

A close-up photograph of a young girl with light brown hair and freckles, wearing a yellow and white striped shirt. She is looking directly at the camera with a slight smile. In the foreground, there is a large basket filled with ripe, red and yellow apples. The background is slightly blurred, showing what appears to be a market stall or a display of produce.

Annual Report
2015

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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 by the Company's auditors. On page 132 is a GRI Index to clarify what is included in the sustainability reporting.

B = Board of Directors' Report **F** = Financial statements

S = Sustainability work

All figures for 2013 are pro forma.

This is a translation of ICA Gruppen's Swedish Annual Report 2015, which is the original.

This is ICA Gruppen

We make every day a little easier

ICA Gruppen's vision

Simplicity

– we think simply first

Entrepreneurship

– we create opportunities

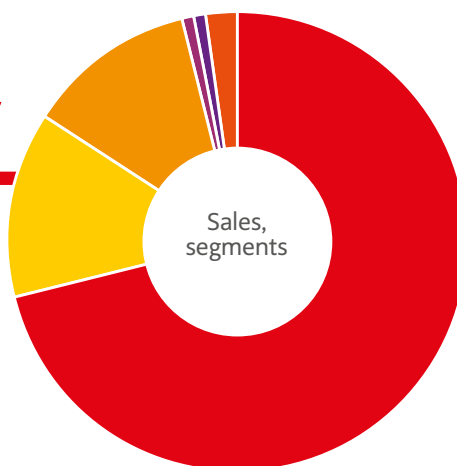
Commitment

– we make a difference



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 mainly conduct grocery retail, Apotek Hjärtat, which conducts pharmacy operations, ICA Real Estate, which owns and manages properties and ICA Bank, which offers financial services. The Group also includes the companies Hemtex and inkClub. ICA Gruppen's shares are listed on Nasdaq Stockholm, Large Cap segment. The largest shareholder at the end of 2015 was ICA-handlarnas Förbund (the Association of ICA Retailers).



Number of stores and pharmacies 2015

2,114

Sales 2015

SEK 101.2 bn

Operating profit* 2015

SEK 4.1 bn

ICA Sweden

The leading grocery retailer in Sweden.

Sales, SEK m **72,624**

Operating profit,* SEK m **3,366**

Rimi Baltic

Grocery retail operations in Estonia, Latvia and Lithuania.

Sales, SEK m **12,632**

Operating profit,* SEK m **415**

Apotek Hjärtat

Sweden's second largest pharmacy chain.

Sales, SEK m **12,290**

Operating profit,* SEK m **209**

ICA Bank

The bank with a strong mobile offering.

Sales, SEK m **859**

Operating profit,* SEK m **110**

ICA Real Estate

One of the largest commercial real estate companies in the Nordic region, focusing on retail properties.

Sales, SEK m **2,382**

Operating profit,* SEK m **456**

Portfolio Companies

Hemtex and inkClub.

Sales, SEK m **1,800**

Operating profit,* SEK m **-32**

* Excluding non-recurring items.

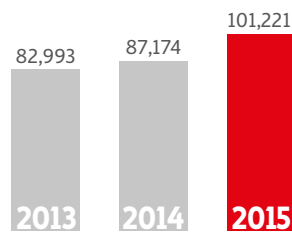
And this is how it went in 2015

ICA Gruppen is in a strong position. This provides a firm foundation as we move into 2016, another exciting year awaits.

Per Strömberg, CEO

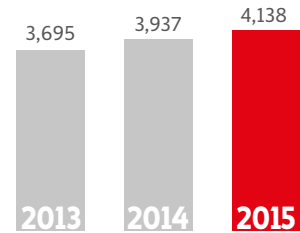
Net sales

SEK m



Operating profit

excluding non-recurring items, SEK m



Q1

Acquisition of Apotek Hjärtat approved

In January the Swedish Competition Authority approved ICA Gruppen's acquisition of Apotek Hjärtat, which then became a part of the Group on 14 January.

Go-ahead for insurance business

In January ICA Bank was granted a licence by the Swedish Financial Supervisory Authority to conduct insurance business.

Approval of Coop Norway's acquisition of ICA Norway

In March the Norwegian Competition Authority announced that it had approved Coop Norway's acquisition of ICA Norway on condition that 93 stores were sold before the acquisition was implemented. The transaction was completed in April.

Divestment of Cervera

In March an agreement was signed on the divestment of Cervera to Accent Equity 2012. The divestment was implemented in April.

Q2

Refinancing of bank credit facility

In April a credit facility of SEK 5 billion was secured to replace the one established in 2013. The facility has a five-year tenor with an option for two one-year extensions.

Early redemption of preference shares

In April ICA Gruppen decided on the early redemption of the preference shares issued in December 2013 in the subsidiary ICA Fastigheter Sverige AB.

Extended and expanded agreement with the City of Stockholm

In June an agreement between ICA Fastigheter Sverige AB and the City of Stockholm for the Årstafältet warehouse property was extended. The agreement was also expanded to include the construction of cooperative housing units.

Key figures

Group, SEK m	2015	2014
Net sales	101,221	87,174
Operating profit before depreciation/amortisation (EBITDA)	6,191	5,819
Operating profit (EBIT) excluding non-recurring items	4,138	3,937
Operating profit (EBIT)	4,594	4,097
Profit before tax	4,225	3,727
Profit from continuing operations	3,721	3,105
Profit for the year	4,913	2,667
Cash flow from operating activities for continuing operations	5,723	3,794
Cash flow from operating activities	5,845	3,612
Operating margin excl. non-recurring items, %	4.1	4.5
Operating margin, %	4.5	4.7
Return on capital employed, %	9.8	10.1
Return on equity, %	16.6	9.3
Earnings per ordinary share, SEK	24.14	12.53
Earnings per share, continuing operations, SEK	18.21	14.71
Dividend per ordinary share, SEK*	10.00	9.50

* Board's proposal

Key sustainability indicators

Group	2015	2014
Percentage of socially audited corporate brand suppliers, %	98	89
Percentage of quality certified corporate brand suppliers, %	87	83

In 2015 a new climate target was set, which applies as from 2016. Read more on page 15.



Q3

Divestments Apotek Hjärtat's care and nursing business

In July Apoteket Hjärtat's care and nursing business was sold to ApoEx.

Cash offer for shareholders in Hemtex AB

In August a cash offer was extended to shareholders in Hemtex to acquire all of the outstanding shares in the company. At the end of the acceptance period ICA Gruppen owned 99% of the shares in Hemtex and the company was delisted from Nasdaq Stockholm on 23 October 2015.

Launch of ICA Insurance

In October ICA Bank's offering of property & casualty insurance to private customers was launched to include household, homeowner and motor insurance. It is operated by the subsidiary ICA Försäkring AB, which has its own management team and board of directors.

Q4

ICA Real Estate developing new residential district outside Lund

In October ICA Real Estate won a land allocation competition for a new residential district outside central Lund. The project involves developing the entire area of 20,245 square metres and includes grocery retail, homes, offices and services.

Secore Fastigheter is formed

In November ICA Real Estate and Första AP-fonden formed a new joint real estate company, Secore Fastigheter. In connection with its formation, the company acquired 13 store properties (SEK 1.1 billion) from ICA Fastigheter Sverige AB with ICA as the principal tenant.

New climate target

At the end of the year ICA Gruppen took the decision to become climate-neutral by 2020.

Investments in new infrastructure for Rimi Baltic

To support continued growth in the Baltics, ICA Gruppen decided in December to expand and refurbish its central warehouse and head office for Rimi Baltic in Riga. The investment will amount to around EUR 75 million.

Events after year-end

Conversion of C shares

On 20 January 2016, the C shares in ICA Gruppen were converted to ordinary shares and thus carry entitlement to dividend at the 2016 Annual General Meeting. Prior to the conversion the C shares constituted 40.8% of the total number of shares. After completion of the conversion, ICA Gruppen will have only one class of share in the form of ordinary shares, with equal dividend entitlement.

New structure for growth and profitability

2015 was the year when we put our new structure for continued growth and profitability in place. We began the integration of Apotek Hjärtat, completed the divestment of ICA Norway, continued streamlining our portfolio companies and implemented significant changes in infrastructure and logistics. Parallel with this we continued developing our business and further strengthening our customer offering.

Sales growth remained strong, and our earnings performance was stable. Net sales on a like-for-like basis increased by 5.6% to just over SEK 101 billion, and operating profit excluding non-recurring items amounted to SEK 4.1 billion, an improvement of approximately 5% compared with 2014. This includes costs of SEK 208 million for the acquisition and integration of Apotek Hjärtat. We are overall satisfied with our financial performance in 2015.

Three years of change

2015 was our third year as ICA Gruppen. We have had three intensive years during which we have developed our existing operations, made significant investments and divested underperforming businesses, all in line with the Group-wide strategy we established back in 2012. The concerted implementation of the strategy is clearly reflected in the figures for the past few years. Between 2012 and 2015 our operating margin excluding non-recurring items increased from 2.7% to 4.1%. Just over half of this improvement is the result of substantial structural changes. The remainder can be credited to operational improvements.

Integration and continued streamlining

Of course, the substantial structural changes included the divestment of ICA Norway and the acquisition of Apotek Hjärtat. Both of these processes were concluded in 2015. In the case of Apotek Hjärtat, we conducted an intensive and comprehensive integration process during the year including organisational matters, brand and product range. It is now five years since regulatory reform took place in the pharmacy market, and the industry is facing great changes. Prescription medicines will continue to be the core business, but as part of the growing health trend customers are demanding a broader range of both products and services. Our aim is to continue growing and to take a leading position.

Other structural changes during the year included continued streamlining among our portfolio companies. During the year, in line with our non-food strategy, we decided to divest our holding in the kitchen and home goods chain Cervera and to make an offer for all of the outstanding shares in Hemtex. As a wholly owned subsidiary we have a good opportunity to take full advantage of synergies – mainly in sourcing – with other operations and at the same time to strengthen our non-food offering in general, which is one of our new strategic priorities for 2016.

Strong position in health

The acquisition of Apotek Hjärtat should be seen in light of our ambition to take a strong position in health. The health trend is strong, and with our presence in both grocery retail and pharmacy, we have a good foundation to build upon. Our size puts us in a strong position to influence both producers and consumers to make more sustainable and healthier choices. The fact that awareness among customer is increasing is clearly evident in our sales statistics. In 2015 ICA Sweden's sales of organic products increased by 47%. This is not a passing trend. It clearly indicates a change in customer purchasing behaviour driven by both new lifestyle priorities and an ever-growing range of products.

Increasingly extensive digitalisation

One of the factors in our business environment that is impacting us is the ongoing digitalisation trend. We are still in a transitional period, and what we have seen so far is only the beginning. This trend is affecting all of our businesses and essentially all areas of our operations – sourcing, logistics, marketing, sales, training and other internal processes.

Retaining our position and benefitting from the opportunities that the advances in technology are bringing requires courage, a readiness to change and constant investment. We need

to have the ability and capacity to redesign our processes – both those relating to our customers and behind the scenes. Over the past year we have taken several important steps. Our bank offering has been further digitalised, we have introduced contactless payment in stores, and we have enhanced our CRM systems. We have also rolled out our online grocery sales offering across a broad front. And at the year-end just over 150 stores were online. Physical and digital channels will complement each other in entirely new ways in the future. The high priority we are placing on digitalisation is reflected in a number of our strategic priorities for 2016. We have a strong foundation from which to begin, from but we still have a lot to do.

The right locations and efficient logistics flows

One of our overall goals for the future is to continue to develop and expand our store network. To make this happen it is essential to have access to attractive locations and to have a logistics chain that supports efficient supply chains and ever-increasing volumes. In order to secure the right locations, we are now increasingly focusing our efforts on developing sites and entire areas. We are working closely with municipal authorities and others, taking a holistic approach and creating places for both commerce and living. We have quickly established ourselves as a strong partner.

To improve the efficiency of our logistics chain and to support development towards increasing volumes, we are also investing extensively in warehouses and logistics solutions. In Sweden we have implemented an entirely new logistics infrastructure in the southwest. At the end of the year we also decided to significantly expand the central warehouse in Riga. The strong growth taking place in the Baltics in recent years has rendered the current warehouse and offices inadequate. This expansion will create needed capacity.

ICA Gruppen will be fully climate-neutral in 2020

Strong focus on costs

Competition in the grocery retail, non-food and pharmacy segments is tough and coming from many directions – established players, new discount operators, online solutions, restaurants and pre-packed grocery bag services. In order to continue to grow and enjoy good profitability in this environment, we need both a strong customer offering and a high level of cost control. Ensuring competitive prices and accurate price perception are among our priorities. The focus on our corporate brands is a key aspect of this process. In the future we will also need to work even harder on controlling costs throughout the value chain – at the central level and in stores.

Raised ambitions for sustainability

Sustainability work is of utmost importance to us, and we aim to excel in corporate responsibility. Our internal steering document, ICA's Good Business, sets out how we work – from factory to store. It also incorporates the 10 principles of the UN Global Compact, which ICA Gruppen has joined.

For a number of years ICA Gruppen has had ambitious goals for its sustainability work – for example, for 80% of ICA Gruppen's corporate brand suppliers to be quality-certified. This goal was reached during the year. One of ICA Gruppen's strategic priorities during the year was to support customers in making healthy and sustainable choices. To do this ICA Gruppen has worked hard on its product range, among other things, and has also taken part in various projects to help make customers' lives healthier and more sustainable.

One of the biggest challenges ICA Gruppen faces is reducing the climate impact of our operations. During the year we decided on a new overall climate target that further raises our level of ambition. The target is for our operations to be fully climate-neutral by 2020. This target will be reached by reducing climate-impacting emissions and improving resource

efficiency, but also through offsetting for the climate impact that cannot be completely eliminated by 2020. The new target is intentionally ambitious and we hope it will inspire other companies to raise their level of ambition and to take a greater responsibility.

Towards the next stage

Altogether the work we have achieved over the past few years has given us an efficient structure to build upon. None of this would have been possible without great dedication within our company and strong cooperation with ICA retailers, suppliers, partners and shareholders. We are now preparing for the next stage in our journey. Our strategy stands firm: we will become even better at combining knowledge of local markets and proximity to our customers with strong shared 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 the synergies that exist between our operations, we will continue to strengthen both the Group as a whole and the individual companies. This will also enable us to continue to generate value for the shareholders, independent ICA retailers, employees, customers and society in general.

Stockholm, February 2016

Per Strömberg
CEO, ICA Gruppen



Trends and business environment

Understanding the business environment, how it is changing and how it impacts ICA Gruppen, is critical for meeting the needs and demand going forward. By analysing the business environment and having a dialogue with consumers and customers, ICA Gruppen can take advantage of the drivers that create long-term and sustainable growth.

Digital and transparent

Digital and mobile development is moving quickly; it is happening across the board and it is having a big impact on both consumers and businesses. Constant connectivity and faster processes are making goods, services and information available in an entirely new way. This is changing relationships, increasing transparency and creating opportunities for instant feedback. New technical solutions are also paving the way for new players with new business models and alternative customer offerings. All stages in the retail value chain are affected – product development, sourcing, logistics and supply chains, marketing and the actual purchasing processes.

ICA Gruppen's actions

- Launch of online sales solution
- Digitalisation of bank offering
- Mobile payment solutions
- Customised marketing



Health and balance

Among the most obvious trends in society is an increased focus on health – physical as well as mental. The health aspects span a broad spectrum of areas, and diet, exercise and finding a balance in life are increasingly important lifestyle issues. The increased demand for fruit and vegetables, along with sales of natural ingredients and organic and/or locally produced alternatives is a clear indication of this. But people don't want boring products. Today's consumers want food that is both healthy and tasty – without having to compromise. They want to be able to make choices based on their preferences regardless of where they are in life.

ICA Gruppen's actions

- Major investment in an organic and healthy range of products
- Cooperation with the Federation of Swedish Farmers (LRF)
- Expanded range of Swedish produce
- Dietary advice at pharmacies



The urban consumer

Common to all of ICA Gruppen's markets is a high level of urbanisation involving a greater influx of particularly younger people to big cities. The result is a broader mix of consumers in and around big cities, which is also affecting need and demand patterns.

ICA Gruppen's actions

- Increased focus on establishing new stores in big cities
- Constant development and adaptation of the product range and offering
- Better availability through digital channels
- Partnership with Starbucks



Conscious, personal and committed choices

Individualism and freedom of choice are important. Today's consumers want to make smart and conscious choices. Sometimes they are willing to pay whatever it costs; sometimes they are more restrained. The digital trend and social media are making it easy for people to search for information, compare and then optimise in terms of time, price, function and quality. Products and services are meant to reflect people's personalities, and many expect to see an increasing level of customisation to their specific needs.

ICA Gruppen's actions

- Investment in private label, organic and locally produced products
- Labelling of products with a health profile
- Customised marketing
- Loyalty programme to reward loyal customers



Simplicity and everyday convenience

There is a strong desire, especially among families with children, for help with juggling everyday life. Parents who work full-time, drop their children off and pick them up from preschool, school and various activities are increasingly demanding services and products that simplify their everyday lives. At the same time, the trend towards a 24/7 society has resulted in people increasingly delaying decisions.

ICA Gruppen's actions

- Better availability through digital channels
- Well-balanced ready-prepared meals
- Pre-packed grocery bags
- Home delivery of medicines
- Insurance for ICA customers
- Digital bank services



Sustainability and responsibility

These days more is expected of companies in terms of corporate responsibility – both in their actions and their communication. Apart from the environmental and health-related aspects, more people are concerned about the social conditions under which various products are produced. Environmental impact, business ethics and control within a company's own organisation as well as its external supply chain are increasingly important issues. Environmental, social and financial sustainability are "hygiene factors."

ICA Gruppen's actions

- Sustainability perspective integrated into operations
- Environmentally and quality certified stores, sourcing and logistics processes
- Social audits to improve working conditions in high-risk countries.
- Labelling in stores to guide customers towards sustainable and ethical choices
- Expanded country-of-origin labelling
- Quarterly sustainability reports



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 a 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 the frameworks and set the course for all operations within ICA Gruppen. Having common and overall strategic themes makes it easier for the Group and its employees to set priorities from a holistic perspective.

In addition to the more long-term themes, several 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 10

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

- The Group will be climate-neutral 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 14

ICA'S GOOD BUSINESS GUIDELINES 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 18

Strategic themes and priorities

ICA Gruppen's Group-wide strategy is based on six strategic themes and 10 strategic priorities. In 2015 ICA Gruppen delivered in line with or exceeding the targets for all of the priorities. Seven priorities have a longer time horizon and are therefore being rolled over into 2016, with some minor adjustments. The three new ones relate to the non-food offering, improved efficiency throughout the value chain with a focus on store operation and digitalisation, and improved IT development through more operational integration and new working methods.



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

Background

ICA Gruppen's priorities include both safeguarding and continually developing strong brands in all markets as well as strengthening customer loyalty through attractive loyalty programmes and targeted marketing efforts. The most important brands are ICA, Rimi and Apotek Hjärtat. Common customer loyalty programmes are a uniting and key part of ICA Gruppen's offering, that creates added value for both customers and the Group.



Comment

In 2015 a number of digital initiatives were launched to improve and simplify the experience for our loyal customers. For example, it became possible to apply for an ICA bank card and to receive bonuses online. In the Baltic countries, more sophisticated and targeted marketing was introduced which will, to a greater extent, take into account anticipated customer demand.

Continuing to develop the customer loyalty programme will remain a strategic priority in 2016. Greater emphasis will be placed on building a common customer loyalty programme for the various operations in Sweden: ICA Sweden, Apotek Hjärtat and ICA Bank (including the new insurance company).




New initiatives will also result in more targeted and adapted communication and offerings in different channels, including digital ones.

Priorities 2015

- Develop and leverage leading CRM  

Priorities 2016

- Develop leading CRM and build a common Swedish loyalty program

-  Completed
-  Target for the year reached
-  Rolled over into 2016





Strengthen and expand our **customer offering**

Background

The Group's goal is to increase sales and profitability through a strong range of new products and services. Among other things, ICA Gruppen will focus more on fresh foods and on strengthening the health offering (including pharmacy items). In addition, ICA Gruppen continuously works to ensure that prices are competitive and the price perception is fair in every country, which is an essential aspect of a strong customer offering. Private label products are an important part of offering maximum "value for money", but they also contribute to differentiation and uniqueness.

Comment

In 2015 ICA Gruppen's customer offering was significantly strengthened and broadened through the acquisition of Apotek Hjärtat, the launch of ICA Insurance and the change of ownership of Hemtex from a partly owned to a wholly owned company.

Apotek Hjärtat was successfully integrated into ICA Gruppen in 2015. Synergies were realised according to plan, all Cura pharmacies were converted to Apotek Hjärtat (whose brand and logo now include ICA), and Apotek Hjärtat's own brand, Apolosophy, was launched in selected ICA stores. In 2016 Apotek Hjärtat and the grocery retail operations will work together on further improving and expanding the customer offering with the aim of strengthening ICA Gruppen's position in health. One example of this is the test programme for Minute Clinics (Minutkliniker), which are now being established in pharmacies and in larger ICA stores.

A focus on private label products in both Sweden and the Baltics during the year resulted in an improved customer offering and increased profitability in both grocery retail and pharmacy operations. Among other things, the ICA Gott Liv (ICA Good Life) brand was relaunched, and an organic range of dairy products was introduced. The focus on private label products as a means of strengthening the customer offering will remain a priority for ICA Gruppen. The target is still to increase the share of these products by one percentage point a year, even though this is no longer a specific strategic priority for 2016.

Competitive prices and a good price perception remain important factors in creating profitable growth. Competition from discount operators and online retailers is expected to increase in 2016.

Therefore the priority remains in 2016 and now also includes the pharmacy operations.

The acquisition of all outstanding shares in Hemtex, which took place at the end of 2015, will provide more opportunities to strengthen the non-food offering. This is one of the new strategic priorities in 2016. The focus will be on sourcing synergies and continuing to work on "attraction ranges" and Home Textiles will be a prioritised product area alongside Kitchen and Baby.

Priorities 2015

- Further strengthen and grow the Private Label offering
- Ensure competitive pricing and fair price perception
- Build the new ICA Pharmacy business and ICA's overall health position

Priorities 2016

- Ensure competitive pricing and fair price perception
- Build ICA's overall health offering and position
- Strengthen the Non-Food offering, leveraging Hemtex





Develop and broaden our **sales channels**

Background

ICA Gruppen will seek to further strengthen its offering and attractiveness in all sales channels, to match customer behaviour. The network of stores will constantly be renewed and developed with a particular focus on the geographical areas where ICA and Rimi are underrepresented. Together with the ICA retailers, the store formats will continue to be developed based on customer demand. ICA Gruppen will also continue to develop and integrate complementary sales channels in order to create a strong omnichannel offering. Being a leader in online retail is a critical success factor for the Group.

Comment

ICA's new online sales platform was rolled out according to plan and at a fast pace in the second half of 2015. ICA Gruppen sees great potential to continue to grow and enhance the online sales channel while also taking advantage of the opportunities that arise when present in both physical and digital channels. The aim in 2016 is to give the customer an attractive and uniform experience in all channels and across all segments. ICA Gruppen also sees potential for more integration between different digital platforms, for example ica.se, apps and online sales platforms. This priority is therefore being rolled over, in an expanded and modified form, into 2016.

In 2015 the Group had an ambitious expansion rate for both new grocery stores and new pharmacies. In Sweden, the growth in metropolitan areas was higher than in the rest of the country, Apotek Hjärtat established 17 new pharmacies, and in the Baltics 16 new stores were opened. In 2016 extra emphasis will be placed on strengthening the Group's position in the Baltics, specifically in Estonia and Lithuania, where our position is weaker than in Latvia.



Simplify our business

Background

Cost efficiency is an essential success factor in grocery retail. ICA Gruppen will both seek to take advantage of all the scale advantages within the Group as well as ensure that processes and ways of working are simple and efficient across all its operations. Effective processes are becoming increasingly important in areas such as IT, where increased digitalisation requires greater speed and flexibility in system development.

