EU there are strict rules regarding genetically modified organisms. Only a few are approved for cultivation. ICA Gruppen has no products of genetically modified origin in its central product range.

Product recalls

If it is suspected that a product ICA Gruppen has sold may pose a health risk, the Group contacts the responsible supervisory authority, takes the product off the shelves and distributes a press release concerning a recall. A recall means that the product is immediately stopped at check-out and it is no longer possible to buy it. 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, ICA Gruppen carried out 39 (55) public recalls in 2014, of which 20 (26) were corporate brands. Of these, 16 (31) were by ICA Sweden, 31 (11) by ICA Norway and 10 (13) by Rimi Baltic. None of these recalls resulted in a fine or a warning for ICA Gruppen.

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 2014 ICA Gruppen withdrew 739 (954) products; ICA Sweden 90 (91), ICA Norway 82 (95) and Rimi Baltic 567 (768). Of these, 213 (357) were corporate brand products.





Locally produced food

One thing that unites customers in all ICA Gruppen's markets is an interest in locally produced food. ICA Gruppen is doing a number of things to satisfy the growing interest from consumers.

Starting in 2014, ICA Gruppen 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 supported stores in sourcing from local producers, via a partner, by keeping an up-to-date list of local suppliers that meet the IP Food Processing standard. It does this in order to ensure the same high food quality from local producers as from central suppliers. A list of over 850 (700) local suppliers has been compiled to support local sourcing by stores.

Swedish food initiative

ICA Sweden and the Federation of Swedish Farmers (LRF) have started working together to highlight the advantages of Swedish food and increase the range of Swedish products in stores. The idea is to meet consumer demand for Swedish food, to safeguard viable Swedish agriculture and to continue contributing to Swedish rural development and growth. Among other things, a forum will be established where retailers and farmers can meet and exchange experiences.



A number of ICA Sweden's forthcoming product launches will focus on the products' Swedish origin. During the year ICA Sweden introduced the new concept called ICA God smak från (Good Taste From), a product range with a focus on local flavours and genuine artisan food. All the products are made from Swedish raw materials and produced in Sweden. ICA Sweden has also extended the dairy range with 13 private label dairy products from Swedish farms, including whipping cream and a lactose-free semi-skimmed milk beverage. ICA Selection Gårdsgris pork and ICA Selection

Naturbeteskött free range beef are other lines in the range that support Swedish production.

Swedish pork

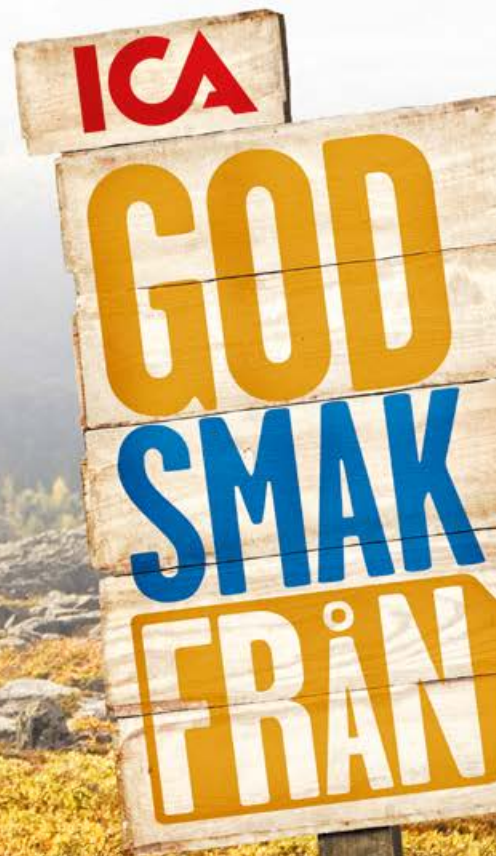
In order to provide additional support to the Swedish pork industry and meet growing consumer demand for Swedish raw materials, since February 2014 ICA Sweden has used only Swedish raw material for ICA bacon. Danish raw material was used previously. ICA Sweden's view is that the high standard of animal welfare among Swedish pig farmers in general gives Swedish pork added value over Danish, although it is more expensive.

Activities in the Baltics

Rimi Baltic continues to promote freshly harvested local products in Latvia, stocked in the Klēts (barn) farmers' market-style sections of Rimi's hypermarkets. In addition, all locally sourced products are highlighted on store shelves.

In Estonia, Rimi Baltic cooperates with the Association of Estonian Food Industry to label local products with the Estonian flag. The amount of local farmer's stores in Rimi's stores in Estonia have increased in 2014 from 3 to 10.

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.



Quality in stores



Ensuring quality in the stores is of great importance to ICA Gruppen. Structured work based on standards and certification helps achieve this.

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 standard's routines are being introduced in stores under the leadership of ICA Sweden's quality coaches.

In total, around 1,000 (1,000) ICA-stores have implemented the standard, of which 333 (342) have been audited and certified by an external inspection body. The number of certified stores have been stable in recent years. At ICA, discussions are underway how the number may increase in coming years and in 2015 the Kvantum profile aims to certify all its stores.

In 2014 work was completed 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, this 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 new standard also adjusted the length of the certificate, meaning that the requirements for obtaining certification have increased.

Quality coaches in the stores

ICA Sweden was the first in the industry to introduce quality coaches to support the stores. This support is greatly appreciated, and about 950 (900) stores in Sweden are currently using this service from ICA Sweden. ICA Sweden's quality coaches carry out an annual internal audit of practically all ICA stores. The internal audit is an extensive review of all food handling by the store and takes around six

hours per store. 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 as the quality coaches move between stores.

Following reorganisation of ICA Norway's quality department in 2013, Anticimex took over the role of the quality coaches. Stores can purchase the service from Anticimex, which is continuing the work to support stores and perform store audits.

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 are analysed and used as a basis for improvement work in the area of quality in the stores.

Checking up on checks

During 2014 a number of undercover purchases were made in Swedish ICA stores. Undercover purchases are intended to verify that cashiers check the ID 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 increase attention and improve results. Undercover purchasers buy products from the following product groups: beer, tobacco, non-prescription medicines and lottery. A total of 60,164 (56,935) undercover purchases from these product groups were made during the year, of which 82% (84) were passed successfully.



**Around
950
stores in
Sweden
use ICA's
quality
coaches**

Extra quality checks

Mincing meat places high requirements on correct handling and labelling, with clear routines and trained employees. During the year it was found that three ICA stores in Sweden had handled meat minced on their premises incorrectly. ICA Sweden performed immediate quality audits in the stores concerned, which also ceased mincing meat on the premises. The retailers were given support by ICA Sweden's quality coaches for their continued quality work.

ICA's accountability board reviewed the cases. One case was dismissed when the retailer chose to leave ICA. In the second case, the retailer was cautioned and required to implement further training. In the third case, the retailer received a formal warning and continued membership was made conditional upon the store being quality-certified by an independent certification body.

A special initiative involving quality checks, in addition to the extensive ongoing quality work, was carried out by ICA Sweden in order to ensure compliance with all routines in stores which mince meat on their premises. Extra efforts have also been put into further training of store staff in both the short and long term. Among other things, web-based training was produced for routines associated with mincing meat in stores. The training quickly had an impact, with just over 2,500 people completing the course in 15 weeks. During the autumn instructor led one-day training was also carried out in twelve locations.





Climate impact from consumer behaviour

ICA Gruppen wants to be a force for good with a local presence in the community and works to help its customers reduce their climate impact in various ways.

The EU-financed three-year project LiveWell for LIFE was completed in 2014. Run by WWF and Friends of Europe, the project aimed to lower greenhouse gas emissions from the European food trade and to increase awareness of the links between sustainable development and healthy food. In a first stage, three countries were assessed – France, Spain and Sweden, where ICA participated. On 27 May WWF, ICA Sweden, the Federation of Swedish Farmers (LRF) and other players published a joint opinion piece in the newspaper Göteborgs-Posten which challenged Sweden to adopt a new national food strategy so that everyone can eat sustainable and healthy food. Experience from the project will now be used by ICA Sweden to inspire customers to adopt a sustainable and healthy lifestyle. The forthcoming climate project will form part of this.

Launch of climate project

In Sweden preparatory work started on a climate project designed to help families find more ways to reduce the climate impact in their everyday lives. The project is a cooperation between ICA Sweden, ICA Bank, ICA Supermarket Torgkassen and the Uppsalahem housing association together with Chalmers University of Technology and WWF, among others. The idea is to capitalise on the experiences from the acclaimed climate experiment One Tonne Life in which ICA took part in 2011. In One Tonne Life a family tested various methods to reduce its climate impact from housing, transport, food and other consumption. This time the project involves inviting the residents of an apartment building in Uppsala, Sweden, to test the findings on an even bigger scale and using new tools. Among other things, the families will test a method for digital follow-up of their carbon footprint. The project starts at the beginning of 2015.

A green focus for new stores

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, opening new stores along existing thoroughfares is prioritised to avoid increased traffic and allow customers to get to the store on cycle paths or footpaths, or using public transport.

In 2010 ICA Sweden began installing charging stations for customers with electric cars in the car parks outside ICA stores. The goal was to have stations at about 20 ICA stores around the country within five years. At the end of 2014 charging stations had been installed at 19 (15) ICA-owned store properties.

ICA leads the way to sustainable choices

Around a quarter of the climate impact from Swedish households comes from food. ICA Sweden works actively to guide customers towards making choices that are good for the climate. This also makes people's food habits healthier, because food that is good for the climate is also good for health. For example, they may increase the amount of fruit, vegetables and pulses that they eat and reduce the amount of beef in their diets. One element of this is that healthy and organic products are continually being added to the product range. During the year a number of new products were launched, such as the ICA I love eco range of children's food as well as innovative fruit and vegetable products such as PowerBlends, SuperGreens and Grönhydrater.



Climate impact from operations



A third of ICA Gruppen's total direct climate impact comes from operating warehouses and transportation. The remaining impact is mainly from the stores.

ICA Gruppen works methodically to reduce the Group's climate impact from stores, warehouses and the product range. Environmental issues are integrated into day-to-day work in stores, logistics and offices, including environmental certification of sourcing and logistics processes. Above all, there is a focus on improving energy efficiency, optimising goods transportation and minimising waste throughout the chain.

Environmental work in stores

ICA Gruppen works continually to increase energy efficiency in stores and to increase the number of stores that use renewable energy. Compared with the previous year the energy consumption per square metre has decreased somewhat in the Swedish ICA stores, despite an increase in total retail space. This is a result of continued efforts to improve energy efficiency in stores, such as switching to more energy-efficient refrigerators and freezers, and replacement of lighting fixtures.

In Sweden there is the ICA Retailers for the Environment eco-tool, which aims to help stores improve their environmental work and further reduce their environmental impact. The criteria include setting a target for the reduction in energy consumption in the store and increased use of renewable energy. 55 (23) stores had implemented the tool by the end of the year. Around a further 100 stores had started work on implementing ICA Retailers for the Environment.

In Sweden 162 (180) ICA stores had been awarded a Swan eco-label at year-end 2014, which is 12% (14) of the stores. The Swan eco-label applies tough criteria to matters such as waste management and energy efficiency.

Renewable energy

375 (329) of Sweden's ICA stores now use ICA Gruppen's central electricity contract, correspond-

ing to 29% (25) of the stores. All electricity supplied under the central electricity contract comes from renewable sources, and 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 complete energy training, with practical advice on how the store can reduce its energy consumption. At year-end 2014, 4,246 (505) employees at ICA stores had completed the training.

All ICA's warehouses in Sweden have renewable electricity, reducing carbon dioxide emissions by 85% compared to normal electricity.

All warehouses and ICA-owned stores in Norway have renewable energy via a central contract, as have a number of franchisees. In addition, some franchisees have renewable energy via their own contracts or buy Green Electricity certificates. During the year a multi-year programme to reduce energy consumption in the stores was completed, achieving a total reduction of more than 40 GWh.

Natural cooling agents

In Sweden a large number of ICA stores use 100% natural cooling agents, and the number is increasing as this is the standard when opening new stores. In recent years a growing share of renovation projects have also included switching to natural cooling agents.

Recycling

ICA Sweden's warehouses sort all their waste, and in 2014 100% (100) was recycled. ICA Norway through continued cooperation with Retura has managed to improve the collection of fractions from stores and logistics. This has resulted

Climate target achieved in 2014

In the first few months of the year ICA Gruppen achieved its target of reducing the Group's direct climate impact by 30% compared with 2006, thanks to long-term work in the areas of energy, cooling agents, transportation and business travel. In 2015 a new long-term climate ambition will be set.



in cleaner fractions, better sorting and a greater focus on recycling. Rimi Baltic recycles all the packaging materials from its stores and warehouses.

Greening properties

ICA Real Estate Sweden received renewed environmental certification (ISO 14001) following a surveillance audit conducted in April. In 2014 ICA Kvantum Knivsta in Sweden was certified according to the environmental certification schemes Sweden Green Building Council Silver and BREEAM-SE, and the Flottiljen Shopping Centre including Maxi ICA Stormarknad Barkarbystaden received Green Building Silver certification.

Optimising goods transports

ICA Gruppen expects its lorries to be well filled and to make as few starts and stops as possible, and expects routes to be well planned. In addition, the Group's haulage companies also have long-term plans to actively reduce emissions and fuel consumption. In southern and central Sweden around fifty trucks with alternative fuels are in traffic for ICA, including in central Stockholm where ICA products are distributed by ethanol-powered lorries.

ICA's greenest store

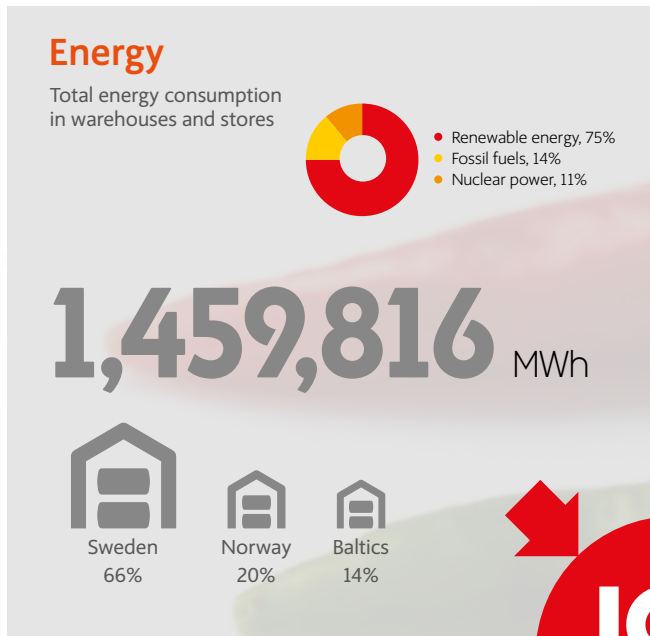
Spring saw the opening of a new Maxi ICA Hypermarket store and an area of around 13,000 square metres for other tenants at Barkarbystaden in Järfälla, Sweden. The project is ICA's greenest to date and the building has been classified Silver by the Sweden Green Building Council. The ICA store will showcase good choices for the environment throughout its product range and has modern solutions for energy consumption and waste management.



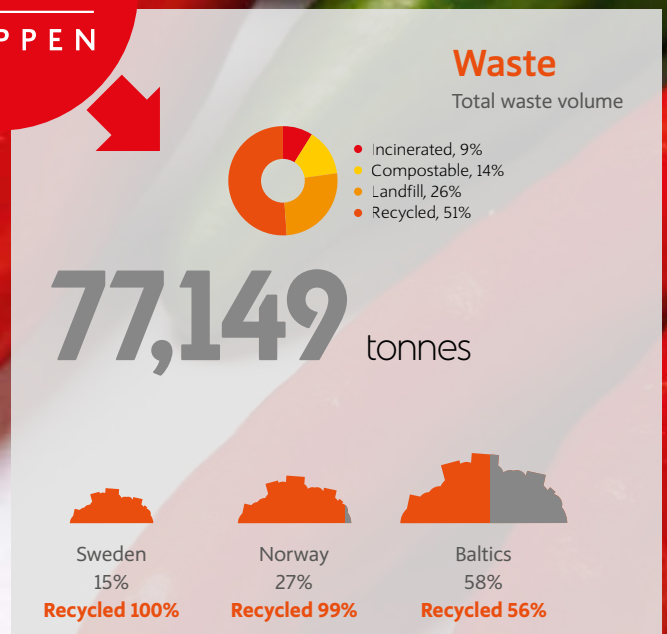
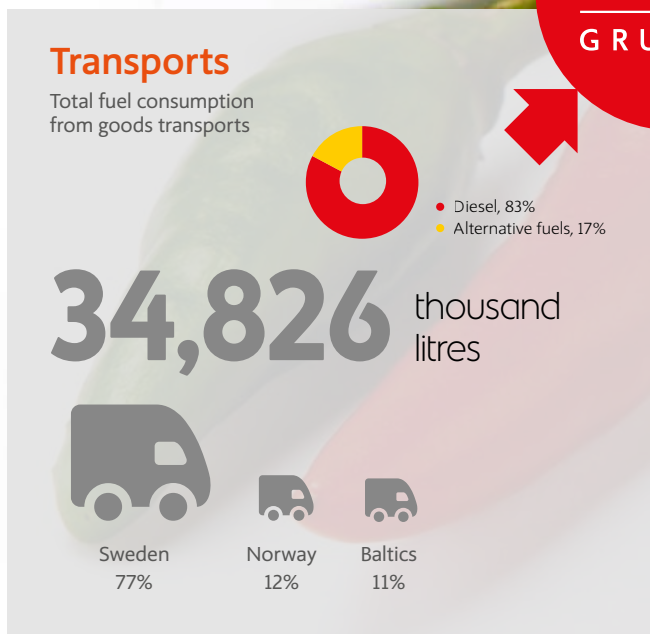
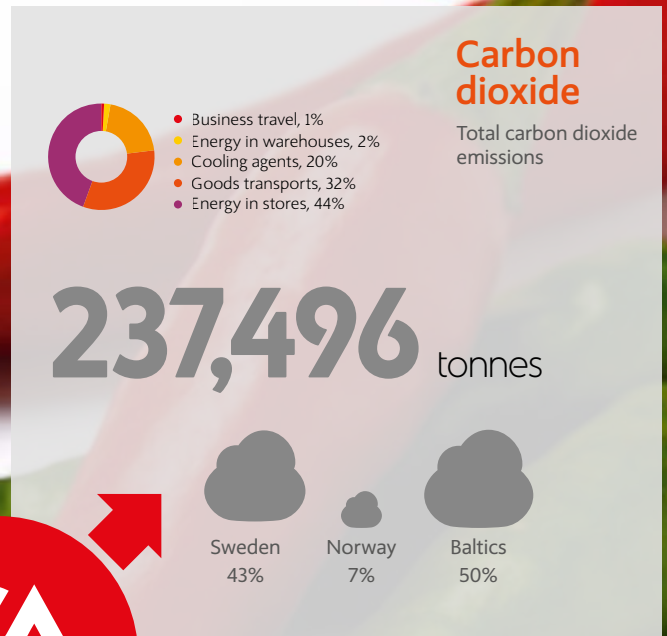
ICA Gruppen's energy and material balance

Reducing environmental impacts from ICA Gruppen's operations is an important and overarching goal. This illustration shows the Group's energy and material balance, i.e. the resources consumed by operations and what is left behind.

What ICA Gruppen use



What ICA Gruppen emit



Read more on page 121.
For boundaries see Measurement and calculation methods page 126.

Social compliance in sourcing



ICA Gruppen does business all over the world, which means accepting responsibility across borders. The starting point for operations is that ICA Gruppen will be driven by profitability and high ethical standards.

ICA Gruppen works systematically to prevent ethically unacceptable incidents and corruption. Business ethics are covered in ICA Gruppen's overarching risk analysis, where every area of operations is analysed.

ICA Gruppen 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 the Group's corporate brand suppliers in high-risk countries socially audited. Since 2008 ICA Gruppen has had a number of sourcing offices in Asia with teams for product quality, environmental and social responsibility. Being close to the Asian suppliers gives ICA Gruppen better insight and valuable experience that helps these collaborations. This has resulted in greater mutual understanding and better compliance with ICA Gruppen's requirements.

Improvement work by suppliers

ICA Gruppen has a focused work with onsite training together with suppliers. This provides additional insight and understanding among local representatives, which in turn can help achieve change from within. During the year ICA Gruppen produced a training film in English and Chinese which explains the Group's approach to these issues and provides practical tips and advice on how ICA Gruppen's requirements can be met. For example, the film looks at how environmental impact from operations can be minimised, what is required for a safe working environment and how to ensure that discrimination does not occur.

Social audits

ICA Gruppen has worked for many years to ensure that its own products are produced in an acceptable way as regards human rights. This is always based on local monitoring and social audits of suppliers in high-risk countries.

ICA Gruppen has produced its own tool for social auditing of suppliers: the ICA Social Audit. The requirements are based on similar criteria to the Business Social Compliance Initiative (BSCI). The combination of the ICA Social Audit, carried out by the Group's own employees or consultants, and third-party audits, such as BSCI, ETI or SA8000, has successfully short-

ened the often time-consuming process of obtaining a social audit. The ICA Social Audit gives suppliers direct help with improving working conditions in production.

Action plan for violations

If ICA Gruppen'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 some time later in a reaudit. 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 Gruppen will keep working with them.

If a serious offence is repeated, the agreement with the supplier will be terminated. In 2014 ICA Gruppen decided to terminate agreements with 3 (20) suppliers due to violations of the Group's human rights requirements. The reason there are fewer than 2013 is a continuous work for improvement and fewer new factories.

Combating child labour

ICA Gruppen'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 minimum legal working age is 16. ICA Gruppen 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 Gruppen detects or suspects that a worker is not of legal age, ICA Gruppen's contract with the supplier obliges the supplier to take measures to protect the best interests of that person. Together with the supplier, ICA Gruppen tries to find the best possible solution in light of the child's age, education and social situation.

During the year ICA Gruppen conducted a review of how its Swedish operations affect children's rights from a global perspective. The study was based on the principles on the rights of the child promoted by the UN, UNICEF and Save the Children. The conclusion was that ICA Gruppen is already doing many things

right, but that the child perspective should be highlighted even more. As a consequence, ICA Gruppen has now placed this in its sustainability policy at Group level, so that a child perspective will permeate all the Group's activities. Additional action plans will be drafted in the future based on this study.

For a few years ICA Gruppen has been working in partnership with the Centre for Child Rights and Corporate Social Responsibility (CCR CSR) in China, an organisation started by the Swedish branch of Save the Children. ICA gets access to expertise from CCR CSR, opportunities to work in partnership – for example,

Grapes to promote women's enterprise

During the year ICA Sweden started its first project in partnership with IDH, a Dutch organisation that works for long-term changes in the commodities market to improve the lives of local farmers, help reduce environmental impact and support local communities. The first project involves ICA's grapes from South Africa. For each pack of grapes sold ICA donates money to a project that strengthens women's enterprise and promotes fairer distribution of land where the grapes are grown.



on joint training initiatives for suppliers on young workers or parenting – and comes into contact with buyers from other companies that it can share experiences with.

Cooperation in the industry

Finding strong, credible partners to work with remains an important tool. Since 2013 ICA Sweden has participated in the Bangladesh Accord, an international agreement between companies and trade unions in the textile industry. The aim is to improve working conditions in the country's textile factories through inspections. By the end of the year a total of 1,100 inspections of electrical, fire and building safety had been performed. Of the total of eight factory sites which ICA Sweden uses, six had been inspected at year-end.

ICA Gruppen also acts as a driving force by sharing knowledge with other industry players. One example is conditions for seasonally employed berry pickers in Swedish forests,

where ICA Sweden shared its review tool with other companies and on several occasions hosted dialogue meetings with retail parties.

During the year ICA Gruppen became a member of the network Swedish Leadership for Sustainable Development. The network was formed in 2013 and now comprises some 20 leading companies with links to Sweden. The idea is to exchange experiences and together create new opportunities which through entrepreneurship provide people in poor areas with opportunities to improve their living conditions. The network is coordinated by Sida, the Swedish International Development Cooperation Agency.

Ethical label products

ICA Gruppen's aim is to provide a wide range of ethical label products. ICA Sweden's private label products with ethical labels are uniformly profiled so that customers can find them easily.

The ethical labels are UTZ Certified, Rainforest Alliance and Fairtrade.

In Sweden all of ICA's private label coffee and most of its cocoa products are UTZ certified. The cost of UTZ certified products includes a premium paid to the growers for investment in social projects, such as life insurance and nursery schools. In 2014 ICA Sweden extended the range of UTZ certified tea under its own brand.

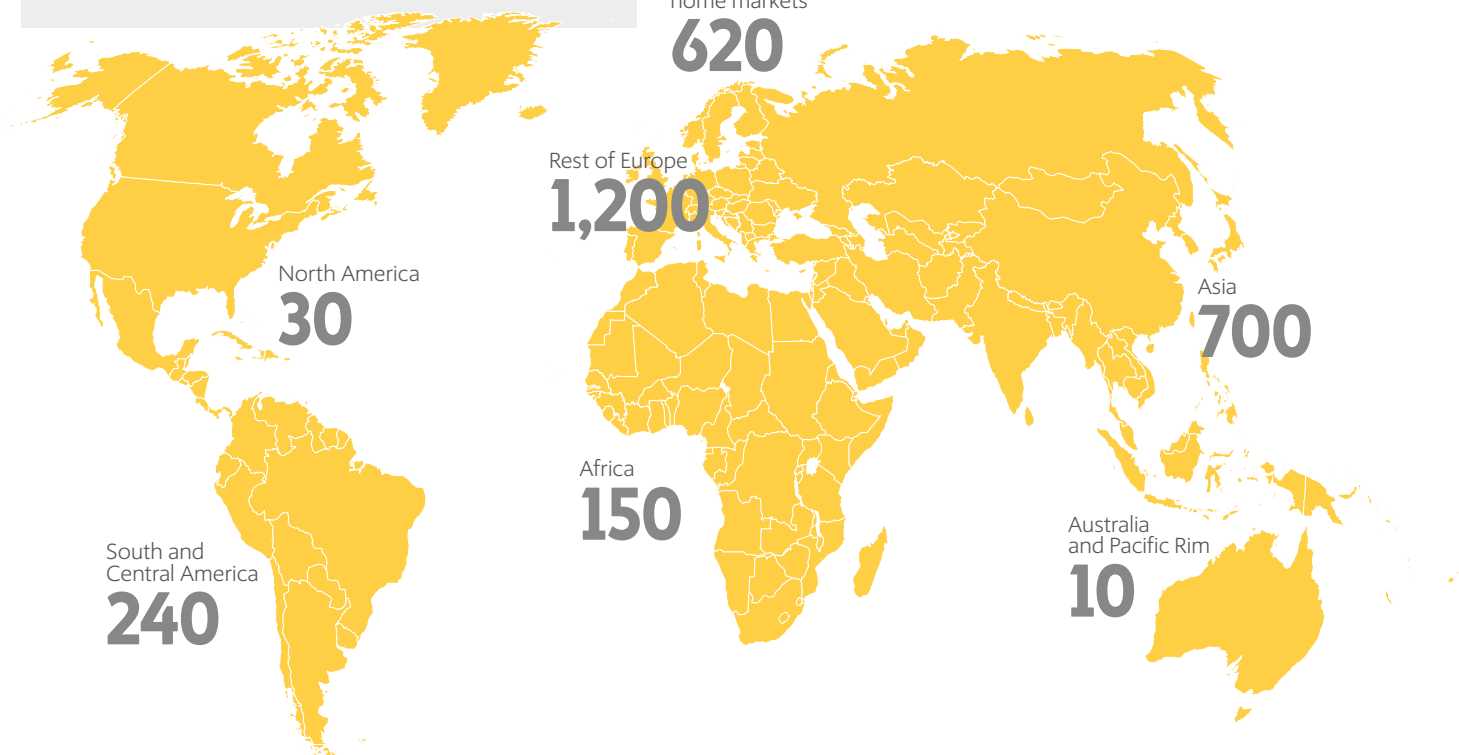
Soda machine debate

ICA Sweden was criticised in the media for selling soda machine products from a company which has one of its factories in the West Bank. The products supplied to ICA Gruppen have not been manufactured in the West Bank factory, but in other factories. ICA Gruppen's basic position is that the Group does business with suppliers and not countries. In general, ICA Sweden complies with the recommendations of the UN and the Swedish government when it comes to business relationships with other countries. To allow customers to decide for themselves whether they wish to refrain from buying items from a specific country, origin-labelling is always as clear as possible.

ICA Gruppen's world of suppliers

ICA Gruppen does business around the world, which means accepting responsibility across borders. Below is a list of where in the world ICA Gruppen is active in the sourcing and production of its corporate brands.

The number of production units is not static, it depends on the product range in the stores and on seasonal variations.



Approximate number of production sites around the world.

Corporate governance report 2014

Long-term approach, continuity and commitment

2014 was an eventful and intense year for ICA Gruppen. The fast pace and numerous activities clearly set their mark on the Board's work during the year. A lot of effort was made and focus was placed on the ongoing divestment of ICA Norway and acquiring Apotek Hjärtat – two transactions that will impact ICA Gruppen's operations and development for a long time to come.

It is in connection with these types of activities that the Board's effectiveness and abilities are put to the test. I am very happy to report that the Board's commitment is unwavering and our appetite for debate is great. Our discussions have been fruitful, constructive and characterised by openness, respect and a desire to see beyond the obvious.

Questions about acquisitions and sales took up a significant portion of the Board's attention, but the recurring agenda items, of course, also included following up on financial targets and the strategic priorities we have set. Development has gone in the right direction in both cases. Our strategy is firmly established and ICA Gruppen's financial position is both strong and stable.

The Board has performed its duties through formal Board meetings and in various committees. The fact that all Board members are members of at least one committee allows participation and continuity to be maintained between the formal meetings.

The Board has, as always, applied a long-term perspective throughout the year. ICA has existed for almost a century and we are aiming for at least another 100 years. We make our decisions on goals, strategies and special initiatives based on this long-term perspective.

This approach is also reflected in the new financial targets established by the Board at the end of last year. The target areas are the same but the target figures have been adjusted in some cases. These adjustments reflect the major changes that have taken place in our organisation during the year, but also that the main focus of the Company is unchanged. Our intention with the new target figures is a continued sharp focus on long-term growth with good profitability. Building on a strong cash flow and healthy capital structure, we want to create room for continued investments as well as good and stable returns to shareholders.

In order to make sustainable decisions, we need knowledge and insights into day-to-day work as well as the changes that are driving the markets. In my opinion, the Board has a good mix of expertise. To help us we have efficient systems, routines and procedures in place to follow up targets, internal control and risk management. Through sound and appropriate corporate governance processes, we want to create the necessary conditions for a healthy corporate culture to best help the Group and its operations develop.

One of the Board's tasks is to support members of the Management Team and critically evaluate their work. To succeed in this, there needs to be an open and constructive dialogue between the Board and the Management Team. From the Board's perspective, we feel that this is the case. I would therefore like to take this opportunity to thank Per Strömberg and the rest of the Management Team for excellent cooperation in 2014. I would also like to express our appreciation for the commitment that has permeated the efforts of everyone in the entire organisation. It bodes well for the next 100 years.

Stockholm, February 2015

Claes-Göran Sylvén
Chairman of the Board

“Our intention with the new goals is a continued sharp focus on long-term growth with good profitability”

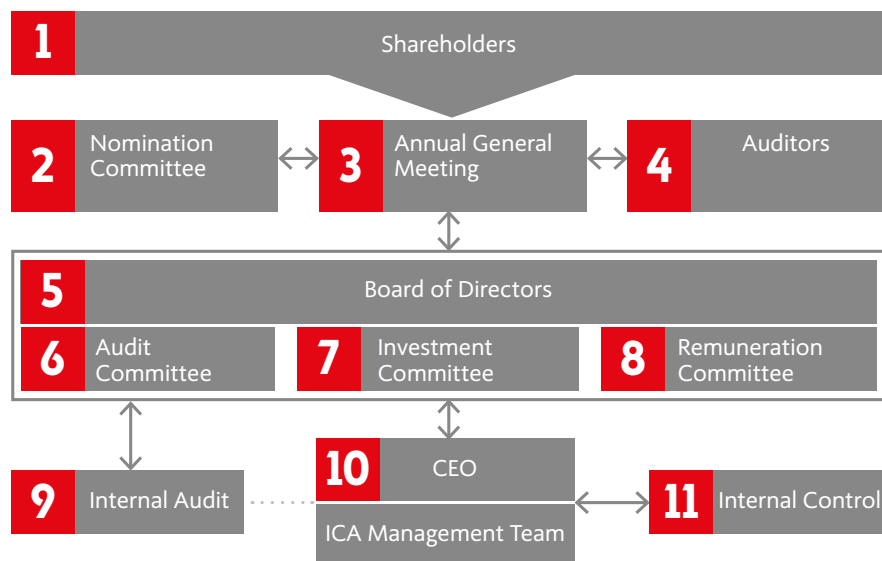


Further information:

- Swedish Companies Act, www.government.se
- NASDAQ Stockholm, www.nasdaqomxnordic.com
- Swedish Corporate Governance Code and specific Swedish regulations on corporate governance, www.bolagsstyrning.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 interests of the customers and employees. The overall goal is to increase 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 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 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 the Company's organisational structure and the administration of the Company's affairs. The CEO is responsible for ensuring that the 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



materials 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.

Shares, shareholders and share repurchase

1 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 2014 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 second largest shareholder, AB Industrivärden, owns 10.5% of the ordinary shares. The other ordinary shares were held as of 31 December 2014 by 30,678 shareholders. As of this date, none of these shareholders held more than 10.5% 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.

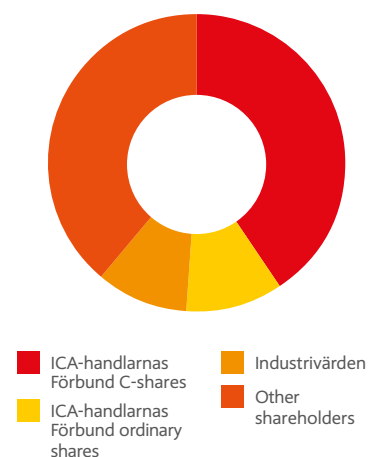
The share capital in ICA Gruppen amounts to SEK 502,866,988, distributed among 201,146,795 shares, each with a quota value of SEK 2.50. The number of ordinary shares is 119,078,903 and the number of C shares is 82,067,892. As of 31 December 2014 ICA

Gruppen held 141,655 ordinary shares in treasury, corresponding to 0.0007% of the capital and votes. The number of outstanding shares and votes is thus 201,005,140. As of 31 December 2014 the Board had no outstanding authorisations from the Annual General Meeting for the Board of Directors to issue new shares or acquire additional shares.

Section 5 of the Articles of Association states that from the beginning of 2011, the holder of C shares, i.e. ICA-handlarnas Förbund, may request the conversion of C shares in ICA Gruppen that do not carry entitlement to dividend into dividend entitled ordinary shares. Such conversion is to take effect five years after receipt of the conversion request. 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 ICA Gruppen will consist solely of ordinary shares with dividend entitlement.

More information on ICA Gruppen's shares and shareholders can be found in the section "Shares and shareholders" and on the Company's website, icagruppen.se.

Shareholders



Nomination Committee

2 The rules for ICA Gruppen's Nomination Committee were adopted at the 2014 Annual General Meeting. The Nomination Committee is to consist of four members representing the Company's shareholders. ICA Gruppen's Chairman is to be co-opted onto the Nomination Committee. Two of the members are nominated by the largest shareholder and two by the two next largest shareholders. The largest shareholders in terms of votes are to be determined based on the list maintained by Euroclear Sweden AB of registered shareholders as of the last trading day in August. If, during the Nomination Committee's term, one or more of the shareholders who have appointed members to the Committee are no longer among the three largest shareholders, the members appointed by these shareholders are to vacate their positions and the shareholder or shareholders who are now among the three largest shareholders are to appoint new member. The Nomination Committee will present proposals regarding the following matters prior to the 2015 Annual General Meeting:

- (i) Proposal on a chairman for the meeting
- (ii) Proposal on the members of the Board of Directors

- (iii) Proposal on the Chairman of the Board
- (iv) Proposal on Board fees, broken down into amounts for the Chairman of the Board and other Board members and as remuneration for committee work and
- (v) Proposal on an 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 2014. It consisted of representatives from the three largest shareholders: ICA-handlarnas Förbund, Industrivärden AB and AMF – Insurance and Funds. After SEB Investment Management increased its ownership, surpassing AMF – Insurance and Funds as the third largest shareholder, AMF – Insurance and Funds vacated its position and SEB Investment Management was asked to appoint a member to the Nomination Committee. Following this adjustment, which was announced on 18 November 2014, the Nomination Committee consists of Claes Ottosson (ICA-handlarnas Förbund), Anna-Karin Liljeholm (ICA-handlarnas Förbund), Anders Nyberg (Industrivärden AB) and Hans Ek (SEB Investment Management). No fees were paid by ICA Gruppen to the members of

the Nomination Committee for their work. Claes-Göran Sylvén was co-opted onto the Nomination Committee. The Nomination Committee met with CEO Per Strömberg and CFO Sven Lindskog who, along with Claes-Göran Sylvén, provided information on ICA Gruppen's operations, Board work and future focus areas. The Nomination Committee was also presented with the results of the 2014 evaluation of the Board. In addition, the Audit Committee reported to the Nomination Committee on the work of the Board, of the Audit Committee and of ICA Gruppen's Accounting function. This information provided to the Nomination Committee gave the Committee a sound basis for an assessment on whether the composition of the Board is satisfactory and on the type of expertise and experience needed on the Board. Shareholders with suggestions and points of view on the work of the Nomination Committee can submit their ideas ahead of the 2015 Annual General Meeting to the Nomination Committee no later than Monday, 2 March 2015. The Nomination Committee's proposals for the 2015 Annual General Meeting are described in the notice of the meeting and on the Company's website, icagruppen.se.

Rules and regulations

External rules

As a Swedish public limited company with securities listed on NASDAQ Stockholm, ICA Gruppen is, among other things, obliged to comply with the Swedish Companies Act, the NASDAQ Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code (the Code).

Deviations from the Code, stock exchange rules or good stock market practice

The Company has deviated from rule 9.2 of the Code in respect of the Remuneration Committee and independence of its members in relation to the Company and management in that committee member Fredrik Häggglund is not deemed to be independent in relation to the Company and management – see section Independence of Board members. The reason for the deviation is the previous ownership structure (up to March 2013) when the Company owned 40% of the operating group, ICA AB. At the time Fredrik Häggglund was the General Counsel for the Company and a member of the Board of ICA AB. In those positions he gained con-

siderable experience in establishing and defining remuneration principles for the management of ICA AB, i.e. largely the same management team as the Company has today. He also has wide-ranging experience of remuneration in listed and unlisted companies. The Board has determined that Fredrik Häggglund brings necessary and valuable expertise to the Remuneration Committee while continuity is being maintained.

Other than the above-mentioned deviation, there have been no other deviations from the Code or the stock exchange rules. The Company has not been the subject of a decision by the NASDAQ Stockholm Disciplinary Committee nor 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, the following fundamental policies are in place:

- 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 is designed to be applied practically in day-to-day operations. There are policies and associated guidelines to provide support and help with this. ICA's Good Business state that ICA will:

- Be driven by profitability and with 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.

How ICA Gruppen's sustainability work is managed

The overarching strategic direction for the Company's sustainability work is set by the ICA Management Team and is managed through strategic planning and business planning processes. Ultimate responsibility for sustainability issues rests with ICA Gruppen's CEO.

Annual General Meeting

3 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 takes decisions on, among other things, the allocation of profits, the composition of ICA Gruppen's Board of Directors, fees for the Board and guidelines for remuneration to senior executives. The AGM also elects external auditors. General meetings are advertised in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the Company's website, icagruppen.se. When meetings are convened this information 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 participate in the meeting, in person or through a proxy, and to vote at the meeting for or against the proposals presented and to pose questions to the Board of Directors and the CEO. Decisions at the AGM are normally taken by simple majority. In elections, the person receiving the most

votes is deemed elected. Certain decisions, such as on amendments to the Articles of Association, must be approved by a qualified majority.

2014 Annual General Meeting

The 2014 Annual General Meeting was held on Friday 11 April at the Friends Arena in Solna. In addition to shareholders, the meeting was attended by ICA Gruppen's Board of Directors, Management Team, employees, media representatives and a number of invited guests. The minutes from the Annual General Meeting and associated documents are available on ICA Gruppen's website icagruppen.se.

2015 Annual General Meeting

The 2015 Annual General Meeting will be held on Wednesday 22 April 2015 at Globen in Stockholm. Shareholders who, no later than Thursday, 16 April 2015, are registered in the share register (held by Euroclear Sweden AB) and have notified the Company of their intention to participate in the AGM are entitled to participate in the AGM, in person or through a proxy. In order to have a matter considered, shareholders must submit such a request no later than 5 March 2015 in accordance with the instructions on ICA Gruppen's website, icagruppen.se.

For a number of 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 the section "Sustainability work" and on the Company's website, www.icagruppen.se.

ICA Gruppen has a Business Ethics & Policy Committee (BEPC) which is tasked with developing and, if need be, monitoring the Company's application of ICA's Good Business. The Committee also suggests sustainability priorities and monitors ethical dilemmas, risks and public opinion. The Committee produces policies which are then submitted to the Management Team for approval. The Committee reports to the CEO, is interdepartmental, consists of representatives from the Company's central functions and is headed by the SVP Corporate Responsibility.

The Board of Directors conducts a review annually of ICA Gruppen's sustainability work as it relates to ICA's Good Business. The review involves an analysis of risk and ethical dilemmas and gaining a deeper understanding of specific identified areas. BEPC pre-

pares the report which is presented by the SVP Corporate Responsibility.

All employees are responsible for ensuring that the Company is in compliance with external and internal rules, including ICA's Good Business guidelines. Employees are encouraged to report any irregularities in the Company's operations. Employees can report any issues to their immediate superior or to the HR department. If neither of these options is appropriate, the employee can instead report the matter directly to the Company's internal audit function. Reports can be made anonymously. The status of individual employees is not negatively affected if they raise an issue.

ICA retailers, i.e. business owners operating ICA stores and thus not employed by ICA Gruppen, are responsible for ensuring that their business is in compliance with external and internal rules. The rules contain a specific set of rules called ICA's Good Business for Stores describing how ICA retailers are to behave under the ICA brand. The Company and the Association of ICA Retailers have together created an accountability board tasked with addressing accountability matters relating to the commitments of the retailers as ICA retailers and the responsibilities pursuant to the statutes of the Association of ICA Retailers, including ICA's Good Business for Stores. The accountability board can issue reminders, warnings or expulsions.

Auditor

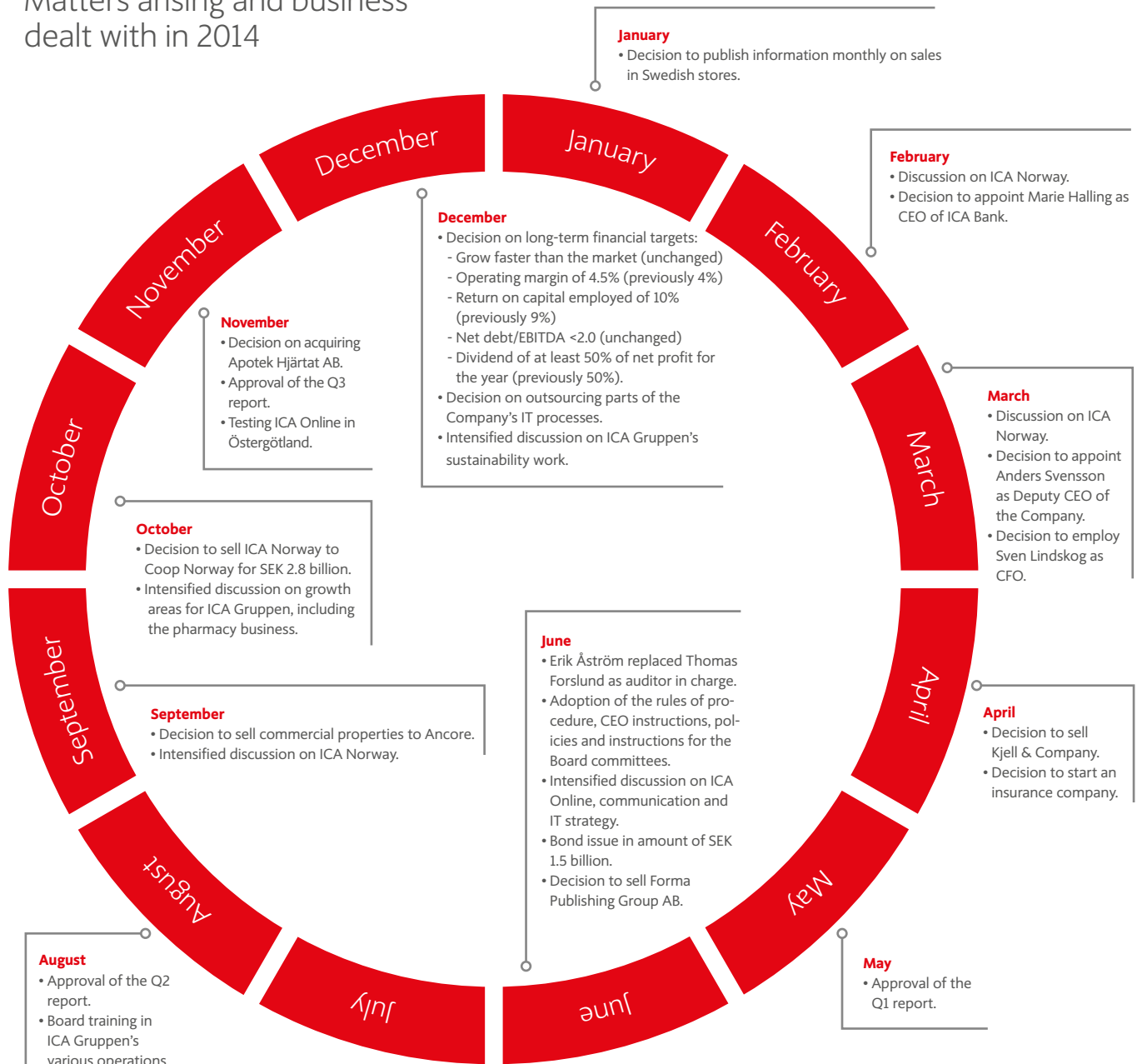
4 According to the Articles of Association, the Annual General Meeting is to appoint a minimum of one and a maximum of two auditors, or one or two registered public accounting firms. The accounting firm of Ernst & Young AB was elected auditor at the 2014 Annual General Meeting for a term of one year. Ernst & Young AB has therefore audited the Company's accounts for 2014 and authorised public accountant Erik Åström was the auditor in charge. Erik Åström 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.

The Board of Directors

5 The Board of Directors is responsible for the administration of ICA Gruppen's affairs. The duties of the Board include establishing business goals and strategies; appointing, evaluating and, if necessary, dismissing the CEO; approving significant assignments which the CEO has outside the Company; ensuring that systems for business monitoring and control 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 information procedures are 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 consist of between five and ten members elected by the Annual General Meeting. There are no other rules in the Articles of Association concerning the appointment or removal of Board members. The present Board has nine elected members – see section on ICA Gruppen's Board of Directors. 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. At the 2014 Annual General Meeting all of the board members were re-elected. Margot Wallström resigned from the Board on 3 October 2014 when she became Sweden's Minister for Foreign Affairs. Without Margot Wallström the Board consists of two women and nine men. The Board is made up of individuals with extensive and substantial expertise from ICA, retail, business development, corporate finance, corporate governance, sustainability work, enterprise and social issues.

Matters arising and business dealt with in 2014



Board committees

ICA Gruppen's Board has three regular committees: the Audit Committee, the Remuneration Committee and the Investment Committee. In addition, in 2014 the Board set up a temporary committee to support the management of ICA Gruppen in their work on the divestment of the Norwegian operations: the Special Committee. The committees report to the Board on a regular basis on their work. The committees are to be regarded as the Board's working committees and do not assume the responsibility that is incumbent upon the Board as a whole.

Audit Committee

6

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. In 2014 the Audit Committee consisted of Cecilia Daun Wennborg (chairman), Bengt Kjell, Göran Blomberg and Magnus Moberg. Matters are presented by the Company's CFO.

Independence of Board members

Four of the Board's members, Bengt Kjell, Cecilia Daun Wennborg, Jan Olofsson and Andrea Gisle Joosen, are independent in relation to ICA Gruppen, its management and the largest shareholders. Combined, they have many years' experience of management and board positions in various listed companies 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 Stockholm's Rule Book for Issuers and the Code's rules on independence, Peter Berlin and Magnus Moberg are independent in relation to ICA Gruppen and its management, but not in relation to the principal shareholder ICA-handlarnas Förbund. Magnus Moberg and Peter Berlin have each been involved in establishing new ICA stores. In conjunction with the establishment of a new ICA store, ICA Sverige AB (a subsidiary of ICA Gruppen) may provide a financing solution to the ICA retailer. Magnus Moberg and Peter Berlin were party to 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 20 May 2013, Claes-Göran Sylvén, Fredrik Hägglund and Göran Blomberg were members of the Company's Management Team. Accordingly, under the Code they are not considered independent in relation to the Company and its management. As employees of ICA-handlarnas Förbund since 20 May 2013, Fredrik Hägglund and Göran Blomberg are not considered independent in relation to the Company's principal shareholder ICA-handlarnas Förbund either. Claes-Göran Sylvén was employed as President of ICA-handlarnas Förbund but left this position on 31 January 2014. In his capacity as an ICA retailer and member of ICA-handlarnas Förbund, however, he is still not regarded as independent in relation to ICA-handlarnas Förbund.

Investment Committee

7 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. In 2014 the Investment Committee consisted of Claes-Göran Sylvén (chairman), Jan Olofsson, Margot Wallström (resigned 3 October 2014) and Peter Berlin.

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 solid, long-term capital return is satisfied in the best possible way. The main issues for the Board to address are strategy work, risk management and value creation. The Board is guided in its work by the Chairman. Work processes are determined 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 working committees, as well as other policy documents that provide guidance for ICA Gruppen's employees. Each year the Board reviews the rules of procedure and instructions. The rules of procedure and instructions now in place were discussed and formally adopted at the Board meeting on 2–3 June 2014. In the 2014 financial year the Board of Directors met 25 times.

Conflicts of interest

The ICA Gruppen's Board of Directors has decided 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.

Internal Audit

9 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 examines corporate governance, risk management and 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 examines how ICA Gruppen's operations are working in Sweden, Norway and the Baltic countries and how progress can be made from a

management and control perspective. Store audits constitute a special area within the review of business processes. In 2014 Internal Audit also examined Hemtex and inkClub. The observations and recommendations made by Internal Audit aim to reduce the level of risk within a business area as well as 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 based on the recommendations made by Internal Audit. An important aspect of Internal Audit's work is to review the action plan quarterly. Internal Audit reports quarterly to ICA Gruppen's Audit Committee, which in turn reports to the Board. This reporting covers the audit work carried out over the past quarter and the status of the action plans. Internal Audit also writes a report annually which is presented to the Board.

Evaluation of the Board of Directors

An evaluation of the Board of Directors 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 2014 took the form of members being interviewed by Alumni AB. The evaluation showed that the Board functioned well 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.

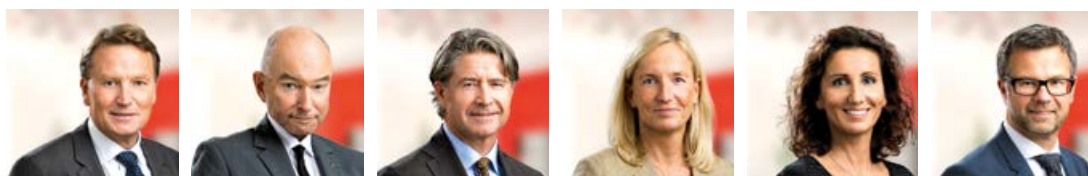
Remuneration to the Board of Directors

The Nomination Committee submits proposals to the Annual General Meeting for resolutions on Board fees. The 2014 Annual General Meeting approved the Nomination Committee's proposal concerning fees. Information on Board fees in 2014 can be found in Note 4 for the Group. The Nomination Committee's remuneration proposals for the 2015 Annual General Meeting are described in the notice of the meeting.

Remuneration Committee

8 The Remuneration Committee is responsible for the preparation and evaluation of issues regarding remuneration and other terms of employment for ICA Management Team, including pay structures, pension plans, incentive programmes and other terms of employment. The Committee also monitors and evaluates the variable remuneration arrangements for the ICA Management Team that are ongoing or were concluded during the year, and monitors and assesses 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 within the Company. In 2014 the Remuneration Committee consisted of Claes-Göran Sylvén (chairman), Andrea Gisle Joosen and Fredrik Hägglund.