Comment

In 2015 ICA Gruppen made major changes and improvements to the logistics system, including implementing large infrastructure projects in southern and western Sweden. For 2016, since the Group has also successfully implemented the first phase of an extensive IT outsourcing process, both of these strategic priorities are being replaced. In 2016 increased focus will instead be on improving IT development processes, where more operational integration and new, alternative working methods will allow for greater efficiency and increased flexibility.

Another new strategic priority for 2016 is to improve efficiency throughout the value chain. Several of the businesses will implement projects to improve efficiency even more in store operations and to utilise digitalisation where it can further improve efficiency, especially in internal processes.



Priorities 2015

- Build a leading position online
- Strengthen the store network (focus on Apotek Hjärtat, Lithuania, metro Sweden)

Priorities 2016

- Build a leading omnichannel offering across OpCos and platforms
- Further strengthen our position in the Baltics

Priorities 2015

- Develop and implement large logistics infrastructure projects
- Implement IT outsourcing project

Priorities 2016

- Drive efficiency throughout the value chain, with focus on store operations and digitalisation
- Improve IT development through closer business integration and new ways of working



Engage and develop our **people**



Background

Having talented and dedicated employees is critical for ICA Gruppen's success. Efforts to constantly attract and develop talent and to encourage internal mobility are therefore essential. A common approach and common values help customers better understand who we are and make ICA more attractive to current and future employees. It also facilitates decision-making and 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 the daily activities of all employees.

Comment

The roll-out of ICA Gruppen's common values continued in 2015. This is by nature a long-term process, and implementation of the common values will therefore remain a strategic priority in 2016. ICA's common values have been launched, but they still need to be incorporated into our operations so that they become part of all daily activities. Emphasis will also be on improving talent management with a focus on leadership, career opportunities and performance management.

Priorities 2015

- Implement ICA's common values and improve talent management  

Priorities 2016

- Integrate ICA's common values and improve talent management



Excel in **corporate responsibility**




Background

ICA Gruppen aims to 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 stores and pharmacies. The goal is to continuously raise the level of ambition by leading the way on important issues such as supplier working conditions, origin labelling, healthy products, environmental impact and food safety. ICA Gruppen has set a target to be climate-neutral by 2020. Corporate responsibility strengthens ICA Gruppen as a player in the grocery retail market and creates value for society as a whole as well as for customers and employees.



Comment

In 2015 ICA Gruppen achieved several concrete targets in its efforts to help customers make sustainable choices. A number of communication initiatives were implemented to guide customers to these products. For example, a sustainability guide was introduced for non-food products called "Välj miljösamt" (Smart green choices). Altogether the initiatives have resulted in, among other things, a sharp increase in sales of healthy and organic products.

An important focus in the future will be to reduce climate impact caused by operations in stores, pharmacies, warehouses and offices from, for example, refrigerants, electricity, goods transports and business travel.

-  Completed
-  Target for the year reached
-  Rolled over into 2016

Priorities 2015

- Drive sustainable and healthy customer choices  

Priorities 2016

- Drive sustainable customer choices and climate-smart operations

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. ICA Gruppen's long-term financial targets were established by the Board of Directors in December 2014. The targets take into account the acquisition of Apotek Hjärtat 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 its store network. Particular emphasis will be on growth areas such as large Swedish cities and the Baltic region, where several stores will be opened, particularly in Lithuania.

Outcome

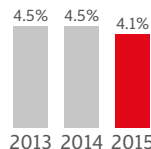
In 2015 Apotek Hjärtat and Rimi Baltic grew faster than the market, while growth for the Swedish ICA stores was slightly weaker than the market, especially during the fourth quarter.

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 label products are important factors in increasing profitability.

Outcome

The margin was lower due to changes to the sales mix (Apotek Hjärtat), integration costs and lower profits for ICA Bank and Portfolio Companies.

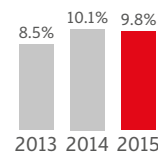


Achieve a return on capital employed of 10%

Return on capital employed is defined as operating profit plus financial income in relation to average capital employed. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on capital employed. The key ratio shows the return on the capital the Group is using, regardless of financing.

Outcome

The return was slightly lower than the preceding year. This is mainly due to an increase in capital employed driven by the acquisition of Apotek Hjärtat. The higher profit did not fully compensate for the increase.

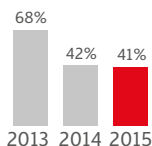


Dividend of at least 50% of profit for the year

ICA Gruppen aims to be able to pay a good and stable dividend over the long term. The dividend target reflects ICA Gruppen's stable earnings and is to be set at a level that is competitive with the company's industry peers.

Outcome

The Board of Directors proposes a dividend of SEK 10.00 per share, which is an increase of SEK 0.50. The proposal represents 41% of net profit for the year. If the non-recurring effect of the capital gain from the divestment of ICA Norway is taken into account, the dividend represents a share of 54%.

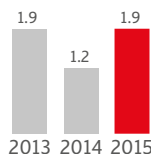


Net debt/EBITDA <2

Net debt is defined as the Group's interest-bearing liabilities, excluding pensions, 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

The net debt increase is mainly due to the acquisition of Apotek Hjärtat. However, owing to strong cash flows from stable profits and completed divestments, the debt level is in line with the Group target.



Sustainability targets

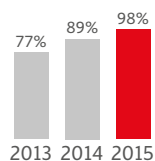
ICA Gruppen's sustainability work is a strategic priority and is integrated into all of the Group's operations. These sustainability targets pertain to ICA Gruppen excluding the portfolio companies. Apotek Hjärtat, which was acquired in January 2015, is planned to be fully integrated into the Group's sustainability processes in 2016 and is not included in the sustainability targets in this report. Apotek Hjärtat, Hemtex and inkClub are working towards the target of ensuring that all corporate brand product suppliers in high-risk countries are socially audited. During the year they have invested substantial resources in implementing social audits in the supply chain.

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

Corporate brands are essentially private label products. 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 approved by ICA Gruppen or according to ICA Gruppen's own social audit tools. To be approved as a supplier to the Group, the audit result must meet ICA Gruppen's set, minimum standard, and the supplier must undertake to carry out any improvements.

Outcome

By year-end 2015, 98% (89) of the suppliers in high-risk countries that produce ICA Gruppen's corporate brand products had been socially audited, which is a great improvement compared to 2014. This is due to a concerted effort to support the suppliers in ensuring that they produce their goods in an acceptable way with respect to human rights. It is mainly in the area of fruits and vegetables that the proportion of socially audited suppliers increased in 2015. This is because additional resources were dedicated during the year, and the internal processes in areas such as continual monitoring and explicit division of responsibilities were improved, which gave very good results.

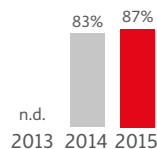


80% of ICA Gruppen's corporate brand suppliers will be quality certified

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

Outcome

The share of quality-certified suppliers producing ICA Gruppen's corporate brand products was 87% (83) at year-end 2015, which means that ICA Gruppen exceeded the target set for the Group. The number of quality-certified suppliers remained at a high stable level throughout 2015, due to the fact that quality certification routines and follow-up processes are now incorporated in operating activities. The goal of ensuring that 80% of ICA Gruppen's corporate brand suppliers will be quality-certified will remain in place, as it is one of ICA Gruppen's key operational targets.



ICA Gruppen's operations will be climate-neutral by 2020

The climate target applies to the direct climate impact of all companies within ICA Gruppen, excluding the portfolio company inkClub. It includes the climate impact of operations in stores, pharmacies, warehouses and offices from, for example, refrigerants, electricity, goods transports and business travel, in both the Swedish and Baltic operations. This target will be reached by reducing climate-impacting emissions and improving resource efficiency, but also by offsetting the climate impact that cannot be completely eliminated by 2020. The reduction will be measured based on a scientific method developed by the UN and WWF, among others.

ICA Gruppen intends to drive this development and will therefore, in addition to the climate target for the Group's own operations, help further develop work processes among its suppliers to reduce their climate impact as well.

The new climate target applies as of 1 January 2016. The target was created in 2015 after the previous target from 2006 had been reached.

For thresholds see "Measurement and calculation methods" on page 130.

Risks and risk management

ICA Gruppen's various operations are naturally associated with risk. High risk awareness and high preparedness can enable the Company to strengthen its position in the market. An important aspect of corporate governance therefore involves ongoing analysis and management of the risks that may have a negative impact on ICA Gruppen's ability to achieve its objectives.

As one of leading players in grocery retail, real estate, banking and pharmacy business, it is very important to be able to live up to the expectations of customers and stakeholders. For ICA Gruppen this means trying to limit undesirable events if they can be expected to weaken the trust in the company or result in significant disruptions to operations. By identifying risks at an early stage and efficiently managing business-related risks, ICA Gruppen can create the necessary conditions for long-term, competitive operations and be a safe and reliable choice for customers, employees and partners.

To ensure a good overview of the risks that the business is exposed to, ICA Gruppen has structured procedures for identifying, analysing, evaluating and managing risk in the form of an established Enterprise Risk Management (ERM) process. The ERM process is an integrated part of the Group's strategy and business planning process, where the segments' risks are identified and monitored on a regular basis. Risk analysis is also per-

formed on an ongoing basis in connection with large projects, significant changes in operations, as an integrated aspect of the Group's sustainability work and before significant investments are made. An overview of the Group's main risks as well as measures to manage them are reported every six months to the Management Team and at least once a year to the Board.

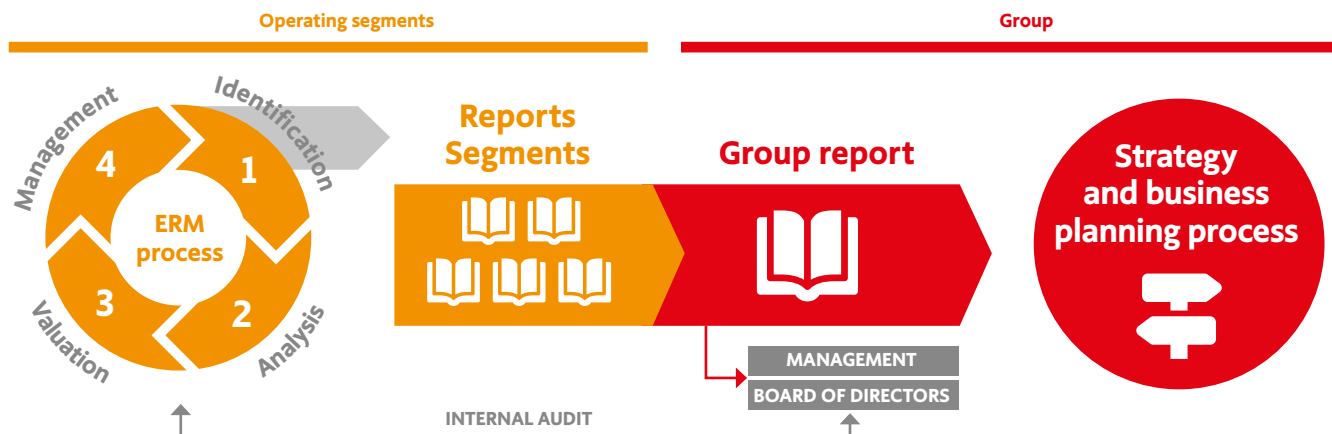
During the year a new department, Group Risk Management, was formed with responsibility for coordinating ICA Gruppen's risk management processes and supporting risk management in all operations. The department will maintain a framework for risk management, provide training, develop tools and perform risk analyses for specific risk areas to help improve risk management within the Group. ICA Gruppen's Risk Committee monitors the efficiency of the risk management process. The Risk Committee, headed by ICA Gruppen's CFO, has overall responsibility for maintaining an overview of the Group's risk exposure by providing guidance and governance, and for

reporting on significant changes in the risk profile. Among the changes that affected ICA Gruppen's risk profile during the year were the divestment of ICA Norway, the acquisition of Apotek Hjärtat, the launch of ICA Insurance, and the restructuring of the logistics network in southern Sweden.

Through regular meetings with the Internal Control and Internal Audit departments, any identified shortcomings in the review process can be taken into account in identifying risks and coordinating actions to improve risk awareness in the identified risk areas. For further information on internal control over financial reporting, see the Corporate Governance Report on page 58.

Significant risks and uncertainties that have been identified within the framework of ICA Gruppen's risk management process are presented on page 54, along with a brief description of the opportunities associated with each risk area and the measures being taken to manage these risks.

An integrated part of the Group's strategy and business planning process





**Effective
risk management
creates
opportunities
and strengthens
ICA Gruppen's
position**

ICA's Good Business

ICA's Good Business forms the foundation of all operations within ICA Gruppen. This consists of seven position statements which, combined with the Group-wide goals and long-term strategies, constitute the framework and guidelines for the Group's operations. The position statements have been established by ICA Gruppen's Management Team. Governing bodies and employees are trained in ICA's Good Business, both through online courses and special initiatives.

We will be driven by **profitability** and **high ethical standards**

Within ICA Gruppen, profitability and high ethical standards go hand in hand. Our business is built on trust – trust between retailers and customers, between retailers and ICA Gruppen, and between ICA Gruppen and the community at large. Only by preserving this trust, we can build a business that has long-term profitability. And only by being profitable we can grow and continue to develop as a company.

We will **listen to customers** and always base decisions on their needs

We exist for our customers. As long as we meet their needs and have their trust, we will continue to develop in a positive direction. Everything we do, all of our growth and all of our future initiatives, are therefore to be based on our vision of making every day a little easier for our customers.

We will nurture **diversity** and **growth** among our employees



Within ICA Gruppen everyone – regardless of gender, gender identity, ethnic affiliation, disability, sexual orientation, age, faith or other belief system – has the same chance of being recruited and developing in their work role. For us diversity is a given, and we are convinced that it strengthens our brand for our customers and employees.

We will maintain an **open dialogue** internally and with the community

In order to further develop our business according to the changing needs and wishes of our customers, we need to be open to new ideas. By carrying on a dialogue with our customers, our employees and other stakeholders, we can improve our offering and our workplace even more.

We will ensure **quality and safe products**

Our grocery retail, banking and pharmacy operations have a direct link to, and impact on, our customers' lives and situations. Ensuring that we offer quality and safe products is essential for our continued success.

We will promote a **healthy lifestyle**

As one of the leaders in grocery retail, we have a great opportunity to have a positive impact on people's health. By spreading knowledge and encouraging people to have good eating habits, we can promote better health, improved wellbeing and, not the least, greater customer satisfaction.

We will adopt **sound environmental practices** to promote **sustainable development**

Sustainability is a common theme throughout our operations. We are dependent on the earth's continued ability to produce food and other products, at the same time that each part of our business affects the environment. At ICA Gruppen we work in a structured way to reduce environmental impact from the stores and warehouses as well as from our product range, while also making it easier for customers to make sustainable choices.



With size comes responsibility

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

ICA Gruppen works in a targeted way to continuously develop ICA Gruppen as a responsible actor. This work is based on strong shared values and a belief that every link in the chain is important – from supplier to employee and customer.

The Group's size and proximity to the end customer means it has resources and the ability to have a genuine impact. ICA Gruppen wants to be a positive force and an active player in the long-term sustainable development of society.

One of ICA Gruppen's business linchpins is that profitability goes hand in hand with responsible behaviour. By acting in a responsible way today, ICA Gruppen safeguards the ability to do good business tomorrow. Maintaining the trust of the stakeholders is one of ICA Gruppen's most

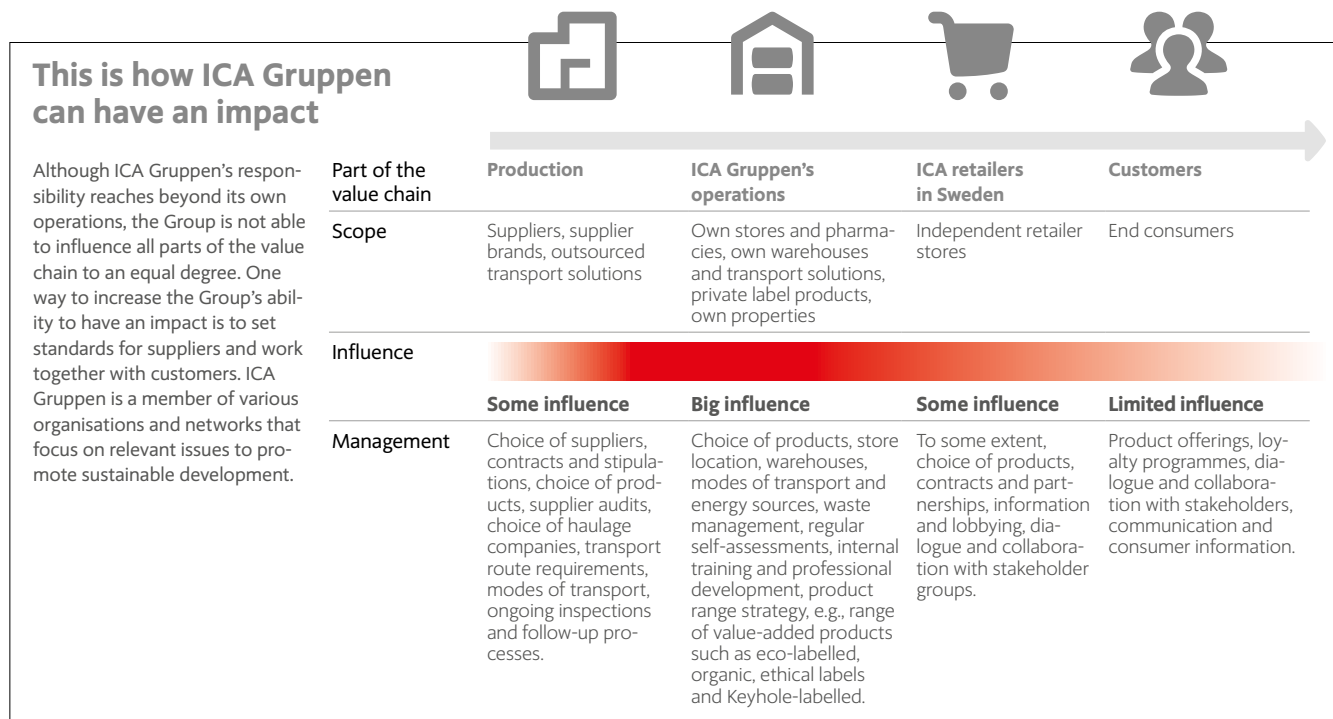
important success factors and helps ensure the Group's long-term, sustainable and profitable operations.

Responsibility from several perspectives

ICA Gruppen's approach to social responsibility covers a broad spectrum of areas. At the community 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 that contributes to the positive development of society. At the consumer level it is about providing choices that promote good health and cost savings for individuals and that benefit the community at large.

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.

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 favourable dividends for the shareholders.



**Sustainable
financial growth
is necessary in
order to be a
positive force
over time**



Development through dialogue

An important aspect of ICA Gruppen's ongoing development is finding out what both internal and external players think about ICA Gruppen's operations. The goal is, through an ongoing dialogue, to balance and optimise different interests, expectations and wishes, and thereby create the greatest possible value.

Owners

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

Key issues

- Long-term profitability
- Responsible conduct
- Strategic sustainability work
- Food safety

Forums for dialogue

- Annual General Meeting
- Shareholder meetings, seminars and private meetings
- Financial performance and sustainability reports

Independent ICA retailers

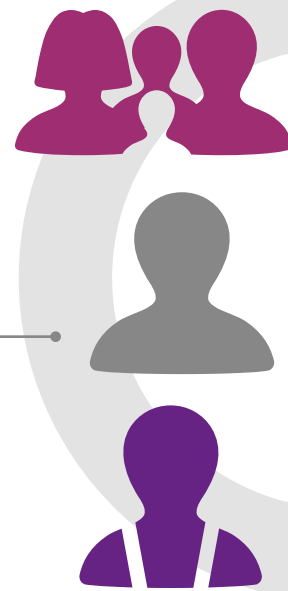
A key part of ICA Gruppen's business model is based on cooperation and mutual trust between ICA Sweden and the independent ICA retailers. Unique strengths are created by combining large-scale operations and efficiency with local entrepreneurship. This relationship is regulated legally by what is known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

Key issues

- Food safety
- Employer responsibility
- Store safety
- Environmental management
- Value-added products, e.g., organic products and products with eco-labels and ethical labels
- Energy efficiency in the stores
- Food waste

Forums for dialogue

- Retailer national convention
- Annual district meetings
- Coordination with the board of the Association of ICA Retailers
- Ongoing contact through sales managers and quality coaches
- Internal channels such as the Intranet, internal TV channel and various targeted printed materials



Customers

ICA Gruppen's vision is to make every day a little easier. Important elements are a high level of accessibility and the ability to meet customer demand for both breadth and depth. The top priorities include making it easy for customers to make sustainable and healthy choices. The ways in which this is done include continually expanding the range of organic and healthy products, increasing country-of-origin labelling and running more extensive fruit and vegetable campaigns.

Key issues

- Food safety
- Loyalty programmes and value for money
- Accessibility
- Healthy living
- Organic food
- Climate-smart choices
- Additives
- Working conditions in production

Forums for dialogue

- Casual meetings in-store
- Central and in-store customer service and via social media
- Image and brand surveys
- Regular customer surveys on sustainability issues
- ICA's customer panel
- Local customer meetings

Suppliers

ICA Gruppen strives to have transparent and long-term relationships with its suppliers. The goal is to guarantee 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 monitored in the supply chain. One of the most important elements of this system is certification of third parties, for example to ISO standards, in accordance with the Global Food Safety Initiative (GFSI), and standards for social audits.

Key issues

- Responsible sourcing and social responsibility
- Food safety
- Sourcing locally
- Climate impact

Forums for dialogue

- Central and local supplier meetings
- Supplier visits and regular contact

Society

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 like those involving organic products bring environmental gains, and locally produced food promotes positive development in the local community.

Key issues

- Food safety
- Product safety
- Public health
- Integration
- Diversity
- Environmental issues and climate change
- Responsible conduct

Forums for dialogue

- Industry partnerships and networks
- Interest groups
- Participation in conferences, e.g., Almedal Week in Sweden

Employees

The skills and performance of the employees are crucial if ICA Gruppen is to reach its targets and continue to develop as a company. ICA Gruppen aims to offer competitive employment terms and benefits, opportunities for professional development and a stimulating, safe and healthy working environment.

Key issues

- Opportunities for skills training and professional development
- Strong leadership
- Good work environment
- Diversity

Forums for dialogue

- Employee survey SpICap
- Workplace meetings
- Performance reviews
- Courses
- Whistleblower service



Common values and committed employees

ICA Gruppen is a company where people want to contribute and develop. This historically strong culture has provided the foundation for a Group that attracts employees with a strong commitment and who together continue to develop ICA Gruppen into a successful company.

ICA Gruppen is a major employer with around 30,000 employees working mainly in Sweden and the Baltic countries. The Group's size creates economies of scale and development opportunities, while issues that are specific to the various operations are also managed.

An ever-changing world requires ability to adapt and handle new conditions. This puts pressure on the organisation and requires more cooperation within the Group. Increased digitalisation requires more and more innovation and also makes it necessary for people to constantly update their skills.

Common values as a foundation

ICA Gruppen's success is built on a strong culture that has existed for nearly 100 years. Based on this culture, the Group formulated its common values: Simplicity, Entrepreneurship and Commitment. The implementation of these values continued in 2015. All employees at offices and warehouses in Sweden and in the Baltic region, approximately 7,200 in total, participated in value seminars at which they had the opportunity to learn about and discuss the Group's values. Around 1,300 teams have also discussed the significance of the values in their own settings. The next step is for every management team and manager to drive the process forward so that people can incorporate these in their daily work.

Roughly 9,000 employees in the Baltic stores have been introduced to the values, and Apotek Hjärtat is now integrating ICA Gruppen's values into its business. Many of the Swedish stores today have their own strong values that are in line with ICA Gruppen's common values, and the aim is that they too will incorporate these values in their operations.

Leadership based on constant learning

ICA Gruppen's leadership is about creating the right conditions so that individuals, teams and whole organisations can perform in line with the established strategies and targets. By creating and developing teams in which the members complement each other from all perspectives, ICA

Gruppen can be a successful company in a society that is fast-paced and highly complex.

In recent years the Group has invested considerable resources in leadership development. This has resulted in positive effects for individual managers and management teams, and has promoted a common approach to leadership throughout the Group. In 2015 several programmes for managers were further developed to reflect the leadership skills that are required in the world in which ICA Gruppen operates.