ICA Gruppen's Board of Directors



	Claes-Göran Sylvén	Peter Berlin	Göran Blomberg	Cecilia Daun Wennberg	Andrea Gisle Joosen	Fredrik Hägglund
	Chairman	Board member	Board member	Board member	Board member	Board member
Born	1959	1960	1962	1963	1964	1967
Education	Studies in finance and business (finance, business management, leadership development etc.)	Master of Science in Business and Economics	Master of Science in Business and Economics	Master of Science in Business and Economics	Master of Science in Business and Economics	Bachelor of Law degree
Elected	2013	2011	2013	2005	2010	2013
Other significant assignments	Board member Centrum Fastigheter i Norrtälje AB and Svensk Handel etc.; ICA retailer, ICA Kvantum Flygfyren in Norrtälje.	Chairman of the Board ICA-handlarnas Förbund etc.; board member Hyllie Mat AB and Grobladet AB; CEO Hyllie Mat AB; ICA retailer ICA Kvantum Emporia in Malmö.	Chairman of the Board Retail Finance Europe AB and board member Hakon Media AB, Expandia Modular AB etc.; CFO ICA-handlarnas Förbund.	Board member Getinge AB, Loomis AB, Proffice Aktiebolag, Eniro AB, Aktiebolaget Svensk Bilprovning, Sophiahemmet Aktiebolag, etc.	Board member Dixons Carphone Plc, Neopitch AB and Light-house Group AB; CEO of Sale Nordic AB.	Board member Euro-Commerce, Independent Retail Europe etc.; CEO ICA-handlarnas Förbund.
Previous significant positions	Chairman of the Board ICA AB; CEO Hakon Invest AB (publ) and 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 and Ormsorg Aktiebolag, Acting CEO Skandia-banken, Head of Skandia Sweden and CEO SkandiaLink Livförsäkrings AB.	Board member Branchen Forbruger-elektronik DK, and Elektronikbranschen Sweden; CEO Boxer TV Access AB, CEO Panasonic Nordic AB, CEO Chantelle AB, etc.	Board member ICA AB and the Swedish Anti-Corruption Institute; Vice President and Legal Counsel ICA-handlarnas Förbund. Legal Counsel Hakon Invest AB. Lawyer Clifford Chance, Brussels. Assistant Lawyer Linklaters.
Total remuneration in 2014, SEK	1,050,000	370,000	430,000	490,000	370,000	370,000
Independent¹⁾	Not independent in relation to the Company, its management and the Company's principal shareholder.	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholder.	Not independent in relation to the Company, its management and the Company's principal shareholder.	Independent in relation to the Company, its management and the Company's principal shareholder.	Independent in relation to the Company, its management and the Company's principal shareholder.	Not independent in relation to the Company, its management and the Company's principal shareholder.
Shareholding	617,889 shares (incl. related parties)	133,930 shares (incl. related parties)	11,000 shares (incl. related parties)	3,125 shares (incl. related parties)	1,105 shares (incl. related parties)	13,192 shares (incl. related parties)
Committee	Member of the Remuneration Committee (chairman) and the Investment Committee (chairman)	Member of the Investment Committee and the Special Committee	Member of the Audit Committee	Member of the Audit Committee (chairman)	Member of the Remuneration Committee	Member of the Remuneration Committee
Attendance at board meetings	24/25	25/25	25/25	22/25	23/25	25/25
Attendance at Audit Committee meetings	-	-	5/5	4/5	-	-
Attendance at Special Committee meetings	-	-	6/6	-	-	-
Attendance at Remuneration Committee meetings	9/9	-	-	-	9/9	9/9
Attendance at Investment Committee meetings	11/11	10/11	-	-	-	-

¹⁾ For further information on independence see the section Board of Directors.



Bengt Kjell	Magnus Moberg	Jan Olofsson	Jonathon Clarke	Magnus Rehn
Board member	Board member	Board member	Board member Employee representative The Commercial Employees' Union	Board member Employee representative Unionen
1954	1966	1948	1968	1966
Master of Science in Business and Economics	Studies in finance and business (finance, business management, leadership development etc.)	Master of Science in Business and Economic	Trained welder, studies in labour law	Upper secondary school
2013	2008	2005	2013	2013
Chairman of the Board Hemfosa Fastigheter AB (publ) and Skånska Byggsvaror Holding AB; board member Aktiebolaget Handel och Industri, Indutrade Aktiebolag, Pandox Aktiebolag, Swegon Aktiebolag, Plastal Industri 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 ICA Maxi Falköping.	Chairman of the Board INIT Aktiebolag and Korshags Food AB; board member and CEO Kabinettet AB.		
Chairman of the Board Kungsliden AB; board member Höganäs AB, Skanska AB, Munters AB, Össur Hf, Fermenta AB, Byggnadsfirman Wallenstam AB, Bonifazius AB, Gandalf AB, Helsingborgs Dagblad, Nordic Tankers Holding 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 AB, Silva AB, Arkitektkopia AB and Printley AB; board member MultiQ International AB and Koneo AB; Head of M&A and Deputy Head of Corporate Finance Handelsbanken Capital Markets. Deputy CEO and Vice President Esselte AB.	Employee representative, ICA AB.	Employee representative, ICA AB.
430,000	405,000	395,000	–	–
Independent in relation to the Company, its management and the Company's principal shareholder.	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholder.	Independent in relation to the Company, its management and the Company's principal shareholder.	–	–
0 shares (incl. related parties)	43,750 shares (incl. related parties)	3,000 shares (incl. related parties)	0 shares (incl. related parties)	250 shares (incl. related parties)
Member of the Audit Committee and the Special Committee	Member of the Audit Committee	Member of the Investment Committee and the Special Committee		
18/25	23/25	25/25	25/25	24/25
3/5	5/5	–	–	–
4/6	–	6/6	–	–
–	–	–	–	–
–	–	11/11	–	–
	–			

Ann Lindh
Deputy member
Employee representative
Unionen

Born: 1964
Education: Upper secondary school
Appointed: 2013
Previous significant positions: Employee representative ICA AB.
Total remuneration 2014: SEK – Independent: –
Shareholding: 0 (including related parties)
Attendance at board meetings: 11 of 25
Attendance at Audit Committee meetings:–
Attendance at Remuneration Committee meetings: –
Attendance at Investment Committee Meetings: –

Marcus Strandberg
Deputy member
Employee representative
The Commercial Employees' Union

Born: 1966
Education: Upper secondary school
Appointed: 2013
Previous significant positions: Employee representative ICA AB.
Total remuneration 2014: SEK – Independent: –
Shareholding: 0 (including related parties)
Attendance at board meetings: 20 of 25
Attendance at Audit Committee meetings:–
Attendance at Remuneration Committee meetings: –
Attendance at Investment Committee Meetings: –

CEO and Management Team

10 CEO CEO Per Strömberg is responsible for the day-to-day administration 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 as 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 his assignments as a member of the boards of 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 ties. An evaluation of the CEO was carried out by the Board in 2014 without management being present.

ICA Management Team

Alongside CEO Per Strömberg, the members of ICA Gruppen's Management Team are the CFO, SVP HR & ICA School, SVP Portfolio Companies, SVP Strategy & Business Development, SVP Corporate Communication and the CEOs of ICA Sweden, ICA Norway, Rimi Baltic, ICA Real Estate, ICA Bank and ICA Special. The Management Team meets regularly to discuss matters relating to, for example, corporate governance, reporting and strategy. In addition, the Management Team prepares information on matters where the rules of procedure state that a decision by the Board is required, and assists the CEO in executing decisions made by the Board.

In addition to their collective responsibility for the management of the Company, each member of the Management Team bears individual responsibility for his or her respective area of the Company. To support the Management Team's work the Management Team has set up four committees: the Reward Group, the Business Ethics and Policies Committee, the Retail Investment Committee and the Enterprise Risk Management Committee. Furthermore, separate meetings are held on a regular basis for an update on internal audit matters (IMT Audit update) at which all Management Team members are present. At the beginning of each financial year the Management Team assesses its work, focusing on the quality of decisions, agendas, the meeting structure, effectiveness and the Management Team's overall performance.

Central group functions

The Company has ten central group functions: Corporate Communication, Strategy & Business Development, HR & ICA School, Legal, Corporate Security, Enterprise Risk Management, Accounting/Internal Control, Treasury & Tax, Group IT and Internal Audit.

Remuneration to senior executives

Guidelines 2014

The Company's guidelines for remuneration to senior executives, adopted at the 2014 Annual General Meeting, 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 monitored and assessed. The total remuneration is to comprise the following components: basic salary, pension benefits, bonus, other remuneration and benefits, and severance pay. The 2014 AGM also decided to authorise the Board to make decisions regarding a share investment programme whereby the senior executives are expected to invest a certain portion of their gross salary in shares in the Company.

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), paid as long as the individual is employed. Senior executives employed in a country other than Sweden have pension agreements in line with national practices and that follow the principles described above.

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.

Bonuses

The CEO and other senior executives in the Company are covered by two variable remuneration schemes taking the form of a cash bonus, one of

which runs for one year (annual bonus programme) and the other for three years (long-term bonus programme). The size of the combined bonus is maximised per person and year at the equivalent of 52% of annual salary (104% 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 27% of annual salary (54% for the CEO). The targets for the bonus programme are determined by the Board of Directors ahead of each 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 bonus programme linked to value creation within the Group and maximised at 25% of annual salary (50% for the CEO). The targets for the bonus programme must be objectively quantifiable and determined by the Board, and must be linked to both absolute and relative performance criteria. Fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and the relative performance criteria for the remaining 40%.

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 to make a decision annually expecting the senior executives to invest a certain portion of their fixed gross salary in shares in the Company.

The CEO and senior executives were expected to acquire shares in the Company during the period April-June 2014 for an amount of between 5% and 10% of their fixed gross salary for the financial year. Shares already held are not to be included in the calculation. Acquired shares are to be held for the entire period the executives are employed by the Group.

Twelve months after the shares in the Company are acquired as described above, the executives will receive a net sum from the Company equivalent to 50% of their investment, on condition that all of the following criteria are met:

- (i) the executive is still employed by the Group (period of notice of termination does not count as employment),
- (ii) the executive still holds all of the acquired shares, and
- (iii) the threshold of at least 50% of the outcome of the annual bonus programme for the investment year in question has been achieved.

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. Severance pay is deductible. If the executive terminates employment and the Company decides to apply a non-competition clause which has been agreed upon 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 pensionable.

There are exceptions to the notice period, severance pay and deduction clause in a few agreements entered into before the 2014 Annual General Meeting.

Other remuneration and benefits

Other remuneration and benefits are to be of limited value in relation to the total remuneration and are to be in line with market norms.

Special circumstances

The Board has the right to deviate from the guidelines proposed above if there is particular reason to do so. On the following occasions the Board deviated from the guidelines for good reason:

Stay-on bonus, ICA Norge AS

The CEO within ICA Norge AS were offered the opportunity to be included in a stay-on bonus so that action could be taken to ensure that the CEO of ICA Norge AS remains employed for a period in order to carry out work according to the plan established.

Share investment programme 2014

With regard to the share investment programme approved by the 2014 AGM, the Board decided to defer the acquisition period from April–June 2014 until 13 November 2014–31 December 2014. The payout has been adjusted accordingly. The period was deferred because the senior executives concerned had been prevented from acquiring shares since under law they had what is known as inside information concerning current business projects.

Long-term incentive programme

In view of the sale of ICA Norge AS, the CEO of ICA Norge AS will receive compensation corresponding to the full programme period for the long-term incentive programme 2013. The compensation has been calculated based on the average historical outcome of ICA Gruppen's completed long-term incentive programmes.

Proposal to the 2015 Annual General Meeting

The Board of Directors proposes to the 2015 Annual General Meeting that the principles described above, which were adopted at the 2014 AGM, be adopted again with the following additions/adjustments.

Long-term bonus programme

The bonus in the long-term bonus programme is maximised at 64% for the CEO and 32% for certain senior executives. The reason for the increase of maximal level is raised requirements on entering the programme and that the Company wishes to create a long-term flexible remuneration that encourage strong performances.

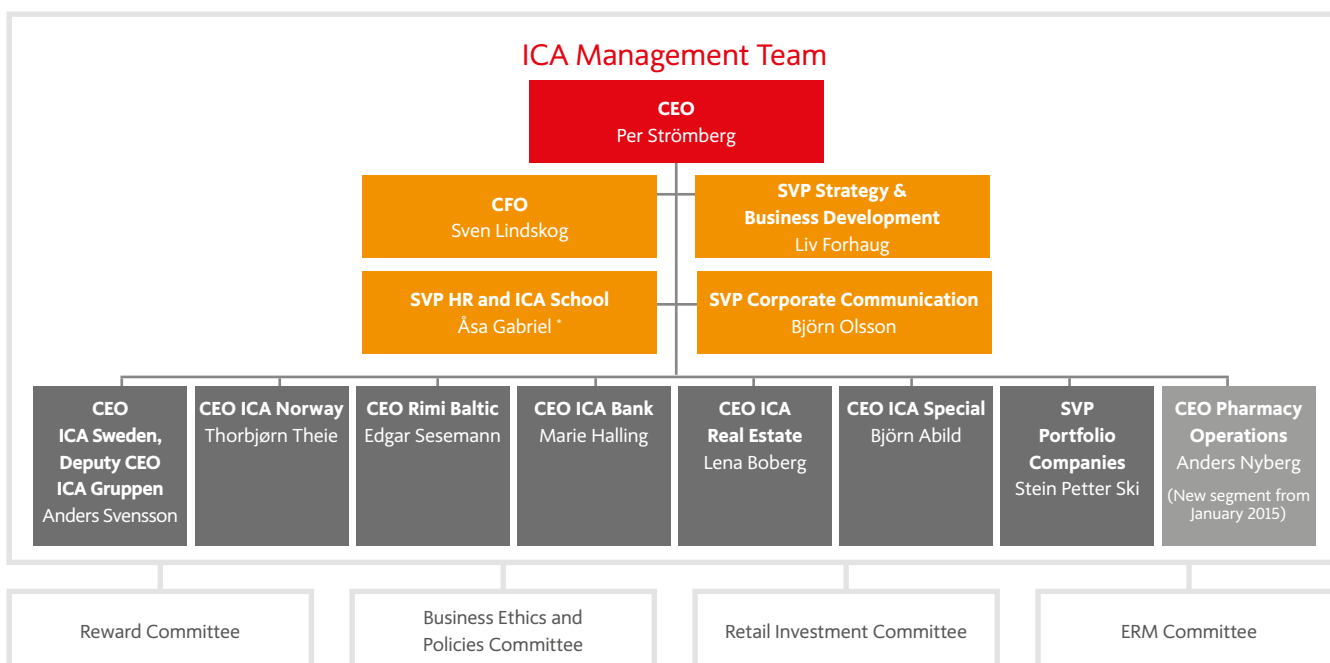
Severance pay

Severance pay can be paid to senior executives at up to 12 months of basic cash salary if the Company terminates employment. The reason for the change is current market practice.

The Board's proposed guidelines are given in full in the notice of the Annual General Meeting.

Further information

More information on fixed and variable remuneration is available on the Company's website, in the Board's account of the Remuneration Committee's evaluation according to item 9.1 of the Swedish Corporate Governance Code, in the notice to attend the Annual General Meeting and in Note 4 for the Group.



* Åsa Gabriel is leaving ICA Gruppen on 30 April 2015 and will be succeeded by Petra Albuschus.

Executive Management



	Per Strömberg	Björn Abild	Lena Boberg	Liv Forhaug	Åsa Gabriel *	Marie Halling
	CEO, ICA Gruppen AB Employed at ICA and member of ICA's management since 2012.	CEO, ICA Special Employed at ICA and member of ICA's management since 2009.	CEO, ICA Real Estate Employed at ICA since 2007 and member of ICA's management since 2010.	SVP Strategy & Business Development, ICA Gruppen AB Employed at ICA and member of ICA's management since 2013.	SVP HR & ICA School, ICA Gruppen AB Employed at ICA since 2004 and member of ICA's management since 2008.	CEO, ICA Bank Employed at ICA and member of ICA's management since 2014.
Born	1963	1955	1970	1970	1959	1963
Education	Master of Science in Business and Economics	Master of Science in Business and Economics	Master of Science in Business and Economics	Master of Science in Business and Economics	Master of Science in Business and Economics	Master of Law
Other assignments	Board member Segulah Advisor AB, Almondy Group Holding AB, Childhood Foundation and En Frisk Generation.	Board member DistIT AB and Angered Byggvaror Aktiebolag.	–	Board member Hemtex AB and Thule Group AB.	–	–
Experience	President and CEO Lantmännen (2007–2012) and Sardus AB (2006–2007). 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.	CEO Expert Sverige AB (2004–2009); CEO Team Sportia AB (2001–2004); CEO Dagab Närlivs AB (1998–2001); Marketing and Sales Director Sardus AB (1996–1998); Marketing and Sales Director Bergendahl Grossist AB (1993–1996).	CFO ICA Real Estate (2007–2010) and Skandrenting AB (1999–2007). Project Manager and consultant Knowit AB (1999). Financial Manager Hagströmer & Qviberg Fondkommission AB (1996–1998); Financial Manager Nordien System AB (1995).	McKinsey & Company, Partner and responsible for the retail sector in Scandinavia (2006–2013), previously Project Manager and consultant (1996–2005). Worked in Sweden, elsewhere in Europe and in the US.	CEO Twilfit AB (2002–2004). Statoil (1986–2002) including HR and HMS Director Statoil Detaljhandel AS, Franchise and Competence Director for Statoil Detaljhandel AS, Marketing Director Statoil AB, HR Director Statoil Detaljist AB, Administration Director Statoil AB.	Swedbank (2005–2014), including head of the Eastern region and member of Swedbank's Group Executive Committee, head of Retail Banking and Private Banking. FöreningsSparbanken (1996–2005), including head of Corporate Banking FöreningsSparbanken Stockholm.
Shareholding	7,850 shares (incl. related parties)	1,100 shares (incl. related parties)	500 shares (incl. related parties)	2,700 shares (incl. related parties)	1,600 shares (incl. related parties)	950 shares (incl. related parties)

* Leaving ICA Gruppen on 30 April 2015; to be succeeded by Petra Albuschus.



Sven Lindskog	Björn Olsson	Edgar Sesemann	Stein Petter Ski	Anders Svensson	Thorbjørn Theie	Anders Nyberg
CFO, ICA Gruppen AB Employed at ICA and member of ICA's management since 2014.	SVP Corporate Communication, ICA Gruppen AB Employed at ICA since 2004 and member of ICA's management since 2009.	CEO, Rimi Baltic Employed at ICA since 1999 and member of ICA's management since 2008.	SVP Portfolio Companies, ICA Gruppen AB Employed at ICA Gruppen (Hakon Invest) and member of management since 2005.	CEO ICA Sweden, Deputy CEO ICA Gruppen Employed at ICA and member of ICA's management since 2009.	CEO, ICA Norway Employed at ICA and member of ICA's management since 2012.	CEO, Pharmacy Operations Employed at ICA and member of ICA's management since 2015.
1963	1971	1961	1967	1964	1959	1956
Master of Science in Business and Economics	Master's degree in Political Science, Economics and Commercial Law	Diploma in Market Economics	University degree focusing on Economics and Politics, University of York, UK	Master of Science in Business and Economics	Officer: Befalsskolen for Infanteriet og Hærens Krigsskole (Norwegian Military Academy, Oslo).	Studies in finance and business, Stockholm University
–	–	–	Chairman of the Board Hemtex Aktiebolag; board member Cervera AB.	Chairman of the Board Svensk Dagligvaruhandel Ekonomisk Förening (Swedish Grocery Trade Federation); Deputy Chairman Svensk Handel AB (Swedish Trade Federation) and board member Svenskt Näringsliv (Confederation of Swedish Enterprise).	–	Chairman of the Board, Sveriges Apoteks-förening
CFO Höganäs Group (2007–2014), Sardus Group (2006–2007) and Unilever Nordic (2005–2006). Other senior positions at Unilever Nordic (1998–2004), Unilever global head office Holland (1996–1998), Unilever Hungary (1994–1996), Unilever Sweden (1989–1993).	Head of Media Relations/ Acting Head of Communications Svensk Handel (Swedish Trade Federation) (2000–2003).	ICA including CEO Rimi Estonia, Purchasing Director ICA AB, ICA Sverige AB and 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 (1990–1996).	Partner ABG Sundal Collier specialising in Corporate Finance (2003–2005). Worked at Ministry of Enterprise, Energy and Communications/Swedcarrier (2001–2003). Before that various positions at Enskilda Securities (1989–2001).	Positions at Arla (2002–2009) including Senior Vice President Arla Foods Consumer Nordic, CEO Arla Foods Sweden. Procter & Gamble (1993–2002) including Sales Director Procter & Gamble Sweden, Logistics Director Procter & Gamble Nordic, various positions at Procter & Gamble Nordic and Procter & Gamble UK. Consultant Andersen Consulting (1988–1993).	Managing Director Kjøpmannshuset Norg-esgruppen AS (1999–2012). Business Development Director Spar Norge (1995–1999). Sales & Marketing Director Nycomed Pharma (1986–1995).	CEO Apotek Hjärtat (2009–). Deputy CEO ICA AB (2006–2008) and Axfood (2001–2005). ICA (1992–2000); Deputy CEO, ICA Sweden, Senior Vice President Strategy & Business Development, CEO, ICA Öst. Åhléns (1988–1992); Regional Manager/Marketing Manager Livs.
700 shares (incl. related parties)	572 shares (incl. related parties)	1,000 shares (incl. related parties)	7,250 shares (incl. related parties)	1,400 shares (incl. related parties)	0 shares (incl. related parties)	5,000 shares (incl. related parties)

Internal control over financial reporting

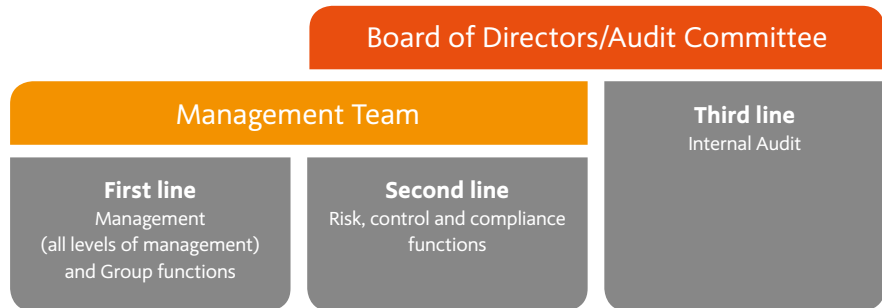
This section has been prepared in accordance with the Code and the Annual Accounts Act, and describes the Company's internal control and risk management in relation to reporting. The aim is to provide shareholders and other stakeholders with an understanding of how internal control over financial reporting is organised within the Company.

11 The Board of Directors is responsible for ensuring that ICA Gruppen has good internal control and routines to 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.

Model for internal control

ICA Gruppen employs a model that has three "lines of defence" describing how responsibility for internal governance and control is organised. The first line of defence is the operations which, in their respective areas, are responsible for maintaining good internal control and in doing so, identifying and managing the risk of errors in financial reporting. The second line of defence is the Group's risk and control functions, which are tasked with supporting the first line of defence and providing information to management. The third line of defence consists of the independent Internal Audit function which is tasked with examining the efficiency and reliability of the Group's internal governance and control.

ICA Gruppen's internal control work is based on the internal control principles produced by the Committee of Sponsoring Organizations of the Tradeway Commission (COSO). These principles have five basic elements: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring.



1. Control environment

A good control environment forms the foundation for 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, the Financial Policy, Guarantee Policy, Sustainability Policy and Communication Policy.

2. Risk assessment

The Audit Committee is responsible for ensuring that significant risks of errors 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. For a description of the Group's risk and risk management see page 16.

3. Control activities

The Board is of the opinion that there is a solid understanding among the employees of the need for good control over financial reporting. ICA Gruppen's internal control structure is based on established policies and guidelines and regular reporting to the Board. Another starting point for ICA Gruppen's internal control structure is the Group's business critical processes in which control activities have been implemented based on the assessed risk of errors.

The Company mainly uses three types of controls:

- Group-wide controls relating to the overall control environment related to the Company's fulfilment of the policies.
- Process controls for the Group's business critical processes. These are aimed at managing the risk of errors in each of the processes. The controls that manage the material risk of errors are classified as key controls and are included in the Group's regular monitoring of internal control.
- IT controls cover the IT processes, IT environment and IT applications that are critical from a financial or commercial perspective.

4. Information and communication

Efficient and correct communication of information, both internally and externally, is important for ensuring complete and accurate financial reporting at the right time. Policies, routines, handbooks and other documents of significance for financial reporting are updated and communicated to the relevant employees 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 operating activities to Management Team 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 for companies listed on NASDAQ Stockholm. Financial information is provided regularly through annual reports, interim reports, press releases and notices on the Company's website, 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, Management Team, Internal Audit and Internal Control review and follow up as described in this section.

Internal Control

ICA Gruppen has an Internal Control function tasked with coordinating and supervising the process of internal governance and control within the Group. The Internal Control function is also responsible for contributing to and supporting all internal control work within ICA Gruppen. The process of internal control over financial reporting is aimed at managing the risk of material errors in financial reporting with a reasonable degree of certainty and in compliance with laws and regulations. Internal Control defines the business critical processes and key controls that are part of the Group's regular evaluation of internal control processes. The evaluation is based on a process of periodic self-evaluation. The results are compiled in reports submitted by Internal Control to the ICA Management Team.

Shares and shareholders

The price of the ICA Gruppen share went up in 2014 by 52%, making it one of the share price winners on NASDAQ Stockholm, whose All-Share Index went up by 12%.

ICA Gruppen is in the Large Cap segment and in the Consumer Staples sector index according to the NASDAQ Stockholm classification.

Share price development and return

The ICA Gruppen share reached its highest price for the year of SEK 316.6 on 17 November 2014. The lowest price of SEK 195.3 was on 27 January 2014. At the end of the year the share price was 305.8, which represents a price increase of 52% from the beginning of the year. This is equivalent to a market capitalisation of around SEK 36,414 million.

Since 2005, when Hakon Invest was floated on the stock exchange, the share has provided a total return of 515% compared to the SIX Return Index with a return of 141%. The total trading volume for ICA Gruppen shares on NASDAQ Stockholm in 2014 was just over 89 million shares for a value of just over SEK 22 billion, equivalent to an average daily trading volume of 358,069 shares. On average, shares were traded for SEK 89 million per day in 2014.

Trading on NASDAQ Stockholm during the year accounted for 80.8% of all trading in ICA Gruppen shares. The remaining trading took place on Chi-X: 15.0%, Turquoise: 3.0% and Bats: 1.2%.

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.

The number of ordinary shares is 119,078,903 and the number of C shares is 82,067,892.

Shareholders

The number of shareholders as of 31 December 2014 was 30,678, an increase of 6,336 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 40.8% consisted of C shares and 10.5% of listed ordinary shares. The second largest shareholder was AB Industrivärden with 10.5% of the shares and capital. The remaining 32.8% are owned by institutional investors and private individuals in Sweden and other countries. 8.5% of the shares were foreign owned at the end of the year (5.7%).

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.

Repurchases

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 a total of 16,119 shares were transferred to cover the allotment in the 2010 incentive programme. In May 2013 a total of 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.

Largest shareholders

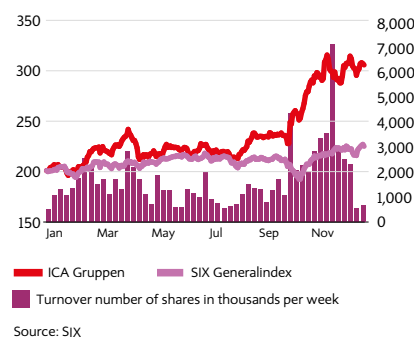
	Number of shares	Percentage of capital and votes
ICA-handlarnas Förbund	103,163,599	51.3
AB Industrivärden (incl. Investment AB Promotion)	21,125,000	10.5
SEB Investment Management	2,936,296	1.5
Swedbank Robur Fonder	1,556,340	0.8
Leif Jönsson	1,254,651	0.6
AMF – Försäkring och Fonder	1,195,992	0.6
Robur Försäkring	1,128,437	0.6
Handelsbanken Fonder	904,113	0.4
Pensionskassan SHB Försäkringsförening	900,000	0.4
Handelsbanken Pensionsstiftelse	850,000	0.4
Ten largest shareholders, total	135,014,428	67.1
ICA Gruppen's holdings	141,655	0.1
Other shareholders	65,990,712	32.8
Total	201,146,795	100.0

The table above only includes the shareholders named in Euroclear's register of shareholders. Source: Euroclear

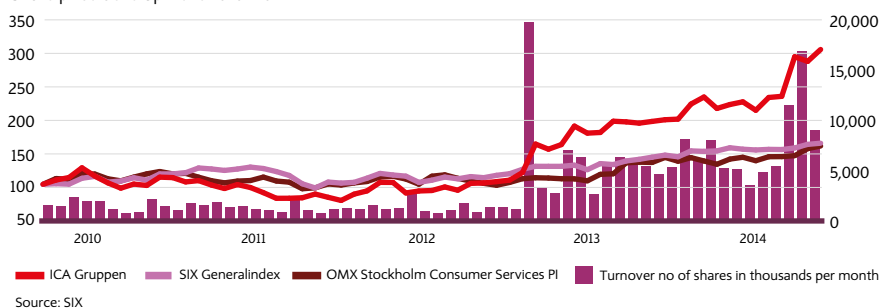
Dividend

The Board of ICA Gruppen proposes a dividend of SEK 9.50 per ordinary share for 2014 or a total of SEK 1,130 million. The targets established by the Board of Directors include ICA Gruppen providing an annual dividend to shareholders long-term of at least 50% of profit for the year. Only ordinary shares, which constitute 59.2% of the total number of outstanding shares in ICA Gruppen, carry entitlement to cash dividends. The dividend proposed by the Board is equivalent to 42% of profit for the year.

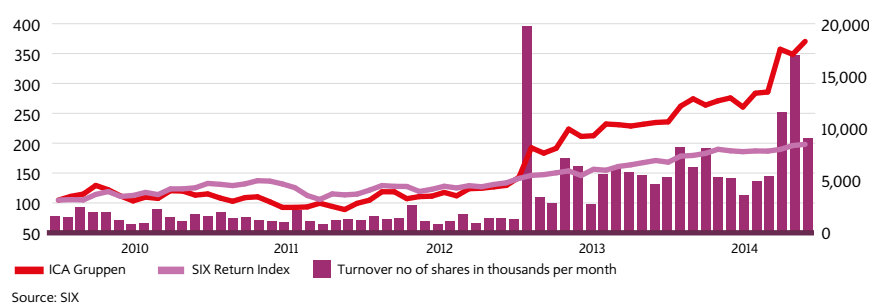
Share price development 2014



Share price development 2010–2014



Total return 2010–2014



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	nikekm@carnegie.se
Danske Bank	Anders Hansson	+46 8 568 805 35	anders.g.hansson@danskebank.se
Handelsbanken	Erik Sandstedt	+46 8 701 31 28	ersa07@handelsbanken.se
Nordea	Stellan Hellström	+46 8 534 922 02	stellan.hellstrom@nordea.com
SEB	Stefan Nelson	+46 8 522 298 07	stefan.nelson@seb.se
Swedbank	Christian Andersson Blink	+46 8 585 938 59	christian.anderson.blink@swedbank.se

Share information

Marketplace NASDAQ Stockholm, Large Cap segment.	
Ticker	ICA
ICB code	5300
ISIN code	SE0000652216
Round lot	1
Market cap as of 31 December 2014, SEK million	36,414,328,537
Share price as of 31 December 2014, SEK	305.8
Change during the year, %	52
Highest price for the year, SEK	316.6
Lowest price for the year, SEK	195.3

Share data

	2014	2013
Earnings per ordinary share, SEK	12.53	49.68
Earnings per ordinary share, pro forma, SEK	–	7.18
Earnings per C share, SEK	12.53	49.68
Earnings per C share, pro forma, SEK	–	7.18
Cash flow per share, SEK	17.97	20.92
Equity per share, SEK	122.91	116.23
Dividend per ordinary share, SEK	9.50	8.00
Dividend payout ratio, %	42	68
Share price at end of year, SEK	305.80	201.00
Direct yield, %	3.1	4.0
P/E ratio	24.4	28.5*
Share price/equity	249	173
No. of outstanding ordinary shares at end of year	118,937,248	118,937,248
No. of outstanding C shares at end of year	82,067,892	82,067,892
Total no. of outstanding shares at end of year	201,005,140	201,005,140
Average no. of shares	201,005,140	190,006,752

* 2013 pro forma

Ownership structure

Holding, no. of shares	No. of shareholders	Capital and votes, %
1–500	23,253	1.7
501–1,000	2,773	1.1
1,001–5,000	3,162	3.6
5,001–10,000	553	2.0
10,001–15,000	256	1.6
15,001–20,000	137	1.2
20,001–	544	88.8
Total	30,678	100.0

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Definitions of key figures

Cash flow from operating activities per share

Cash flow from operating activities for the period divided by the average number of shares outstanding.

Capital adequacy ratio

Refers to ICA Bank. The bank's capital base in relation to risk-weighted items.

Capital employed

Total assets less non-interest bearing liabilities and provisions.

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 year, 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/assets ratio

Equity including non-controlling interests as a percentage of total assets.

Equity per share

Equity, excluding non-controlling interests, divided by the total number of shares outstanding.

Investments

Investments paid during the period according to the statement of cash flows.

Net debt

Interest-bearing liabilities excluding pensions, ICA Bank and cash and cash equivalents.

Net margin

Profit for the year as a percentage of net sales.

Non-recurring items

Gain/loss on disposal of non-current assets, impairment of non-current assets as well as major structural changes. The term also includes the gain which arose in 2013 when the remaining shares in ICA AB were acquired.

Operating margin

Operating profit as a percentage of net sales.

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.

Return on equity (ROE)

Profit for the year, 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.

Five-Year Financial Summary

Mkr	Actual 2014	Pro forma ¹⁾ 2013	Pro forma ¹⁾ 2012	Actual 2013	Actual 2012	Actual 2011	Actual 2010
Income statement							
Net sales	87,174	82,993	80,552	65,155	2,726	2,498	2,663
Operating profit before depreciation (EBITDA)	5,819	4,912	4,824	3,905	278	346	-94
Operating profit (EBIT) excluding non-recurring items	3,937	3,695	3,306	3,015	118	283	114
Operating profit/loss (EBIT)	4,097	3,482	3,623	10,787	212	283	-170
Profit/loss before tax	3,727	2,859	3,128	10,341	244	233	-124
Profit/loss from continuing operations	3,105	2,432	1,316	9,994	262	256	-136
Profit/loss for the year	2,667	1,424	312	9,446	262	40	-174
¹⁾ Excluding the non-recurring effects of the acquisition of ICA AB							
Balance sheet							
Non-current assets	51,256	52,352	51,742	52,352	8,207	8,894	9,043
Cash and cash equivalents and short-term investments	6,091	3,949	4,788	3,949	1,446	1,001	1,223
Other current assets	15,087	12,660	12,835	12,660	728	827	931
Total assets	72,434	68,961	69,365	68,961	10,381	10,722	11,197
Equity	27,911	26,541	22,899	26,541	9,021	9,275	9,625
Non-current liabilities	16,995	13,612	20,022	13,612	633	517	399
Current liabilities	27,528	28,808	26,444	28,808	727	930	1,173
Total equity and liabilities	72,434	68,961	69,365	68,961	10,381	10,722	11,197
Cash flow							
From operating activities	3,612			3,975	814	669	534
From investing activities	-563			-16,585	-266	9	-311
From financing activities	-767			16,203	-505	-577	-300
Cash flow for the year	2,282			3,593	43	101	-77
Cash flow for the year from operating activities for continuing operations	3,794			4,263			
Key figures							
Operating margin excl. non-recurring items, %	4.5	4.5	4.1	4.6	4.3	11.3	4.3
Operating margin, %	4.7	4.2	4.5	16.6	7.8	11.3	-6.4
Return on capital employed, %	10.1	8.5	8.4	8.3	2.9	2.8	-0.9
Return on equity, %	9.3	6.0	1.1	7.2	2.9	0.4	-1.7
Equity/assets ratio, %	38.5	38.5	33.0	38.5	86.9	86.5	86.0
Share data							
Earnings per share, continuing operations, SEK	14.71			52.56	1.65	3.01	-0.29
Earnings per share, SEK	12.53			49.68	1.65	1.74	-0.51
Equity per share, SEK	122.91			116.23	55.28	56.75	59.35
Cash flow per share from continuing operating activities, SEK	18.86			22.44	0.27	0.59	-0.45
Cash flow from operating activities per share, SEK	17.97			20.92	4.79	3.94	3.14
Dividend per ordinary share, SEK	9.50			8.00	-	6.25	6.00
Share price at 31 December, SEK	305.80			201.00	118.30	96.05	117.60
Direct yield, %	3.1			4.0	n.a	6.5	5.1
Number of outstanding shares							
Ordinary shares	118,937,248			118,937,248	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			201,005,140	160,665,306	160,652,516	160,652,516
Total average number of shares	201,005,140			190,006,752	169,828,539	169,828,539	169,828,539

Consolidated statement of comprehensive income

SEK m	Note	2014	2013
Net sales	2	87,174	65,155
Cost of sales	3	-75,038	-55,102
Gross profit		12,136	10,053
Other operating income	6	883	191
Selling expenses	3	-6,571	-5,530
Administration expenses	3, 5	-2,362	-2,099
Share of profits from associated companies and joint ventures	14	11	121
Effects of acquisition of ICA AB	24	-	8,051
Operating profit	2, 4, 5, 7, 8	4,097	10,787
Financial income		38	58
Financial expense		-408	-504
Net financial items	9	-370	-446
Profit before tax		3,727	10,341
Tax	10	-622	-347
Profit from continuing operations		3,105	9,994
Profit/loss from discontinued operations	18	-438	-548
PROFIT FOR THE YEAR		2,667	9,446
Other comprehensive income, items that may not be reclassified to profit or loss	19		
Revaluation of defined-benefit pension plans, net after tax		-246	214
Other comprehensive income, items that may be reclassified to profit or loss			
Change in translation reserve, net after tax		145	81
Change in fair value reserve, net after tax		-	0
Change in hedging reserve, net after tax		-73	20
Share of joint ventures' other comprehensive income		-61	0
Items reclassified to profit or loss at acquisition of ICA AB		-	-259
Total items that may be reclassified to profit or loss	10, 19	11	-158
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,432	9,502
Profit for the year attributable to:			
Owners of the parent		2,518	9,439
Non-controlling interests		149	7
Total comprehensive income for the period attributable to:			
Owners of the parent		2,301	9,495
Non-controlling interests		131	7
Earnings per share, SEK	11		
Ordinary share and C share		12.53	49.68
Ordinary share and C share, continuing operations		14.71	52.56
Ordinary share and C share, discontinued operations		-2.18	-2.88

Consolidated statement of financial position

Assets			
SEK m	Note	31 Dec. 2014	31 Dec. 2013
Non-current assets			
<i>Intangible non-current assets</i>			
	12		
Goodwill		11,545	11,867
Trademarks		13,112	13,065
IT systems		545	548
Other		258	222
		25,460	25,702
<i>Property, plant and equipment</i>			
	13		
Land and buildings		13,343	13,838
Investment properties		1,458	1,513
Leasehold improvements		288	874
Equipment		1,677	2,468
Construction in progress		834	553
		17,600	19,246
<i>Financial non-current assets</i>			
Interests in joint ventures and associated companies	14	757	712
ICA Bank's investments	15	1,741	1,204
ICA Bank's lending	15	5,418	5,066
Other financial non-current assets		22	45
Other receivables		4	8
		7,942	7,035
Deferred tax assets	10	254	369
Total non-current assets		51,256	52,352
Current assets			
<i>Inventories</i>	16	3,566	4,253
<i>Current receivables</i>			
Trade receivables		2,632	2,926
Tax assets		3	15
ICA Bank's investments	15	150	50
ICA Bank's lending	15	2,925	2,881
Receivables from related parties	17	39	1
Other current assets		116	53
Prepaid expenses and accrued income		2,136	1,839
		8,001	7,765
<i>Cash and cash equivalents</i>	23	6,091	3,948
Total current assets		17,658	15,966
<i>Assets held for sale</i>	18	3,520	643
TOTAL ASSETS		72,434	68,961

Equity and liabilities			
SEK m	Note	31 Dec. 2014	31 Dec. 2013
Equity	19		
Share capital		503	503
Other capital contributed		7,694	7,694
Reserves		130	101
Retained earnings		16,379	15,065
Equity attributable to owners of the parent		24,706	23,363
Non-controlling interests		3,205	3,178
Total equity		27,911	26,541
Non-current liabilities			
Provisions for pensions	20	2,295	1,862
Deferred tax liabilities	10	4,839	4,925
Bonds	21	6,985	5,000
Other interest-bearing liabilities	21	2,673	1,770
Other provisions		47	47
Other liabilities		156	8
Total non-current liabilities		16,995	13,612
Current liabilities			
Bonds	21	171	–
Other interest-bearing liabilities	21	1,106	3,523
Trade payables		10,422	10,820
Deposits, ICA Bank	15	11,031	10,600
Liabilities to related parties	17	3	6
Tax liabilities		114	243
Other liabilities		490	404
Provisions		254	250
Accrued expenses and deferred income		2,015	2,450
Total current liabilities		25,606	28,296
<i>Liabilities held for sale</i>	18	1,922	512
TOTAL EQUITY AND LIABILITIES		72,434	68,961

Consolidated 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 2013	402	2,778	259	5,443	8,882	139	9,021
Profit 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
Opening equity, 1 January 2014	503	7,694	101	15,065	23,363	3,178	26,541
Profit for the year				2,518	2,518	149	2,667
Other comprehensive income			29	-246	-217	-18	-235
Total comprehensive income for the year			29	2,272	2,301	131	2,432
Change in non-controlling interests						9	9
Dividend				-951	-951	-128	-1,079
Transfer				-15	-15	15	0
Lower issue expenses for preference shares				2	2		2
Reversal of unpaid share dividends				6	6		6
Closing equity, 31 December 2014	503	7,694	130	16,379	24,706	3,205	27,911

Consolidated statement of cash flows

SEK m	Note 18, 23	2014	2013
Operating activities			
Operating profit		3,664	10,274
Effects of acquisition of ICA AB		–	–8,051
Dividend from joint ventures		1	24
Adjustments for non-cash items		1,548	1,403
Income tax paid		–673	–429
Cash flow from operating activities before change in working capital		4,540	3,221
Change in working capital			
Inventories (increase – /decrease +)		–335	–37
Current receivables (increase – /decrease +)		–525	822
Current liabilities (increase + /decrease –)		533	252
ICA Bank's net deposits, lending and investments		–601	–283
Cash flow from operating activities		3,612	3,975
Investing activities			
Purchase of property, plant and equipment and intangible assets		–2,576	–2,540
Sale of property, plant and equipment and intangible assets		2,074	507
Loans issued		–87	–8
Repayment of loans issued		91	11
Other financial non-current assets (increase – /decrease +)		–1	1,168
Interest received		40	35
Investments in joint ventures		–158	–30
Acquisition of ICA AB		–	–15,739
Divestment of subsidiaries		54	11
Cash flow from investing activities		–563	–16,585
Financing activities			
Borrowings		5,165	26,775
Repayment of borrowings		–4,519	–18,112
Contribution from non-controlling interests		10	–
Interest paid		–344	–477
Dividend paid to shareholders of ICA Gruppen AB		–951	0
Dividend paid to preference shareholders		–128	–
New share issue		–	5,017
New share issue of preference shares in subsidiaries		–	3,000
Cash flow from financing activities		–767	16,203
Cash flow for the year		2,282	3,593
Cash and cash equivalents at beginning of year		3,948	291
Exchange differences in cash and cash equivalents		28	64
Cash and cash equivalents at year end		6,258	3,948
Cash and cash equivalents are recognised in the following lines in the balance sheet:			
Cash and cash equivalents		6,091	3,948
Assets held for sale		167	0
Total cash and cash equivalents		6,258	3,948

Notes

Note 1 Accounting principles and general information

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, the visiting address is Svetsarvägen 16, Solna, and the website is www.icagruppen.se. ICA Gruppen AB is a subsidiary of 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 company inkClub and the partly owned portfolio companies Cervera and Hemtex. 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 10 February 2015. A decision will be made at the Annual General Meeting on 22 April 2015 on the adoption of the consolidated statement of comprehensive income, consolidated statement of financial position and the Parent Company's income statement and balance sheet.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Commission and the interpretations of the IFRS Interpretations Committee (formerly 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 standards and statements applied from the beginning of 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 to ensure that there is only one basis for consolidation of all entities regardless of the nature of the investment. That basis is controlling interest. IFRS 10 has not had any impact on ICA Gruppen's reporting.

IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Transfer of non-monetary assets from a venturer to a jointly controlled entity*. IFRS 11 classifies joint arrangements as either a joint operation or a joint venture. What determines the classification as a joint operation or a joint venture is the parties' contractual rights and obligations. According to IFRS 11 the percentage of capital is the determining factor for interests in joint ventures. IFRS 11 has not had any impact on ICA Gruppen's reporting.

IFRS 12 *Disclosure of Interests in Other Entities* will be applied when disclosing interests in subsidiaries, joint arrangements, associated companies and structured non-consolidated companies. IFRS 12 has increased the disclosure requirements.

IFRIC 21 *Levies* deals with at what point an obligating event requires the recognition of a liability. A levy is defined as an outflow of a company's resources as required by a government or similar body pursuant to laws and regulations. The introduction of IFRS 21 has not had any impact on ICA Gruppen's reporting.

Presentation of calculations

ICA Norway is reported as a discontinued operation as of 30 September 2014. Accordingly, the profit/loss from ICA Norway is reported on the line "Profit/loss from discontinued operations" in the statement of comprehensive income, and the figures presented for previous periods have been changed correspondingly. In the consolidated statement of financial position, ICA Norway's assets and liabilities are reported as assets and liabilities held for sale as of 30 September 2014.

ICA AB became a subsidiary of ICA Gruppen on 27 March 2013, and therefore in the comparison figures for 2013 ICA AB is consolidated from this date onwards.

New accounting principles in 2015

For 2015 only minor amendments have been published by IASB and IFRIC. These amendments have not had any impact on ICA Gruppen's financial statements.

New standards from IASB not endorsed by the EU that are relevant to ICA Gruppen

IFRS 15 *Revenues from Contracts with Customers* published in May 2014. This will go into effect for the financial year beginning on 1 January 2017. In a basic preliminary analysis, ICA Gruppen has determined that the standard, once introduced, will have a limited effect on the financial statements.

IFRS 9 *Financial Instruments* published in July 2014. This will go into effect for the financial year beginning on 1 January 2018. It has not yet been possible to determine the effects of the introduction of the standard other than that it is relevant to, among other things, the reporting of credit losses (for ICA Bank in particular) and hedge accounting.

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.

Non-current assets and non-current 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.

Consolidated financial statements

The consolidated financial statements cover the Parent Company, ICA Gruppen AB, and its subsidiaries. A subsidiary is a company in which ICA Gruppen has a controlling interest. A controlling interest can be exercised either through ownership or an agreement. The majority of ICA stores are owned and operated by independent retailers. These retailers make independent decisions on activities that are relevant for their store operations in areas such as purchasing, pricing, investment and personnel. ICA Gruppen thus has no controlling influence over these operations and they are not consolidated in ICA Gruppen.

The purchase accounting method is applied in the acquisition of subsidiaries. The purchase price for the acquisitions 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 entity. Acquisition-related expenses are recognised through 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 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 entity's identifiable net assets. The principle is assessed for each acquisition.

In incremental acquisitions, the past 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 restated in profit or loss on the same basis as if the interests had been divested.

Holdings in joint arrangements

A determination is made as to whether the joint arrangement constitutes a joint operation or a joint venture. If the joint arrangement is a joint venture, it is reported according to the equity method.

Investments in associated companies

Holdings in associated companies are reported according to the equity method.

Foreign currency

Transactions in foreign currencies are translated within the respective entity to the entity's functional currency based on the exchange rates that apply on the transaction date. On each balance sheet date, monetary items in foreign currencies are translated at the exchange rate on the balance sheet date. Non-monetary items measured at fair value in a foreign currency are translated at the exchange rate on the date the fair value was established. Non-monetary items 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 in 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 Gruppen builds a property to sell, ICA Gruppen 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 Gruppen has received payment.

In cases where ICA Gruppen sells a property which is then leased back for use within the Group, or subleased to a non-consolidated ICA retailer, a collective assessment is made of the entire arrangement to determine if the main risks and benefits have been transferred to the buyer.

Dividends are recognised in 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 Gruppen leases buildings and equipment for use within the Group, as well as store premises which are then leased to non-consolidated ICA retailers. Based on the financial aspects of the agreements for these arrangements, the leases are classified as operating leases.

ICA Gruppen 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 Gruppen 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.

Cont. Note 1 Accounting principles and general information

Income tax

Income taxes are recognised through profit or loss except when the underlying transaction is recognised in other comprehensive income or in shareholders' equity, 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.

Property, plant and equipment

Property, plant and equipment 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 property, plant and equipment.

Assets and liabilities held for sale and discontinued operations

Assets and liabilities are classified as assets and liabilities 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. Assets held for sale are measured at either their book value or an assessed sale value, whichever is the lowest, less selling expenses.

A discontinued 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 – 50 years
Investment properties	20 – 40 years
Leasehold improvements	6 – 20 years
Store equipment and lorries	7 – 10 years
IT systems	3 – 6 years
Other equipment	3 – 10 years

Impairment

The carrying amount of non-current assets is tested for impairment by comparing the carrying amount with the higher of the asset's fair value less selling expenses and 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 for impairment at least once a year.

Inventories

Inventories are 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 measured 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 Gruppen commits to buy or sell the asset.

The fair values of financial assets and liabilities have been determined in accordance with descriptions in Note 21.

Liabilities to credit institutions and other loan liabilities

All loan 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 amount of the loan 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 for which ICA Gruppen does not use 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 likely 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 recognised through profit or loss, 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and other short-term investments with an original maturity of no more than three months. Cash and bank balances are categorised as “Loan receivables and trade receivables” 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 made in the amount considered to be the most likely outcome.

Contingent liabilities

Contingent liabilities are possible liabilities originating from events that have occurred and the incurrence of the liability will only be established if one or more uncertain future events occur or fail to occur. Contingent liabilities include obligations originating from events that have occurred but which are not reported as a liability or provision because it is unlikely that an outflow of resources will be required, or where the amount cannot be reliably calculated.

Pensions and other undertakings for post-employment benefits

The Group has both defined-contribution and defined-benefit pension plans. 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.

Important assumptions and estimates

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 financial statements. 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. The assumptions and estimates that management considers the most important are the following:

Sale and leaseback transactions with subleases

When ICA sells a property and at the same time leases back and subleases the property to an independent/non-consolidated ICA retailer, an assessment is first made of whether or not the property is sold. If the significant risks and benefits associated with the property have been transferred to the buyer, the property is reported as sold. The assessment considers the leaseback and sublease of the property and if these arrangements affect the transfer of risks and benefits to the buyer. If the outcome of the assessment is that the property is considered sold, a determination is made of the leases and whether they are operating or finance leases. The leaseback or sublease agreements are assessed together as they are drawn up at the same time. Determining whether or not a property is sold according to IAS 18 Revenue, and then classifying the lease according to IAS 17 Leases in cases where the property is considered sold, involves a complex and comprehensive assessment of the implications of various factors, circumstances and contractual terms. It has been determined that ICA Gruppen has limited risk and involvement in the properties, and accordingly they are reported as sold. Leaseback and sublease agreements are classified as operating leases based on the fact that the most important financial risks and benefits are with the property owner and ICA Gruppen's tenant, the ICA retailer.

Valuation of goodwill and trademarks

Assessments are made on an ongoing basis to ensure that the book value of goodwill and trademarks does not exceed their recoverable amount. A calculation is made of the recoverable amount to assess whether impairment of goodwill and trademarks is indicated. The recoverable amount is calculated using a present value calculation of cash flows based on the anticipated future outcomes of a number of factors. Since fair value is calculated based on assumptions about the future, a downgraded assessment of these assumptions could indicate impairment.

Valuation of non-current assets other than goodwill and trademarks

Assessments are made on an ongoing basis to ensure that the book value of non-current 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, an impairment of the book value may be indicated.

Pensions entered as liabilities

On average, pensions entered as liabilities have a long maturity until such time as they are paid out. To calculate the present value of pension liabilities, a number of assumptions must be made concerning, for example, life expectancy, salary increases, inflation and discount rates. Assessment of these assumptions is made over the same period as the maturity of the liability. The assumptions are based on external and internal assessments of future events and past experience. A small change in an assumption may have a significant effect on the liability.