Going forward, the Group's leaders will need to meet expectations for faster-paced learning and development, a greater need for cooperation and innovation, as well as rapid changes and customers who expect more. ICA Gruppen has started a process of identifying what will be required of the Group's managers in the future with a view to taking leadership to the next level.

Recruitment for the future

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. Within ICA Gruppen a high rate of internal mobility is the aim, and in 2015 the level was largely in line with the established target.

ICA Gruppen welcomes diversity and aims for the whole of society to be reflected among its employees. The Group offers numerous growth opportunities for its employees, whether they work in stores, offices or warehouses.

In management positions (454), ICA Gruppen has a balanced gender distribution: 48% (47) are women in 2015. Apotek Hjärtat is not included in the calculation, as the integration process did not begin until mid-2015.

Many development opportunities in a large Group

ICA Gruppen has structured talent management processes in place to take full advantage of the talent and development opportunities that exist within the organisation. An important element here is the implementation of Group-wide processes, methods and tools for the purpose of

strengthening the organisation at both the management and individual levels, and enabling development to be measured over time.

A new IT platform was implemented in 2015 to assemble, digitalise and improve the efficiency of all HR processes. The new platform will support both employees and management. Among other things, it offers more efficient digital workflows as well as simpler and better support in managing and developing employees. The first stage involves processes for recruitment, salary review, rehabilitation and employment cycles. The next stage will add processes for talent management, succession planning and performance review.

Initiative to increase diversity

ICA Gruppen's focus on diversity is long-term and is based on the Company's values. Within the Group everyone – regardless of gender, gender identity, ethnic affiliation, functional disability, sexual orientation, age, faith or other belief system – has the same chance for recruitment and development in their work role. ICA Gruppen condemns any form of sexual harassment or discrimination.

ICA Gruppen has a number of initiatives to increase diversity, including a programme to create jobs for young people and people with disabilities, and to help recent arrivals to Sweden to get established. In 2015 ICA Gruppen joined the 100 Club, an initiative by the Swedish Government aimed at helping new arrivals get a job. Companies who join commit to employ at least 100 new arrivals within three years.

The ICA 2020 initiative is aimed at young people who find themselves excluded from the labour market, and this also includes young new arrivals. The initiative is being run by the Group in cooperation with ICA stores. Since the start in 2014 more than 1,200 young people have had internships and just over 450 have gone on to be employed. The pharmacy industry is currently suffering from a shortage of pharmacists. Meanwhile there are many trained pharmacists among recent immigrants. Apotek Hjärtat is offering assistant positions and internships to people who are educated



Intensified focus on business ethics

To build trust and strengthen ICA Gruppen's relationships with the community, an emphasis on ethics and anti-corruption are of utmost importance. The Group does not tolerate any form of bribery or corruption, and is proactive in ensuring that this does not happen.

In 2015 ICA Gruppen updated its Business Ethics Policy and associated guidelines, as well as internal guidelines relating to entertainment, meetings and travel.

To ensure that all employees are familiar with and apply the Business Ethics Policy, a web-based course has been developed. The course is compulsory for all salaried employees in Sweden and is available to other employees in Sweden and the Baltic countries. The online course is supplemented by classroom instruction for the categories of employees who are exposed to business ethics dilemmas the most.

All managers are responsible for ensuring that the employees in their teams receive information and instruction in the Group's Business Ethics Policy and that the policy's principles are complied with and followed up.

Clear routines for implementation, management and follow-up have also been drawn up, including an external online whistleblower service. This service will enable ICA Gruppen employees to anonymously report any irregularities they perceive as illegal or contrary to the rules or position statements in ICA's Good Business guidelines. The service also has clearly defined routines and processes for handling any matters that are reported.

Tools and processes are now in place, and in 2016 their implementation will continue to ensure a sustained emphasis within ICA Gruppen on ethics and anti-corruption.

as pharmacists in other countries, even before they received their Swedish identification documents.

The initiative called "We can do more" was launched in 2009 to increase employment oppor-

tunities at Swedish ICA stores for individuals with functional impairment. Today roughly 700 ICA stores employ more than 1,400 people with functional disabilities.

SpICAp identifies areas for improvement

ICA Gruppen goes to great lengths to measure and follow up the initiatives implemented within the Group. One important tool for this is the annual employee survey, SpICAp. The survey focuses on three main areas: commitment, wellbeing and leadership. Its purpose is to identify potential areas for improvement and to maintain what makes the Group a high-performing organisation.

The results of the 2015 SpICAp survey indicated a continued strong commitment among the employees. The results in the Baltic countries have improved significantly.

In addition to confirming the initiatives implemented, the survey also serves as input in the creation of action plans for future work within each entity and department. For example, the 2015 survey revealed an opportunity to develop the career planning processes and has resulted in an initiative to define various career paths within the Group.

This year a value index was included in the survey, and the results show that the values are already a source of strength within the organisation.

A strong business model

At the heart of ICA Gruppen's operations is grocery retail, where the hub consists of some 1,950 grocery stores and pharmacies. Around these a number of operations have been built up which, individually or in combination, help maintain the Group's strong market position. Taking advantage of economies of scale and opportunities for coordination enables the Group to have strong customer offerings, efficient processes, the right properties in the right locations, high customer loyalty and low financial transaction costs.

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



In Sweden grocery 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. In the Baltic countries all stores are owned and operated by Rimi Baltic.

In addition to grocery retail business, ICA Gruppen includes Apotek Hjärtat, ICA Bank and ICA Real Estate. The Group also includes the companies Hemtex and inkClub.

Apotek Hjärtat is playing an important role in ICA Gruppen's efforts to achieve a leading position in health. Coordination, particularly with ICA Sweden, will increase in the future and will include shared processes in logistics, sourcing, organisational structures and loyalty programmes.

ICA Bank fills a number of important functions within ICA Gruppen. In addition to providing a diverse range of smart and user-friendly banking services, ICA Bank helps strengthen loyalty to the

ICA stores while also reducing costs for the financial flows in the ICA system. Commissions and net interest income 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.

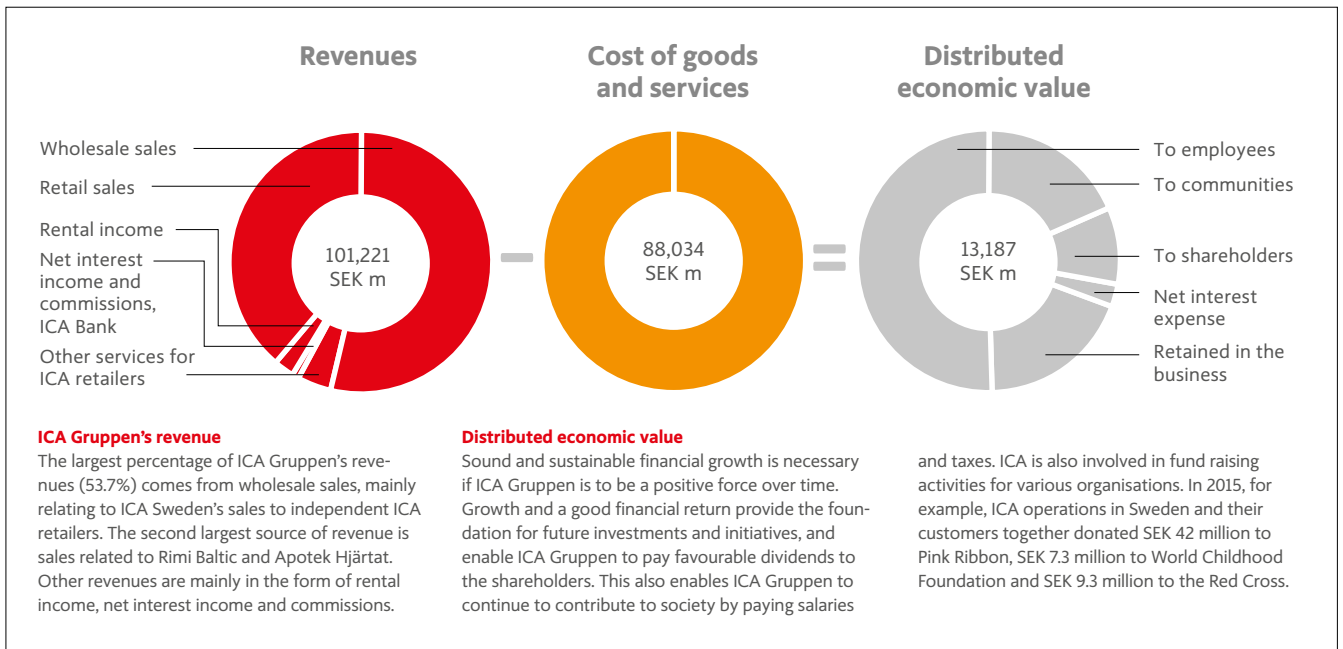
ICA Real Estate is one of the largest commercial real estate firms in the Nordic region. The overall mission is to meet the Group's long-term need for the right properties in the right locations. This is done through a combination of owning, leasing and strategically developing marketplaces. The tenants are primarily ICA stores but may include other players as well.

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 as well as 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 to launch the store. When retailers subsequently have the financial means, they generally exercise the option provided to retailers to purchase 99% of the shares in the company that operates the store.

The ICA Agreement also regulates the size of the annual fee the stores pay to ICA Sweden and contains a pre-emption clause in the event ICA retailers want to sell their company or its operations.



... through several **channels** ...



... and a **simpler life** for our customers



ICA Sweden

The independent retailer

A strong customer offering
 Efficient processes
 The right properties in the right locations – today and tomorrow
 High customer loyalty and low transaction costs



Retailers run their own stores, set prices and decide on product ranges based on the local market conditions and competition



A strong local customised offering

The Swedish ICA stores' fees to ICA Sweden

Obligatory

The ICA Subscription Fee is based on the store's sales (%) and finances the Group-wide activities. A logistics supplement is added to the price the store pays for an item (% and SEK/item).

Voluntary

Additional services exposed to competition are priced at market rates, e.g. accounting and marketing. Other supplementary services are priced at cost, e.g. in-store IT.

Profit

Wholesale profit, based on wholesale sales (%). ICA Agreements provide royalties, % of store sales and dividends, % of store earnings.

The Group's performance in 2015

The Group's cash flow* was SEK 4.5 billion in 2015

Net sales and profit

Consolidated net sales in 2015 amounted to SEK 101,221 million (87,174). Excluding effects of acquisitions and divestments, sales increased by 5.6%. Operating income excluding non-recurring items increased by 5.1% to SEK 4,138 million (3,937). This includes effects of the acquisition of Apotek Hjärtat of SEK 142 million, net, after the deduction of a cost of SEK 208 million relating to the acquisition and integration of pharmacy operations.

Profit from continuing operations was SEK 3,721 million (3,105), and earnings per share for continuing operations were SEK 18.21 (14.71). The change compared with the previous year includes the net effect of non-recurring items totalling SEK 296 million (see Note 2 on page 87).

Net financial items and tax

The Group had a net financial expense for the full year 2015 of SEK -369 million (-370). Positive effects from lower interest rates were offset during the year by the cost of currency hedges related to the divestment of ICA Norway and fees for early redemption of the credit facility. The tax expense for the year was SEK 504 million (622), representing a tax rate of 11.9% (16.7). In both 2015 and 2014, the tax rate was lower than the nominal level due to tax-exempt capital gains from divestments.

Financial position

The Group's net debt (excluding ICA Bank and pension liabilities) at year-end amounted to SEK 11,697 million (7,058). Net debt during the year increased due to the acquisition of Apotek Hjärtat,

and the early redemption of preference shares in July 2015 in the amount of SEK 3.3 billion. As of 31 December, net debt was 1.9 times (1.2) EBITDA (rolling 12 months), which is in line with the Group's long-term target of <2.0 times.

Cash flow

Cash flow from operating activities (excluding ICA Bank), amounted to SEK 4,546 million (4,064). Cash flow before financing activities (excluding ICA Bank) amounted SEK 2,807 million (3,518). The divestment of ICA Norway had a positive effect of approximately SEK 2.8 billion, but the acquisition of Apotek Hjärtat led to an overall lower cash flow before financing activities than a year ago.

Investments

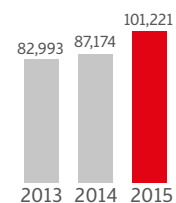
Investments (excluding company acquisitions) in 2015 amounted SEK 2,376 million (2,576), of which SEK 923 million (1,055) was in ICA Real Estate. ICA Real Estate sold properties during the year for SEK 1,178 million (1,037). Larger investments during the year included the expansion of the warehouse in Långeberga outside Helsingborg, IT investments, and investments in stores in Sweden and in the three Baltic countries, mainly Lithuania.

Parent Company

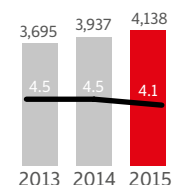
The Parent Company's sales amounted to SEK 45 million (44), and operating profit amounted to SEK -379 million (-355). Net financial income of SEK 3,443 million (3,388) consisted of dividends received from subsidiaries in the amount of SEK 3,767 million (4,500), less interest of SEK -265 million (-403) and impairment losses on shares in subsidiaries of SEK -59 million (-709). Group con-

tributions received of SEK 594 million (1,159) are recognised as year-end appropriations. Profit for the year amounted to SEK 3,668 million (4,081). Investments in property, plant and equipment and intangible assets amounted to SEK 98 million (253). Short-term financing is done through the Group account in the subsidiary ICA Finans AB. In 2015 loans were provided to subsidiaries in the amount of SEK 3,000 million in connection with the redemption by ICA Fastigheter Sverige AB of preference shares. The Parent Company's own holding of 141,655 ordinary shares was sold in 2015 for SEK 43 million. The average number of employees during the year was reduced by 70, mainly as a result of outsourcing of IT activities.

Net sales (SEK m)



Operating profit (SEK m) and operating margin (%)



* Cash flow from operating activities (excluding ICA Bank).



Net sales per segment		
SEK m	2015	2014
ICA Sweden	72,624	69,248
Rimi Baltic	12,632	11,632
Apotek Hjärtat (pharmacy)	12,290	2,092**
ICA Bank	859	848
ICA Real Estate	2,382	2,253
Portfolio Companies	1,800	2,564
Other	113	97
Intra-Group sales	-1,479	-1,560
Net sales	101,221	87,174

Operating profit excluding non-recurring items per segment		
SEK m	2015	2014
ICA Sweden	3,366	3,228
Rimi Baltic	415	383
Apotek Hjärtat (pharmacy)	209*	21**
ICA Bank	110	189
ICA Real Estate	456	409
Portfolio Companies	-32	53
Other	-386	-346
Operating profit excluding non-recurring items	4,138	3,937

* Includes acquisition and integration-related costs of SEK -208 million.

** 2014 refers to Cura pharmacy.

Cash flow statement, Group excluding ICA Bank		
SEK m	2015	2014
Cash flow		
Cash flow from operating activities before change in working capital		
	4,788	4,364
Change in working capital	-242	-300
From operating activities	4,546	4,064
Investing activities, net	-1,739	-546
Before financing activities	2,807	3,518

ICA Gruppen's segments

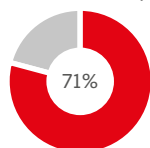
ICA Gruppen's operations are divided into six segments: ICA Sweden, Rimi Baltic, Apotek Hjärtat, ICA Bank, ICA Real Estate and the Portfolio Companies. The core business is grocery retail. The intention is for other operations to support the core business, but they may also be further developed for new business opportunities and contribute to profitability and further growth on their own merits.

ICA Sweden

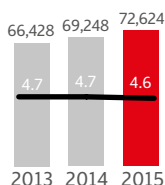
With 1,306 stores and a market share of approximately 36%*, ICA Sweden is the leading grocery retailer in the country. The independent ICA retailers own and operate their stores, but have agreements with ICA Sweden in areas such as coordinated sourcing, logistics, market communication and store development.

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

Net sales, %
(of entire Group)



Net sales (SEK m)
and operating margin, (%)

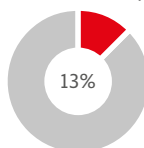


Number of employees
8,242

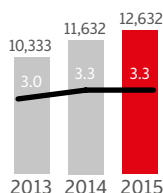
Rimi Baltic

Rimi Baltic is a grocery retailer operating 256 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 year-end 2015 Rimi Baltic had 87 stores in Estonia, 117 in Latvia and 52 in Lithuania.

Net sales, %
(of entire Group)



Net sales (SEK m)
and operating margin, (%)

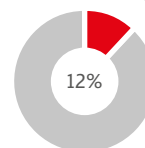


Number of employees
9,562

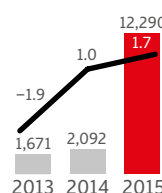
Apotek Hjärtat

With 390 pharmacies and a market share of just over 31%, Apotek Hjärtat is the second largest company on the Swedish pharmacy market. ICA Gruppen acquired the business at the end of 2014, and the transaction was approved by the Swedish Competition Authority at the beginning of 2015. Pharmacy operations play an important role in ICA Gruppen's efforts to achieve a leading position in health.

Net sales*, %
(of entire Group)



Net sales (SEK m)*
and operating margin, (%)



Number of employees
3,113

*2013 and 2014 refers to Cura pharmacy

Increased joint sourcing in non-food

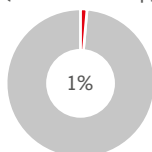
One of ICA Gruppen's priorities for 2016 is to increase coordination between the segments in non-food sourcing. This is mainly the responsibility of ICA Global Sourcing which, through its sourcing offices in Hong Kong, Shanghai, Vietnam and Bangladesh, is responsible for a large and growing portion of sourcing for ICA Sweden, Rimi Baltic and Hemtex from China and elsewhere in Asia. Proximity to the suppliers makes it possible to have an ongoing dialogue with them and also facilitates quality control and monitoring of social and environmental aspects. ICA Global Sourcing employs around 100 people.



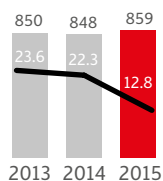
ICA Bank

ICA Bank fills a number of important functions within ICA Gruppen. In addition to providing a growing range of user-friendly banking and insurance services that offer value for money, ICA Bank helps strengthen loyalty to ICA stores while also reducing transaction costs for both the stores and ICA Gruppen. At year-end 2015 ICA Bank had approximately 681,000 bank customers and was responsible for providing services to the ICA customers who use their ICA accounts every month for food purchases.

Net sales, %
(of entire Group)



Net sales (SEK m)
and operating margin, (%)



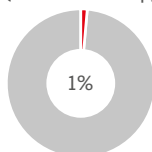
Number of employees

338

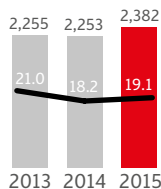
ICA Real Estate

ICA Real Estate is one of the largest commercial real estate companies 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 concept is based on acquiring, developing, managing and in some cases selling properties and marketplaces adjacent to existing or planned ICA stores. ICA Real Estate is also responsible for the Group's rental agreements with external property owners.

Net sales, %
(of entire Group)



Net sales (SEK m)
and operating margin, (%)



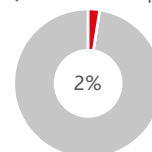
Number of employees

86

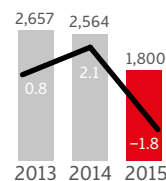
Portfolio Companies

ICA Gruppen owns two additional retail companies: Hemtex and inkClub. With a total of 162 stores in Sweden, Finland and Estonia, Hemtex is the leading home textiles chain in the Nordic region. inkClub sells consumer goods online to customers in 10 European countries.

Net sales, %
(of entire Group)



Net sales (SEK m)
and operating margin, (%)



Number of employees

725

ICA Sweden

Stable sales and earnings growth

For ICA Sweden, 2015 was a year of good sales growth, increased purchasing loyalty from the ICA stores and stable profit development. Meanwhile, competition in the market continued to increase.

Key ratios

	2015	2014	2013
Net sales, SEK m	72,624	69,248	66,428
Operating profit before depreciation and amortisation (EBITDA), SEK m	3,784	3,581	3,413
Operating profit excl. non-recurring items, SEK m	3,366	3,228	3,090
Operating margin excl. non-recurring items, %	4.6	4.7	4.7
Investments, SEK m	780	596	526
Depreciation and amortisation, SEK m	418	358	323
Number of employees	8,242	7,512	7,114
Private label share of store sales, %	23.3	22.2	21.5

Financial performance

Net sales in 2015 increased by 4.9% to SEK 72,624 million (69,248). The sales increase was mainly driven by increased wholesale sales and newly opened stores. Fruit & vegetables, non-perishables and fresh foods continued to drive sales, as did organic and private label products. Operating profit excluding non-recurring items rose 4.3% to SEK 3,366 million (3,228). In addition to increased sales, dividends of SEK 53 million from retailer-owned stores contributed to profits. Higher logistics, IT and structural costs as well as higher costs for newly opened stores had a negative effect. The operating margin was 4.6% (4.7).

The Cura pharmacies, which were previously part of ICA Sweden, have been included in the pharmacy segment since 1 January 2015. Historical comparison figures for ICA Sweden have been adjusted to exclude Cura pharmacies.

Focus areas for the year included increasing sales, further development of the product range, growing the share of private label products, initiating the launch of the online sales platform and implementing comprehensive logistics changes in southwestern Sweden. Results were strong in all of these areas in 2015, which helped maintain the strong market position, strengthened the customer offering and provided a platform to enable more efficient distribution and logistics and increased capacity to handle a broader product range.

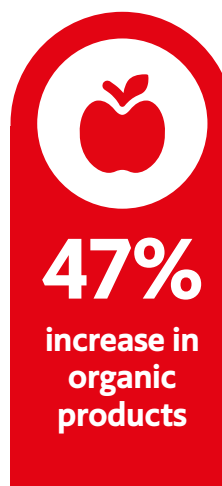
Work on developing the physical store network continued in 2015.

A total of 10 new stores were opened during the year, while 18 were closed.

As an important aspect of efforts to strengthen and broaden the customer offering, ICA Gruppen continued to invest in private label products in 2015. Private label products' percentage of total sales amounted to 23.3%, an increase of 1.1 percentage points compared with the preceding year. A total of around 560 new private label grocery products were launched, many of which were in the fresh foods category. ICA Sweden also launched around 720 new private label products in the Home and Leisure product categories.

A lot of effort has also been put into the launch of ICA Gruppen's online sales offering. The rollout was intensified starting in autumn 2015, and at the year-end approximately 150 stores were connected. At the end of the year, online sales accounted for an average of approximately 1% of these stores' total sales.

The single largest project was the expansion of ICA Sweden's warehouse in Långaberget outside Helsingborg. Once the building was finished, the major transition in the supply chain system and distribution to stores in southern Sweden was started. It has been an extensive process, but has progressed according to plan. However, certain IT issues caused some delivery disruptions during the second half of the year.



Also in 2015 a comprehensive process of replacing product range and sourcing systems was started. Work on this is continuing in 2016.

One of the most obvious trends in the Swedish retail market is a considerable increase in demand for organic, locally produced and healthy food. In 2015 sales of organic products in the main product range increased by 47%. Demand continues to rise for locally produced food as well.

To expand the offering of Swedish products in stores and to contribute to rural Sweden's development and growth, ICA Sweden has been working in cooperation with the Federation of Swedish Farmers (LRF) since 2014. A number of joint projects were conducted in 2015,

including an initiative to draw attention to the situation of Swedish dairy farmers.