Note 2 Segment reporting

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 and Cervera are reported in the Portfolio Companies

segment. Other consists of items that are not included in identified segments, which mainly comprises Group-wide functions.

Management monitors the segments' operating profit excluding non-recurring items. Assets and liabilities include financial items. All internal transactions are executed using market prices. The same accounting principles apply to the segments as to the Group.

ICA Norway is reported as a discontinued operation from 30 September 2014 and is not included in the Group's consolidated net sales and operating profit, but is being reported as a segment until the divestment of ICA Norway is completed. For net sales and operating profit for ICA Norway, see page 34.

SEK m	ICA Sweden			ICA Norway		Rimi Baltic			ICA Bank			ICA Real Estate		
	2014	2013	Pro forma 2013	2014	2013	2014	2013	Pro forma 2013	2014	2013	Pro forma 2013	2014	2013	Pro forma 2013
External net sales	70,928	52,815	67,905	-	-	11,632	8,102	10,333	793	621	825	1,231	933	1,232
Internal net sales	98	72	87	-	-	-	-	0	55	22	25	1,022	790	1,023
Depreciation and amortisation	395	279	356	-	-	285	204	266	30	28	37	515	319	420
Profit from joint ventures and associated companies	-	-	-	-	-	-	-	-	-	-	-	0	7	13
Operating profit excluding non-recurring items	3,249	2,465	3,058	-	-	383	272	308	189	150	201	409	359	473
Other segment information														
Assets	37,893	37,207		3,235	3,572	5,642	5,068		12,775	12,152		14,745	14,912	
Liabilities	17,161	16,340		2,212	2,137	4,248	4,100		11,274	10,833		6,175	5,015	
Investments in property, plant and equipment and intangible assets	626	472		225	236	500	181		16	7		1,055	1,555	
Investments in associated companies and joint ventures	0	0		0	0	0	0		-	-		158	30	
Other non-cash flow items	5	0		-	0	-32	-17		-	-		-7	14	

SEK m	Portfolio Companies			Total reported segments			Other		Eliminations			Total			
	2014	2013	Pro forma 2013	2014	2013	Pro forma 2013	2014	2013	Pro forma 2013	2014	2013	Pro forma 2013	2014	2013	Pro forma 2013
External net sales	2,564	2,657	2,657	87,148	65,128	82,952	26	27	41				87,174	65,155	82,993
Internal net sales	-	-	-	1,175	884	1,135	71	20	0	-1,246	-904	-1,135			
Depreciation and amortisation	41	47	47	1,266	877	1,126	71	51	64				1,337	928	1,190
Profit from joint ventures and associated companies	11	36	36	11	43	49	-	78	1				11	121	50
Operating profit/loss excluding non-recurring items	53	21	21	4,283	3,267	4,061	-346	-252	-366				3,937	3,015	3,695
Non-recurring items													160	7,772	
Net financial items													-370	-446	
Profit after financial items													3,727	10,341	
Other segment information															
Assets	2,179	2,253		76,469	75,164		53,478	49,558		-57,513	-55,761		72,434	68,961	
Liabilities	1,121	1,834		42,191	40,259		25,145	23,240		-22,813	-21,079		44,523	42,420	
Investments in property, plant and equipment and intangible assets	49	69		2,471	2,520		105	15,759					2,576	18,279	
Investments in associated companies and joint ventures	0	0		158	30		0	0					158	30	
Other non-cash flow items	-194	-201		-228	-204		56	-103					-172	-307	

Pro forma 2013 means that the segments are presented as if ICA AB had been part of ICA Gruppen for the whole of 2013, while results for 2013 refer to the period 27 March to 31 December for everything except the portfolio companies, which are included for the whole of 2013. In the 2013 results for the segment Other, the

share of profits and capital from ICA AB are included in the profits of associated companies and joint ventures for the period 1 January to 26 March. The segment Other also includes the cash flow effect of the investment in ICA AB in investments in property, plant and equipment and intangible assets.

Non-recurring items

SEK m	2014	2013
Operating profit excluding non-recurring items	3,937	3,015
<i>Capital gain upon sale of noncurrent assets</i>		
Portfolio Companies, Forma	-2	-82
Portfolio Companies, Kjell & Company	445	-
ICA Real Estate	49	14
Rimi Baltic	54	-
Other	0	1
<i>Impairment</i>		
Portfolio Companies	-322	-223
ICA Real Estate	-42	-
Rimi Baltic	-22	-17
<i>Other nonrecurring items</i>		
Effects of acquisition	-	8,051
Other, with counterpart in discontinued operations	-	28
Total non-recurring items	160	7,772
Operating profit	4,097	10,787

Non-recurring items are reported in the following lines:

Other operating income	546	-
Selling expenses	-386	-279
Effects of acquisition of ICA AB	-	8,051
Total non-recurring items	160	7,772

External net sales by revenue source

SEK m	2014	2013
Wholesale sales	51,548	38,658
Retail sales	28,325	20,987
Rental income	2,418	1,844
Net interest income and commissions, ICA Bank	793	621
Other services for ICA retailers and franchisees	4,090	3,045
Net sales	87,174	65,155

Geographical information

SEK m	Net sales		Property, plant and equipment and intangible assets	
	2014	2013	2014	2013
Country				
Sweden	75,108	56,610	37,322	37,424
Norway	155	163	2,236	4,186
Baltic countries	11,648	8,115	3,502	3,338
Other countries	263	267	0	0
Total	87,174	65,155	43,060	44,948

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.

Note 3 Expenses by type of expense

SEK m	2014	2013
Cost of materials	65,605	48,923
Personnel expenses	7,477	5,604
Administrative expenses	2,080	1,684
Cost of premises	2,938	2,113
Depreciation/amortisation and impairment losses	1,723	1,169
Other expenses	4,148	3,238
Total expenses	83,971	62,731

Effective from 2014, the cost of services sold is included in the cost of sales. Previously these were included in selling expenses and administration expenses. The cost of sales thus increases by SEK 1,140 million, while selling and administration expenses decrease by SEK 901 million and SEK 239 million respectively. The change has no impact on operating profit.

Note 4 Average number of employees, salaries and other remuneration

In the comparison figures for 2013 ICA AB is included in the Group from 27 March, i.e. for nine months.

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).

	2014			2013		
	Women	Men	Total	Women	Men	Total
Sweden	5,017	4,885	9,902	3,831	3,565	7,396
Norway	9	11	20	8	11	19
Baltic countries	7,623	1,372	8,995	5,337	885	6,222
Finland	122	2	124	72	2	74
Hong Kong	48	43	91	40	34	74
Total, continuing operations	12,819	6,313	19,132	9,288	4,497	13,785
ICA Norway	2,002	1,550	3,552	1,653	1,272	2,925
Total	14,821	7,863	22,684	10,941	5,769	16,710

Salaries, other remuneration and social security contributions

SEK m	2014	2013
Group		
Salaries and other remuneration	5,000	3,709
Social security contributions	1,455	1,089
Pension costs	401	352
Total, continuing operations	6,856	5,150

SEK m	2014	2013
Group		
Board of Directors and CEO		
- Salaries and other remuneration	127	83
- of which variable component	13	10
- Pension costs	27	12
Other employees	5,247	3,966
Total, continuing operations	5,401	4,061

Of the Group's Board members and CEOs, 376 are men (341) and 278 are women (255).

Cont. Note 4 Average number of employees, salaries and other remuneration

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). See also the Corporate governance report.

Fees to members of the Board of ICA Gruppen AB:	2014			2013		
	Board fees	Commit-tee work	Total fees	Board fees	Commit-tee work	Total fees
Claes Göran Sylvén	900	150	1,050	850	150	1000
Fredrik Hägglund	320	50	370	300	50	350
Göran Blomberg	320	110	430	300	75	375
Peter Berlin	320	50	370	300	50	350
Magnus Moberg	320	85	405	300	75	375
Bengt Kjell	320	110	430	300	75	375
Cecilia Daun Wennborg	320	170	490	300	150	450
Jan Olofsson	320	75	395	300	50	350
Andrea GisleJoosen	320	50	370	300	50	350
Margot Wallström	160	0	160	300	50	350
	3,620	850	4,470	3,550	775	4,325

Remuneration to the CEO and other senior executives

The CEO and other senior executives are covered by two variable compensation systems taking the form of a cash bonus, one of which runs for one year and the other for three years. The combined annual bonus per person is maximised at an amount equivalent to 52% of annual salary (104% for the CEO). The bonus is not pensionable for the CEO or Management Team. 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

Cash-based bonus programme linked to the budget for each financial year and maximised at 27% of annual salary (54% for the CEO). 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 able to be objectively measured and must be 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 previous CEO of ICA Bank AB was not included in this incentive programme. The targets for the incentive programme must be able to be objectively measured and determined by the Board and are linked to both absolute and relative performance criteria. For the long-term incentive programmes up to and including 2013 fulfilment of the absolute performance criteria accounted for 40% of the maximum outcome and the relative performance criteria accounted for the remaining 60%. With effect from the long-term incentive programme for 2014, fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and the relative performance criteria account for the remaining 40%. 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.

Management Team

2014, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs ¹⁾	Total
CEO	8,339	6,508	282	2,887	18,016
Other senior executives	37,014	12,351	1,912	18,128	69,405
	45,353	18,859	2,194	21,015	87,421

2013, SEK 000s	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

¹⁾ The stated pension costs for other senior executives in 2014 include SEK 2,666,000 of variable remuneration where bonus payments have been exchanged for pension premiums.

Comments on the table

- The amounts given are the amounts expensed during the respective years and exclude social security contributions.
- Variable remuneration for 2013 included an extra bonus amounting to three months' salary for the management of Hakon Invest. The bonus related to the work involved in the acquisition of ICA AB from Royal Ahold. The bonus amounted 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.
- Remuneration to ICA Gruppen's CEO Per Strömberg in 2013 referred to remuneration from and including the Annual General Meeting 2013.
- Remuneration to other senior executives in 2013 included remuneration to the management team of Hakon Invest for 5 months and to the management team of ICA Gruppen for 7 months.

The number of other senior executives in 2014 was 11 (14), 4 (4) of which are women.

ICA Gruppen's current CEO and Management Team took up their positions in conjunction with the Annual General Meeting on 20 May 2013. During the period from January 2013 until the 2013 Annual General Meeting, the Management Team consisted of Hakon Invest's management team with Claes-Göran Sylvén as CEO.

In total, this group has been granted loans and credits from ICA Bank of SEK 1 million (1).

CEO's employment terms

The Chief Executive Officer of ICA Gruppen has an agreed annual salary of SEK 8.1 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.

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 2014 Annual General Meeting.

If the senior executive resigns, the Company will provide compensation during the period the non-competition clause applies at an amount maximised at 60% of fixed salary if the Company decides to assert such an agreed 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. As a result, pension premiums may be up to 35% of pensionable salary, which is paid for the duration of employment. 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 investment programme

During the period 13 November – 31 December 2014 the CEO and senior executives were expected to acquire shares in the Company for a sum amounting to between 5% and 10% of their gross basic salary for the financial year. Shares already held cannot be counted towards this. Shares acquired are to be held for the period that the senior executive is employed in the Group.

Twelve months after acquiring shares in the Company in accordance with the previous paragraph the executives will receive a net amount from the Company equal to 50% of their investment, provided that all the following conditions are met: (i) the executive remains employed in the Group (the notice period shall not be considered employment for this purpose), (ii) the executive still holds all the shares acquired, and (iii) a threshold of at least 50% of target for the annual bonus programme has been reached in respect of the current investment year.

Compensation to senior executives for acquisitions of shares involves a maximum cost including social security contributions of SEK 4.5 million in total, of which SEK 0.9 million relates to the CEO and SEK 3.6 million relates to other senior executives.

Note 5 Audit expenses

SEK m	2014	2013
Ernst & Young:		
Audit assignments	24	22
Other auditing activities	5	7
Other services	7	0
Total	36	29

Note 6 Other operating income

SEK m	2014	2013
Share of profits and share dividends from ICA retailers	337	191
Capital gains/losses	546	-
Total	883	191

Note 7 Leases**Operating leases***ICA Gruppen as lessee*

The Group leases buildings and equipment for use within the Group, but also store premises that are then leased out to unconsolidated ICA retailers. Based on the economic substance of the agreements in this arrangement these leases are classified as operating leases. 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	2014	2013
Lease expense for the year	2,938	2,113
Of which minimum lease fees	2,627	1,766
Of which variable fees	311	347

The year's lease revenue from subleased assets	-1,291	-1,029
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Future contractual minimum lease fees:		
Maturity date within 1 year	3,464	3,228
Maturity date between 1–5 years	9,432	9,143
Maturity date later than 5 years	6,237	6,011
Total	19,133	18,382

Future minimum lease fees incoming for agreements with subleased assets	5,699	5,374
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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:

SEK m	2014	2013
Future contractual minimum lease fees:		
Maturity date within 1 year	1,852	1,741
Maturity date between 1–5 years	4,744	4,353
Maturity date later than 5 years	1,638	1,550
Total	8,234	7,644

Variable fees included in profits	617	408
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Note 8 Exchange differences in operating profit

Purchases of goods and services in foreign currencies have resulted in exchange differences at the following levels in operating profit.

SEK m	2014	2013
Net sales	-	-1
Cost of sales	-17	12
Administration expenses	-1	0
Total	-18	11

Note 9 Net financial items

SEK m	2014	2013
Financial income		
Interest income	39	34
Change in fair value of financial instruments	-1	16
Exchange differences	0	8
Financial income	38	58
Financial expenses		
Interest expenses	-408	-504
Financial expenses	-408	-504

ICA Bank's interest income and interest expense are recognised in consolidated net sales.

Note 10 Taxes

Current tax, SEK m	2014	2013
Current tax on profit for the year	-512	-495
Deferred tax on temporary differences	-110	148
Reported tax expense	-622	-347

Reconciliation of effective tax expense

	2014	2013
Profit before tax	3,727	10,341
Tax as per the current tax rate, 22% in Sweden (22%)	-820	-2,275
Profit share according to the equity method	2	27
Tax related to unrecognised deferred tax assets	-3	-21
Share of profit and share dividends	77	42
Capital gains/losses	193	57
Non-deductible expenses/non-taxable income	-38	23
Effect of other tax rates for foreign subsidiaries	41	3
Profit from the acquisition of ICA AB	-	1,771
Goodwill impairment	-71	-30
Other	-3	56
Effective tax rate 16.7% (3.4%)	-622	-347

SEK m	2014	2013
Reported deferred tax assets and tax liabilities		
Non-current assets	-4,079	-4,174
Inventories	14	25
Provisions	341	390
Tax loss carryforwards	208	160
Untaxed reserves	-1,091	-953
Financial derivatives	22	-4
Total deferred tax assets (+) / deferred tax liabilities (-), net	-4,585	-4,556

As reported in balance sheet:

	2014	2013
Deferred tax assets	254	369
Deferred tax liabilities	-4,839	-4,925

The Group has unrecognised deferred tax assets related to tax loss carryforwards of SEK 1,399 million in Norway (1,277), SEK 111 (118) million in Hemtex and SEK 69 million in Lithuania (68). The loss carryforwards do not expire. Based on forecasts it is not deemed possible to recognise the tax assets relating to these tax losses.

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance, 1 Jan. 2014	Recognised in income statement	Recognised in other comprehensive income	Divestment of assets	Balance, 31 Dec. 2014
Non-current assets	-4,174	100	-18	13	-4,079
Inventories	25	-11			14
Provisions	390	-115	66		341
Tax loss carryforwards	160	48			208
Untaxed reserves	-953	-138			-1,091
Financial derivatives	-4	6	20		22
Total	-4,556	-110	68	13	-4,585
ICA Norway		0			
Total excluding discontinued operations		-110			

SEK m	Balance as at 1 Jan. 2013	Recognised in income statement	Recognised in other comprehensive income	Effect of acquisitions	Balance as at 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
ICA Norway		32			
Total excluding discontinued operations		148			

Tax assets are denoted by (+) and tax liabilities by (-) in the table above.

Tax in other comprehensive income

SEK m	2014		
	Before tax	Tax	After tax
Revaluation of defined benefit pension plans	-312	66	-246
Translation differences in foreign operations	163	-18	145
Cash flow hedges:			
- change in value for the year	-97	21	-76
Items reclassified to profit or loss	4	-1	3
Share of joint ventures other comprehensive income	-61		-61
Other comprehensive income	-303	68	-235

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

Note 11 Earnings per share

Earnings per share for ordinary shares and C shares are 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. Earnings per share are the same for C shares as for ordinary shares.

The table below show the number of shares used in calculating earnings per share:

SEK m	2014	2013
Profit for the year attributable to owners of the parent	2,518	9,439
Weighted average number of shares, thousands	201,005	190,007

Note 12 Intangible non-current assets

SEK m	Goodwill		Trademarks		IT systems		Other		Total intangible non-current assets	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Accumulated cost	12,282	12,282	13,207	13,159	856	688	383	369	26,728	26,498
Accumulated amortisation			-1	0	-311	-140	-125	-147	-437	-287
Accumulated impairment losses	-737	-415	-94	-94	0	0	0	0	-831	-509
Book value	11,545	11,867	13,112	13,065	545	548	258	222	25,460	25,702
Opening balance	11,867	574	13,065	935	548	27	222	59	25,702	1,595
Investments	-	0	-	-	203	215	190	2	393	217
Business acquisitions	-	11,545	-	12,200	-	441	0	204	0	24,390
Divestments and disposals	-	0	-	-29	-4	0	-1	-7	-5	-36
Reclassifications	-	-122	-	-	64	-4	-64	-	0	-126
Transferred to assets held for sale	-	-	-	-	-95	-	-33	-	-128	-
Amortisation for the year ¹⁾	-	-	-1	-	-171	-131	-57	-36	-229	-167
Impairment losses for the year	-322	-131	0	-92	-	-	-	-	-322	-223
Translation differences for the year	-	1	48	51	0	0	1	0	49	52
Book value	11,545	11,867	13,112	13,065	545	548	258	222	25,460	25,702

1) Amortisation is included in the following income statement items:

SEK m	2014	2013
Selling expenses	-52	-31
Administration expenses	-128	-92
Profit/loss from discontinued operations	-49	-44
Total	-229	-167

Following a drop in performance by inkClub the values recognised were tested for impairment, resulting in goodwill impairment of SEK 322 million. InkClub is included in the segment Portfolio Companies. The impairment losses are included in the item "Selling expenses" in the income statement. For 2013 impairments of goodwill were attributable to Hemtex (104) and Cervera (27). Impairment of trademarks for 2013 refers to Cervera (82) and the magazine Hälsa (10). All impairment losses in 2013 are included in the line item selling expenses in the income statement.

SEK m	2014	2013
Goodwill		
ICA Sweden	11,545	11,545
Portfolio Companies:		
inkClub	-	322
Total goodwill	11,545	11,867

Cont. Note 12 Intangible non-current 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 of 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. Goodwill is attributable to the lowest level that receives materially independent payments, which means the segment ICA Sweden. No part of recognised goodwill is income tax deductible.

Trademarks in the segment ICA Sweden are attributable to ICA and the Swedish store operations and the ICA stores. Trademarks in the segment Rimi Baltic relate to Rimi and are attributable to the store operations in the Baltic countries. The trademarks in inkClub break down as SEK 6 million (7) attributable to 112ink and SEK 308 million (308) attributable to inkClub. The trademarks are attributable to the following segments:

SEK m	2014	2013
ICA Sweden	11,500	11,500
Rimi Baltic	798	750
Portfolio Companies:		
inkClub	314	315
Hemtex	500	500
Total trademarks	13,112	13,065

All trademarks except 112ink have a indefinite useful life.

IT systems are capitalised development expenditures for IT systems. The useful life is determined for each system and 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 three 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 held for sale, 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.

Trademarks in Rimi Baltic are tested using the royalty relief method. Trademarks in inkClub are tested by estimating the value in use for the cash-generating unit inkClub. Trademarks in Hemtex are tested by estimating the value in use for the cash-generating unit Hemtex.

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 indicate impairment.

Key variables	Method of estimating value								
Growth	Growth is assessed based on business plans and forecasts over a period of three to five years. Growth in business plans and forecasts is based on previous experience and external estimates. After the end of the forecast period the long-term growth is estimated at 2.0% (2.0) for ICA Sweden, 2.0% (2.5) for Hemtex and inkClub and 2.0% (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	An 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. <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td>ICA Sweden</td> <td>8.2% (6.1)</td> </tr> <tr> <td>Rimi Baltic</td> <td>8.0% (8.0)</td> </tr> <tr> <td>inkClub</td> <td>15.4% (13.8)</td> </tr> <tr> <td>Hemtex</td> <td>10.7% (11.5)</td> </tr> </tbody> </table>	ICA Sweden	8.2% (6.1)	Rimi Baltic	8.0% (8.0)	inkClub	15.4% (13.8)	Hemtex	10.7% (11.5)
ICA Sweden	8.2% (6.1)								
Rimi Baltic	8.0% (8.0)								
inkClub	15.4% (13.8)								
Hemtex	10.7% (11.5)								

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 (no impairment loss).

For Rimi Baltic a one percentage point increase in the discount rate or a decrease in sales of one percentage point does not indicate an impairment loss (no impairment loss).

For inkClub 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 (no impairment loss).

For Hemtex 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 (57).

Note 13 Property, plant and equipment

SEK m	Land and buildings		Investment properties		Leasehold improvements		Equipment		Construction in progress		Total property, plant and equipment	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Accumulated cost	14,326	14,208	1,541	1,540	495	1 051	3,206	3,289	834	555	20,402	20,643
Accumulated depreciation	-968	-370	-66	-27	-207	-177	-1,409	-782	-	-	-2,650	-1,356
Accumulated impairment losses	-15	0	-17	0	0	0	-120	-39	-	-2	-152	-41
Book value	13,343	13,838	1,458	1,513	288	874	1,677	2,468	834	553	17,600	19,246
Opening balance	13,838	0	1,513	0	874	0	2,468	48	553	0	19,246	48
Investments	1,052	1,589	103	37	150	141	816	750	294	115	2,415	2,632
Business acquisitions	-	13,234	-	1,543	-	912	-	2,390	-	445	-	18,524
Sales and disposals	-1,091	-615	-93	-40	-8	-3	-92	-135	-	-5	-1,284	-798
Transferred to assets held for sale	-	-	-5	-	-521	-	-832	-	-13	-	-1,371	-
Depreciation for the year ¹⁾	-571	-370	-40	-27	-215	-177	-627	-546	-	-	-1,453	-1,120
Impairment losses for the year ¹⁾	-15	0	-17	0	-	-	-81	-39	-	-2	-113	-41
Translation differences for the year	130	0	-3	0	8	1	25	0	-	0	160	1
Book value	13,343	13,838	1,458	1,513	288	874	1,677	2,468	834	553	17,600	19,246

¹⁾ Profit/loss from discontinued operations includes depreciation of 295 (315) and impairment losses of 69 (23) in respect of ICA Norway.

Investment properties

An external 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 16 (166). According to IFRS 13 these properties are measured at level 3.

The following amounts have been recognised in operating profit from investment properties:

SEK m	2014	2013
Rental income	30	7
Direct costs	9	4

Construction in progress

Expenses capitalised during the year include a capitalised interest expense of 18 (9) calculated based on an interest rate of 1.00% (1.25%).

Note 14 Interests in joint ventures and associated companies

Joint ventures and associated companies

SEK m	2014	2013
Carrying amount, joint ventures and associated companies		
Carrying amount, opening balance	712	6,339
Acquisition of ICA AB ¹⁾	–	674
New investments	158	30
Divestments	–3	–21
Dividends	–1	–24
Dividend ICA AB	–	–800
Share of profits	11	121
Intra-group profit, properties	–59	–
Items in other comprehensive income	–61	–
Reclassifications ²⁾	–	–5,607
Carrying amount, closing balance	757	712

¹⁾ Relates to Ancore Fastigheter AB which was included in the acquisition of ICA AB 27 March 2013.

²⁾ Reclassifications refers to ICA AB as a subsidiary (5,464) and Kjell & Co Elektronik AB (143) transferred to assets held for sale.

Table summarising the most significant holdings of interests in joint ventures and associated companies

SEK m	Share % ¹⁾		Book value	Book value	Share of profits	Share of profits
	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
	Ancore Fastigheter AB, 556817-8858, Stockholm	50	50	742	703	–1
ICA AB, 556582-1559, Stockholm ²⁾	–	–	–	–	–	78
Kjell & Co Elektronik AB, 556400-5378, Malmö ³⁾	–	50	–	–	11	34
Trade Press AS, 966 705 086, Oslo	40	40	12	0	1	1
Others	–	–	3	9	0	2
Total			757	712	11	121

¹⁾ Ownership percentages are consistent with share of capital.

²⁾ Share of profits in 2013 relates to the period 1 January to 27 March.

³⁾ Kjell & Co Elektronik AB was transferred to assets held for sale in 2013. The holding was sold in May 2014 with a capital gain of 445 that is reported in Other operating income.

Summary for Ancore Fastigheter AB

SEK m	2014	2013
Reconciliation of reported share of profits		
Profit for the year	–2	17
Share of profits 50%	–1	6
Dissolving of internal profits	0	–
Reported share of results	–1	6

SEK m	2014	2013
Reconciliation of book value		
Share of equity 50%	–56	–4
Long-term permanent loans	763	613
Surplus values, properties	106	108
Intra-group profit, properties	–71	–14
Book value	742	703

SEK m	2014	2013 ¹⁾
Rental income	325	273
Depreciation and amortisation	–83	–72
Expenses	–52	–44
Operating profit	190	157
Financial income	0	0
Financial expense	–168	–135
Profit before tax	22	22
Tax	–19	–5
Profit for the year	3	17
Other comprehensive income	–121	40
Total comprehensive income for the year	–118	57

Non-current assets	4,826	3,775
Current assets	102	70
Cash and cash equivalents	20	14
Total assets	4,948	3,859

Equity	–112	–8
Deferred tax liabilities	49	34
Non-current liabilities to owners	1,526	1,226
Non-current liabilities to credit institutions	3,089	2,424
Current liabilities	396	183
Total equity and liabilities	4,948	3,859

¹⁾ Covers 12 months in the case of 2013.

Ancore Fastigheter AB is a joint arrangement between pension company Alecta and ICA. The parties each own 50% of the company. All significant decisions concerning Ancore's operations must be made by agreement between the two owners. Ancore Fastigheter AB owns and manages 30 properties in Sweden containing ICA stores in which the operations are run by non-consolidated ICA retailers. On this basis, Ancore Fastigheter AB is a joint venture. It is consolidated according to the equity method.

Note 15 ICA Bank

ICA Bank conducts banking activities. In the personal 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. In partnership with Catella Fondförvaltning AB, ICA Bank offers three funds marketed under its own name: ICA Banken Modig, Måttlig and Varlig. ICA Bank also offers private individuals various types of insurance solutions in cooperation with insurance companies. Commercial services include ATMs, payment terminals with associated payment transactions, and payment service mainly for public sector clients.

ICA Bank received permission to conduct insurance business from the Swedish Financial Supervisory Authority on 15 January 2015. The aim is that the new insurance company will be operational at the end of 2015.

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	2014	2013
No longer than 3 months	1,972	2,007
Longer than 3 months but not more than 1 year	953	874
Longer than 1 year but not more than 5 years	3,723	3,436
Longer than 5 years	1,695	1,630
Total lending	8,343	7,947

Bad debts

SEK m	2014	2013
Bad debts	506	498
Less: Reserve for anticipated credit losses	-356	-381
Bad debts net	150	117

ICA Bank's principle is to classify a receivable as a bad debt when payment of interest or principal is more than 60 days overdue. Bad debts, net, amount to 1.80% (1.48) of lending. The provision ratio is the reserve for anticipated credit losses in relation to total bad debts. The provision ratio for bad debts amounts to 70.37% (76.46). Net credit losses amount to an income of 10 (+5), which is equivalent to -0.12% (-0.06) of average lending to the public. There was a positive effect of SEK 36 million (34) on credit losses during the year due to revaluation of bad debts.

Loans overdue, not classified as bad debt

SEK m	2014	2013
Overdue between 0 and 30 days	5	5
Overdue between 31 and 60 days	40	48
Total	45	53

The majority of loans are unsecured.

Note 16 Inventories

SEK m	2014	2013
Inventories of goods for resale	3,682	4,373
Deduction for obsolescence in inventories	-116	-120
Inventories	3,566	4,253

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 in respect of the properties owned by Ancore Fastigheter AB, the joint venture with Alecta.

In September 2014 ICA Gruppen sold 10 properties to Ancore Fastigheter AB. The underlying property value of the transactions was SEK 918 million and ICA Gruppen's share of the capital gain was SEK 58 million.

2014, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures and associated companies	43	306	39	3

2013, SEK m	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

ICA Gruppen has had daily transactions with the 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 and discontinued operations

The segment ICA Norway is reported as a discontinued operation with effect from 30 September 2014 as a result of the fact that on 6 October ICA announced the divestment of all shares in ICA Norway to Coop Norway for SEK 2.8 billion on a debt-free basis. Completion of the transaction is conditional on approval from the Norwegian competition authority Konkurransetilsynet, which must notify its decision in May 2015. ICA Norway's operations have just over 3,552 employees and 550 stores. In the period until the deal is completed there are certain restrictions in the agreement with Coop Norway stating that ICA cannot unilaterally decide to change the number of stores or to transfer funds or other assets out of ICA Norway.

Besides ICA Norway, Cervera Intressenter AB and two properties are reported as assets and liabilities held for sale. For 2013 Forma Holding AB, Kjell & Co intressenter AB and Cervera Intressenter AB were reported as assets and liabilities held for sale.

No impairment losses have been established, either when initially recognised as assets held for sale or at a later point in time, as a result of the fair value less selling expenses being less than the carrying amount.

ICA Norway's results, reported as discontinued operations, are as follows:

SEK m	2014	2013
Net sales	15,826	12,546
Other operating income	108	1
Expenses	-16,367	-13,023
Operating profit/loss	-433	-476
Net financial items	-5	-6
Tax	0	-66
Profit/loss from discontinued operations	-438	-548

Of assets and liabilities held for sale, other comprehensive income contains only the following items relating to ICA Norway:

SEK m	2014	2013
Other comprehensive income, items that may not be reclassified to profit or loss		
Revaluation of defined benefit pension plans, net after tax	15	29
Other comprehensive income, items that may be reclassified to profit or loss		
Change in translation reserve, net after tax	7	-104

Assets and liabilities held for sale, 2014

SEK m	31 Dec. 2014			Total
	ICA Norway	Cervera	Properties	
Intangible non-current assets	128	1	-	129
Property, plant and equipment	1,371	8	25	1,404
Financial non-current assets	12	11	-	23
Inventories	1,028	189	-	1,217
Other current assets	493	87	-	580
Cash and cash equivalents	167	0	-	167
Total assets held for sale	3,199	296	25	3,520
Provisions	93	0	-	93
Current liabilities	1,615	214	-	1,829
Total liabilities held for sale	1,708	214	-	1,922

Assets and liabilities held for sale, 2013

SEK m	31 Dec. 2013
Intangible non-current assets	138
Property, plant and equipment	56
Financial non-current assets	158
Deferred tax assets	13
Current assets	278
Total assets	643
Current liabilities	354
Provisions for pensions	158
Total liabilities	512

Cash flows allocated to continuing operations and discontinued operations, 2014

SEK m	ICA Gruppen	Discontinued operations	ICA Gruppen excluding discontinued operations
Operating activities			
Operating profit	3,664	-433	4,097
Dividend from joint ventures	1	0	1
Adjustments for non-cash items	1,548	327	1,221
Income tax paid	-673	0	-673
Cash flow from operating activities before change in working capital	4,540	-106	4,646
Change in working capital	-928	-76	-852
Cash flow from operating activities	3,612	-182	3,794
Investing activities			
Purchase of property, plant and equipment and intangible assets	-2,576	-225	-2,351
Sale of property, plant and equipment and intangible assets	2,074	12	2,062
Other	-61	0	-61
Cash flow from investing activities	-563	-213	-350
Financing activities			
Interest paid	-344	-4	-340
Other financing activities	-423	0	-423
Cash flow from financing activities	-767	-4	-763
Cash flow for the year	2,282	-399	2,681

Cash flows allocated to continuing operations and discontinued operations, 2013

	ICA Gruppen	Discontinued operations	ICA Gruppen excluding discontinued operations
Operating activities			
Operating profit excluding effects from acquisition of ICA AB	2,223	-476	2,699
Dividend from joint ventures	24	0	24
Adjustments for non-cash items	1,403	316	1,087
Income tax paid	-429	0	-429
Cash flow from operating activities before change in working capital	3,221	-160	3,381
Change in working capital	754	-128	882
Cash flow from operating activities	3,975	-288	4,263
Investing activities			
Purchase of property, plant and equipment and intangible assets	-2,540	-236	-2,304
Sale of property, plant and equipment and intangible assets	507	2	505
Other	1,187	6	1,181
Acquisition of ICA AB	-15,739	-	-15,739
Cash flow from investing activities	-16,585	-228	-16,357
Financing activities			
Interest paid	-477	0	-477
New share issue	8,017	-	8,017
Other financing activities	8,663	0	8,663
Cash flow from financing activities	16,203	0	16,203
Cash flow for the year	3,593	-516	4,109

Note 19 Equity

Share data (number)	31 Dec. 2014	31 Dec. 2013
Ordinary shares	141,655	141,655
Total shares held	141,655	141,655
Outstanding ordinary shares	118,937,248	118,937,248
Outstanding C shares	82,067,892	82,067,892
Total outstanding shares	201,005,140	201,005,140
Total registered ordinary shares	119,078,903	119,078,903
Total registered C shares	82,067,892	82,067,892
Total number of registered shares	201,146,795	201,146,795

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
Change, 2014	-	-
31 December 2014	201,146,795	502,867

¹⁾ The quota value amounts to SEK 2.50 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 cash 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.

Specification of the equity item reserves

SEK m	31 Dec. 2014	31 Dec. 2013
Translation reserve		
Translation reserve, opening balance	81	84
Reclassified to profit or loss	-	-84
Translation differences for the year	145	81
Translation reserve, closing balance	226	81
Fair value reserve		
Fair value reserve, opening balance	0	-21
Reclassified to profit or loss	-	21
Change in value during the year	-	0
Fair value reserve, closing balance	0	0
Hedging reserve		
Hedging reserve, opening balance	20	196
Reclassified to profit or loss	3	-196
Change in value during the year	-137	20
Hedging reserve, closing balance	-114	20
Total reserves as of	31 Dec. 2014	31 Dec. 2013
Reserves, opening balance	101	259
Change in reserves during the year:		
Translation reserve	145	-3
Fair value reserve	-	21
Hedging reserve	-134	-176
Reserves, closing balance	112	101
Non-controlling interests in hedging reserve	18	-
Reserves, closing balance	130	101

Cont. Note 19 Equity

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 (located in Västerås). AMF Pensionsförsäkring AB and If Skadeförsäkring AB subscribed for the same number of the preference shares. The share of ownership via the preference shares is 23.1% of the capital and 2.9% of the votes in ICA Fastigheter Sverige AB. 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 AB has, among other things, undertaken to observe certain limits with respect to ICA Fastigheter Sverige's debt/equity ratio. In the event that any preference shares are outstanding after the 2020 AGM, ICA Fastigheter AB has additionally undertaken to take action to implement a listing and a broader dispersion of the preference shares.

During the year 150 (0) of the profit for the year was attributed to the preference shareholders. A dividend of 128 (0) was paid and non-controlling interests in ICA Fastigheter Sverige AB at year-end amount to 3,037 (3,000).

Summary financial information for ICA Fastigheter Sverige Group

SEK m	2014	2013
Rental income	1,962	1,924
Capital gains/losses	118	28
Expenses	-1,682	-1,501
Operating profit	398	451
Net financial items	-24	-45
Profit before tax	374	406
Tax	31	-33
Profit for the year	405	373
Non-current assets	9,928	10,420
Current assets	261	271
Total assets	10,189	10,691
Equity	8,155	7,913
Deferred tax liabilities	1,061	1,113
Liabilities to Group companies	532	1,136
Current liabilities	441	529
Total equity and liabilities	10,189	10,691
Cash flow from operating activities	557	875
Cash flow from investing activities	204	-224
Cash flow from financing activities	-761	-651
Cash flow for the year	0	0

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 2 December 2014 the Board approved updated long-term financial targets for ICA Gruppen:

- Grow faster than the market (unchanged)
- An operating margin of 4.5% (previously 4%)
- Return on capital employed of 10% (previously 9%)
- Net debt/EBITDA <2.0 (unchanged)
- Dividend of at least 50% of net profit for the year (previously 50% of net profit for the year)

Paid and proposed dividends	SEK m
Dividends paid during the year	
Dividend per ordinary share:	
Dividend for 2013: SEK 8 per share	951
Dividend proposal for the 2015 Annual General Meeting	
Dividend per ordinary share:	
Dividend for 2014: SEK 9.50 per share	1,130

The Board of Directors of ICA Gruppen AB has decided to propose to the Annual General Meeting on 22 April 2015 an ordinary dividend of SEK 1,129,903,856 (951,497,984).

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. Under the legal requirements for banks, the bank's cash and cash equivalents are not available to the Group.

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 10, 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 13 million (12). The expected premiums for 2015 for ITP 2 covered by Alecta amount to SEK 22 million (20). 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 30 September 2014 Alecta's surplus in the form of its collective funding ratio was 146% (148% as of 31 December 2013). 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 reductions.

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		
SEK m	2014	2013
Cost of vested benefits during the period	125	117
Interest expense	71	55
Pension cost for defined benefit pension plans in profit for the year	196	172
<hr/>		
Pension cost for defined contribution pension plans	276	216
Pension cost in profit for the year	472	388
Cost reported under discontinued operations	61	74
Revaluations recognised in other comprehensive income, gains (-) losses (+)	312	-267
Pension cost in comprehensive income for the year	845	195

The disclosures below relate only to the defined benefit plans.

Carrying amount in the balance sheet		
SEK m	31 Dec. 2014	31 Dec. 2013
Present value of funded obligations	147	138
Fair value of plan assets	-90	-93
Net funded obligations	57	45
Present value of unfunded obligations	2,294	1,975
Carrying amount	2,351	2,020

Amount recognised in the following lines in the balance sheet:

Provisions for pensions	2,295	1,862
Liabilities held for sale	56	158

Change in net obligations		
SEK m	2014	2013
Opening balance	2,020	206
Effects of acquisition of ICA AB	-	1,991
Cost of vested benefits during the period	131	117
Interest expense	73	55
Revaluation for, gains (-) losses (+):		
Plan assets	9	5
Demographic assumptions	-128	6
Financial assumptions	431	-278
Total revaluations	312	-267
<hr/>		
Pension disbursements	-54	-38
Contributions from ICA Gruppen	-6	-6
Divestment of subsidiaries	-125	-30
Changes in exchange rates	0	-8
Closing balance	2,351	2,020

Cont. Note 20 Pensions

Change in obligations		
SEK m	2014	2013
Opening balance	2,113	212
Effects of acquisition of ICA AB	-	2,100
Cost of vested benefits during the period	131	117
Interest expense	76	55
Revaluation for, gains (-) losses (+):		
Demographic assumptions	-128	6
Financial assumptions	431	-278
Total revaluations	303	-272
Pension disbursements	-57	-44
Divestment of subsidiaries	-125	-30
Changes in exchange rates	0	-25
Closing balance	2,441	2,113

Change in plan assets		
SEK m	2014	2013
Opening balance, plan assets	93	6
Effects of acquisition of ICA AB	-	109
Rate of return on plan assets	3	2
Revaluations	-9	-5
Pension disbursements from plan assets	-3	-63
Contributions	6	55
Exchange differences	0	-11
Closing balance, plan assets	90	93

Plan assets by asset class

SEK m	31 Dec. 2014	31 Dec. 2013
Assets in insurance companies	90	93
Total plan assets	90	93

Important actuarial assumptions (%)

SEK m	2014	2013
Discount rate	2.75%	4.0%
Inflation	1.5%	2.0%
Rate of salary increase	3.5%	3.5%

During 2014 a new study of the mortality rate for salaried employees in Sweden was published (DUS 14). The study includes data from around 40 Swedish insurance companies covering more than 90% of the Swedish insurance market. DUS 14 has been applied to the calculation for 2014. (In 2013 life expectancy was based on the Swedish Financial Supervisory Authority's table FFFS 2007:31 with a one-year increase in life expectancy.) Actual employee turnover within ICA Gruppen has been analysed and the assumed level of employee turnover for older salaried employees has been increased as a result of the analysis. The changed assumption for employee turnover and the revised mortality rate table have resulted in an actuarial gain. The long-term inflation assumption has been lowered as an effect of the current low inflation rate, but also because actual inflation in previous years has been studied. This change, along with a lower discount rate, has resulted in an actuarial loss.

The duration of the pension liability is 22 years (21 years).

Sensitivity analysis

An increase in the discount rate of one half of a percentage point would reduce the net obligation by SEK 263 million (176). A reduction in the discount rate of one half of a percentage point would increase the obligation by SEK 307 million (203).

Fees expected to be paid to defined-benefit plans for 2015 amount to SEK 54 million (49).

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 targets

The financial policy applies to all companies in the Group with the exception of portfolio companies Hemtex and Cervera. Hemtex and Cervera have financial policies designed for their own business and needs. The financial policy of ICA Gruppen determines which financial risks the Group is prepared to take and describes risk management targets 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 December 2014 the Board of Directors updated the long-term financial targets for the business: ICA Gruppen shall continue to provide a good and stable dividend of at least 50% of net profit for the year, and net debt/EBITDA shall be less 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 by having an average fixed interest rate period for all interest-bearing debt of between 12 and 36

months. At year-end the fixed interest rate period was 31 (13) months. In addition to the fixed interest rate periods for the actual loans, interest rate swaps are used to adjust interest rate exposure.

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 2014, a negative market value of SEK -155 million (-8.2) 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.

At the beginning of 2014 ICA Gruppen dissolved the last of the bridge loans that had been established in conjunction with the acquisition of Ahold's shareholding in ICA AB in March 2013. A new bilateral bank credit facility was established for SEK 2,300 million. ICA cancelled SEK 1,300 million of this facility in October since it was short-term and it was not considered to be needed.

In June 2014 fixed interest and floating interest bonds were issued on the Swedish bond market for SEK 1,500 million in total. In September a new seven-year bilateral loan of SEK 500 million was established.

In December SEK 1,322 million of the bond maturing in June 2015 was dissolved and a new two-year bond with floating interest was issued for SEK 2,000 million.

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 to 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. According to banking laws, ICA Bank's surplus liquidity is not available to the Group.

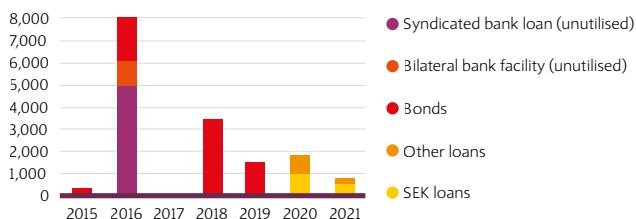
ICA Gruppen's interest-bearing liabilities and investments, plus credit facilities

31 Dec. 2014

Specification	Confirmed facilities and loans	Borrowed nom. (SEK m)	Interest rate	Type of interest	Maturity date	Interest rate swaps nom.	Interest rate incl. derivatives	Interest rate swaps, maturity date
Cash and cash equivalents		-3,878						
Pre-paid loan fees		-35						
Bankfacilities	894	66	n/a	n/a	n/a		n/a	
Store deposits		996	0.2897%	floating	2015-02-17		0.2897%	
Property financing Helsingborg	543	543	4.4600%	floating	2020-08-15	543	4.4600%	2018-06-25
Property financing Helsingborg	370	266	3.0500%	floating	2020-08-16	266	3.0500%	2020-08-17
Long term loans Ancore	253	253	7.0000%	fixed	n/a		7.0000%	
Short term bank loan subsidiaries		170	3.0300%	n/a	n/a		3.0300%	
Bond MTN Sweden	178	178	1.1100%	floating	2015-06-25		1.1100%	
Bilateral bankfacility	1,000	0	n/a	floating	2016-02-11		n/a	
Syndicated bank loan	5,000	0	0.2600%	floating	2016-03-27		0.2600%	
Bond MTN Sweden	2,000	2,000	0.7250%	floating	2016-12-12	2,000	0.7850%	2016-12-12
Bond MTN Sweden	1,500	1,500	1.9420%	floating	2018-06-25	1,500	3.6575%	2018-06-25
Bond MTN Sweden	2,000	2,000	3.5000%	fixed	2018-06-25		3.5000%	
Bond MTN Sweden	1,300	1,300	1.3670%	floating	2019-06-17	1,300	2.5320%	2019-06-17
Bond MTN Sweden	200	200	2.5000%	fixed	2019-06-17		2.5000%	
Bilateral loan Svensk Exportkredit	1,000	1,000	3.8900%	fixed	2020-12-19		3.8900%	
Bilateral loan Svensk Exportkredit	500	500	1.4650%	floating	2021-09-30	500	1.4200%	2021-09-30
Per 31 Dec. 2014	16,738	7,059				6,109	2.6220%	
Per 31 Dec. 2013	14,954	10,324				3,543		

Cont. Note 21 Financial risks, financial risk management and financial instruments

Maturity profile interest-bearing liabilities and long-term confirmed credit facilities (excluding ICA Bank)



ICA Gruppen has issued unlisted preference shares in ICA Fastigheter Sverige AB for SEK 3 billion. From and including 2018 until 2020, ICA Fastigheter Sverige AB may redeem the preference shares for an amount equivalent to 100% of the subscription price.

The Portfolio Companies' financial liabilities as of the balance sheet date, 31 December 2014, amounted to SEK 579 (218) million, but are not included in the table.

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. Reported derivatives on the assets side amounted to SEK 117 million (47) and on the liabilities side to SEK 219 million (22).

ICA Bank has reported OMX-cleared derivatives on the assets side of SEK 1.1 million (1.7) and on the liabilities side of SEK 3.7 million (4.2).

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	2014	2013
Up to 30 days overdue	185	187
More than 30 days overdue	41	25
Total	226	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 70 (61) and the reserve for doubtful trade receivables at the end of the year was 19 (26). Collateral for the credits is mainly provided through floating charges.

For an analysis of ICA Bank's overdue receivables, see 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. For ICA Gruppen this foreign currency exposure is mainly related to the importing of goods paid for in foreign currencies (commercial currency risk). It also includes 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 2014 the amount was SEK 8.7 million (1.5).

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⁾	1-3 months	3-6 months	6-12 months	12-24 months	31 Dec. 2014	
					Nominal amount	Fair value
DKK/SEK	1				1	0
EUR/NOK	50				50	1
EUR/SEK	1,387	97	15	44	1,544	38
EUR/USD	-13				-13	0
CNY/SEK	9				9	1
NOK/SEK	32				32	-1
USD/SEK	285	48			333	21
	1,751	145	15	44	1,955	60
Per 31 Dec. 2013					1,731	22

Financial currency derivatives

Currency ¹⁾	1-3 months	3-6 months	31 Dec. 2014	
			Nominal amount	Fair value
EUR/SEK	-145		-145	-17
NOK/SEK	-1,367		-1,367	-4
NOK/SEK ²⁾		-2,794	-2,794	110
	-1,512	-2,794	-4,306	89
Per 31 Dec. 2013			-949	24

¹⁾ Example: DKK/SEK means purchase in DKK hedged against SEK.

²⁾ Relates to currency hedging of cash and cash equivalents for sale of ICA Norway.

Hedge accounting

ICA Gruppen uses cash flow hedges according to IAS 39 for the portion of the currency exposure that is based on forecasts, except for Norway, the Baltic states and part of fruit and vegetables. Of the positive total fair value amounting to SEK 60 million (22), positive earnings of SEK 31 million (19.4) were hedged as of the balance sheet date.

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 -56 million (-59). At the same time equity would be negatively affected in the amount of SEK -55 million (-28).

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.

Hedging policy

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 2014 ICA Gruppen purchased around 131 (132) MWh of electricity and 16,800 (20,400) metric tons of diesel.

Diesel hedges

	Maturity analysis			Nominal amount, SEK m 31 Dec. 2014	Fair value, SEK m 31 Dec. 2014
	2015	2016	2017		
Total metric tons:	18,600	10,800	4,800	207	-54
Total litres (1,000s):	22,012	12,781	5,680		
Forecast litres (1,000s):	21,785	20,696	19,661		
Hedge ratio:	101.04%	61.76%	28.89%		
Per 31 Dec. 2013				231	-6

Electricity hedges

	Maturity analysis				Nominal amount, SEK m 31 Dec. 2014	Fair value, SEK m 31 Dec. 2014
	2015	2016	2017	2018		
Total MWh:	78,803	57,071	26,280	17,520	57	1
Forecast:	90,050	90,050	90,050	90,050		
Hedge ratio:	87.51%	63.38%	29.18%	19.46%		
Per 31 Dec. 2013					48	-7

Hedge accounting

ICA Gruppen uses cash flow hedges according to IAS 39 for the portion of the diesel exposure that is based on forecasts.

Sensitivity analysis

If ICA Gruppen did not hedge against diesel price exposure, the total effect on annual earnings in the case of a 5% negative price change would amount to around SEK 6 million (19).

If ICA Gruppen did not hedge against electricity price exposure, the total effect on annual earnings in the case of a 5% negative price change would amount to around SEK 1 million (5).

Cont. Note 21 Financial risks, financial risk management and financial instruments

Financial assets and liabilities

31 Dec. 2014

SEK m	Derivatives in hedge accounting	Financial assets and liabilities measured at fair value through profit or loss	Loan receivables and trade receivables	Financial liabilities measured at amortised cost	Total carrying amount
Financial assets					
ICA Bank's investments		1,891			1,891
ICA Bank's lending			8,343		8,343
Other financial non-current assets		16	21		37
Trade receivables			3,045		3,045
Other receivables		267	2,173		2,440
Cash and cash equivalents		3,115	3,143		6,258
Total financial assets		5,289	16,725		22,014
Financial liabilities					
Bonds				7,156	7,156
Non-current interest-bearing liabilities				2,673	2,673
Other non-current liabilities		155		1	156
Deposits ICA Bank				11,031	11,031
Current liabilities	61	4		15,800	15,865
Total financial liabilities	61	159		36,661	36,881

The carrying amount is equivalent to the fair value for all financial assets and liabilities except for bonds and bilateral loans from Svensk Exportkredit where the fair value exceeds the recognised value by SEK 277 million (73).

Current liabilities are primarily trade payables of SEK 10,422 million (10,820). ICA Bank deposits are payable upon demand and trade payables have a maturity of no more than three months.

All financial assets and liabilities measured at fair value, including financial liabilities for which the fair value is disclosed, 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. Market valuation of financial instru-

ments has been performed based on the most reliable market prices available. The most important input data used in the models is the discount rate which reflects counterparty risk. The main instrument classes are commercial papers, bonds and derivatives.

Financial assets and liabilities are measured at fair value through profit or loss including derivatives held for trading, receivables of SEK 116 million (47) and liabilities of SEK 158 million (22). 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 2014. There were no transfers between the measurement levels during the year.

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	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
Short-term investments		1			1
Trade receivables			2,926		2,926
Other receivables	11	41	1,848		1,900
Cash and cash equivalents		971	2,977		3,948
Total financial assets	11	2,281	15,729		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		12		34,671	34,683

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	2014	2013
Financial assets and liabilities measured at fair value through profit or loss		
Short-term investments and derivatives	-1	20
Loan receivables and trade receivables:		
Trade receivables/trade payables ¹⁾	-60	-56
Interest from financial liabilities and assets measured at amortised cost:		
Interest income from financial assets	505	531
Interest expense from financial liabilities	-461	-585
Profit/loss	-17	-90

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

SEK m	2014	2013
Pledged assets		
Property mortgages	1,539	26
Floating charges	389	429
Restricted cash, ICA Bank	433	361
Total	2,361	816
Contingent liabilities		
Guarantees and contingent liabilities	208	205
Total	208	205

Guarantees and contingent liabilities are split between a large number of counterparties, chiefly the tax authority in Norway, Swedish Customs and PRI Pensionsgaranti.