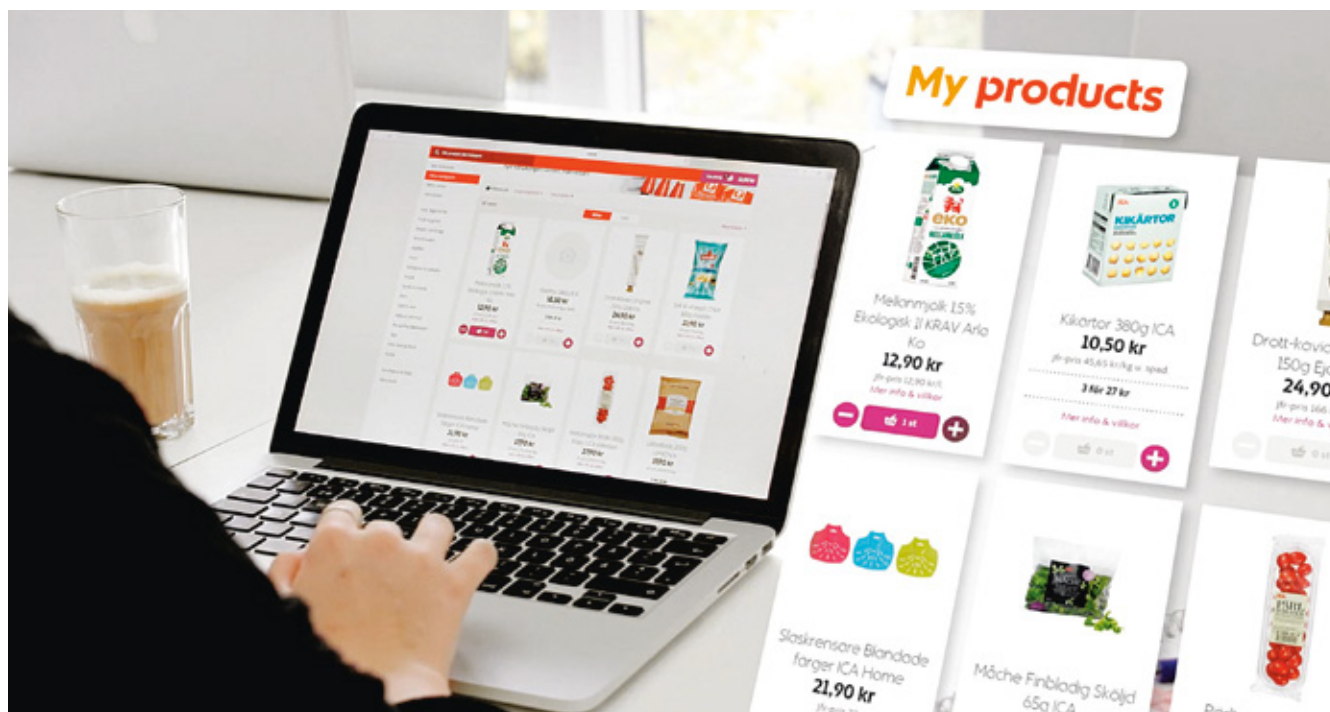
ICA stores' sales

Sales at the Swedish ICA stores increased by 3.8%, with a 3.1% rise for like-for-like units. The sales increase can mainly be attributed to a higher average spend, which was positively affected by higher food price inflation as well as by a larger number of customers.

Growth for the grocery retail market as a whole in Sweden was 4.0%. The slightly weaker sales growth relative to the market is partly explained by a higher level of activity among the competitors, as well as a lower than normal pace of establishment for ICA stores in 2015.

Market development

The grocery retail market in Sweden is a mature market in which 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 discount chains, but also as a result of increased competition from other channels, such as restaurants online sales and pre-packed grocery bags



delivered directly to customers. There has also been a parallel increase in activity among the traditional players.

Future focus

Focus in 2016 will be on ensuring strong sales growth and continued implementation of a number of large projects and initiatives. This will include fine tuning the new logistics system in southern Sweden, continued investment in health, optimisation of the store network, and the continued roll-out of the online sales offering. Here,

emphasis during the year will be shifted from roll-out to supporting the stores in their efforts to market and sell the service. The investment in digital communication will continue, as will work on implementing a new product range and sourcing system.

With respect to the customer offering, the emphasis will be on developing and strengthening the offering in the Health, Organic, Locally Produced Fresh Foods and Value for Money categories within the four marketing concepts "Join in & feel good," "Choose Organic," "From here" and "It's

worth it." The range of private label products will also be developed, and the precision of customer-specific offerings will be further improved through the loyalty programme.

The number of new store launches is expected to increase in 2016, particularly during the second half. In total 15–20 new stores are planned for the next few years according to the current long-term plan.

Sales growth and number of stores including retailer-owned stores

Profile	Store sales (excluding VAT)			Number of stores in Sweden				
	2015, SEK m	Change, all stores %	Change, like-for-like %	Dec. 2014	New	Converted	Closed	Dec. 2015
MAXI ICA Stormarknad	32,935	5.7	3.4	79	2	–	–	81
ICA Kvantum	26,244	4.4	3.4	123	2	–1	–1	123
ICA Supermarket	33,024	2.2	2.5	431	2	–	–2	431
ICA Nära*	16,150	2.4	2.8	681	4	1	–15	671
Total	108,353	3.8	3.1	1,314	10	–	–18	1,306

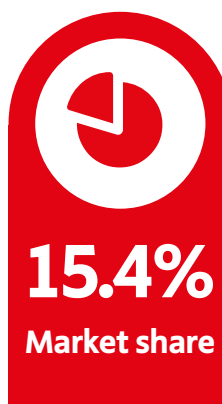
* Includes five previously independent To Go stores in 2014 and four in December 2015.

Rimi Baltic

Expansion and strengthened market position

For Rimi Baltic, 2015 was characterised by growth with a high expansion rate. Profit increased as a result of higher volumes and an improved gross profit. At the same time, costs increased, driven by new stores as well as high salary inflation. The margin remained at the same level as in 2014.

The main strategic priorities for 2015 included further strengthening the Rimi brand and continuing the expansion of the store network – with particular focus on larger cities and Lithuania. Alongside this was a focus on product range development, especially in ready-prepared meals, private label products and non-food products. These efforts were successful and resulted in positive volume and profit growth, a higher market share and a generally improved price perception among customers. Sales rose in all countries and formats, with the exception of discount stores in Estonia, where like-for-like sales fell slightly.



Market development

There was a relatively sharp decline in growth in the grocery retail markets in Estonia, Latvia and Lithuania in 2015. In total the market grew during the year by 2.5% and overall price development was 0.1%. Competition is fierce in all three countries, and as a result of the high rate of expansion and a growing amount of total retail area, the competition intensified further during the year. Price pressure on both regular and campaign prices also continued during the year.

Future focus

Focus in 2016 will be on further developing the Rimi brand and on continued expansion. A total of 12 to 15 new stores are planned, most of which will be in Lithuania. The focus on private label products will continue, as will efforts to improve the customer experience and price perception in general. Major emphasis will also be on further efficiency improvements in sourcing and logistics. To support growth, the central warehouse and head office in Riga are being expanded. Following the expansion, the warehouse will be 94,500 square metres, a net increase of 35,000 square metres. The investment will amount to an estimated EUR 75 million equivalent to around SEK 700 million, and will be carried out between 2016 and 2018.

Key ratios

	2015	2014	2013
Net sales, SEK m	12,632	11,632	10,333
Operating profit before depreciation and amortisation (EBITDA), SEK m	807	722	574
Operating profit excl. non-recurring items, SEK m	415	383	308
Operating margin excl. non-recurring items, %	3.3	3.3	3.0
Investments, SEK m	384	500	225
Depreciation and amortisation, SEK m	290	285	266
Number of employees	9,562	8,995	8,248
Private label share of store sales, %	21.3	19.9	18.2
EUR exchange rate, average	9.3528	9.1093	8.6553

Financial performance

Net sales increased by approximately 9% in 2015, to SEK 12,632 million (11,632) and by just under 6% in local currency. The increase was mainly driven by volumes and newly opened stores. Price inflation was low. Operating profit excluding non-recurring items rose to SEK 415 million (383), or just over 8%. The profit improvement was mainly driven by higher volumes and an improved gross profit, which was partly offset by higher operating costs driven by store openings and high salary inflation. The operating margin was unchanged at 3.3% (3.3).

Sales growth and number of stores

Profile	Store sales (excluding VAT)			Number of stores in the Baltics			
	2015, EUR m	Change, all stores %	Change, like-for-like %	Dec. 2014	New	Closed	Dec. 2015
Estonia	368	1.3	-0.2	84	4	-1	87
Latvia	688	4.5	1.7	112	6	-1	117
Lithuania	288	15.7	0.3	46	6	-	52
Total	1,344	5.8	0.9	242	16	-2	256

Apotek Hjärtat

Strengthened market position and focus on integration

ICA Gruppen's acquisition of Apotek Hjärtat was completed at the beginning of 2015. A main priority has subsequently been integration in terms of organisation, brands, financial and HR systems, and supply chain. Alongside this there has been a focus on enhancing the customer offering and store network.

Key ratios

	2015	2014*	2013*
Net sales, SEK m	12,290	2,092	1,671
Of which:			
Prescription drugs	9,193	1,260	–
OTC drugs	1,345	471	–
Other products and services	1,752	361	–
Operating profit before depreciation and amortisation (EBITDA), SEK m	354	58	1
Operating profit excl. non-recurring items, SEK m	209	21	–32
Operating margin excl. non-recurring items, %	1.7	1.0	–1.9
Investments, SEK m	95	30	44
Depreciation and amortisation, SEK m	155	37	33
Number of employees	3,113	701	503
Private label share of Other products sales, %	14.2	6.9	–

Financial performance

Apotek Hjärtat's net sales in 2015 amounted to SEK 12,290 million (2,092). The average purchase per self-care customer (OTC and retail items) continued to increase during the year, which resulted in a positive mix shift to a higher percentage of retail items sold. This, in combination with the sustained increase in the percentage of private label products, resulted in positive gross profit development. Operating profit excluding non-recurring items amounted to SEK 209 million (21). Profit includes acquisition and integration costs of SEK 208 million. All integration costs were charged to 2015.

* 2013 and 2014 figures refer to Cura pharmacies

An important aspect of the integration process was the rebranding of the Cura pharmacies – which previously constituted ICA Gruppen's pharmacy business – in accordance with the new brand strategy. Parallel with this, Apotek Hjärtat worked extensively to develop the customer offering, expand and optimise the store network, and further develop digital channels and services.

The customer offering is divided into three product categories: Prescription drugs, OTC drugs, and Other products and services. Apotek Hjärtat increased its share of the total market during the year. The drivers included a high pace of establishment for new pharmacies. Among the various product categories, growth was the strongest in Other products and services.

Considerable effort was also put into designing the next generation store concept, which has been developed to meet the ever-growing health trend and increased demand for a broader offering. In the newly opened Mall of Scandinavia in Solna a pharmacy designed according to the new concept was opened. The store features all of Apotek Hjärtat's offerings and concepts. New ideas will be tested at this store to set the course for future pharmacies in line with the trend towards combining a traditional pharmacy with convenient clinic services and a broad offering of healthy food and wellbeing products.

In total, 17 new pharmacies were opened during the year, one was closed, and at the end of 2015, the total number of pharmacies was 390.

During the year the care and nursing business – previously a business area within Apotek Hjärtat – was divested. The purchase price was SEK 62 million on a debt-free basis. The divestment had only a marginal effect on Apotek Hjärtat's operating profit.

Market development

At year-end 2015 the number of pharmacies in Sweden exceeded 1,300. Following the 2009 regulatory reform, the number of pharmacies have grown by more than 40%, and opening hours have increased from 42 to 55 hours on average per pharmacy and week. The pace of new pharmacy openings has slowed over the past three years, and in 2015 the net increase in the number of pharmacies was 16. Sales in the outpatient pharmacy segment in 2014 amounted to SEK 35.7 billion. Around 75% of sales were prescription drugs, just under 11% were OTC drugs, and just over 14% were retail items and services. Both the purchasing and retail prices of prescription drugs are set according to a price model and regulations established by the government through the Dental and Pharmaceutical Benefits Agency (TLV).

Future focus

Focus in 2016 will be on continuing the integration process and taking advantage of the synergies and economies of scale that have been identified. Apotek Hjärtat's customer club is being merged and integrated with ICA Gruppen's loyalty programme. The number of pharmacies will continue to increase, albeit at a slightly slower pace than in 2015. Likewise, development of the digital channels will continue to offer more services and better content.

During the year, focus will also be on a broad roll-out of the customer order and delivery service. This will make Apotek Hjärtat the first in the market to offer free home delivery of medicines not in stock at the pharmacies. This option provides a competitive advantage and is expected to increase accessibility and sales. Development of the private label range will continue, partly in cooperation with ICA Sweden. Preparations are also under way to expand the healthcare services offered, such as blood pressure testing, vaccinations and mole checks.

Number of pharmacies

	Dec. 2014	Acquired	New	Closed	Dec. 2015
Apotek Hjärtat	67	307	17	–1	390

ICA Bank

Intensified customer relationships and broader offering

For ICA Bank, 2015 was characterised by continued digitalisation, a broadening of the customer offering and the launch of the Group's own insurance business. Meanwhile, the low interest rates put continued pressure on net interest income.

Key ratios

	2015	2014	2013
Revenues, SEK m	859	848	850
Of which net interest income, SEK m	395	418	423
Operating profit before depreciation and amortisation (EBITDA), SEK m	406	219	238
Operating profit excl. non-recurring items, SEK m	110	189	201
Cost/income ratio, %	84.0	78.9	76.9
Return on equity, %	19.3	10.5	11.9
Credit loss ratio	1.9	0.1	0.1
Common equity Tier 1 ratio, %	18.0	16.3	15.6
Business volume, SEK m	28,859	26,353	24,772
Number of employees	338	322	312

Financial Performance

ICA Bank's revenues amounted to SEK 859 million (848) in 2015, and operating profit excluding non-recurring items of SEK 110 million (189). Net interest income fell, but higher net commissions, mainly driven by home mortgages, prepaid cards and other card revenue, resulted in higher total revenues than the previous year. Profit includes accumulated start-up costs for the insurance company of SEK 56 million. The comparison with the previous year is also affected by the reversal of credit loss reserves, which in 2014 had a positive impact on profits of SEK 31 million.

ICA Bank continued to grow in terms of customers and business volume in 2015. The number of bank customers at year-end amounted to 681,000, an increase of 3.9% compared to the previous year.

The main strategic priorities for the year included a continued broadening of the customer offering combined with measures to deepen relationships with the existing customers. Great effort was put into continued development of services, such as the various digital customer channels – towards the overall goal of making every day a little easier for customers. Examples during the year included the launch of several services to simplify payment in stores, including contactless payments for customers with an ICA bank card, mobile payment, digital bonus cheques and an easier identification process at checkout. The services facilitate payment processes for the individual customer, help speed up flows in general and strengthen customer loyalty to ICA stores. ICA Bank was the first to upgrade all its terminals and replace all of its bank cards, which can now be used for contactless payment. Simplified card payment through mobile channels – Masterpass – was also introduced.

Demand for ICA Bank's prepaid card solutions for municipalities and authorities has increased, and additional contracts with new customers were signed during the year.

In December ICA Bank signed an agreement to sell the bank's past-due loan receivables. The transaction had a positive earnings effect for the bank of SEK 185 million. The agreement also entails that ICA Bank's past-due loan receivables will be taken over by the party to the agreement on an ongoing basis.

ICA Insurance

One of the most important events in 2015 was the establishment of ICA Insurance. ICA Bank has in the past offered property & casualty insurance to private individuals through external partners, but at the beginning of 2015 the Swedish Financial Supervisory Authority granted a licence to the Group to operate its own insurance business. Starting in autumn 2015, the offering includes household, home and car insurance. Claims adjustment and settlement will also be conducted



under own management. Operations are conducted by the subsidiary ICA Försäkring AB, which has its own management and board of directors. The insurance business fills several important functions: it strengthens and broadens ICA Bank's customer offering and also helps improve customer loyalty to the grocery retail operations. Customers with ICA loyalty cards receive bonus points on their insurance premiums as well.

Market development

While the Swedish banking market continues to be dominated by a few large full-service banks, new players and new services – relating to new customer needs, changed consumption patterns and digital solutions

– have prompted banking customers to look to additional suppliers for their financial needs.

Low interest rates in 2015 put heavy pressure on net interest income for many banks. Towards the end of the year the Central Bank of Sweden announced that the negative repo rate is expected to continue into the first part of 2017. As a result, many banks will need to review their business and revenue models.

Future focus

ICA Bank's overall goal going forward is to strengthen its position as a full-service bank. This will mainly happen through intensified relationships with existing customers, in an effort to increase the number of services per customer. The development of new, innovative, primarily digital, services that help simplify people's lives and their personal finances will continue. Strong emphasis will also be put on continued expansion of the insurance business. In 2016, additional products will be launched, and distribution will be broadened by adding more channels. In 2016 ICA Bank Corporate (ICA Banken Företag) – a specialised business bank service for ICA-related operations – will be launched. ICA Bank Corporate will offer financial services such as payment solutions, company bank cards, liquidity management and financing for various purposes. It will also offer industry-specific financial consulting.

ICA Real Estate

Focus on locations where people live and work

2015 was an eventful year for ICA Real Estate. Major projects in 2015 included the formation of a new, jointly owned company, the start of several large retail and residential projects in Sweden, and the sale of properties in Norway. Work also continued to ensure that the properties are managed in a customer-focused and sustainable way that adds value in support of ICA Gruppen and local ICA retailers.

Key ratios

	2015	2014	2013
Net sales, SEK m	2,382	2,253	2,255
Of which rental income from owned properties, SEK m	1,187	1,147	1,124
Operating profit before depreciation and amortisation (EBITDA), SEK m	1,145	973	972
Operating profit excl. non-recurring items, SEK m	456	409	473
Operating margin excl. non-recurring items, %	19.1	18.2	21.0
Investments, SEK m	924	1,055	1,706
Divestments, SEK m	1,178	1,037	611
Depreciation, SEK m	524	515	420
Direct yield, %	7.4	6.9	7.0
Occupancy rate, %	98.3	98.3	96.7
No. of owned properties	175	187	202
Sq. m. owned, 000s	768	781	814
Number of employees	86	77	75

Financial performance

Net sales increased during the year to SEK 2,382 million (2,253), of which revenue from ICA-owned properties was SEK 1,187 million (1,147). Operating profit excluding non-recurring items increased by SEK 47 million. Higher revenue from Långeberga and new stores as well as improved profit from other joint ventures were offset by slightly higher costs, including higher depreciation.

The overall goal for ICA Real Estate is to meet ICA Gruppen's long-term need for appropriate properties in the right locations, with particular focus on locations close to Sweden's large cities. This means that a greater emphasis will be placed on developing areas in which ICA Real Estate will take a greater community responsibility. In cooperation with municipal authorities and other players, ICA Real Estate can develop detailed plans and build attractive places for people to live and work.

In 2015 ICA Real Estate won two important land allocation competitions, one of the projects in co-ownership with Biltema, for a total of 65,000 square metres. The projects cover grocery retail, other retail, residential properties, offices, restaurants and community services. In 2015 the agreement with the City of Stockholm relating to Årstafältet was extended and expanded. In cooperation with Veidekke Bostad, ICA Real Estate will obtain building rights for around 200 flats.

ICA Real Estate's strategy includes establishing jointly owned companies to execute divestments while maintaining an influence over the marketplace. During the year ICA Real Estate and Första AP-fonden formed a new jointly owned real estate company, Secore Fastigheter. ICA Real Estate already owns two companies – Ancore Fastigheter and Långeberga Logistik – with the pensions company Alecta.

In 2015 ICA Real Estate began the sale of the Norwegian property portfolio. In the autumn ICA Eiendom sold six selected properties for a value of SEK 127 million. The sale of the core portfolio is planned to start in spring 2016.

Market development

2015 was characterised by record-low interest rates, a large inflow of national and international capital and reduced yield requirements. The favourable market conditions were reflected in high transaction volumes and steadily falling yield requirements in the Swedish and European markets.

Swedish real estate prices rose in general. Lower risk properties in the big cities are the most liquid assets. This segment includes residential properties, offices in the best locations and commercial property with strong and solid tenants. In commercial property, grocery retailers are attractive tenants, with ICA retailers representing the most attractive tenants in this category.

Future focus

Focus in 2016 will be on divesting the properties in Norway and supporting ICA's core business in Sweden by enhancing and developing properties with a focus on creating new places for people to live and work.

Other key ratios

	Consolidated operations		JV according to the equity method*
	Sweden	Norway	
Book value of owned properties, SEK bn	10.9	1.9	5.9
Estimated market value, SEK bn	12.3	2.4	6.7
No. of properties owned	105	70	43
Square metres owned, thousands	607	161	289
Occupancy rate, %	98.1	99.1	99.8
Share of rents from non-ICA operations, %	12.1	100	
Investments, SEK m	854	70	
Divestments, SEK m	1,051	127	

*Refers to 100% of the capitalisation, number, etc. ICA Gruppen's shareholding is 50%.

Portfolio Companies

Cash offer for all shares in Hemtex

In line with ICA Gruppen's non-food strategy, the kitchen and home goods chain Cervera was divested in 2015. The segment now consists of two wholly owned companies, Hemtex and inkClub.

As part of ICA Gruppen's non-food strategy, a number of portfolio companies have been divested over the past two years, and in 2015 the kitchen and home goods chain Cervera was sold. The sale had a positive cash flow effect for ICA Gruppen of SEK 135 million and resulted in a capital loss of SEK 8 million after deducting transaction costs.

In August, ICA Gruppen made a cash offer to the shareholders of Hemtex. At year-end ICA Gruppen owned 99% of all shares in Hemtex and a compulsory redemption process is under way. Total consideration for the acquired shares amounted to SEK 219 million.

The focus going forward will be entirely on further transforming and developing both of the wholly owned holdings, Hemtex and inkClub.

Also inkClub has gone through some extensive changes. Main priorities included increasing sales and improving profitability. The offering has been expanded in recent years, the online sales platform has been enhanced, the brand strategy has been reviewed, and the business segment initiative has been expanded. Efforts continued in 2015 and involved measures to improve efficiency in both revenue and costs. An extensive cost-cutting programme was implemented in 2015, and the decision was taken to exit four geographical markets. Meanwhile, the pace of development increased, and campaign management was improved. Altogether this resulted in higher gross margins, lower costs and improved earnings.

Future focus

Focus in 2016 will be on continuing efforts to improve profitability and reverse the negative earnings trend for Hemtex. To support these efforts and make a turnaround possible, a number of measures have been taken. A new CEO has been installed and a broad programme of measures has been initiated to penetrate the entire business: sourcing, customer offering, organisational structure and internal processes. Selective cost-cutting measures will also be implemented.

Key ratios

	2015	2014	2013
Net sales, SEK m	1,800	2,564	2,657
Operating profit before depreciation and amortisation (EBITDA), SEK m	-2	537	-14
Operating profit excl. non-recurring items, SEK m	-32	53	21
Operating margin excl. non-recurring items, %	-1.8	2.1	0.8
Investments, SEK m	33	49	69
Depreciation and amortisation, SEK m	41	41	47
Number of employees	725	1,025	1,126

Financial performance

Net sales in 2015 amounted to SEK 1,800 million (2,564). Like-for-like sales increased by 5%, while operating profit fell from SEK 31 million to a loss of SEK -5 million. Hemtex's sales amounted to SEK 1,108 million (1,046), and operating profit was SEK -23 million (20). inkClub's sales were SEK 500 million (485), and operating profit rose from SEK 10.7 million to SEK 17.5 million.

Developments during the year

Like-for-like net sales increased for Hemtex during the year to SEK 1,108 million (1,046). However, the gross margin was squeezed by campaign prices which, combined with higher costs, resulted in a significantly lower profit than the previous year. Operating profit for the year amounted to SEK -23 million (20).

In recent years Hemtex has undergone extensive changes with the overall goal of improving profitability. Emphasis has been placed on improving efficiency and strengthening the customer offering. Efficiency improvements have been made in distribution, online sales have been launched in Sweden and Finland, and cooperation with ICA Sweden has been intensified, including in the form of the joint customer offering, ICA Home by Hemtex.