Note 23 Statement of cash flows and cash and cash equivalents

SEK m	2014	2013
Adjustments for non-cash items		
Depreciation and amortisation	1,682	1,287
Impairment	454	264
Share of profits from joint ventures and associated companies	-11	-121
Capital gains/losses	-554	52
Provisions	-23	-79
Total non-cash items	1,548	1,403

Cash and cash equivalents are recognised in the following lines in the balance sheet:

	2014	2013
Cash and cash equivalents	6,091	3,948
Assets held for sale	167	0
Total cash and cash equivalents	6,258	3,948

SEK m	2014	2013
ICA Bank: cash flow net deposits, lending and investments		
Deposits in ICA Bank (increase + /decrease -)	431	247
Short-term lending (increase - /decrease +)	-44	-101
Long-term lending (increase - /decrease +)	-352	-333
Investments (increase - /decrease +)	-636	-96
Total	-601	-283

SEK m	2014	2013
Composition of cash and cash equivalents		
Cash and bank balances ¹⁾	2,976	2,977
Cash and bank balances included in assets held for sale	167	0
Short-term investments ¹⁾	3,115	971
Total cash and cash equivalents	6,258	3,948

	2014	2013
1) Of which ICA Bank		
Cash and bank balances	1,595	1,844
Short-term investments	785	970
Total cash and cash equivalents ICA Bank	2,380	2,814
Total cash and cash equivalents excluding ICA Bank	3,878	1,134

According to banking laws, ICA Bank's cash and cash equivalents are not at the Group's disposal.

Cont. Note 23 Statement of cash flows and cash and cash equivalents

SEK m	Group 2014	ICA Bank 2014	Group excl. ICA Bank
Cash flow from operating activities before change in working capital	4,540	176	4,364
Change in working capital			
Inventories	-335	0	-335
Current receivables	-525	-37	-488
Current liabilities	533	10	523
ICA Bank's net deposits, lending and investments	-601	-601	-
Cash flow from operating activities	3,612	-452	4,064
Cash flow from investing activities	-563	-17	-546
Cash flow from financing activities	-767	35	-802
Cash flow for the period	2,282	-434	2,716
Cash and cash equivalents at beginning of period	3,948	2,814	1,134
Exchange differences in cash and cash equivalents	28	0	28
Cash and cash equivalents at end of period	6,258	2,380	3,878

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

Acquisition in 2015 of Apotek Hjärtat AB

As part of strengthening its position in the Swedish pharmacy market, on 12 November ICA Gruppen announced that an agreement had been signed with Altor Fund III on the acquisition of all shares in Apotek Hjärtat AB for a consideration of SEK 5.7 billion on a debt-free basis. Completion of the deal was conditional upon approval by the Swedish Competition Authority and the Swedish Medical Products Agency. The Swedish Medical Products Agency gave its approval on 5 December. On 9 January approval was obtained from the Swedish Competition Authority and the acquisition was completed on 15 January 2015.

Apotek Hjärtat has around 2,000 employees and just over 300 pharmacies. Apotek Hjärtat and ICA Gruppen's own pharmacy Cura will have joint sales of just over SEK 11 billion and will become the second largest player in the Swedish market with a market share of around 30%. From 2019 the acquisition is expected to generate annual cost synergies for ICA Gruppen of around SEK 80 million. The synergies will arise mainly in central costs, sourcing and logistics. Initially the acquisition will be financed by a combination of own funds and existing credit facilities. Apotek Hjärtat is expected to make a positive contribution to ICA Gruppen's net earnings per share in 2015 before non-recurring costs related to the acquisition.

Since there is little time between the date of acquisition and issue of the reports, there is not yet sufficient information to be able to provide more than a brief general assessment of the acquisition. The total surplus values from the acquisition amount to approximately SEK 5 billion where almost the entire surplus value comprises goodwill and the remainder is primarily trademarks.

For 2014, sales totalled SEK 9,596 million, with an operating profit of SEK 401 million and profit after tax of SEK 103 million. Cura, which is included in the segment ICA Sweden, had net sales of SEK 2,087 million (1,659) and an operating profit of SEK 21 million (-32).

Acquisitions in 2013

The reported effect on profit of the acquisition of ICA AB of 8,051 for 2013 relates to the revaluation of the 40% holding in ICA AB in conjunction with the acquisition of all the shares in the company on 27 March 2013.

Income statement, Parent Company

SEK m	Note	2014	2013
Net sales	2	44	5
Gross profit		44	5
Administration expenses	2, 3, 4, 5, 6, 9, 10	-399	-83
Operating profit/loss		-355	-78
Profit from financial items	7		
Profit from interests in Group companies		3,791	5,354
Profit from interests in joint ventures		-	800
Interest income and similar profit/loss items		0	32
Interest expense and similar profit/loss items		-403	-432
Total profit from financial items		3,388	5,754
Profit after financial items		3,033	5,676
Year-end appropriations			
Group contributions received		1,159	33
Group contributions provided		0	-60
Total year-end appropriations		1,159	-27
Profit before tax		4,192	5,649
Tax on profit for the year	8	-111	132
PROFIT FOR THE YEAR		4,081	5,781

Other comprehensive income, Parent Company

SEK m	2014	2013
Profit for the year	4,081	5,781
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,081	5,781

Balance sheet, Parent Company

Assets		Note	31 Dec. 2014	31 Dec. 2013
SEK m				
Non-current assets				
<i>Intangible non-current assets</i>				
IT systems		9	77	-
<i>Property, plant and equipment</i>				
Equipment		10	119	-
<i>Financial non-current assets</i>				
Interests in Group companies		11	29,774	30,034
Deferred tax assets		8	214	325
Non-current receivables			1	-
Total non-current assets			30,185	30,359
Current assets				
<i>Current receivables</i>				
Trade receivables			3	1
Receivables from Group companies			2,314	33
Other receivables			3	20
Prepaid expenses and accrued income		12	62	5
			2,382	59
<i>Cash and bank balances</i>				
			-	-
Total current assets			2,382	59
TOTAL ASSETS			32,567	30,418

SEK m	Note	31 Dec. 2014	31 Dec. 2013
Equity			
<i>Restricted equity</i>			
Share capital		503	503
Statutory reserve		2,772	2,772
<i>Non-restricted equity</i>			
Share premium reserve		4,916	4,916
Retained earnings		8,004	3,174
Profit for the year		4,081	5,781
Total equity		20,276	17,146
Provisions			
Provisions for pensions	13	316	5
Other provisions		0	3
Total provisions		316	8
Non-current liabilities	16		
Bonds		6,985	5,000
Liabilities to credit institutions		1,497	971
Liabilities to Group companies		3,000	3,000
Total non-current liabilities	14	11,482	8,971
Current liabilities	16		
Bonds		171	–
Liabilities to credit institutions		0	2,286
Trade payables		104	0
Liabilities to Group companies		20	1,929
Other liabilities		0	34
Accrued expenses and deferred income	12	198	44
Total current liabilities		493	4,293
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		32,567	30,418
Contingent liabilities	15	6	94

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 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
Opening equity, 1 January 2014	503	2,772	4,916	3,174	5,781	17,146
Profit/loss for previous year				5,781	-5,781	0
Dividends				-951		-951
Total comprehensive income for the year					4,081	4,081
Closing equity, 31 December 2014	503	2,772	4,916	8,004	4,081	20,276

As of 31 December 2014 the share capital consisted of 119,078,903 ordinary shares (119,078,903) and 82,067,892 C shares (82,067,892), each with a quota value of SEK 2.50 per share. All shares carry the same number of votes. The total holding of treasury shares is 141,655 ordinary shares (141,655).

Statement of cash flows, Parent Company

SEK m	Note	2014	2013
Operating activities			
Operating profit/loss		-355	-78
Dividends received		4,500	800
Adjustments for non-cash items	17	350	-23
Income tax paid		0	2
Cash flow from operating activities before change in working capital		4,495	701
Change in working capital			
Current receivables (increase - /decrease +)		-80	-64
Current liabilities (increase + /decrease -)		218	-4
Cash flow from operating activities		4,633	633
Investing activities			
Purchase of property, plant and equipment and intangible assets		-253	0
Acquisition of ICA AB		-	-20,000
Investments in subsidiaries		-449	-230
Change in short-term investments		0	1,183
Loans provided to Group companies		-	-160
Interest received		0	10
Net of Group contributions		0	-27
Cash flow from investing activities		-702	-19,224
Financing activities			
Loans		4,750	31,561
Amortisation of loans		-7,357	-17,701
Dividends paid		-951	-
Interest paid		-373	-425
New share issue		-	5,017
Cash flow from financing activities		-3,931	18,452
Cash flow for the year		0	-139
Cash and cash equivalents at beginning of year		0	139
Cash and cash equivalents at year end		0	0

Notes

Note 1 Accounting principles

Transfer of operations

The operations previously conducted by ICA AB were transferred to ICA Gruppen AB on 1 January 2014.

Applied 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. According to RFR 2, in preparing the annual report for the legal entity parent companies 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 rather than on expected future salary.

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 44 (5), of which 48% (54) consisted of sales to Group companies. Purchases from Group companies amounted to 20 (0).

Note 3 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).

	2014	2013
Women	156	5
Men	253	5
Total	409	10

Salaries, other remuneration and social security contributions

SEK m	2014	2013
Salaries and remuneration		
<i>Board of Directors and CEOs</i>		
– Salaries and other remuneration	19	11
– of which variable component	7	2
Other senior executives	16	14
Other employees	245	6
Total	280	31
<i>Social security contributions</i>		
Social security contributions	87	13
Pension costs	61	7
– of which pension costs for the Board of Directors and CEOs	3	2
Total	148	20
Total salaries, other remuneration, social security contributions and pension costs	428	51

Gender distribution in Board and among other senior executives

	2014	2013
<i>Board of Directors</i>		
Men	9	9
Women	2	3
Total	11	12
<i>CEO and other senior executives</i>		
Men	4	5
Women	2	1
Total	6	6

Executive Management

2014, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs ¹⁾	Total
CEO	8,339	6,508	282	2,887	18,016
Other senior executives	12,386	3,706	485	5,674	22,251
	20,725	10,214	767	8,561	40,267

2013, SEK 000s	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

¹⁾The stated pension costs for other senior executives in 2014 include SEK 954,000 of variable remuneration where bonus payments have been exchanged for pension premiums.

Comments on table

- The amounts given are the amounts expensed during the respective years and exclude social security contributions.
- Variable remuneration for 2013 includes an extra bonus amounting to three months' salary for the management of Hakon Invest. The bonus related to the work involved in the acquisition of ICA AB from Royal Ahold. The bonus amounts to SEK 1,068,000 for the CEO Claes-Göran Sylvén and SEK 1,839,000 for other senior executives. The amounts are included in variable remuneration in the table above.
- Remuneration to ICA Gruppen's CEO Per Strömberg in 2013 referred to remuneration from and including the Annual General Meeting 2013.
- Remuneration to other senior executives in 2013 included remuneration to the management team of Hakon Invest for five months and to the management team of ICA Gruppen for seven months.

Remuneration to the Board of Directors and CEOs

Remuneration to ICA Gruppen AB's Board members and CEOs are determined at individual level and the terms of the CEOs' employment 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 people who, together with the CEO, make up the company management.

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 2014 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. As a result, pension premiums may be up to 30% of pensionable salary, which is paid for the duration of employment. 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 investment programme

See Note 4 regarding the Group.

Note 4 Audit expenses

SEK m	2014	2013
Ernst & Young:		
Audit assignments	5	1
Other auditing activities	3	–
Total	8	1

Note 5 Depreciation and amortisation

Depreciation and amortisation of property, plant and equipment and intangible assets are included in the administration expenses line in the income statement by 71 (0).

Note 6 Operating leases

SEK m	2014	2013
Lease expense for the year	23	1
Future contractual lease fees:		
Maturity date within 1 year	18	0
Maturity date within 2 years	10	–
Maturity date within 3 years	3	–
Total	31	0

Note 7 Profit from financial items

SEK m	2014	2013
Profit from interests in Group companies		
Dividends:		
ICA AB	3,000	-
ICA Fastigheter AB	1,500	4,812
ICA Banken AB	-	1,054
Impairment	-709	-512
Total	3,791	5,354
Profit from interests in joint ventures		
Dividends from ICA AB	-	800
Other interest income and similar items		
Interest income, Group companies	0	9
Other interest income and similar items	0	7
Capital gains/losses from investments	-	16
Total	0	32
Other interest expense and similar items		
Interest expense, Group companies	-145	-45
Other interest expense and similar items	-258	-386
Exchange differences	0	-1
Total	-403	-432
Total profit from financial items	3,388	5,754

Note 8 Taxes

SEK m	2014	2013
Current tax		
Current tax on profit for the year	0	0
Deferred tax on temporary differences	-111	132
Reported tax	-111	132
Reconciliation of effective tax expense		
Profit before tax	4,192	5,649
Tax according to tax rate of 22.0% (22.0)	-922	-1,243
Previous tax loss carryforwards not capitalised	-18	17
Dividends	990	1,467
Write-down of equities	-156	-115
Non-deductible expenses/non-taxable income	-5	6
Reported tax	-111	132
Effective tax rate	2.6%	-2.3%

As reported in balance sheet:

Deferred tax assets	214	325
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The Parent Company's tax loss carryforwards as of 31 December 2014 amounted to 921 (1,439). Deferred tax assets of SEK 203 million (317) 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 2014	Recognised through profit or loss	Balance, 31 December 2014
Tax loss carryforwards	317	-114	203
Other	8	3	11
Total	325	-111	214

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 Intangible non-current assets

SEK m	2014	2013
IT systems		
Accumulated cost	107	–
Accumulated amortisations	–30	–
Book value	77	–
Opening balance		
Opening balance	–	–
Investments	47	–
Acquisitions from Group companies	44	–
Amortisation for the year	–14	–
Book value	77	–

Amortisation of intangible non-current assets is included in the line Administration expenses in the income statement.

Note 10 Property, plant and equipment

SEK m	2014	2013
Equipment		
Accumulated cost	370	–
Accumulated depreciation	–251	–
Book value	119	–
Opening balance		
Opening balance	–	–
Investments	67	–
Acquisitions from Group companies	109	–
Depreciation for the year	–57	–
Book value	119	–

Note 11 Interests in Group companies

SEK m	2014	2013
Interests in subsidiaries		
Cost, opening balance	30,546	1,255
Acquisitions	–	23,035
Deconsolidated companies	–	5,866
Shareholder contributions ¹⁾	449	390
Accumulated cost, closing balance	30,995	30,546
Impairment losses		
Impairment losses, opening balance	–512	–
Impairment losses for the year ¹⁾	–709	–512
Accumulated impairment losses, closing balance	–1,221	–512
Residual value according to plan, closing balance	29,774	30,034

SEK m	2014	2013
Interests in joint ventures		
Cost, opening balance	–	2,960
Reclassified to interests in subsidiaries	–	–2,960
Accumulated cost, closing balance	–	0
Residual value according to plan, closing balance	–	0

¹⁾ In 2014 shareholder contributions were provided to inkClub Intressenter AB at 322, Cervera Intressenter AB at 91, ICA Banken AB at 35 and to other companies at 1. Impairment write-downs were made in 2014 for the interests in Cervera Intressenter AB at –216, Forma Holding AB at –170, inkClub Intressenter AB at –322 and other companies at –1.

Cont. Note 11 Share of profits from joint ventures

Interests in subsidiaries

Specification of ICA Gruppen AB's direct holdings of interests in subsidiaries.

	Corporate reg. no.	Registered office	No. of shares	Capital and votes, %	Quota value	Book value 31 Dec. 2014	Book value 31 Dec. 2013
Cervera Intressenter AB	556720-9563	Solna	1,000	100	SEK 100	30	155
Forma Holding AB	556586-2363	Stockholm	30,000	100	SEK 1,000	30	200
ICA Holding AB	556720-3210	Solna	1,000	100	SEK 100	0	0
Hemtex AB	556132-7056	Borås	65,661,195	68.5	SEK 2.50	542	542
ICA AB	556582-1559	Stockholm	5,000,000	100	SEK 100	23,035	23,035
ICA Banken AB	516401-0190	Stockholm	1,000,000	100	SEK 100	1,319	1,284
ICA Fastigheter AB	556604-5471	Stockholm	1,000	100	SEK 100	4,812	4,812
inkClub Intressenter AB	556720-3467	Solna	1,000	100	SEK 100	5	5
Höga Blåica AB (formerly Kjell & Co Intressenter AB)	556703-2924	Solna	1,000	100	SEK 100	1	1
Total						29,774	30,034

Specification of important indirect holdings as of 31 December 2014

	Corporate reg. no.	Registered office	Capital and votes, %
Subsidiary of Cervera Intressenter AB			
Cervera AB	556701-1209	Stockholm	91,4
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	Norway	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	Norway	100
ICA Fastigheter Sverige AB	556033-8518	Västerås	100
ICA Långeberga Holding AB	556931-5517	Stockholm	100
Långeberga Logistik AB ¹⁾	556928-2840	Stockholm	50
Subsidiaries of inkClub Intressenter AB			
inkClub Development AB	556712-3772	Uppsala	100
inkClub AB	556712-5777	Uppsala	100
112ink Försäljning AB	556664-4968	Uppsala	100
Metrocos AB	556697-8127	Uppsala	100
DistriPak SA	200 603 752	Switzerland	100
ePayment Service Europe AB	556483-9586	Uppsala	100

¹⁾ Långeberga Logistik AB is a company owned 50% by Alecta pensionsförsäkring and 50% by ICA Gruppen. Långeberga Logistik AB owns ICA Gruppen's warehouse properties in Helsingborg. Based on the fact that ICA Gruppen uses the property for its own operations and that through the rent payments for the property, ICA Gruppen is responsible for the cash flows that Långeberga Logistik AB needs in order to meet its commitments, ICA Gruppen has control over the company. Långeberga Logistik AB is thus a subsidiary within ICA Gruppen.

Note 12 Accruals

SEK m	2014	2013
Prepaid expenses and accrued income		
Other prepaid expenses	62	5
Other accrued income	–	0
Total	62	5

SEK m	2014	2013
Accrued expenses and deferred income		
Accrued salaries, holiday pay and social security expenses	101	4
Accrued interest expense	42	40
Other accrued expenses	55	0
Total	198	44

Note 13 Provisions for pensions

All employees receive pension benefits according to collective agreements. Salaried employees therefore receive defined benefit pensions according to the ITP plan. Pension obligations are secured through provisions in the balance sheet and insurance premiums.

SEK m	2014	2013
Reconciliation of carrying amount for self-managed pensions		
Opening balance, principal on pension obligations	5	5
Cost charged against profit	14	–
Interest expense	17	0
Pension disbursements	–5	–
Transferred pensions, Group	285	–
Closing balance, principal on pension obligations	316	5

Of the total pension obligation, FPG/PRI pensions account for SEK 315 million (5). The full amount is covered by the Pension Obligations Vesting Act.

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	2014	2013
Bonds	6,985	5,000
Liabilities to credit institutions	–	971
Liabilities to Group companies	3,000	3,000
	9,985	8,971

Liabilities to credit institutions that fall due for payment more than five years after the balance sheet date	1,497	–
Total	11,482	8,971

Note 15 Pledged assets and contingent liabilities

SEK m	2014	2013
<i>Contingent liabilities</i>		
Guarantees for subsidiaries	6	94
Total	6	94

Note 16 Financial assets and liabilities

Financial assets and liabilities by category, SEK m

31 Dec. 2014	Loan receivables and trade receivables	Financial liabilities measured at amortised cost	Total carrying amount
Financial assets			
Current receivables from Group companies	2,314		2,314
Trade receivables	3		3
Other receivables	65		65
Total financial assets	2,382		2,382
Financial liabilities			
Bonds		7,156	7,156
Non-current liabilities to credit institutions		1,497	1,497
Non-current liabilities to Group companies		3,000	3,000
Trade payables		104	104
Liabilities to Group companies		20	20
Other current liabilities		198	198
Total financial liabilities		11,975	11,975

The carrying amount is equivalent to the fair value for all financial assets and liabilities except for bonds and bilateral loans from Svensk Exportkredit, where the fair value exceeds the recognised value by 277.

31 Dec. 2013	Loans receivable 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 exceeds the recognised value by 73.

Note 17 Statement of cash flows

Adjustments for non-cash items

SEK m	2014	2013
Depreciation and amortisation	71	–
Provisions for pensions	293	–27
Other provisions	–14	4
Total	350	–23

Statement by the Board of Directors concerning dividend

The Board of Directors for ICA Gruppen AB proposes an ordinary dividend of SEK 9.50 per ordinary share (8.00). The total dividend amounts to SEK 1,130 million (951), which is 27.7% (16.4) of the Parent Company's profit. The proposed dividend will reduce the Parent Company's equity/assets ratio from 62.3% to 58.8%, and the Group's equity/assets ratio from 38.5% to 37.0%. The equity/assets ratio is adequate for both the long and short term.

The dividend amount corresponds to 42% of the Group's profit for the year. The dividend proposal is adapted to the ambition to be able to

pay a good and stable dividend over time taking into account the fact that starting next year the number of shares carrying dividend entitlement will increase from the present 118.9 million to 201.1 million. ICA Gruppen's dividend target over time is to pay a dividend to shareholders of at least 50% of profit for the year. 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.

Proposed appropriation of earnings

The following funds are at the disposal of the general meeting (SEK):

Share premium reserve	4,915,938,770
Retained earnings	8,003,364,502
Profit for the year	4,081,218,800
Total	17,000,522,072

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 Board of Directors and the Chief Executive Officer propose that the earnings be distributed as follows:

To the shareholders, a dividend of	1,129,903,856
To the share premium reserve	4,915,938,770
Carried forward	10,954,679,446
Total	17,000,522,072

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, 10 February 2015

Claes-Göran Sylvén
Chairman

Peter Berlin

Göran Blomberg

Cecilia Daun Wennborg

Andrea Gisle Joosen

Fredrik Hägglund

Bengt Kjell

Magnus Moberg

Jan Olofsson

Jonathon Clarke

Magnus Rehn

Per Strömberg
CEO

Our audit report was submitted on 13 February 2015

Ernst & Young AB

Erik Åström
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 2014. The annual accounts and consolidated accounts of the company are included on pages 4–37, 56–117 and important events on the inside cover.

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 2014 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 2014 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. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are 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 2014.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

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.

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.

Stockholm February 13, 2015

Ernst & Young AB

Erik Åström

Authorized Public Accountant

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 ICA Gruppen's 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 Sustainability Report for 2014 has been reviewed by a third party and is in accordance with the Core level according to GRI.

ICA Gruppen's Sustainability Report describes the Group's work on economic development, the environment, ethical trading, quality, health, and community engagement. Since 1995 an annual environmental and corporate responsibility report has been published. Since 2004 it has been 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 Management. The report follows ICA Gruppen's financial year, and as such covers the period 1 January 2014 to 31 December 2014. The previous report was published in March 2014.

Information and performance indicators in this report have been selected based on the sustainability aspects deemed to be relevant to ICA Gruppen's operations. Opinions expressed by ICA Gruppen'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

The report covers all companies within ICA Gruppen, except the portfolio companies. The report mainly comprises operations that have a significant, direct impact from a sustainability perspective, i.e. ICA Gruppen'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 Gruppen'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 Gruppen's direct control, such as suppliers and customers, are not included in the report. Information on suppliers of ICA Gruppen's corporate brands is included in the report where appropriate.

Contact

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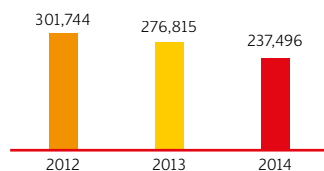
Sustainability data

Emissions

ICA Gruppen's direct emissions of greenhouse gases have decreased by 31% (18) since 2006, which means that ICA Gruppen's long-term climate target was reached during the year. The decrease was largely thanks to long-term work on a number of measures in the areas of energy, cooling agents, transports and business travel. ICA Gruppen's direct carbon dioxide emissions decreased by 13% in 2014 compared with 2013. During the year all warehouses and ICA-owned stores in Norway, as well as a number of franchisees, switched to using only renewable electricity. This

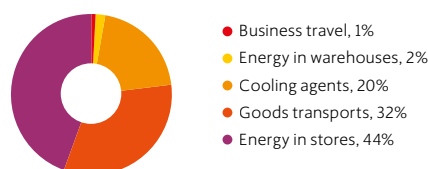
made a significant contribution to the decrease in carbon dioxide emissions. In Sweden the logistics operations increased the share of goods transported by vehicles that use alternative fuels. Other measures that contributed to lower carbon dioxide emissions included more Swedish ICA stores using renewable electricity as well as energy efficiency measures in the stores, such as putting lids and doors on refrigerators and freezers, using cooling agents with a lower climate impact and replacing light fittings. A new long-term climate ambition will be set in 2015.

Total carbon dioxide emissions*, tonnes

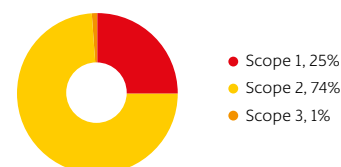


* 2012 and 2013 excluding offset air travel emissions.

Distribution of carbon dioxide emissions, %



Distribution of carbon dioxide emissions according to GHG Protocol, %



Total carbon dioxide emissions according to GHG Protocol, tonnes

	2014	2013
Scope 1		
Cooling agents	46,336	44,391
Owned transports*	12,374	13,109
Scope 2		
Energy	110,973	135,988
Outsourced transports	64,372	81,210
Scope 3		
Business travel**	3,441	1,576

* 0% Renewable fuels.

** 2013 Excluding offset air travel emissions.

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

Region	Year	Emissions (tonnes)
Sweden	2012	91
	2013	25
	2014	99
Norway	2012	230
	2013	779
	2014	540
Baltics	2012	51,457
	2013	44,127
	2014	45,697

* Comprises only warehouses in Sweden and Norway.

Carbon dioxide emissions from energy in stores, tonnes

Region	Year	Emissions (tonnes)
Sweden	2012	48,816
	2013	42,862
	2014	41,002
Norway	2012	26,466
	2013	26,416
	2014	5,035
Baltics	2012	59,087
	2013	59,238
	2014	59,498

Carbon dioxide emissions from energy in warehouses, tonnes

Region	Year	Emissions (tonnes)
Sweden	2012	961
	2013	1,038
	2014	973
Norway	2012	2,193
	2013	2,156
	2014*	28
Baltics	2012	4,309
	2013	4,279
	2014	4,438

* From 2014 all warehouses and ICA-owned stores in Norway, as well as a number of franchisees, have renewable energy.

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

Region	Year	Emissions (tonnes)
Sweden	2012*	84,795
	2013**	73,223
	2014***	56,090
Norway	2012	11,657
	2013	11,488
	2014	10,680
Baltics	2012	10,055
	2013	9,609
	2014	9,976

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

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

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

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

Region	Year	Emissions (tonnes)
Sweden	2012	5,787
	2013	5,152
	2014	3,184
Norway	2012	972
	2013	811
	2014	257
Baltics*	2012	
	2013	
	2014	

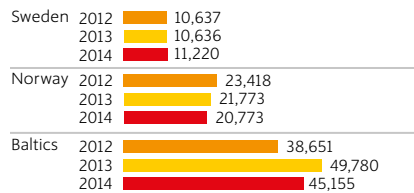
* Data from the Baltics are not available.

Waste

ICA Gruppen works to minimise waste and maintain high recycling rates in its warehouses and stores. As part of this, ICA Gruppen works in partnership with several charitable organisations including the Salvation

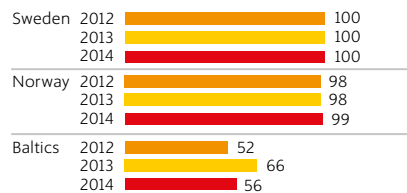
Army in Sweden and the Food Bank in the Baltic countries. The organisations are given food from the warehouses that cannot be sold in stores, either because they are short dated or because of damaged packaging, even though the food is fully edible.

Total waste volume*, tonnes



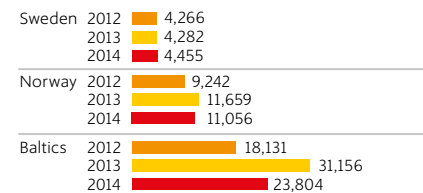
* Sweden comprises waste from logistics. Norway and the Baltics comprises waste from logistics and stores.

Recycled*, %

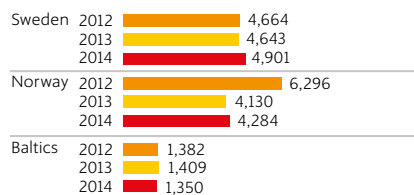


* Includes recovered/recycled, compostable and incinerated waste.

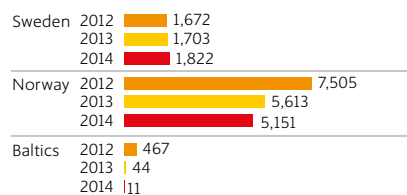
Recovered/recycled, tonnes



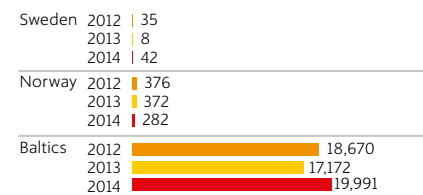
Compostable, tonnes



Incinerated waste, tonnes



Landfill, tonnes

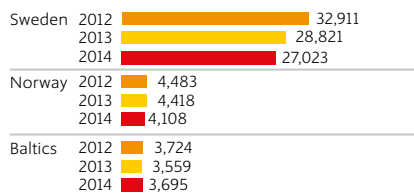


Transports

ICA Gruppen 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 Gruppen can make its deliveries using fewer, more efficiently loaded lorries, which do less driving in total. ICA Sweden is continually taking over transportation from 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.

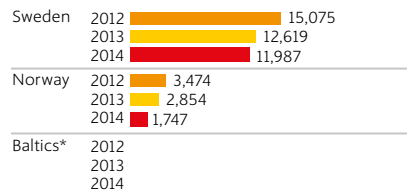
ICA Sweden currently does not own any lorries, while ICA Norway and Rimi Baltic have its own lorries and also leases lorries. Modern engine technology and alternative fuels reduce emissions, which ICA Sweden requires its haulage companies to verify. In Sweden, alternative fuels are blended with diesel and the lorries are equipped with tyres with low rolling resistance to reduce fuel consumption and environmental impact.

Fuel consumption from goods transports between warehouses and stores*, thousand liters



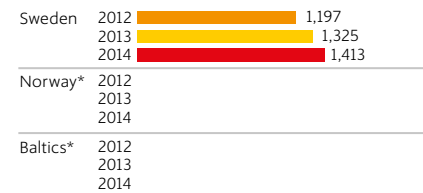
* Fuel consumption is related to diesel except for Sweden, where other fuels is included with 471,000 litres (2012), 870,000 litres (2013) and 5,391,000 litres (2014).

Business travel by air, thousand km



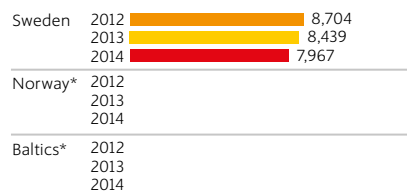
* Data from the Baltics are not available.

Business travel by rail, thousand km



* Data from Norway and the Baltics are not available.

Business travel by car, thousand km



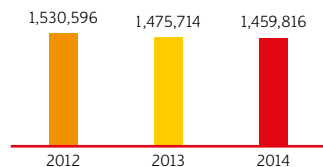
* Data from Norway and the Baltics are not available.

Energy

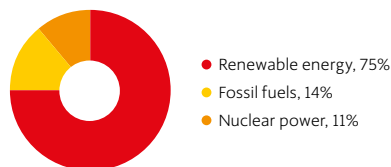
In 2014 great emphasis was placed on initiatives to increase energy efficiency in stores and to increase the number of stores that use renewable electricity. In absolute terms energy consumption by Swedish ICA stores is unchanged compared with the previous year. Per square metre,

however, energy consumption decreased somewhat in the Swedish ICA stores – despite an increase in total retail space. This is a result of continued work on energy efficiency in stores, including switching to more energy-efficient refrigerators and freezers and replacing light fittings.

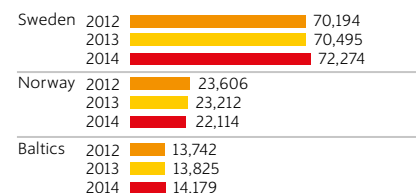
Total energy consumption in warehouses and stores, MWh



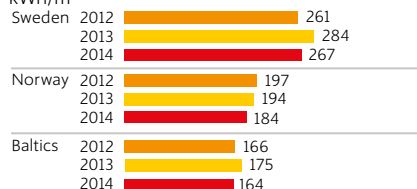
Distribution of energy sources, % (electricity consumption in warehouses and stores)



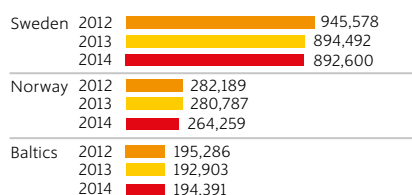
Energy consumption in warehouses, MWh



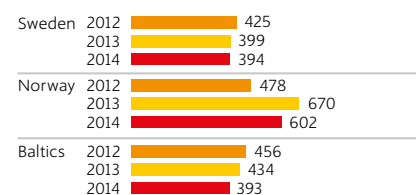
Average energy consumption in warehouses, kWh/m²



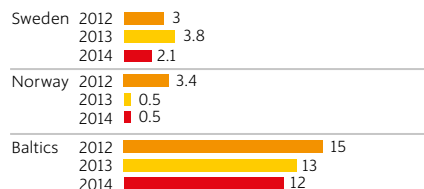
Energy consumption in stores, MWh



Average energy consumption in stores, kWh/m²



Cooling agent consumption*, tonnes



* Comprises only warehouses in Sweden and Norway.

Quality

In 2014 work continued with audits, traceability checks, reviews of product contents and labelling, product testing and structured quality assurance in logistics and 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.

Product recalls and withdrawals, number

	2014	2013	2012
Total	778	1,009	1,020
Corporate brands	233	383	318

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

	2014	2013	2012
Accepted by inspection body	333	342	339
Implemented the standard	964	1,027	1,045

Customer contact via ICA's call center in Sweden and Norway, number

	2014	2013	2012
E-mails	56,051	55,798	53,337
Telephone calls	58,416	52,815	53,803

Ethical trade

By the end of 2014 social audits had been performed at 89% (77) of suppliers in high-risk countries that produce ICA Gruppen's corporate brands. During the year ICA Gruppen worked resolutely to support the suppliers in ensuring that their production takes place in an acceptable way from a human rights perspective.

The number of suppliers of ICA Gruppen's corporate brands in high-risk countries continued to decline during the year. Among other things, the decrease is a result of consolidating volumes for the Group and continual review of the supplier base.

In all of ICA's markets the decrease in the number of suppliers was mainly in the non-food category. The number of suppliers in the cat-

egories of fruit, vegetables and flowers continued to increase during the year. This was partly a further result of ICA Sweden's work to help its customers adopt a healthy lifestyle, and partly due to dependence on a Nordic sourcing partnership. However, there was an even greater increase in the percentage of suppliers in these categories that were socially audited. The percentage of corporate brand suppliers in high-risk countries that were socially audited increased in 2014 across all categories. Further efforts will be made in the years ahead to support the suppliers in their work to ensure that production of ICA Gruppen's corporate brands takes place in an acceptable way from a human rights perspective.

Share of socially audited corporate brand suppliers, %

	2014	2013	2012
ICA Gruppen	89	77	74

Health

It has long been an aim of ICA Gruppen to encourage healthier lifestyles and help customers in need of special products. Sales of allergy-friendly food have increased substantially in recent years, driven mainly by gluten-free and lactose-free products. In 2014 ICA Sweden began measuring the

proportion of total grocery sales made up of healthy products. Healthy products are defined as foods that consumers should increase their consumption of or switch to according to the advice given in the Nordic Nutrition Recommendations (NNR5).

Sales development allergy-friendly food, % (SEK m)

	2014	2013	2012
ICA Sweden	18% (2,946)	17% (2,497)	10% (2,142)

Share of sales healthy products, % (SEK m)

	2014
ICA Sweden	28% (24,478)

Community engagement

ICA Sweden has been the principal partner of the World Childhood Foundation since 2003, raising funds for Childhood's project. For the twelfth 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. Swedish ICA customers contributed SEK 7.1 (6.4) million to the work of the Red Cross by donating the deposits from their recyclable packaging.

Charitable donations, ICA Sweden, SEK m

	2014	2013	2012
Donations from ICA Sweden	3.3	8.2	7.8
Donations from customers, suppliers and employees through ICA Sweden	38.9	26.6	24

Employees

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 22,684 (21,782) annual

employees. This does not include the store employees in the retailer owned ICA stores in Sweden because they are employed by the individual ICA retailers.

Number of annual employees*

	2014	2013	2012
Sweden	9,902	9,460	9,237
Norway	3,572	3,902	4,667
Finland	124	74	74
Baltic Countries	8,995	8,248	8,078
Hong Kong	91	98	76
Total	22,684	21,782	22,132

* Comprises ICA Gruppen including portfolio companies. Number of annual employees pro forma for 2012 and 2013.

Sick-leave, %

	2014	2013	2012
ICA Gruppen AB	2.5	2.5	2.1
ICA Bank	3.3	3	3
ICA Real Estate	2.2	3	1.3
ICA Sweden	5.1	5	5.2
ICA Norway	6.7	7.9	7.3
Rimi Baltic	4.4	4.7	4.8
ICA Gruppen total	5	5.3	4.9

Employment by type, region and gender, number

	Male	Female	Total
Sweden			
Permanent	4,918	5,017	9,935
Temporary	603	1,299	1,902
Consultants	n.d	n.d	879
Norway*			
Permanent	2,498	3,426	5,924
Temporary	125	172	297
Consultants	n.d	n.d	51
Baltics			
Permanent	1,657	9,449	11,106
Temporary	134	465	599
Consultants	n.d	n.d	n.d
ICA Gruppen total			
Permanent	9,073	17,892	26,965
Temporary	862	1,936	2,798
Consultants	n.d	n.d	930

* ICA Norway excluding ICA Eiendom.

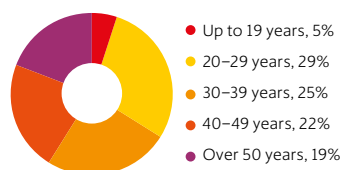
Employee turnover, %

	2014	2013	2012
ICA Gruppen AB	8	13	7
ICA Bank	5	6	4
ICA Real Estate	18	16	7
ICA Sweden	6	9	10
ICA Norway	25	26	25
Rimi Baltic	50	52	52
ICA Gruppen total	31	34	31

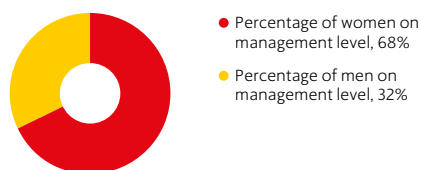
Number of store robberies

	2014	2013	2012
ICA Sweden	50	24	23
ICA Norway	1	1	4
Rimi Baltic	0	0	0

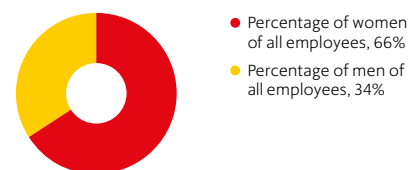
Share of employees by age group, %



Gender distribution, management level, %



Gender distribution all employees, %



Measurement and calculation methods

The Sustainability 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 Gruppen'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. The measurement and calculation methods 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 transports and climate impact

Include goods transports between ICA's stores and warehouses. Transports by suppliers to warehouses are not included.

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

ICA Sweden is continually taking over transports from its suppliers. The transports moved from suppliers to be owned by ICA are not included in ICA Gruppen's climate target. From the fourth quarter 2012, carbon dioxide emissions associated with these transports are identified and are 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 own goods transports in ICA Norway and Rimi Baltic is obtained directly from the diesel supplier. Leased transports between warehouses and stores in Norway is estimated based on distance travelled and average diesel consumption for own transports.

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. Between 2008–2013 ICA bought carbon offsets for air travel.

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 Gruppen's climate target and hence has this year been chosen as the base year for emission factors. For any new energy- and fuel types 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 Gruppen'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 started 2013 and historical data for previous years 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 Rimi Baltic, but are included for ICA Sweden and ICA 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.

Incinerated waste comprises incinerated 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 Gruppen 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 Gruppen's producer responsibility is not included in the reported waste volumes.

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

Supplier-related data

Quality certified suppliers comprise all suppliers of ICA Gruppen's corporate brands who have undergone an audit and holds a thereto valid certificate, according to one of the quality standards accepted by ICA Gruppen. From 2014 ICA Gruppen accept local standards as quality standards for local suppliers.

Information on socially audited suppliers refers to active corporate brand suppliers in high-risk countries whose production units have undergone an initial social audit according to ICA Social Audit and/or any of the third party audit schemes accepted by ICA Gruppen. Production unit is referred to as factory, farm or processing plant.

Starting in 2014 high-risk countries are identified based on the BSCI definition (Business Social Compliance Initiative).

Sales trends and number of products

Includes sales from Swedish ICA stores. Only ICA Sweden's main product range of the products described below is included.

The number of products corresponds to the total number of unique EAN codes for ICA Sweden's range of allergy-friendly food and healthy products as well as products labelled as Keyhole or organic (KRAV, Debio, EU-organic). Healthy products are defined as foods that consumers should increase their consumption of or switch to according to the advice given in the Nordic Nutrition Recommendations (NNR5).

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.

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.

Employees

Comprises personnel employed by ICA Gruppen, i.e. including employees in stores owned by a company within the Group.

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 measurement and calculation methods in 2014:

Business travel

Carbon offsetting from business travel by air ended 31 December 2013.

Supplier-related data

From 2014 ICA Gruppen accepts local standards as quality standards for local suppliers, such as IP Sigill in Sweden (in addition to GFSI-approved standards). Quality certified suppliers comprise all suppliers of ICA Gruppen's corporate brands.

Starting in 2014 high-risk countries are identified based on the BSCI definition.

Significant changes in coming reporting periods

Climate impact

A new long-term climate ambition will be taken in 2015. This will affect the the scope of reporting and the measurement and calculation methods in future years.

Other

The acquisition of Apotek Hjärtat and the divestment of ICA Norway will affect the scope of reporting and the measurement and calculation methods. The extent of this is not yet clear.



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		Section	External Assurance
STRATEGY AND ANALYSIS			
G4-1	Statement from the most senior decision-maker about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	CEO comments, page 2	✓
ORGANISATIONAL PROFILE			
G4-3	Report the name of the organisation	Note 1, page 80	✓
G4-4	Report the primary brands, products, and services	This is ICA Gruppen, cover A strong business model, page 24 ICA Gruppen's segments, page 26	✓
G4-5	Report the location of the organisation's headquarters	Note 1, page 80	✓
G4-6	Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Note 1, page 80 ICA Gruppen's world of suppliers, page 55	✓
G4-7	Report the nature of ownership and legal form	Note 1, page 80	✓
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	A strong business model, page 24	✓
G4-9	Report the scale of the organisation	ICA Gruppen's segments, page 26 Five-year financial summary, page 74	✓
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 organisation'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 125	✓
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Sweden, 100% Norway, offices and warehouses: 100%, stores: 42% Baltic countries, offices: 53%, stores: 76%, warehouses: no data	✓
G4-12	Describe the organisation's supply chain	This is how ICA Gruppen can have an impact, page 15 ICA Gruppen's world of suppliers, page 55	✓
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	2014 – a busy business year, cover Shares and shareholders, page 70	✓
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Risk and risk management, page 16	✓
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Partnerships and memberships, page 41	✓
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisation	Partnerships and memberships, page 41	✓
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	a. List all entities included in the organisation's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organisation's consolidated financial statements or equivalent documents is not covered by the report	Note 14, page 92 Note 11, page 114 About the Sustainability Report, page 120	✓
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organisation has implemented the Reporting Principles for Defining Report Content.	Key issues, page 45 About the Sustainability Report, page 120	✓
G4-19	List all the material Aspects identified in the process for defining report content	Materiality analysis, page 45	✓
G4-20	For each material Aspect, report the Aspect Boundary within the organisation	Measurement and calculation methods, page 126 See respective indicator for other boundaries	✓
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation	Measurement and calculation methods, page 126 See respective indicator for other boundaries	✓
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 126	✓
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Measurement and calculation methods, page 126	✓

GENERAL STANDARD DISCLOSURES		Section	External Assurance
STAKEHOLDER ENGAGEMENT			
G4-24	Provide a list of stakeholder groups engaged by the organisation	Development through dialogue, page 15 Stakeholders, page 44	✓
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Development through dialogue, page 15 Stakeholders, page 44	✓
G4-26	Report the organisation'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	Development through dialogue, page 15 Stakeholders, page 44	✓
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation 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	Development through dialogue, page 15 Stakeholders, page 44	✓
REPORT PROFILE			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	About the Sustainability Report, page 120	✓
G4-29	Date of most recent previous report (if any)	About the Sustainability Report, page 120	✓
G4-30	Reporting cycle (such as annual, biennial)	About the Sustainability Report, page 120	✓
G4-31	Provide the contact point for questions regarding the report or its contents	About the Sustainability Report, page 120	✓
G4-32	a. Report the 'in accordance' option the organisation has chosen. b. Report the GRI Content Index for the chosen option.	About the Sustainability Report, page 120 GRI-index, page 128	✓
G4-33	a. Report the organisation'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 organisation and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	About the Sustainability Report, page 120	✓
GOVERNANCE			
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Corporate governance report 2014, page 56 How ICA Gruppen's sustainability work is managed, page 58 CEO and Management Team, page 64	✓
ETHICS AND INTEGRITY			
G4-56	Describe the organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	The basis of ICA Gruppen's sustainability work, page 39	✓
SPECIFIC STANDARD DISCLOSURES		Section	External Assurance
ECONOMIC IMPACT			
Economic performance			
G4-DMA	Disclosure on management approach	Targets and outcomes, page 10	✓
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Risks and opportunities of climate change, page 20	✓
ENVIRONMENTAL IMPACT			
Energy			
G4-DMA	Disclosure on management approach	Sustainability targets, page 11 Focus areas for sustainability work, page 42 Climate impact from operations, page 52 How ICA Gruppen's sustainability work is managed, page 58 Energy, page 123	✓
G4-EN3	Energy consumption within the organisation	ICA Gruppen's energy and material balance, page 53 Energy, page 123 Measurement and calculation methods, page 126	✓
G4-EN4	Energy consumption outside of the organisation	Energy, page 123 Measurement and calculation methods, page 82	✓
G4-EN6	Reduction of energy consumption	Climate impact from operations, page 52 Measurement and calculation methods, page 126	✓
Emissions			
G4-DMA	Disclosure on management approach	Sustainability targets, page 11 Focus areas for sustainability work, page 42 Climate impact from operations, page 52 How ICA Gruppen's sustainability work is managed, page 58 Emissions, page 121	✓
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	Emissions, page 121 Measurement and calculation methods, page 126	✓
G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	Emissions, page 121 Measurement and calculation methods, page 126	✓

SPECIFIC STANDARD DISCLOSURES		Section	External Assurance
G4-EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)	Emissions, page 121 Measurement and calculation methods, page 126	✓
G4-EN19	Reduction of greenhouse gas (ghg) emissions	Sustainability targets, page 11 Climate impact from operations, page 52 Emissions, page 121 Measurement and calculation methods, page 126	✓
Effluents and Waste			
G4-DMA	Disclosure on management approach	Focus areas for sustainability work, page 42 Climate impact from operations, page 52	✓
G4-EN23	Total weight of waste by type and disposal method	Climate impact from operations, page 52 Waste, page 122 Measurement and calculation methods, page 126	✓
Transports			
G4-DMA	Disclosure on management approach	Focus areas for sustainability work, page 42 Transports, page 122	✓
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	Climate impact from operations, page 52 Transports, page 122 Measurement and calculation methods, page 126	✓
SOCIAL IMPACT – HUMAN RIGHTS			
Freedom of Association and Collective Bargaining			
G4-DMA	Disclosure on management approach	Sustainability targets, page 11 Focus areas for sustainability work, page 42 Social compliance in sourcing, page 54	✓
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	Social compliance in sourcing, page 54 Ethical trade, page 124 Measurement and calculation methods, page 126	✓
Child Labour			
G4-DMA	Disclosure on management approach	Sustainability targets, page 11 Focus areas for sustainability work, page 42 Social compliance in sourcing, page 54	✓
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	Social compliance in sourcing, page 54 Ethical trade, page 124 Measurement and calculation methods, page 126	✓
Forced or Compulsory Labour			
G4-DMA	Disclosure on management approach	Sustainability targets, page 11 Focus areas for sustainability work, page 42 Social compliance in sourcing, page 54	✓
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Social compliance in sourcing, page 54 Ethical trade, page 124 Measurement and calculation methods, page 126	✓
Supplier Human Rights Assessment			
G4-DMA	Disclosure on management approach	Sustainability targets, page 11 Focus areas for sustainability work, page 42 Social compliance in sourcing, page 54	✓
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Social compliance in sourcing, page 54 Ethical trade, page 124 Measurement and calculation methods, page 126	✓
SOCIAL IMPACT – PRODUCT RESPONSIBILITY			
Customer Health and Safety			
G4-DMA	Disclosure on management approach	Sustainability targets, page 11 Focus areas for sustainability work, page 42 Product safety and quality, page 48 Quality in stores, page 50 Quality, page 123	✓
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Quality, page 123 Measurement and calculation methods, page 126	✓
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	Product safety and quality, page 48 Quality, page 123 Measurement and calculation methods, page 126	✓

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 ICA Gruppen AB

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 2014. The Company has defined the scope of the Sustainability Report to the pages referred to in the GRI Index on the pages 128–130.

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 the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 126–127, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance 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 a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. 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 conclusion below.

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 criteria defined by the Board of Directors and Executive Management.

Stockholm February 13, 2015
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Charlotte Söderlund
Authorized Public Accountant

Annual General Meeting and financial calendar

Annual General Meeting 2015

The Annual General Meeting of shareholders in ICA Gruppen will be held on 22 April 2015 at 09.30 CET at Globen, Stockholm Globe Arenas in Sweden.

The notice of the Annual General Meeting will be issued on Wednesday, 18 March 2015 through a press release and on the Company's website, and will be published in Post- och Inrikestidningar and through advertisements in daily newspapers such as Svenska Dagbladet on Friday, 20 March 2015. The notice and documentation relating to resolutions to be considered at the Meeting will be available at www.icagruppen.se/en/ in the section on corporate governance.

Attendance

In order to attend the Annual General Meeting shareholders must (i) be listed in the shareholder register maintained by Euroclear Sweden AB and (ii) have notified their intention to attend the Annual General Meeting, both no later than Thursday, 16 April 2015.

Notification of attendance can be made on ICA Gruppen's website under the section on corporate governance or by telephoning +46 8 402 90 40 on weekdays between 09.00 and 17.00 CET or by post to ICA Gruppen AB, Annual General Meeting 2015, 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 take action well in advance of Thursday, 16 April 2015 requesting the nominee to register the shares 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 resolve on a dividend of SEK 9.50 (8.00) per ordinary share, or a total of SEK 1,130 million (951). The total dividend corresponds to 42% of net profit for the year. The dividend proposal is appropriate in view of the aim of providing a good and stable dividend over time and takes into account the fact that with effect from next year the number of shares entitled to a dividend will increase from the current 118.9 million to 201.1 million shares. ICA Gruppen's dividend target is that in the long term at least 50% of net profit is to be distributed to shareholders.

Assuming that the Annual General Meeting resolves in accordance with the proposal, the final day for trading in ICA Gruppen shares with dividend entitlement will be Wednesday, 22 April 2015 and the record date will be Friday, 24 April. The estimated payment date from Euroclear Sweden's system is therefore Wednesday, 29 April 2015.

Financial calendar

Annual General Meeting 2015:	22 April 2015
Interim report January–March 2015:	6 May 2015
Interim report January–June 2015:	19 August 2015
Interim Report January–September 2015:	11 November 2015
Interim report January–December 2015:	10 February 2016

Interim reports and other information from the Company is published regularly on the Company's website www.icagruppen.se. It is also possible to subscribe for 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. Printed copies will be available at the Company's head office from week 11 2015. The Annual Report will be sent by post to those shareholders who have requested this.

Contact

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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 Gruppen 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.

ICA's Good Business – Seven position statements that govern ICA Gruppen's operations and serve as the foundation for the sustainability work.

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 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.

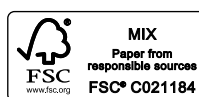
Return on equity – Profit after tax, excluding acquisition effects, as a percentage of average equity. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on equity.

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.

UTZ Certified – Independent labelling system and program for sustainable farming of agricultural products.



Solberg

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Photo: Magnus Glans / Svartpunkt among other

Illustrations: Clara Aldén / Agent Bauer

ICA Gruppen AB is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic which mainly conduct grocery retail, ICA Real Estate which owns and manages properties, ICA Bank which offers financial services and, since January 2015, Apotek Hjärtat which conducts pharmacy operations. The Group also includes ICA Norway, which is being divested, and a number of wholly-owned or partly-owned portfolio companies. In 2014 ICA Gruppen had net sales of around SEK 87.2 billion and more than 19,000 employees.

www.icagruppen.se



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