Sales growth and number of stores

Profil	Store sales (excluding VAT)			Number of stores including franchise stores			
	2015, SEK m	Change, all stores %	Change, like-for-like %	Dec. 2014	New	Closed	Dec. 2015
Hemtex	1,074	5.3	4.5	157	8	-3	162



Structured sustainability work

Focus areas	Activities
 <p>Environment</p> <p>Environmental issues are integrated into day-to-day work in stores, logistics, sourcing and offices, partly through tools and certification schemes. Major focus is on improved energy efficiency and on minimising waste throughout the chain.</p>	<ul style="list-style-type: none"> • Environmental certification of sourcing, logistics and real estate operations as well as of individual stores • Energy efficiency in stores and pharmacies • Environmental certification of buildings • Reduce waste throughout the chain, and effective recycling • Wide range of organic and eco-labelled products • Environmental support for stores • More efficient transport of goods • Environmental requirements for suppliers • Return of medicines to pharmacies
 <p>Quality</p> <p>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.</p>	<ul style="list-style-type: none"> • Quality certification of sourcing and logistics operations and of individual stores • Regular supplier audits and visits to farms • Review of product contents and labelling • Product testing • Routines for self-checks in stores • Self-inspections and internal inspections at pharmacies
 <p>Ethical trade</p> <p>ICA Gruppen sells products from around the world and needs to know where the products come from and under what conditions they were produced. ICA Gruppen does not accept discrimination, child labour, forced labour, infringement of the right to organise and collectively bargain, young workers being exposed to hazardous work or other failures to comply with human rights.</p>	<ul style="list-style-type: none"> • Policy and guidelines for good business ethics • Anti-corruption tools and processes • Monitoring of acceptable production conditions through social audits • Wide range of ethically labelled products • Membership in the Business Social Compliance Initiative (BSCI), the Bangladesh Accord, Swedish Leadership for Sustainable Development, among other organisations
 <p>Health</p> <p>Helping customers to feel good and inspiring them to have a healthy lifestyle are an important role played by ICA Gruppen. 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 is always based on official nutritional recommendations and dietary guidelines.</p>	<ul style="list-style-type: none"> • Inspire customers to maintain a healthy lifestyle through information and by guidance • Wide range of healthy and allergy-friendly products • Initiatives to encourage children to maintain a healthy diet, to exercise and feel good • Training store employees in health issues • Nutritionists, dietary advice and health services in stores, e.g., blood pressure measurement and vaccinations at Apotek Hjärtat • Generous opening hours at Apotek Hjärtat to improve accessibility • Work to improve the way medicines are used
 <p>Community engagement</p> <p>ICA Gruppen aspires 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 focus on public health, the environment, humanitarian efforts and diversity.</p>	<ul style="list-style-type: none"> • Sponsorships focusing on food, health and equality • Food for the needy, e.g., via the Salvation Army and Food Bank • Charity project aimed at children in the Baltic region • Locally produced food initiatives • Long-term partnerships with organisations such as the World Childhood Foundation, the Swedish Cancer Society and the Red Cross in Sweden • Support the Gundua Foundation (health clinic in Kenya) through Apotek Hjärtat • Work in cooperation with patient organisations on improving the way medicines are used

ICA Gruppen aspires to be a sustainable company with solid finances, a commitment to the environment and strong community engagement. Sustainability work is integrated into all of the Group's operations and is an important strategic priority. This builds trust in the community and contributes to long-term profitability. The Group's strategy is to excel in corporate responsibility.



ICA Gruppen aims to lead the way on key issues in the areas of the environment, quality, health, ethical trade and community engagement, and the Group's sustainability work is structured based on these five focus areas.

Target	Read more
<ul style="list-style-type: none"> • ICA Gruppen's operations will be climate-neutral by 2020 	Page 15
<ul style="list-style-type: none"> • ICA Sweden: Increase the share of sales of the organic range. Target for 2015: +1% 	Page 44
<ul style="list-style-type: none"> • ICA Sweden: All palm oil used in ICA Sweden's private label food products will be RSPO-certified by 2015 at the latest 	Page 45
<ul style="list-style-type: none"> • ICA Sweden: All soy used in and for ICA Sweden's private label food products will be responsibly produced by 2015 at the latest 	Page 45
<ul style="list-style-type: none"> • ICA Real Estate: New stores will be classified at least Silver by the Sweden Green Building Council 	Page 122
<ul style="list-style-type: none"> • Apotek Hjärtat: Collection and destruction of 300 tonnes of discarded drugs from the public through pharmacies 	Page 45
<ul style="list-style-type: none"> • 80% of ICA Gruppen's corporate brand suppliers will be quality-certified 	Page 15
<ul style="list-style-type: none"> • ICA Sweden & Rimi Baltic: sourcing operations will be quality-certified, as will the logistics operations in Sweden 	Page 122
<ul style="list-style-type: none"> • ICA Sweden: 95% of ICA stores will be internally audited every year 	Page 122
<ul style="list-style-type: none"> • ICA Sweden: 400 ICA stores will be certified to the Swedish standard for food handling in stores 	Page 48
<ul style="list-style-type: none"> • Apotek Hjärtat: At least 100 pharmacies will be internally inspected by quality specialists 	Page 122
<ul style="list-style-type: none"> • 100% of ICA Gruppen's corporate brand suppliers in high-risk countries will be socially audited 	Page 15
<ul style="list-style-type: none"> • ICA Sweden: ICA makes it easy for me to make healthy choices. Target for 2015: 37% of respondents in online interviews will associate the statement with ICA. 	Page 128
<ul style="list-style-type: none"> • Apotek Hjärtat: Use of the pharmacies' electronic expert system (EES) at 35,000 customer meetings to identify and address problems in the way medicines are used. Outcome 2015: EES was used in over 50,700 customer meetings 	
<ul style="list-style-type: none"> • ICA Sweden: ICA is committed to sustainable development. Target for 2015: 25% of respondents in online interviews will associate the statement with ICA. 	Page 128
<ul style="list-style-type: none"> • ICA Sweden: ICA is good at Swedish primary products. Target for 2015: 46% of respondents in online interviews will associate the statement with ICA. 	Page 51
<ul style="list-style-type: none"> • Apotek Hjärtat: Finance the drilling of a well in Ex-Lewa, Kenya, through Apotek Hjärtat's customer loyalty programme 	Page 52

The basis of ICA Gruppen's sustainability work

ICA Gruppen has signed the UN Global Compact and has committed to its 10 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 a foundation for the Group's sustainability work. Governing bodies and employees are trained in

ICA's Good Business, both through online courses and special initiatives. Policies and guidelines are linked to these position statements and explain how each is to be put into practice.

In 2015 ICA Gruppen's sustainability policy and guidelines were updated, partly so that they can also be applied to the operations of Apotek Hjärtat and ICA Real Estate. The policies and guidelines for business ethics and sponsorship

were also updated. ICA Gruppen has also begun analysing the UN Sustainable Development Goals that were adopted in autumn 2015, in order to survey how the Group can best contribute to achieving these goals.

Read more about how ICA Gruppen's sustainability work is managed on pages 60 and 122.



ICA Gruppen's operations will be climate-neutral by 2020

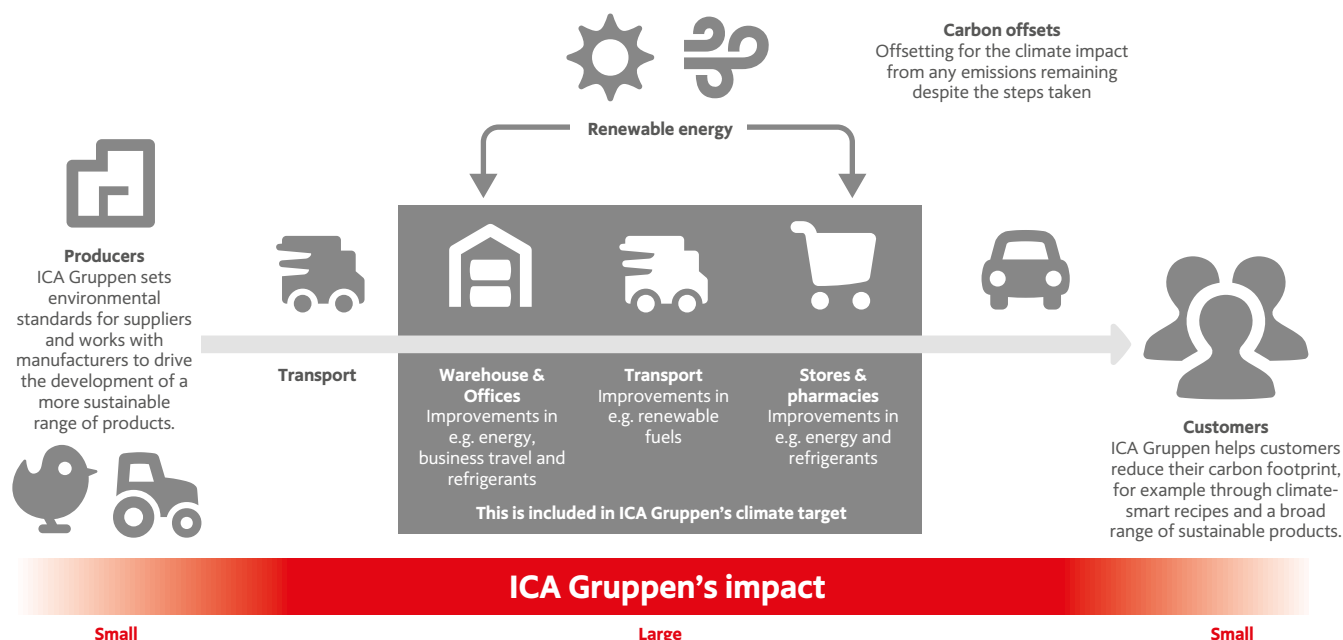
Sustainability and climate are a strategic priority for ICA Gruppen, and during the year a new climate target was set. The target is for ICA Gruppen to become climate-neutral by 2020. This includes the climate impact of operations in stores, pharmacies, warehouses and offices from, for example, refrigerants, electricity, goods transports and business

travel, both in the Swedish and Baltic operations. The reduction will be measured based on a scientific method developed by the UN and WWF, among others.

This target will be reached by reducing climate-impacting emissions and improving resource efficiency, but also by offsetting the climate impact

of ICA Gruppen's operations that cannot be completely eliminated by 2020.

In addition to the climate target for its own operations, ICA Gruppen will continue to develop the way it works to reduce the climate impact of both its suppliers and its customers.



Key issues

Each year ICA Gruppen performs a materiality analysis in order to survey the specific sustainability issues that are most relevant to the Group. The materiality analysis is based on the continuous dialogues that take place with ICA Gruppen's stakeholders, along with internal analyses of the business and the world in which it operates. This analysis serves as a foundation for ICA Gruppen's sustainability work during the year.

ICA Gruppen uses a so-called 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.

The analysis performed for the 2015 financial year showed that the most material issues were unchanged from the previous year. The following sections describe these issues, along with some of the work done during the year in each area.



Key issues

Support customers in making sustainable choices

ICA Gruppen's strategic priorities for 2015 included intensifying efforts to help its customers make healthy and sustainable choices.

For many years ICA Gruppen has worked purposefully to encourage customers to adopt a lifestyle that benefits not only their own health and the environment, but also society in general. A number of activities were carried out during the year to achieve this.

Both Sweden and the Baltic countries are currently experiencing a health boom, with more and more people trying to live more healthily. During the year ICA Sweden introduced its communication concept "Var med och må bra" (Join In and Feel Good), focusing on both healthy food and a healthy lifestyle, and a number of health-themed campaigns were conducted. In Estonia, Rimi has also carried out a number of activities aimed at increasing awareness of the importance of exercise and healthy eating. These included videos, special offers on fruit and a new initiative on Rimi's web-based health portal.

During the year Apotek Hjärtat began the project "Välj med Hjärtat" (Choose with your Heart), which aims to help customers make sustainable choices of both medicines and other products. The project has elements such as specifying requirements when sourcing, special displays and marketing, as well as developing private label products.

Launch of new health portal and app

During the year a new health portal was launched in Sweden aimed at all customers with ICA loyalty cards. The portal is reached via ica.se and allows card customers to benefit from a host of discounted health services.

The "ICA hälsorabatt" (ICA Health Discount) app was also launched in conjunction with the portal. This phone app records daily exercise – and the more customers move about, the greater the discount they get on selected products from the ICA Gott liv (Good Life) range and ICA's range of fruit and vegetables. During the year the app was downloaded more than 175,000 times, which substantially exceeded expectations. In 2015 the app contributed to a 24% increase in sales of ICA Gott liv products compared with the same period a year ago.

Development of organic product range

Sales of organic products continue to increase. In 2015 sales of organic items in ICA Sweden's main product range grew by 47% (55) compared with the preceding year, excluding ICA stores' local sourcing. The organic range as a share of total sales during the year was 5% (4). During the year, ICA Sweden's main product range included more

than 1,650 (1,500) organic products. ICA Gruppen's own organic brand, ICA I love eco, is available in all of the Group's markets. In 2015 sales of the ICA I love eco range in Sweden increased by 72% (79). In all, the product range included over 500 (320) ICA I love eco products.

As a result of increased demand, ICA Sweden's organic product range has been developed further. Among other items, many new organic dairy products were launched, along with new products in the ICA I love eco range.

Major focus on health food

During the year ICA Sweden began a relaunch of the ICA Gott liv brand – a range for everyone who wants to be inspired to live more healthily. The products have a low salt and sugar content, less fat and more fibre, and are based on the Nordic Nutrition Recommendations. Most of the products are also Keyhole-labelled. Existing ICA Gott liv products will be launched in a new design on an ongoing basis, and a number of new products were also introduced during the year. In total there are around 150 ICA Gott liv products, more than half of which were added in 2015.

Also in 2015 ICA Sweden took part in preparations for a joint innovation project with other players in the industry aimed at developing methods and technologies that allow the salt content of foods to be reduced without compromising on quality and taste. It is hoped that the project will pave the way for a new wave of salt reductions in the food industry. The product categories that will be analysed include processed meats, bread, ready meals and cheese. The plan is to launch the project in 2016. Also during the year, ICA Sweden reduced the salt content in two categories of private label products in the processed meats category – the big sellers falukorv (a smoked and boiled sausage) and meatballs, following an industry agreement within the Swedish Grocery Trade Federation. The salt content is now within the threshold limits of the Keyhole.



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. Since the start in 2001 almost 900,000 year 2 and year 5 students have taken part in "Buddy with your Body". Around 900 school classes registered for the activity in 2015. 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 113,000 people took part in the races during this period. Sponsorship of Landslagets Fotbollsskola is also about health – in this case, teaching children to eat the right food. 51,500 children are estimated to have taken part in this football school in 2015.

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. 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 also support children's and youth athletics through local sponsorships.

Responsible use of ingredients

Palm oil is one of the most common fats used in the food industry, but its production can be associated with environmental problems. To ensure that palm oil plantations pay attention to environmental, social and financial considerations and to preserve the rain forests, ICA Sweden set a target a few years ago that all palm oil used in private label food products was to be RSPO (Roundtable on Sustainable Palm Oil) certified by

2015. During the year, work continued with good results. Only a very limited number of private label food products are covered by so-called Green-Palm certificates ("book and claim"), while most contain RSPO certified palm oil from segregated supply chain or according to mass balance supply chain.

ICA Gruppen is also committed to the soy issue because, among other concerns, soy farming can have significant and lasting impacts on tropical forests and savannas. ICA Sweden has joined several other Swedish companies in signing the Swedish Soy Dialogue, a call for responsibly farmed soy. This commitment means that ICA Sweden will take responsibility for the soy used in ICA's own products in soy products as well as in meat and dairy products (which contain more than 80% animal origin) from animals raised on soy. Soy used in and for these products must be certified or covered by certificates for the corresponding volume by 2015, which was reached during the year. This is ensured by set requirements for the suppliers, including confirmation of compliance. In case the supplier cannot ensure that the soy is certified or covered by certificates, ICA buys RTRS certificates based on forecasted annual sale of the respective product.

More medicines returned to pharmacies

Every year Swedish households throw away 250 tonnes of medicines in their household waste*. Apotek Hjärtat's target was to collect 300 tonnes of unused medicines through their pharmacies in 2015, which was reached. At the end of the year, 330 tonnes of medicines were collected from the public. 78,000 people visited a website that gives information on the risks posed when medicines get into the environment.

* Source: Swedish Medical Products Agency, 27 Sept. 2012



Key issues

Climate impact from consumer behaviour

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

Food accounts for nearly a quarter of people's impact on the climate, and today we already consume more than the earth's finite resources can cope with. By virtue of its size, ICA has both a responsibility and an opportunity to help customers reduce their own environmental impact, such as by highlighting more sustainable options.

Initiative for a sustainable food chain

During the year the Sustainable Food Chain initiative was launched, which aims to bring about more sustainable food production and consumption focusing on the Swedish food chain. The organisations behind the initiative are WWF and a number of major players in the food sector, including ICA Sweden. Through concrete activities that produce measurable results, the participants hope to inspire and encourage others to adopt more sustainable food production and consumption practices.

Activities to reduce food waste

Every year large quantities of food are thrown away in Sweden. To help reduce food waste, ICA Gruppen is taking steps to minimise waste and achieve a high level of recycling in warehouses and stores. As part of this, ICA Gruppen is working in partnership with several charitable organisations, including the Salvation Army in Sweden and the Food Bank in Estonia and Lithuania. The organisations are given food from ICA Gruppen's warehouses that cannot be sold in stores, either because they are shortdated or because of damaged packaging, even though the food is fully edible. The products meet the same basic food safety requirements as ICA Gruppen's other products.

Pilot project for climate-smart choices

In 2015 the "Klimaträtt" (Climate-right) pilot project was implemented by ICA Sweden, ICA Bank, ICA Supermarket Torgkassen and the Uppsalahem housing association in partnership with Chalmers University of Technology and WWF, among others. It centred on a newly developed app that registers

key areas such as housing, food, transport and other consumption. The app gave those taking part in the project realtime clear feedback on how their lifestyles were affecting the climate. The idea behind the project is to put the participants in a position to reduce their own climate impact in their day-to-day lives through simple measures. Participants were to reduce their carbon emissions by an average of 40% over a six-month period.

The results showed that the changes made by the participants had a positive impact on their climate footprint. In the areas that were able to be fully analysed, the footprint was reduced by an average of 31%. However, there is reason to believe that the actual reduction is greater because the participants reported that they had also made significant changes in areas that were not measured by the project. The project additionally showed that where people have some interest in the environment, they can be motivated to make active changes to reduce their climate footprint. ICA Sweden will now use the experience gained in the project to guide customers in various ways towards climate-smart choices.

During the year a recipe site called Mat för klimatet (Food for the Climate) was developed on ica.se to provide recipes and smart tips for how consumers can reduce their climate impact. ICA Sweden has created a method of calculating the climate impact of the recipes produced. The aim is to launch climate guidance for the majority of the existing recipes as well as all new recipes on ica.se during the first half of 2016.



Climate impact from operations

ICA Gruppen is ambitious in its environmental work and is aiming for the business to be climate-neutral by 2020. Environmental issues are integrated into day-to-day work in stores, logistics and offices, including environmental certification of sourcing, real estate and logistics operations. Above all, focus is on improving energy efficiency, optimising the transport of goods and minimising waste throughout the chain.

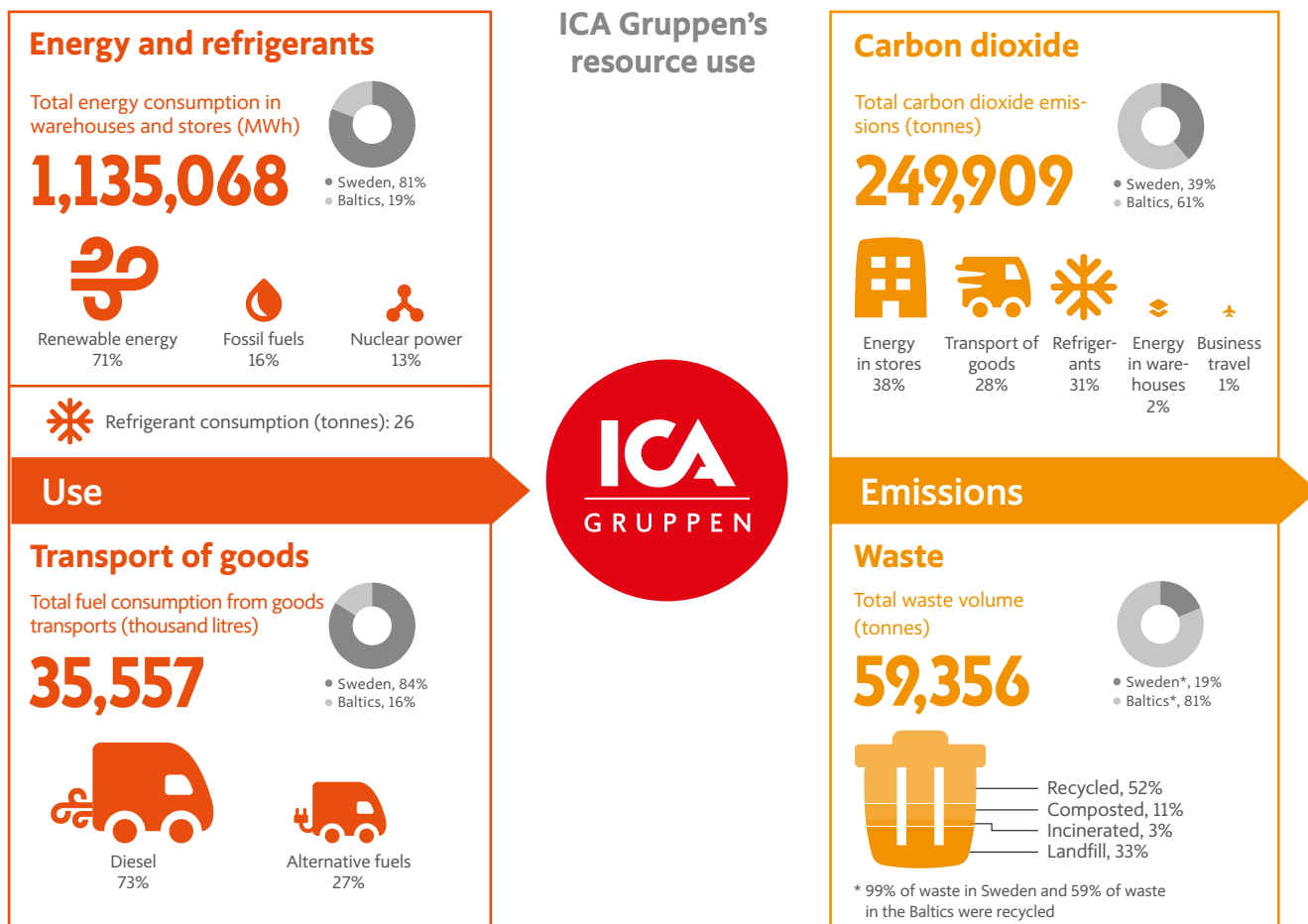
Since 2006 ICA Gruppen's direct emissions of greenhouse gases have decreased by 16% (31). The decrease was largely thanks to long-term work on a number of measures in the areas of energy, refrigerants, transports and business travel.

In 2015, however, the greenhouse gas emissions increased significantly compared to 2014. This is

due to equipment failure at three units in the Baltic operations. The units have been addressed and refurbished during the year. The equipment failure caused great leakage of refrigerants with a high global warming potential which led to greatly increased climate impact of Rimi Baltic's operations. Emissions from ICA's Swedish operations decreased by 2% during the year compared to 2014, mainly due to increased energy efficiency and an increased share of ICA stores using renewable electricity. ICA Gruppen's new target to be climate neutral by 2020 puts high demands on equipment maintenance, operations, contracts and knowledge to improve resource efficiency and drastically reduce the climate impact of ICA Gruppen's own operations.

A third of ICA Gruppen's total direct climate impact comes from warehouse operations and goods transports, and the Group is always working to make improvements and increase efficiency in these areas. One major initiative is a gradual shift to renewable energy and alternative fuels. Just over a quarter of ICA Gruppen's total fuel consumption now comprises alternative fuels. In 2015 ICA Sweden joined the Fossil Free Sweden initiative, which gives Swedish actors a means to show how they are contributing to climate work.

This figure below illustrates ICA Gruppen's energy and material overview, i.e., the resources consumed by operations and what is left behind.



Key issues

Quality in stores

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

In total, some 950 (1,000) ICA stores have adopted the standard, of which 351 (333) have been audited and certified by an external inspection body. The number of certified stores has been stable in recent years. Within ICA Sweden, discussions have been going on concerning how this number can increase, which has resulted in a decision by ICA Sweden to subsidise half the certification cost for all stores once during the period January 2016 to June 2017. In 2015 ICA Sweden aimed to certify all stores with the Kvantum format and certification was completed for 116 Kvantum stores. In addition, all stores with the Maxi ICA Stormarknad format are already certified.

During the year Rimi Baltic implemented its own standard for food handling in stores, which is based on the Swedish standard and covers all of the store formats in Estonia, Latvia and Lithuania.

New rules on food information

In December 2014 large parts of EU Regulation 1169/2011 on the provision of food information to consumers took effect. Both ICA Sweden and Rimi Baltic have worked to ensure adherence to the new regulation.

At the end of March, Sweden's National Food Agency published guidelines based on the new

rules. To ensure compliance and also make things easier for individual retailers, ICA Sweden subsequently produced and distributed a short version of the guidelines including a separate folder summarising the main rules and providing concrete examples of how various products are to be labelled.

Joint database for food inspections

Every year ICA Sweden carries out some 1,300 internal audits in ICA stores. The results are then compiled in a database to allow analysis and follow-

up. ICA Sweden has been working for a long time to bring about the introduction of a joint national database, and during the year held talks with the National Food Agency to achieve this.

The potential advantages of a national database include being able to ensure that inspections have actually taken place and the chance to gain an overview of the current status among the country's food retailers. The data collected could also be used to create consensus on a uniform approach to controls – something that is currently lacking.



Key issues

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 controls are made to ensure aspects such as quality and traceability.

ICA Gruppen is working on several fronts to prevent future food fraud. Measures include quality certificates, testing and checks as well as cooperation across the industry. ICA Gruppen is also engaged in a continuous dialogue with the food industry and relevant authorities, and monitors the work of the Global Food Safety Initiative (GFSI) in this area. ICA Gruppen has also performed an internal vulnerability analysis in accordance with GFSI requirements, and has its own action plan to counter food fraud.

During the year ICA Gruppen took part in the Nordic food authorities' conference on food fraud. ICA also took the initiative to establish an industry-wide network in Sweden aimed at sharing information and best practice for dealing with food fraud.

As part of its work against food fraud, in 2015 ICA Sweden performed follow-up tests on a number of products without finding any significant discrepancies.

Chemical substances

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.

In recent years many consumers have been concerned about the synthetic compound bisphenol A (BPA) in packaging and products. ICA Sweden has been working for a number of years to phase out BPA from food packaging and products. The



goal was to eliminate BPA in packaging from ICA Sweden's grocery range by year-end 2015. This applied to private label products as well as to products from external suppliers. During the year this work continued with good results, but due to

challenges associated with certain beverage packaging as well as a number of products that require long shelf-life testing, the goal is estimated to be achieved in 2016.

How ICA Gruppen works on product safety

ICA Gruppen's work on product safety is based on ensuring that all suppliers have good, safe production. This is done by requiring and checking that suppliers are certified to a third-party standard before being approved for contracts.

Before a product is launched it undergoes several stages of assessment and testing to ensure that ICA Gruppen knows the exact content and that the product meets requirements as regards flavour and functionality. After launch, follow-up checks are

carried out on the supplier's premises and on the product to ensure that it continues to meet ICA Gruppen's expectations for a good-quality, safe product.

Key issues

Country-of-origin labelling

The issue of country-of-origin labelling has continued to grow in significance. More and more customers want clear information on both where the products come from and where they were packed.

Growing demand from customers for clear country-of-origin labelling means that it remains important for ICA Gruppen to increase traceability and transparency about where the primary products are grown or where the animals were raised.

Meat labelling

The EU's expanded country-of-origin labelling requirements 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 nearly 10 years all meat and poultry as well as processed meats and prepared

meals containing meat have been labelled with the meat's country of origin, and all products have been labelled with the country of packaging.

In 2014 it was decided to extend this practice to also include country-of-origin labelling of even more private label products at the ingredient level, including fruit and vegetables, cheese, dairy, coffee, frozen vegetables, dried fruit and rice. The products are labelled with both the country of packaging and the country of origin of the primary product. In total, ICA Sweden had origin labelled more than 2,200 products when the project was completed in 2015.

ICA Gruppen is also continuing its active dialogue with the industry, the global standardisation organisation GS1 and authorities in order to ensure support for correct labelling by ICA Gruppen and its suppliers.

New labelling of Swedish products

ICA Sweden is one of the initiative-takers behind a new labelling standard that is currently being developed by the Swedish Grocery Trade Federation, the Federation of Swedish Farmers (LRF) and the Swedish Food Federation. The labelling will make it easier for consumers to choose Swedish food in stores and will be found on grocery store shelves in 2016. For the label to be used, all of the steps in the item's production must have taken place in Sweden – including processing and packaging.



more than
2,200
products
in ICA
Gruppen's
product
range are
country-
of-origin
labelled



Key issues

Locally produced food

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

In both Sweden and the Baltic countries, demand for locally produced food is substantial and growing. ICA Sweden and Rimi Baltic are working in various ways to increase the share of locally produced food in their respective product ranges.

At the beginning of the year TNS Sifo carried out a survey commissioned by ICA Sweden and the Federation of Swedish Farmers (LRF), in which 75% of respondents said they prefer to buy food produced in Sweden over food that they believe is produced in another country. In the survey 64% also said they were prepared to pay more for Swedish food. The product categories with the largest percentage of people who prefer Swedish products are beef and pork. Some of the main reasons for choosing Swedish-produced food are largely the same as in previous years: better animal husbandry, lower use of antibiotics, fewer food miles and support of Swedish agriculture. ICA Sweden measures weekly if the Swedish public believes that ICA is good at Swedish primary products. The goal for 2015 was that at least 46% of the respondents would associate the claim with ICA, the outcome was 49%.

Cooperation with the Federation of Swedish Farmers

In 2014 ICA Sweden began working with the Federation of Swedish Farmers (LRF) with the aim of expanding its offering of Swedish products in stores, increasing sales of Swedish food and supporting development and growth in Sweden's rural areas. As part of this, ICA Sweden has an ongoing project to switch to Swedish ingredients in its products. In 2015 ICA switched to using meat of Swedish origin as an ingredient in a number of sandwich toppings and in "falukorv" sausage. Various products of Swedish origin have also been launched, including ICA Rätt Enkelt slow-cooked meat and poultry options, an ICA I love eco oat drink, ICA I love eco lactose-free crème fraîche and organic meat from farms in the Södermanland area. The local dairy range has also been expanded to include organic milk, fresh goat's milk and goat's milk yoghurt, which are available in selected ICA stores.



During 2015 this partnership also resulted in more than 40 training videos on Swedish food and agriculture. The idea is to provide an easy and enjoyable way for store employees to learn more about Swedish food production and thereby be able to promote sales of Swedish food.

Topping up together

Swedish dairy farmers are currently in a very difficult situation, partly because many dairies now operate in an international market in which there is a surplus of milk. To support Swedish dairy farmers during this time of crisis, the Federation of Swedish Farmers (LRF) and ICA Gruppen partnered in an effort to top up farmer's incomes for a limited period through the campaign "Tillsammans fyller vi glaset" (Together we'll top up the glass).

In autumn 2015 ICA Sweden's customers were asked to donate an extra SEK 1 when buying certain milk cartons and cheeses in ICA stores – money which would go directly to Swedish dairy farmers. The Federation of Swedish Farmers (LRF) and the dairy associations ensure that the "milk krona" goes entirely to Swedish dairy farmers, and ICA Gruppen is getting the ball rolling with its own donation of SEK 25 million. The initiative will continue for six months and is expected to provide dairy farmers with around SEK 100 million in total.



75%

of Swedes say they would choose Swedish-produced food over food produced in another country

Key issues

Socially and environmentally responsible sourcing

ICA Gruppen does business all over the world, which means accepting responsibility across borders. Continuous monitoring ensures that suppliers comply with both social and environmental requirements.

ICA Gruppen has a long tradition of demanding compliance with human rights standards in the production of its products and continues to pursue the goal of ensuring that all of the Group's corporate brand product suppliers in high-risk countries are socially audited.

Ethical trade with no middlemen

Since the beginning of 2015 ICA Gruppen has been working with IDH, the Sustainable Trade Initiative – a Dutch state aid organisation that works to promote sustainable trade by working in partnership with companies, state institutions, governments and other stakeholders. So far two joint projects have been launched: one involves grapes grown in South Africa and was started in 2014, and one for peas grown in Guatemala that was started in 2015. The aim is to cut out middlemen and work more directly with local growers around the world in projects that will not only result in local development, reduce poverty and encourage farming that is more sustainable in the long term, but also ensure a supply of high quality produce. Sales of peas from Guatemala began in stores in April 2015. They have been a great success, and by year-end the budgeted annual volume had been exceeded by 25%.

Financing a well in Kenya

Apotek Hjärtat cooperates with Gundua Foundation, which works to improve the welfare and living conditions in developing countries. Apotek Hjärtat is the main sponsor of Gundua Health Centre, a health clinic for mothers and children in the area Ex-Lewa in northern Kenya. The partnership means that Apotek Hjärtat over three years supports the construction and operation of the health clinic. The project provides the conditions for an engagement where both Apotek Hjärtat's



employees and customers actively can help to make a difference. Twice a year, Apotek Hjärtat's loyalty club members have the opportunity to donate their bonus points, which are converted into direct financial support for Gundua. In 2015, the customers contributed in this way to finance a well for clean drinking water which was drilled adjacent to the clinic.

Supplier training in Thailand

During the year ICA Gruppen held a workshop for Thai suppliers to provide training in ensuring compliance with ICA Gruppen's demands and current regulations in order to safeguard guest workers' rights. In addition to training in the regulations themselves, participants were given tips on specific action plans and on how to structure and implement management support.

Climate-related risk analysis

During the year ICA Sweden conducted an analysis of potential climate-related risks associated with sourcing. The aim was to identify how the supply of various food ingredients might be affected if climate change continues. The analysis included a selection of fruit and vegetables as well as a number of food products from ICA's private label product range. The results of the study will be used to increase knowledge of and commitment to climate issues internally and to review any need for long-term changes in sourcing work.

Responsible use of water

Current global challenges include promoting more responsible use of water in the supply chain. Today's value chains are complex, and it is difficult to influence water use at the farm level, where most of the water is used. Using water in a way that is sustainable long-term can only be achieved

by means of close partnerships between suppliers and producers. To facilitate and make this possible, in February Swedish food and beverage companies established a network that will work together to contribute to more responsible use of water. The network is led by the Swedish Water House at the Stockholm International Water Institute (SIWI), and ICA Sweden has been involved since the start. The aim of the collaboration is to enable the food industry to map the best way to manage water in agriculture and processing in countries that are facing increased water challenges.

In 2015 the companies within the network analysed and compared around 10 water-related standards and measurement tools.

Environmental considerations in transport procurement

During the year ICA Sweden put a large contract for transport services out to tender and made environmental considerations a major criterion for selection. The tender documents stated that the contractor chosen must always use the most sustainable fuel available, with the aim of keeping emission levels below 1.75 kg carbon dioxide equivalents per litre or even lower.



Greater use of BCI cotton

Every year Hemtex purchases some 4,000 tonnes of cotton that is used in all kinds of textile products. Cotton is an important source of income in many developing countries, but growing it also has significant environmental impacts. As an important element of its work towards more sustainable cotton production, in 2007 Hemtex joined the Better Cotton Initiative (BCI). BCI is an organisation that works towards conventional cotton being grown by more sustainable methods, including less use of water, chemicals and pesticides. In 2015 the proportion of cotton purchased that had been grown according to BCI methods increased by over 200% compared with the same period the previous year.



ICA Gruppen's world of suppliers

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 for ICA Gruppen's corporate brand products.

Risks and opportunities

A number of risk areas have been identified within the framework of ICA Gruppen's risk management process. Significant risks and uncertainties are presented below with a brief description of the opportunities associated with each risk area and the measures being taken to manage these risks. See page 16 for more information on ICA Gruppen's risk management.

Strategic risk			
Risk area	Risk description	Opportunities	Management
Risk relating to agreements with ICA retailers	The relationship between ICA Sweden and the Swedish ICA retailers originates from the ICA Idea and is regulated by a number of agreements. These agreements have been developed over the years and involve various levels of revenue for ICA Sweden. The agreements also give the Swedish ICA retailers the freedom to choose their suppliers and products. An inability to offer competitive products or a lower renewal rate for the agreements could impact the Group's operations and earnings.	The ICA Idea is the heart of ICA Gruppen's operations and has been the basis for successful operations for almost 100 years. The ICA Idea combines the local retailers' commitment and knowledge of local markets with ICA Gruppen's ability to provide economies of scale, efficiency and diversity, all which help make the stores more competitive.	ICA Gruppen and ICA retailers are engaged in an ongoing dialogue to ensure that products are competitive, that good experiences are communicated and that agreements are in line with prevailing norms.
Risk relating to acquisitions	As part of realising ICA Gruppen's strategic objectives, operations are acquired and divested on an ongoing basis. If the status of the acquired operations were to differ significantly from what was known before the acquisition, or if the integration of the acquired operations were to fail, this could limit ICA Gruppen's ability to realise anticipated synergies and could negatively impact the brand and earnings.	Through acquisitions ICA Gruppen improves its ability to offer the Swedish consumers the best and broadest offering in the market in relevant areas, such as health. Successful integration of the new operations can provide new opportunities to realise synergies with ICA Gruppen's other operations in areas such as logistics, sourcing, organisational structures and loyalty programmes.	In 2015 ICA Gruppen acquired Apotek Hjärtat and bought out Hemtex from the stock exchange. The integration of these businesses is progressing according to plan. ICA Gruppen has had pharmacy and non-food operations for a long time and therefore has a good understanding of the regulations and the processes required to ensure compliance and efficiency. When operations are integrated into ICA Gruppen, both integration costs and synergy effects are carefully monitored.
Operational risk			
Risk area	Risk description	Opportunities	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 a 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.	In a time characterised by a clear shift towards increased digitalisation, well-managed IT infrastructure can create opportunities to successfully adapt business operations to meet a demand for different channels of communication and product and service offerings. Also, new technical solutions often make it possible to achieve a higher level of automation and improve the efficiency of processes.	In 2015 some IT functions were outsourced and preparations were made to replace the platform over the next few years. An important aspect of preparing for this platform replacement is an analysis of dependencies and tests to reduce the risks associated with the replacement. As part of its structured risk management work, the Group is engaged in ongoing activities to limit the number of system disruptions and the consequences of these. Efficient management of these risks reduces the risk of unauthorised access to or loss of information.

Operational risk			
Risk area	Risk description	Opportunities	Management
Distribution risk	<p>Access to efficient distribution in all of the markets where ICA Gruppen operates is essential if the Group is to reach its objectives. In the event that a significant supplier, carrier, warehouse partner or other party in the supply chain should strike, go bankrupt or otherwise fail to meet its obligations, this could have a negative impact on ICA Gruppen and make it difficult to deliver products for a period of time. The same applies if a longer interruption should occur as a result of a disruption at or damage to any of the facilities.</p>	<p>The efficiency of logistics management is frequently enhanced through a higher level of automation and the renovation of logistics units, thereby improving ICA Gruppen's delivery reliability and competitiveness.</p>	<p>In 2015 the logistics system in southern Sweden was substantially restructured and this involved shifting flows and renovating several logistics units. Before major changes are made to the distribution processes, risks are analysed and measures identified to help prepare for any distribution disruptions. There is also an ongoing process to help ensure a high level of safety in the facilities through, for example, ongoing maintenance of plants and training of employees, as well as monitoring of routines through self-assessment and risk inspections to ensure good order is maintained.</p>
Personnel risk	<p>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.</p>	<p>Having talented and dedicated employees is a competitive advantage. Internal mobility is encouraged as it creates opportunities for employees to grow, which makes ICA Gruppen more attractive as an employer and helps ensure access to the right talent and expertise.</p>	<p>In 2015 ICA Gruppen worked in a structured way to continue the implementation of the common values and to firmly establish them in day-to-day operations.</p> <p>There are also ongoing efforts to keep track of and reduce dependency on key individuals and to ensure the Group has skilled and dedicated employees to develop its business and reach its objectives.</p>
Brand risk	<p>A good reputation is a key factor in ICA Gruppen's success. A product or service that is harmful to health or is inferior in another way that is supplied by ICA Gruppen or sold through any of the stores, banks or pharmacies may have a negative impact on ICA Gruppen's reputation. 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>Strong brands provide great opportunities for ICA Gruppen. Through an extensive and well-structured focus on quality as well as far-reaching sustainability work, ICA Gruppen can ensure it is has a high level of expertise which can be used, for example, to develop new products. ICA's corporate brands are emphasised as they increase value for the customers and contribute to an advanced range of products, while also helping to improve profitability, price perception and customer loyalty for ICA Gruppen.</p>	<p>ICA Gruppen's values, which are described in ICA's Good Business and are integrated into the business, help ICA employees understand how to act when interacting with customers, colleagues and suppliers. Since ICA Gruppen's operations in Sweden consist of independent retailers who to various extent purchase products from suppliers other than ICA Sweden, the Group's ability to ensure adherence to the values can sometimes be limited. Through a continuous dialogue with ICA-handlarnas Förbund and ongoing training, 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, increase 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>Maintenance and development help ensure that the properties are more energy efficient and cost-effective. Modern and well-developed properties also enhance the customer offering.</p> <p>Through a profitable combination of different properties in strategic locations, ICA Gruppen can influence the store locations and create the right conditions for good marketplaces.</p>	<p>In 2015 ICA Real Estate launched a couple of interesting projects in which store locations are secured by taking a greater responsibility for developing the location, not just the store.</p> <p>ICA Real Estate is also engaged in a constant dialogue with the tenants, and conducts regular inspections and invests significant amounts to ensure 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 mix of tenants also helps to maintain high occupancy rates and keeps rent levels in line with market norms.</p>

External risk

Risk area	Risk description	Opportunities	Management
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Market risk	<p>ICA Gruppen's operations and products are greatly affected by the general economic situation and by fluctuation 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 sources goods.</p>	<p>New behaviours and new markets also provide opportunities for ICA Gruppen. The business can be developed through a constant focus on innovation and developing technical solutions that make every day a little easier for the customers. There are also opportunities to broaden the scope of the business by establishing new types of operations.</p>	<p>In 2015 ICA Gruppen launched an online offering to which around 150 stores are now connected.</p> <p>The Group has also launched ICA Insurance, which offers insurance products to consumers.</p> <p>ICA corporate brands have also been developed according to plan, which contributes to strengthen ICA Gruppen's offering to customers in for example organic and health products.</p> <p>Constant adjustment of prices, product ranges, quality and services in line with customer demand is a priority and is achieved through constant dialogue with customers and ensuring that sufficient resources are available for future investments.</p>
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Regulatory risk	<p>ICA Gruppen's grocery retail, pharmacy, insurance and financial operations require special permits and are subject to ongoing scrutiny from various supervisory authorities. There has been a general sharpening of the rules over the past few years, making it more important to ensure that resources and controls are in place to implement and comply with laws and regulations. An inability to comply with laws or regulations, or changes in the application or interpretation of existing ones 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.</p>	<p>New rules can lead to better and safer processes. New technology and new business methods also create opportunities in the form of more efficient and secure operations. Structured improvement work and an appropriate organisation to monitor compliance also help improve the ability to adapt operations in line with regulatory amendments.</p>	<p>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.</p>
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Sustainability risk	<p>ICA Gruppen is expected to have a responsible and highly transparent value chain. Increased customer awareness about product origins, ethical positions, health issues and environmental considerations impacts customer's purchasing behaviours.</p> <p>If the public were to lose confidence in ICA Gruppen's sustainability work due to shortcomings in product labelling, handling of products in stores, an inability to properly address food safety warnings, dubious supplier working conditions or an inability to avoid substances that pose a health risk, confidence in ICA Gruppen as well as the Group's earnings and attractiveness as an employer could be negatively affected.</p>	<p>Global agreements on, for example, climate measures, work in favour of companies that take a responsible and proactive approach to sustainability.</p> <p>As an important player in grocery retail ICA Gruppen has an opportunity to support customers in making conscious choices in a more sustainable direction by, for example, promoting more organic, locally produced and healthy alternatives. This in turn helps make ICA Gruppen more attractive, increases profitability and increases sales.</p> <p>If ICA Gruppen can meet customer demand for transparency, food safety, country-of-origin labelling, human rights, and green and healthy products to a greater extent than its competitors, then customers and the community at large will have even greater confidence in the Group.</p>	<p>Sustainability is a core aspect of ICA Gruppen's operations. Overall sustainability targets for the environment, quality and social responsibility are monitored, and the results are published in quarterly sustainability reports. A significant element of this is certification of the sourcing, logistics and store processes to relevant standards on quality and the environment.</p> <p>ICA Gruppen is working to prevent future food fraud by increasing country-of-origin labelling on its private label products, through constant dialogue with food industry players and relevant authorities, and by monitoring developments in the Global Food Safety Initiative (GFSI). ICA Gruppen has also performed an internal vulnerability analysis in accordance with GFSI requirements and has produced an action plan to counter food fraud.</p> <p>ICA stores in Sweden apply the Swedish standard for food handling in stores. Dedicated quality coaches support the stores in implementing the standard and conduct annual audits. ICA Gruppen also works in cooperation with other players such as the Federation of Swedish Farmers (LRF) and can therefore meet increased demand for Swedish food while helping to promote Swedish agriculture.</p>
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External risk			
Risk area	Risk description	Opportunities	Management
Climate change	<p>Society's growing awareness of climate change is very likely to result in new laws and regulations, which in turn will affect ICA Gruppen's operations. Restrictions on climate-impacting emissions and changes to the tax code or new taxes on energy production etc., are examples of likely changes.</p> <p>Climate change may also result in raised temperatures, drought, floods etc., which could change access to and the cost of various crops when areas of land become unusable for agriculture. Goods transport may be affected if extreme weather conditions affect accessibility. Decisions to open new stores could also be affected when, for example, the flood risk 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>Altogether these changes may also lead to rapid changes in customer consumption patterns.</p>	<p>Since ICA Gruppen strongly emphasises measures to reduce climate impact, the Group's position in the market may be improved when conditions change. Being able to meet future changes in legislation better than competitors presents an opportunity to be a step ahead.</p> <p>Switching to renewable energy sources at an early stage allows ICA Gruppen to ensure that its operations are competitive even if fossil fuels become radically more expensive or the supply is reduced. The focus on food waste and its significance for the climate is encouraging an emphasis on waste reduction. Reducing energy usage and waste is also a way of saving money.</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 new locations to establish stores that are within walking or cycling distance of residential areas. New customer requirements stimulate innovation and the development of the product range so that it always remains attractive while also taking into account the climate and environmental impact.</p>	<p>ICA Gruppen has an ambitious target for its climate work and is focusing for example on energy savings, changing over to renewable electricity and refrigerants in stores and warehouses, and reduced transport emissions.</p> <p>In 2015 ICA Sweden performed an analysis of potential climate-related risks associated with sourcing to identify how access to various food ingredients may be affected. The results will be used to increase awareness about and commitment to the climate issue internally and to review the need for long-term changes in sourcing systems.</p> <p>ICA Sweden and ICA Bank have participated in a pilot project called "Klimaträtt" (Climate-right) aimed at enabling individuals to reduce their own climate footprint. A recently developed app registered areas such as housing, food, transportation and other consumption. The app gave the participants realtime information on how their lifestyle is affecting the climate. The lessons learnt from the project will be used to help customers make conscious and long-term sustainable choices.</p>
Financial risk	<p>ICA Gruppen's objective is to provide an over time strong and stable return. The ability to secure financing for the Group and to control financial exposure are in line with policies and guidelines is essential if ICA Gruppen is to reach its targets.</p>	<p>Successful financing creates the necessary conditions to, for example, maintain an appropriate level of liquidity and keep currency and borrowing costs down, which will enable ICA Gruppen to reach its financial targets.</p>	<p>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 department in accordance with the policy set annually by the Board of Directors. For a more detailed description of established risk levels and how adherence to these is ensured, see Note 21.</p>

Corporate Governance Report 2015

Sustained and long-term growth is based on sound corporate governance

In the wake of the acquisition of Apotek Hjärtat and divestment of ICA Norway, the issues of consolidation, integration and continued development were a main focus of the Board of Directors in 2015. The recurring agenda items also of course included following up on the financial targets and strategic priorities we set earlier, and we saw stable and positive growth in both cases during the year.

One of the Board's most important tasks is to apply sound and appropriate corporate governance processes that create the necessary conditions for a healthy corporate culture to best help the Group and its operations develop. To facilitate this we have systems, routines and procedures in place to monitor targets, internal control and risk management.

The Board has performed its duties through formal Board meetings and in various committees. The fact that all Board members serve on at least one committee allows participation and continuity to be maintained between the formal meetings. I can once again report that the Board members are highly committed to their work. Our discussions have been constructive and characterised by openness, curiosity and – as before – a clear desire to see beyond the obvious. The latter is particularly important in a world undergoing rapid change and where the ability and capacity to think in new ways is a critical success factor.

When we take decisions on targets, strategies and special initiatives, we always look at the long-term perspective. To do this in the best possible way, we need knowledge and insights into day-to-day work and the changes and currents that are affecting and

driving the markets. It is fair to say that the pace of change is high at this time – with new players, a blurring of industry lines, changed consumer behaviour, and digitalisation impacting more and more areas. In an environment like this it is important to constantly evaluate the Board's composition and combined expertise. Over the past year we conducted an intensified evaluation of our composition, working methods and overall focus. In my opinion, the Board has a good mix of expertise and the recruitment of Jeanette Jäger as a new member of the Board has brought us additional IT skills.

In order to reap, we must sow. As a result of the structural changes we have made in recent years, we now have a platform that allows us to look forward and a financial position that enables us to continue to invest. We have no intention of sitting still; we are going to continue to develop ICA Gruppen emphasising long-term growth with good profitability. Our strong cash flow and healthy capital structure allow us to continue to invest and provide good and stable returns to our shareholders.

A company of our size and position has a responsibility to help promote sustainable development. Continuing to invest in sustainable development is one of our main strategic priorities. During the year we took the decision to make ICA Gruppen's operations climate neutral by 2020. This is both an inspiring and a challenging target that we hope will create value for customers, communities and us as an organisation. Sustainability work is a key priority for ICA Gruppen, and the Board is monitoring development carefully and with great interest.

One of the Board's tasks is to support members of the Management Team and to 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 2015. I would also like to express our appreciation for the commitment that everyone throughout organisation has shown. It is both impressive and inspiring to see the energy and drive that permeates everyone's efforts. We are taking that with us as we enter a new financial year.

Stockholm, February 2016

Claes-Göran Sylvén
Chairman of the Board

A company of our size and position has a responsibility to help promote sustainable development.

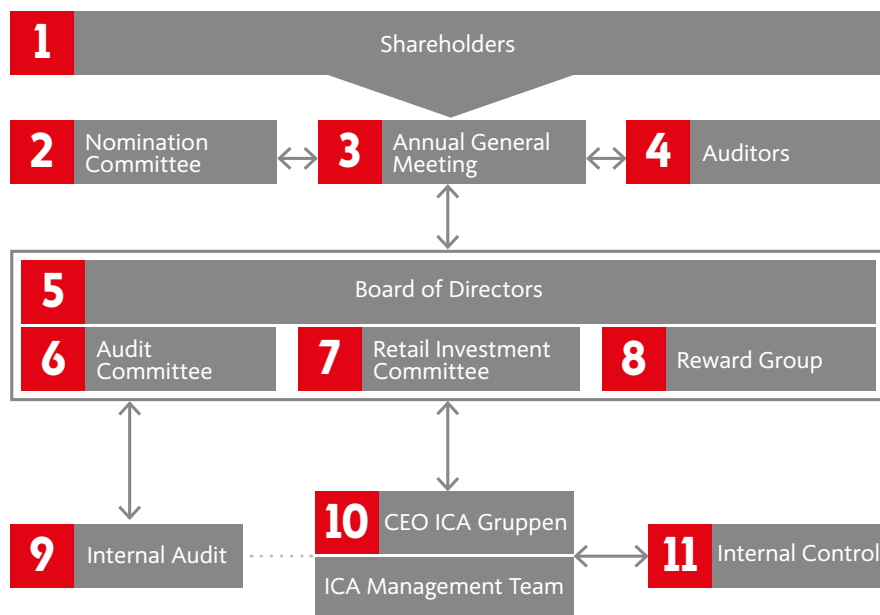


For further information:

- 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
- ICA Gruppen AB's Articles of Association, www.icagruppen.se

Governance for value creation

Good corporate governance is about ensuring, on behalf of all the shareholders, that the Company is managed in a sustainable and responsible way and as efficiently as possible. The overall goal is to increase shareholder value and in so doing, meet the requirements owners have with respect 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.



1 Shareholders

ICA Gruppen has been listed on Nasdaq Stockholm in the Large Cap segment since 8 December 2005. The largest shareholder is ICA-handlarnas Förbund with a holding of 51.3%. The second largest shareholder, AB Industrivärden, owns 10.5% and the rest of the shares were owned as of 31 December 2015 by 36,014 shareholders. As of that date, none of these shareholders held more than 10% of the shares in the Company, either directly or indirectly. In voting at general meetings each share carries entitlement to one vote and each person may vote for the full number of shares he/she represents.

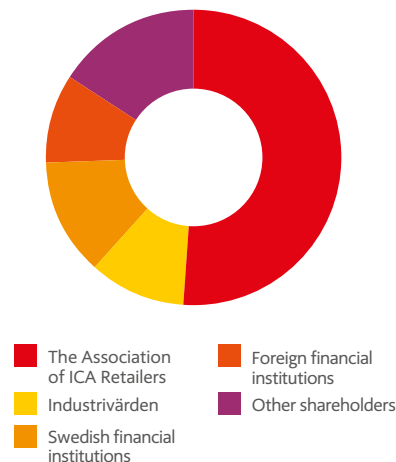
Up to 20 January 2016 the Company had a share structure with two classes of shares: ordinary shares and C shares. The C shares, which constituted 40.8% of the total number of shares, were unlisted and did not carry entitlement to cash dividends. The remain-

ing 59.2% were listed ordinary shares with dividend entitlement. On 20 January 2016 the C shares were converted into ordinary shares and as such carry entitlement to dividend at the Annual General Meeting 2016.

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. As of 31 December 2015 the Board of Directors had no outstanding authorisations from the Annual General Meeting for the Board to issue new shares or acquire treasury shares.

More information on ICA Gruppen's shares and shareholders can be found in the section "Shares and shareholders" on pages 72–73 and on the Company's website, icagruppen.se.

Shareholders



Nomination Committee

2 The rules for ICA Gruppen's Nomination Committee were adopted at the 2015 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 of registered shareholders maintained by Euroclear Sweden AB 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 such shareholders are to vacate their positions and the shareholder or shareholders who are now among the three largest shareholders are to appoint members. The Nomination Committee will present proposals regarding the following matters prior to the 2016 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 25 September 2015. It consisted of representatives from the three largest shareholders: ICA-handlarnas Förbund (the Association of ICA Retailers), Industrivärden and Skandia Liv. After SEB Fonder increased its ownership, surpassing Skandia Liv as the third largest shareholder, Skandia Liv vacated its position and SEB Fonder was asked to appoint a member to the Nomination Committee. Following this adjustment, which was announced on 25 November 2015, the Nomination Committee consists of Claes Ottosson (ICA-handlarnas Förbund), Anna-Karin Liljeholm (ICA-handlarnas Förbund), Annika Lundius (Industrivärden) and Hans Ek (SEB Fonder). No fees were paid by ICA Gruppen to the members of the Nomination Committee for their work and the members have concluded that there is no conflict of interest that would

affect their assignment. The chairman of the Company's board, 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 focus areas. The Nomination Committee was also presented with the results of the 2015 evaluation of the Board. In addition, the chairman of the Audit Committee, Cecilia Daun Wennborg, reported to the Nomination Committee on the work of the Board, of the Audit Committee and of ICA Gruppen's Accounting department. The information provided to the Nomination Committee gave 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 prior to the 2016 Annual General Meeting have been given an opportunity to submit their points of view to the Nomination Committee. The Nomination Committee's proposals for the 2016 Annual General Meeting are presented 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, 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 Reward Group and the independence of its members in relation to the Company and management, in that Reward Group member Fredrik Hägglund 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 Hägglund was the General Counsel for the Company and a member of the Board of ICA AB. In those positions he gained considerable 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 Hägglund brings necessary and valuable expertise to the Reward Group 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 guidelines 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

Governance of ICA Gruppen's sustainability work

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

For a number of years the companies in ICA Gruppen have been using selected key indicators in the areas of the health and safety, the environment, equality, human rights and quality. The Company publishes quarterly

Annual General Meeting Auditor

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 (AGM). ICA Gruppen's Annual General Meeting is normally held in the Stockholm area. In addition to resolutions on the adoption of the income statement and balance sheet, 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), Svenska Dagbladet, Dagens Nyheter and Dagens Industri, and on the Company's website, icagruppen.se. 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 by proxy, 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

reports on its sustainability work showing ongoing developments during the year. The report covers all the companies in the Group and where applicable, the portfolio companies. In addition, the Company publishes an annual sustainability report in accordance with the Global Reporting Initiative (GRI) guidelines to provide an overall picture of its sustainability work. Read more about the Group's sustainability work on page 40 and forward and on the Company's website, www.icagruppen.se.

ICA Gruppen has a Business Ethics and Policies Committee (BEPC) 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 departments 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 prepares the report, which is presented by the Company's SVP Corporate Responsibility.

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.

2015 Annual General Meeting

The 2015 Annual General Meeting was held on Wednesday, 22 April 2015 at Ericsson Globe in Stockholm. In addition to shareholders, the meeting was attended by ICA Gruppen's Board of Directors, Management Team and employees, by media representatives and a number of invited guests. The minutes from the AGM and associated documents are available on ICA Gruppen's website, icagruppen.se.

2016 Annual General Meeting

The 2016 Annual General Meeting will be held on Wednesday, 20 April 2016 at Friends Arena in Solna. Shareholders who are registered in the share register (held by Euroclear Sweden AB) no later than Thursday, 14 April 2016 and have notified the Company of their intention to participate in the AGM are entitled to participate in the AGM, in person or by proxy.

Auditor

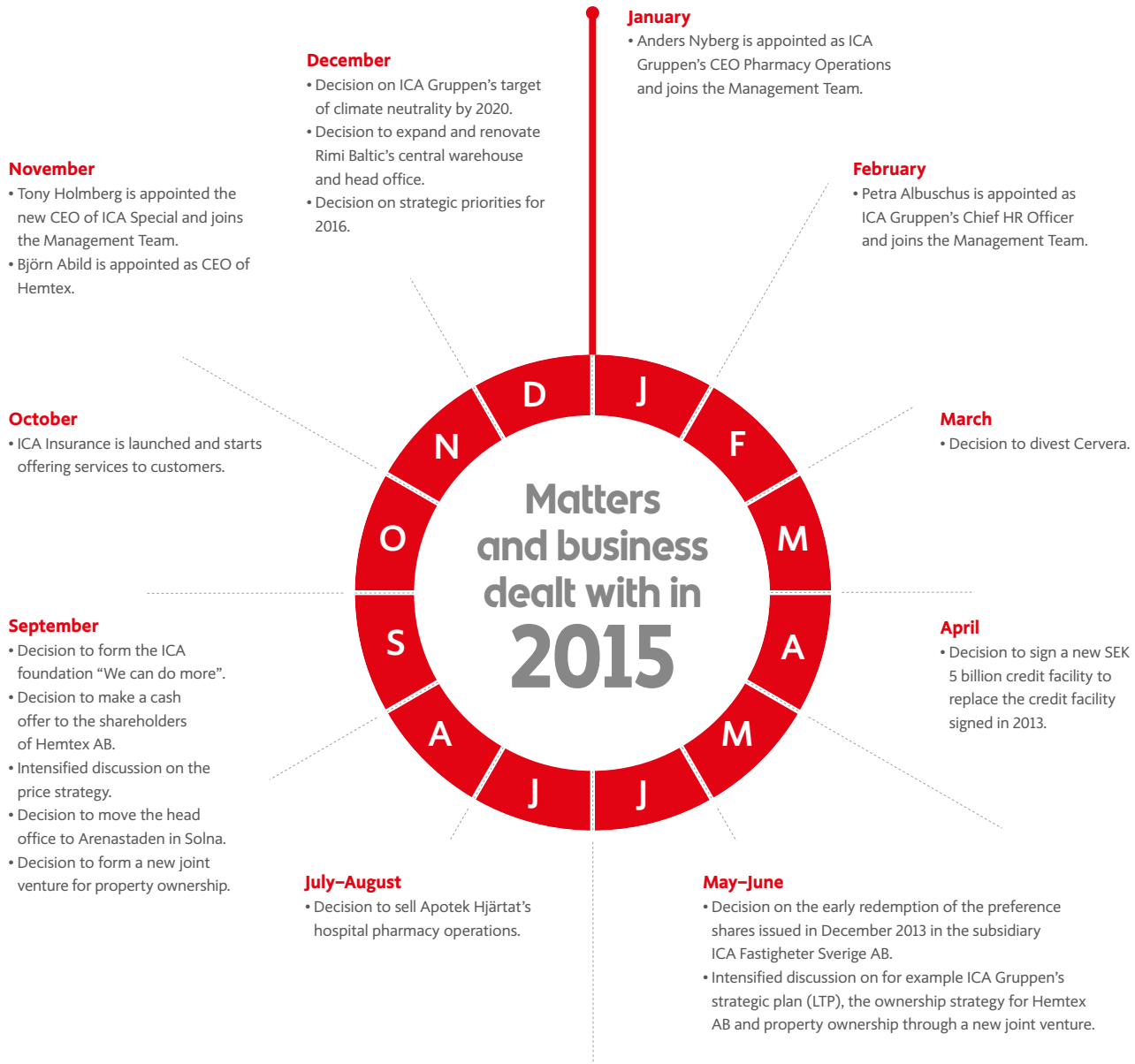
4 According to the Articles of Association, the Annual General Meeting is to appoint a minimum of one and a maximum of two auditors, or one or two registered public accounting firms. The accounting firm Ernst & Young AB was elected auditor at the 2015 Annual General Meeting for a term of one year. Ernst & Young AB has therefore audited the Company's accounts for 2015 and authorised public accountant Erik Åström was the auditor in charge. The auditors have 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. In addition the auditors have attended all the meetings held by the Audit Committee.

The Board of Directors

5 The Board of Directors is responsible for establishing the Company's overall goals and strategies. The duties of the Board also include:

- appointing, evaluating and, if needed, dismissing the CEO and approving assignments which the CEO has outside the Company,
- establishing the requisite guidelines for how the Company is to act in the community to ensure its ability to create long-term value,
- ensuring that there are appropriate monitoring and control systems in place for the Company's operations and for the risks the Company faces associated with its operations,
- ensuring that there is satisfactory control of the Company's compliance with laws and other regulations that apply to the Company's operations, and ensuring the Company's compliance with internal guidelines, and
- ensuring that the Company's 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 dismissal of Board members. The present Board has ten AGM-elected members. 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 AMG, the Board has two employee representatives, each with a deputy. Prior to the 2015 AGM the Board consisted of nine Board members elected by the AGM and all of these were re-elected at the 2015 AGM. In addition, Jeanette Jäger was elected as a new Board member in 2015. Following the 2015 AGM the Board consisted of three women and nine men. The



Board committees

ICA Gruppen's Board has three regular committees: the Audit Committee, the Reward Group and the Retail Investment 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 2015 the Audit Committee consisted of Cecilia Daun Wennborg (chairman), Bengt Kjell, Göran Blomberg and Magnus Moberg. Matters are presented by the Company's CFO.

Board is made up of individuals with extensive and substantial expertise of ICA, retail, business development, IT, corporate finance, corporate governance, sustainability work and commercial issues.

Independence of Board members

Four of the Board's members, Cecilia Daun Wennborg, Jan Olofsson, Jeanette Jäger and Andrea Gisle Joosen, are independent in relation to ICA Gruppen, its management and the largest shareholders. Bengt Kjell is independent in relation to ICA Gruppen and its management but not in relation to the Company's principal shareholders as he is board member in AB Industrivärden. Peter Berlin and Magnus Moberg are ICA retailers and members of the board of ICA-handlarnas Förbund. ICA-handlarnas Förbund (the Association of ICA Retailers) 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 of Board Members, Peter Berlin and Magnus Moberg are independent in relation to ICA Gruppen and the Company's management, but not in relation to the principal shareholder ICA-handlarnas Förbund. Magnus Moberg and Peter Berlin have each been involved in establishing ICA stores. In conjunction with the establishment of a 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 each 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 CEO 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.

Retail Investment Committee

7 The Retail 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 Retail Investment Committee has an investment and divestment mandate as set out in the Company's delegation arrangements. In 2015 the Retail Investment Committee consisted of Claes-Göran Sylvén (chairman), Jan Olofsson, Jeanette Jäger and Peter Berlin.

The work of the Board

The main mission of the Board of Directors is to establish the Company's overall goals and strategies. The key issues for the Board to address are strategy work, monitoring and controlling the Company's operations and risks, value creation and monitoring the Company's compliance with external and internal rules and regulations. With regards to monitoring and controlling the Company's risks this is further developed in section "Risk and risk management" on page 16. The Board's monitoring and controlling of the Company's compliance with external and internal rules and regulations is inter alia implemented by the risk-based audits performed by Internal Audit, see below section "Internal Audit". 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. Every year the Board also decides on instructions for the CEO and for the Board's working committees, as well as other policy documents that provide guidance for ICA Gruppen's employees. The rules of procedure and instructions now in place were discussed and formally adopted at the Board meeting on 1–2 June 2015. In the 2015 financial year the Board of Directors met 10 times.

Conflicts of interest

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.

9 Internal Audit

The Company has created an independent and objective Internal Audit 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. The mandate of the Internal Audit function covers all operations within ICA Gruppen in Sweden and the Baltic Countries. 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. In 2015 Internal Audit's work included examin-

ing the ongoing programme of change within ICA Sweden, ICA Bank, ICA Insurance, the pharmacy operations, IT and personal data. Store audits constitute a special area within the review of business processes. 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 established action plans 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 prepares 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 2015 was carried out by Board members completing a questionnaire. Their responses were then compiled into a report that was remitted to the Board. The evaluation showed that the Board functioned very well and that considerations from the valuation performed 2014 have been taken into account but that there is room for some improvement. The evaluation further showed that the Board is a well-composed group of highly committed individuals and that 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 2015 Annual General Meeting approved the Nomination Committee's proposal concerning fees. Information on Board fees in 2015 can be found in Group Notes, Note 4 on pages 87–89 and on pages 64–65. The Nomination Committee's remuneration proposals for the 2016 Annual General Meeting are presented in the notice of the meeting.

Reward Group

8 The Reward Group is responsible for the preparation and evaluation of issues regarding remuneration and other terms of employment for the 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 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 2015 the Reward Group 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 Wennborg	Andrea Gisle Joosen	Fredrik Hägglund
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, Cand. Merc.	Bachelor of Laws
Elected	2013	2011	2013	2005	2010	2013
Other significant assignments	Chairman of the Board MQ Holding AB, board member Centrum Fastigheter i Norrtälje AB, 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.	Chairman of the Board Proffice AB, board member Getinge AB, Loomis AB, Sophiahemmet AB, Oxfarm Sverige m.fl.	Chairman of the Board Teknikmagasinet AB, board member Dixons Carphone plc, BillerudKorsnäs AB, Mr Green & Co AB and James Hardie Industries plc.	Board member EuroCommerce, 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, 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 Omsorg Aktiebolag. Acting CEO Skandia-banken. Head of Skandia Sweden and CEO Skandia-Link Livförsäkrings AB.	Board member Lighthouse Group AB and Elektronikbranschen Sverige m.fl. CEO Boxer TV Access AB, CEO Panasonic Nordic AB, CEO Chantelle AB.	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 2015, SEK	1,100,000.00	400,000.00	435,000.00	520,000.00	400,000.00	400,000.00
Independence	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	657,889 shares (incl. related parties)	141,680 shares (incl. related parties)	11,000 shares (incl. related parties)	3,125 shares (incl. related parties)	1,780 shares (incl. related parties)	15,367 shares (incl. related parties)
Committees	Member of the Reward Group (chairman) and the Retail Investment Committee (chairman)	Member of the Retail Investment Committee	Member of the Audit Committee	Member of the Audit Committee (chairman)	Member of the Reward Group	Member of the Reward Group
Attendance at board meetings	10/10	8/10	9/10	10/10	10/10	10/10
Attendance at Audit Committee meetings	-	-	4/4	4/4	-	-
Attendance at Reward Group meetings	6/6	-	-	-	6/6	5/6
Attendance at Retail Investment Committee meetings	10/10	6/10	-	-	-	-



Jeanette Jäger	Bengt Kjell	Magnus Moberg	Jan Olofsson	Jonathon Clarke	Magnus Rehn	Ann Lindh
1969	1954	1966	1948	1968	1966	Deputy member Employee representative Unionen
Master of Science in Business and Economics	Master of Science in Business and Economics	Studies in finance and business (finance, business management, leadership development etc.)	Master of Science in Business and Economics	Trained welder, studies in labour law	Upper secondary school	Born: 1964 Education: Upper secondary school Appointed: 2013 Previous significant positions: Employee representative ICA AB. Total remuneration 2015: SEK – Independent: – Shareholding: 0 (incl. related parties) Attendance at board meetings: 5 of 10 Attendance at Audit Committee meetings: – Attendance at Reward Group meetings: – Attendance at Retail Investment Committee Meetings: –
2015	2013	2008	2005	2013	2013	
Head of Marketing and Communications, Tieto.	Chairman of the Board Hemfosa Fastigheter AB (publ) and SSAB. Board member AB Industrivärden, Indutrade AB and Pandox AB etc.	Chairman of the Board Nya Ulfmag AB. Board member ICA-handlarnas Förbund, Jomag AB, Storbütiken i Falköping AB, etc. CEO Storbütiken i Falköping AB. ICA retailer, ICA Maxi Falköping.	Chairman of the Board Init AB and Korshags Food AB. Board member and CEO Kabinettet Aktiebolag.	Employee representative, ICA AB.	Employee representative, ICA AB.	
VP Financial Services Global Tieto, VP Capital Markets Global Tieto, Product and Market Director Tieto, TDC, CEO Inne AB, Marketing Director, Paynova AB. Formerly board member, SeeCity AB and mentor for Womentor.	Chairman of the Board Kungsleden AB and Skånska Byggarvar Group AB. Board member Höganäs AB, Skanska AB, Munters AB, Össur Hf, Fermenta AB, Byggnadsfirman Wallenstam AB, Bonifazius AB, Gandalf AB, Helsingborgs Dagblad AB, AB Handel och Industri, Nordic Tankers Holding AB, Plastal Industri AB, Hoist International AB, etc. Acting CEO AB Industrivärden, CEO AB Handel och Industri, Deputy CEO, Industrivärden, Senior Partner, Navet Affärsutveckling AB. Head of Corporate Finance, Securum AB.	Chairman of the Board Köpet i Sandared AB. Board member Moberg & Svensson i Sandared AB and Ulfmag AB.	Chairman of the Board Arkitektkopia AB, Silva AB, Printley AB and Bindomatic 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.			
400,000.00	435,000.00	435,000.00	400,000.00	–	–	
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 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.	–	–	
300 shares (incl. related parties)	1,000 shares (incl. related parties)	45,000 shares (incl. related parties)	3,000 shares (incl. related parties)	0 shares (incl. related parties)	250 shares (incl. related parties)	
Member of the Retail Investment Committee	Member of the Audit Committee	Member of the Audit Committee	Member of the Retail Investment Committee			
8/10	8/10	9/10	10/10	9/10	10/10	
–	2/4	3/4	–	–	–	
–	–	–	–	–	–	
6/10*	–	–	10/10	–	–	

* Elected to the Board at the 2015 Annual General Meeting and has since then attended all Board meetings and six out of seven Retail 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 positions as Industrial advisor to Segulah Advisor AB and board member of Childhood Foundation and En Frisk Generation. 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 2015 without the CEO and management being present.

ICA Management Team

Alongside CEO Per Strömberg, the members of ICA Gruppen's Management Team (IMT) are the CFO (Chief Financial Officer), CHRO (Chief HR Officer), CSO (Chief Strategy Officer), CCCO (Chief Corporate Communication Officer) and the CEOs of ICA Sweden (also being Deputy CEO of ICA Gruppen), Apotek Hjärtat, Rimi Baltic, ICA Real Estate, ICA Bank and ICA Special. The IMT meets regularly to discuss matters relating to, for example, corporate governance, reporting and strategy. In addition, the IMT 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 IMT bears individual responsibility for his or her respective area of the Company. To support the IMT's work the IMT has set up four committees: the Reward Group, the Business Ethics and Policies Committee, the Retail Investment Committee and the Group 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 IMT members are present. At the beginning of each financial year the IMT assesses its work, focusing on the quality of decisions, agendas, the meeting structure, effectiveness and the IMT's overall performance.

Central departments

The Company has 11 central functions: Corporate Communication, Strategy & Business Development, HR & ICA School, Legal, Corporate Security, Group Risk Management, Accounting, Internal Control, Treasury & Tax, Group IT and Internal Audit.

Remuneration to senior executives Guidelines 2015

The Company's guidelines for remuneration to senior executives, adopted at the 2015 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 2015 AGM also decided to authorise the Board to make decisions regarding a share investment programme for 2015 under which 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, paid as long as the individual is employed. Senior executives employed in a country other than Sweden have pension agreements in line with national norms 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.

• Bonus

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 59% of annual salary (118% 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 32% of annual salary (64% 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 according to which the senior executives are expected 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 a period established by the Reward Group as the day after the Annual General Meeting until the end of 2015, to acquire shares in the Company 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 12 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 2015 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 because of special circumstances:

In view of the acquisition of Apotek Hjärtat and the appointment of the CEO of Apotek Hjärtat to senior executive it was decided that the CEO of Apotek Hjärtat should be included in ICA Gruppen's ongoing Long-term incentive programmes on a pro rata basis in respect of the period since the CEO of Apotek Hjärtat became a senior executive at ICA Gruppen. The CEO of Apotek Hjärtat thus benefits from 1/3 of the Long-term incentive programme for 2013–2015, 2/3 of the Long-term incentive programme for 2014–2016 and the entire Long-term incentive programme for 2015–2017.

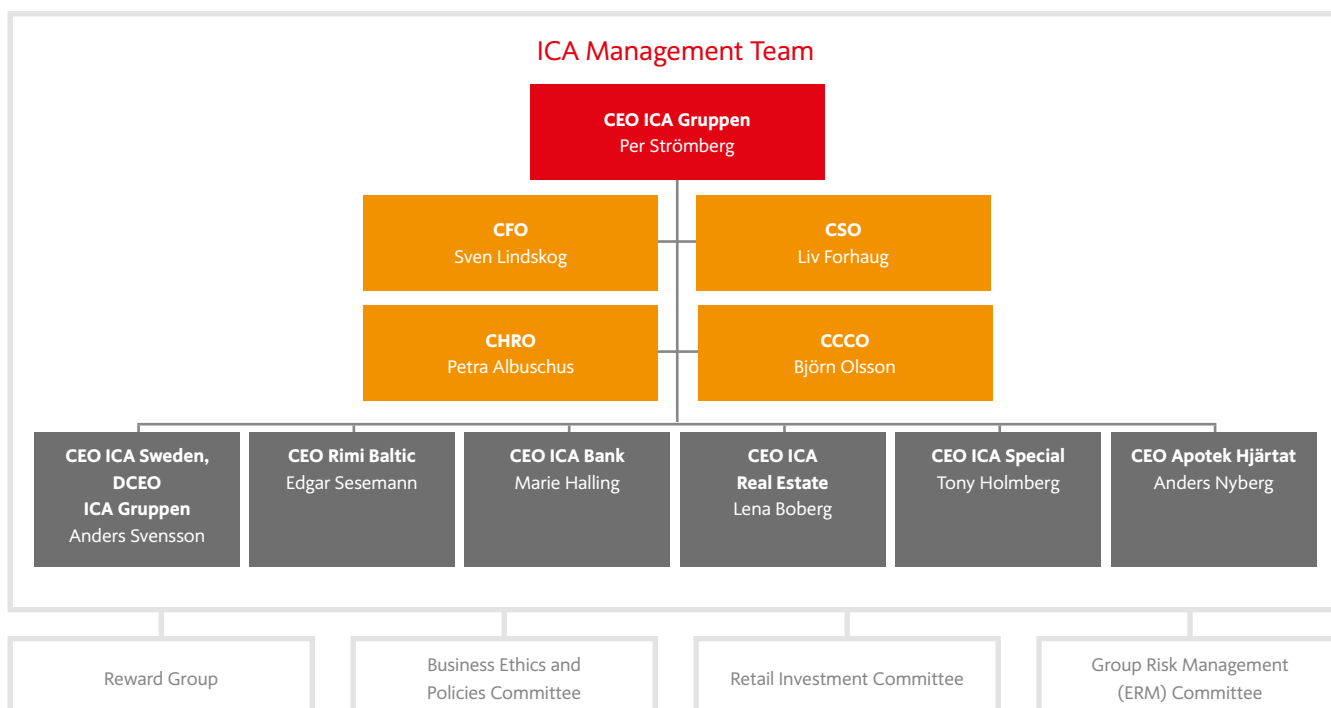
According to the employment agreement for the CEO of Apotek Hjärtat that was in effect at the time of the acquisition of Apotek Hjärtat and that still is in effect the CEO of Apotek Hjärtat has pension benefits in accordance with ITP1. This means that his bonus, as oppose to bonus to other senior executives, is pensionable.

Proposal to the 2016 Annual General Meeting

The Board of Directors proposes to the 2016 Annual General Meeting that the principles described above shall, with minor adjustments, be adopted again. The Board's proposed guidelines are presented in full in the notice to 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 Reward Group's evaluation according to item 9.1 of the Swedish Corporate Governance Code, in the notice to the Annual General Meeting and in Group Notes, Note 4.



ICA Gruppen's Management Team (IMT)



	Per Strömberg	Petra Albuschus	Lena Boberg	Liv Forhaug	Marie Halling
	CEO ICA Gruppen AB. Employed at ICA and member of IMT since 2012.	Chief HR Officer (CHRO) ICA Gruppen AB. Employed at ICA since 2008 and member of IMT since 2015.	CEO ICA Real Estate. Employed at ICA since 2007 and member of IMT since 2010.	Chief Strategy Officer (CSO) ICA Gruppen AB. Employed at ICA and member of IMT since 2013.	CEO ICA Bank. Employed at ICA and member of ICA's Management Team since 2014.
Born	1963	1968	1970	1970	1963
Education	Master of Science in Business and Economics	Master of Science in Engineering	Master of Science in Business and Economics	Master of Science in Business and Economics	Master of Law
Other assignments	Industrial advisor to Segulah Advisor AB. Board member-Childhood Foundation and En Frisk Generation.	Board member Electra Gruppen AB	-	Board member Thule Group AB and Hufvudstaden 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, Business Development Director, Kraft Foods International, London and various positions at Kraft Freia Marabou in Sweden.	SVP Logistics, ICA Sverige (2008–2015). Procter & Gamble Nordic (1993–1998, 2005–2008), Procter & Gamble UK (1998–2001), Procter & Gamble ETC Belgium (2001–2005), inter alia as Director of Logistics, Nordic.	CFO ICA Real Estate (2007–2011) 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.	Partner and head of the retail sector in Scandinavia, McKinsey & Company (2006–2013). Project Manager and Consultant, McKinsey & Company (1996–2005). Worked in Sweden, elsewhere in Europe and in the US.	Swedbank (2005–2014), including head of the Eastern region and member of Swedbank's Group Executive Committee, head of Retail Banking and Private Banking. Förenings-Sparbanken (1996–2005), including head of Corporate Banking FöreningsSparbanken Stockholm.
Shareholding	10,820 shares (incl. related parties)	800 shares (incl. related parties)	1,204 shares (incl. related parties)	3,700 shares (incl. related parties)	2,000 shares (incl. related parties)

Individuals who left ICA Gruppen's Management Team in 2015

Björn Abild

CEO ICA Special. Employed at ICA and member of IMT 2009–2015.

Born: 1955

Education: Master of Science in Business and Economics

Experience: CEO Expert Sverige AB (2004–2009), Team Sportia AB (2001–2004), Dagab Närlivs AB (1998–2001). Marketing and Sales Director Sardus AB (1996–1998) and Bergendahl Grossist AB (1993–1996).

Stein Petter Ski

SVP Portfolio Companies, ICA Gruppen AB. Employed at ICA Gruppen (Hakon Invest) and member of IMT 2005–2015.

Born: 1967

Education: University degree focusing on Economics and Politics, University of York, UK.

Experience: Partner ABG Sundal Collier specialising in Corporate Finance (2003–2005). Worked at Ministry of Enterprise, Energy and Communications/Swedcarrier (2001–2003) and before that various positions at Enskilda Securities (1989–2001).



Tony Holmberg	Sven Lindskog	Anders Nyberg	Björn Olsson	Edgar Sesemann	Anders Svensson
CEO ICA Special. Employed at ICA since 1991 and member of IMT since 2016.	CFO ICA Gruppen AB. Employed at ICA and member of IMT since 2014.	CEO Apotek Hjärtat. Employed at ICA and member of IMT since 2015.	Chief Corporate Communication Officer (CCCO) ICA Gruppen AB. Employed at ICA since 2004 and member of IMT since 2009.	CEO Rimi Baltic. Employed at ICA since 1999 and member of IMT since 2008.	CEO ICA Sweden. DCEO ICA Gruppen. Employed at ICA and member of IMT since 2009.
1971	1963	1956	1971	1961	1964
Completed management and finance courses at INSEAD Business School, IHM Business School, internally at ICA, etc.	Master of Science in Business and Economics	Studies in business and finance, Stockholm University	Master's degree in Political Science, Economics and Commercial Law	Diploma in Market Economics	Master of Science in Business and Economics
-	-	Chairman of the Board Sveriges Apoteksförening.	-	-	Chairman of the Board, Svensk Dagligvaruhandel Ekonomisk Förening (Swedish Grocery Trade Federation). Deputy chairman Svensk Handel (Swedish Trade Federation) and Svenskt Näringsliv (Confederation of Swedish Enterprise).
SVP Sales & Operations, ICA Sweden (2010–2015), Rimi Baltic as Country Manager for Rimi Lithuania, etc. (2008–2010), Business Development Manager, Market department ICA AB (2007–2008). Format Director ICA Kvantum and other ICA assignments (1991–2007).	CFO Höganäs Group (2007–2014). CFO Sardus Group (2006–2007). CFO 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).	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.	Head of Media Relations/Acting Head of Communication, Svensk Handel (Swedish Trade Federation) (2000–2003).	ICA including CEO Rimi Estonia, Sourcing 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 (1996–1990).	Positions at Arla (2002–2009) including Senior Vice President Arla Foods Consumer Nordic and Managing Director, Arla Foods Sweden. Procter & Gamble Nordic and Procter & Gamble UK (1993–2002) inter alia as Director of Logistics, Nordic, and Sales Director, Sweden. Consultant, Andersen Consulting (1988–1993).
5000 shares (incl. related parties)	1,400 shares (incl. related parties)	6,200 shares (incl. related parties)	1,212 shares (incl. related parties)	2,000 shares (incl. related parties)	2,950 shares (incl. related parties)

Åsa Gabriel

SVP HR & ICA School, ICA Gruppen AB. Employed at ICA since 2004 and member of IMT 2008–2015.

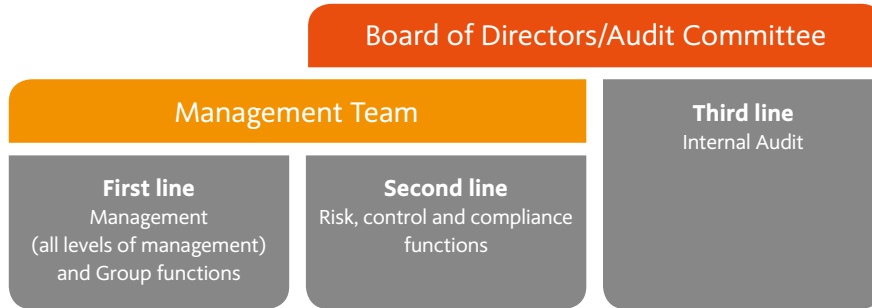
Född: 1959

Utbildning: Master of Science in Business and Economics

Erfarenhet: CEO Twilfit AB (2002–2004). Statoil (1986–2002) including HR and HMS Director Statoil Detaljhandel AS, Franchise and Competence Director Statoil Detaljhandel AS, Marketing Director Statoil AB, HR Director Statoil Detaljist AB, Administration Director Statoil AB.

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 financial 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 Swedish 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 management who, 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 is 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 Treadway 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 the section "Risk and risk management" on 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. The 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 Company's adherence to the Group 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 risks of errors are classified as key controls and are included in the Group's regular monitoring of internal control.
- IT controls covering 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 the 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. As a part of the monitoring process, Internal Audit reports quarterly and Internal Control biannually to the Committee. Their reports describe any deficiencies identified in internal control and the plan of action established to deal with these. The monitoring process ensures that action is taken to remedy any deficiencies and that proposed measures arising from internal and external audits are heeded. In addition, the Management Team and the Internal Audit and Internal Control functions review and follow up as described in this section.

Internal Control department

ICA Gruppen has an Internal Control department 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 share price rose slightly in 2015 and trading increased. A dividend increase is proposed.

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 324.9 on 20 January 2015. The lowest price of SEK 272 was on 29 September 2015. At the end of the year the share price was SEK 307.4 leading to a share price increase of 1% in 2015. This is equivalent to a market capitalisation of around SEK 61,883 million (all shares).

Since 2005, when Hakon Invest was floated on the stock exchange, the share has provided a total return of 500% compared to the SIX Return Index with a return of 129%.

The total trading volume for ICA Gruppen shares on Nasdaq Stockholm in 2015 was just over 104 million shares for a value of just over SEK 31.4 billion, equivalent to an average daily trading volume of 415,410 shares. On average, shares were traded for SEK 125 million per day in 2015. Trading on Nasdaq Stockholm during the year accounted for 70% of all trading in ICA Gruppen shares. The remaining trading took place on Chi-X 24%, Turquoise 4% and Bats 2%.

Share structure

Up to 20 January 2016, ICA Gruppen's share structure consisted of ordinary shares and C shares. Both types carried the same voting entitlement. The ordinary shares were listed and constituted 59.2% of the total number of shares. The remaining 40.8% consisted of C shares which were unlisted and did not carry entitlement to cash dividends for the financial years 2005–2015. All of these shares were owned by ICA-handlarnas Förbund. On 20 January 2016 the C shares were converted into

ordinary shares and thus now carry entitlement to cash dividends. The number of shares is 201,146,795.

Shareholders

The number of shareholders as of 31 December 2015 was 36,014, an increase of 5,336 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. The second largest shareholder was AB Industrivärden with 10.5% of the shares and capital. The remaining 38.2 are owned by institutional investors and private individuals in Sweden and other countries. 9.5% (8.5) of the shares were foreign-owned at the end of the year.

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.

Divestment of ordinary shares

During the years 2007–2009 ICA Gruppen repurchased its own shares to cover the allotments in the incentive programmes for the respective years. In April 2013 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

Largest shareholders 31 December 2015

	Number of shares	Percentage of capital and votes, %
ICA-handlarnas förbund	103,163,599	51.3
Industrivärden	21,125,000	10.5
Handelsbanken	3,054,499	1.5
SEB	2,412,787	1.2
Skandia	1,998,607	1.0
Swedbank Robur	1,570,610	0.8
L Jönsson	1,259,601	0.6
Folksam	696,112	0.3
U Davidson	630,000	0.3
C-G Sylvén	617,889	0.3
Ten largest shareholders, total	136,528,704	67.9
Other shareholders	64,618,091	32.1
Total	201,146,795	100.0

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

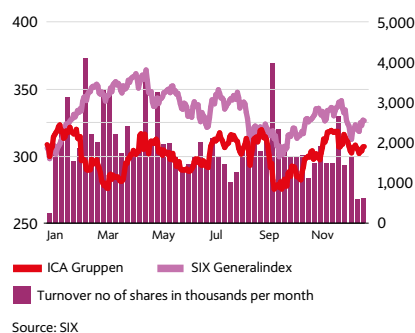
to discontinue these. In 2015 the remaining 141,655 ordinary shares were divested. The sale raised a total of SEK 42.9 million.

Dividends

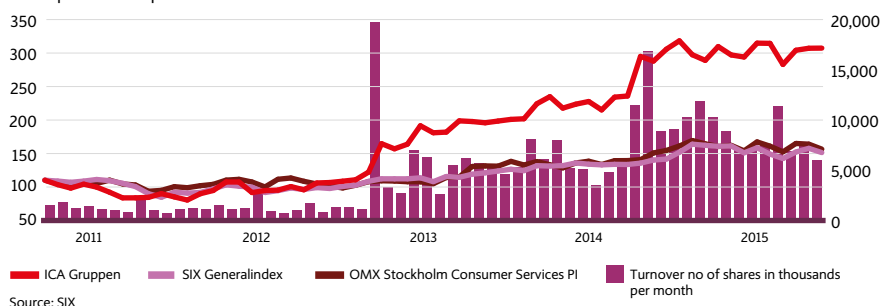
The Board of ICA Gruppen proposes a dividend of SEK 10.00 per ordinary share for 2015 or a total of SEK 2,011 million. The targets established by the Board of Directors include ICA Gruppen providing an annual dividend to shareholders long-term of at least 50% of profit for the year. The dividend proposed by the Board is equivalent to 41% of the Group's net income for the year.

The Board's full dividend proposal is presented in full in the notice to the AGM.

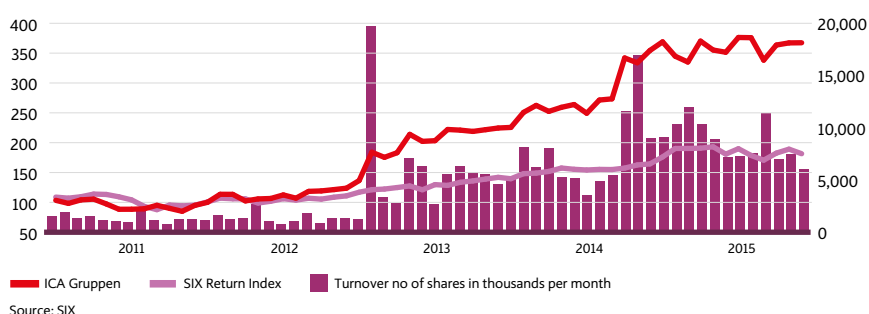
Share price development 2015



Share price development 2011–2015



Total return 2011–2015



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 2015, SEK m	61,833
Share price as of 31 December 2015, SEK	307.80
Change during the year, %	1%
Highest price for the year, SEK	324.90
Lowest price for the year, SEK	272.00

Share data

	2015	2014
Earnings per ordinary share, SEK	24.14	12.53
Earnings per C share, SEK	24.14	12.53
Cash flow per share, SEK	29.06	17.97
Equity per share, SEK	139.41	122.91
Dividend per ordinary share, SEK	10.00	9.50
Dividend payout ratio, %	41	42
Share price at end of year, SEK	307.40	305.80
Direct yield, %	3.2	3.1
P/E ratio	12.7	24.4
Share price/equity, %	220	249
No. of outstanding ordinary shares at end of year	119,078,903	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	201,146,795	201,005,140
Average no. of shares	201,097,895	201,005,140

Ownership structure

Holding, no. of shares	No. of shareholders	Capital and votes, %
1–500	27,970	1.91
501–1,000	3,136	1.26
1,001–5,000	3,361	3.81
5,001–10,000	586	2.13
10,001–15,000	253	1.57
15,001–20,000	159	1.41
20,001–	549	87.90
Total	36,014	100.00

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Financial information

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Definitions of key figures

Capital employed

Equity plus interest-bearing liabilities.

Cash flow from operating activities per share

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

C/I ratio (ICA Bank)

Total costs in relation to total income.

Common Equity Tier 1 ratio (ICA Bank)

The bank's capital base in relation to risk-weighted assets.

Earnings per C share,

Same definition as for earnings per ordinary share, since ordinary shares and C shares carry entitlement to equal participation in profit and equity. C shares carry entitlement to a cash dividend as of 2016.

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 before depreciation, amortisation and impairment.

Equity/assets ratio

Equity including non-controlling interests in relation to total assets.

Equity per share

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

Gross profit

Net sales less cost of goods sold.

Investments

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

Loan loss ratio (ICA Bank)

Loan losses in relation to average lending.

Net debt

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

Net interest (ICA Bank)

The difference between the bank's interest income and interest expense.

Net margin

Profit for the period 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.

Occupancy rate (ICA Real Estate)

Market rents for rented properties divided by total rental value (contracted annual rent + market rent for unrented premises).

Operating margin

Operating profit as a percentage of net sales.

Return on capital employed

Profit after financial income in relation to 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 for the period in relation to average equity. ICA Bank's operations are excluded from both the income statement and balance sheet when calculating return on equity.

Yield (ICA Real Estate)

Operating net in relation to the average book value of properties.

For glossary see inside back cover.

Five-year financial summary

SEK m	Actual 2015	Actual 2014	Pro forma ¹⁾ 2013	Pro forma ¹⁾ 2012	Actual 2013	Actual 2012	Actual 2011
Income statement							
Net sales	101,221	87,174	82,993	80,552	65,155	2,726	2,498
Operating profit before depreciation (EBITDA)	6,191	5,819	4,912	4,824	3,905	278	346
Operating profit (EBIT) excluding non-recurring items	4,138	3,937	3,695	3,306	3,015	118	283
Operating profit (EBIT)	4,594	4,097	3,482	3,623	10,787	212	283
Profit before tax	4,225	3,727	2,859	3,128	10,341	244	233
Profit from continuing operations	3,721	3,105	2,432	1,316	9,994	262	256
Profit for the year	4,913	2,667	1,424	312	9,446	262	40
¹⁾ Excluding the non-recurring effects of the acquisition of ICA AB							
Balance sheet							
Non-current assets	55,831	51,256	52,352	51,742	52,352	8,207	8,894
Cash and cash equivalents and short-term investments	4,611	6,091	3,949	4,788	3,949	1,446	1,001
Other current assets	14,474	15,087	12,660	12,835	12,660	728	827
Total assets	74,916	72,434	68,961	69,365	68,961	10,381	10,722
Equity	28,075	27,911	26,541	22,899	26,541	9,021	9,275
Non-current liabilities	14,945	16,995	13,612	20,022	13,612	633	517
Current liabilities	31,896	27,528	28,808	26,444	28,808	727	930
Total equity and liabilities	74,916	72,434	68,961	69,365	68,961	10,381	10,722
Cash flow							
From operating activities	5,845	3,612			3,975	814	669
From investing activities	-1,707	-563			-16,585	-266	9
From financing activities	-5,867	-767			16,203	-505	-577
Cash flow for the year	-1,729	2,282			3,593	43	101
Cash flow for the year from operating activities for continuing operations	5,723	3,794			4,263		
Key figures							
Operating margin excl. non-recurring items, %	4.1	4.5	4.5	4.1	4.6	4.3	11.3
Operating margin, %	4.5	4.7	4.2	4.5	16.6	7.8	11.3
Return on capital employed, %	9.8	10.1	8.5	8.4	8.3	2.9	2.8
Return on equity, %	16.6	9.3	6.0	1.1	7.2	2.9	0.4
Equity/assets ratio, %	37.5	38.5	38.5	33.0	38.5	86.9	86.5
Share data							
Earnings per share, continuing operations, SEK	18.21	14.71			52.56	1.65	3.01
Earnings per share, SEK	24.14	12.53			49.68	1.65	1.74
Equity per share, SEK	139.41	122.91			116.23	55.28	56.75
Cash flow from continuing operations per share, SEK	28.45	18.86			22.44	0.27	0.59
Cash flow from operating activities per share, SEK	29.06	17.97			20.92	4.79	3.94
Dividend per ordinary share, SEK	10.00	9.50			8.00	-	6.25
Share price as of 31 December, SEK	307.40	305.80			201.00	118.30	96.05
Direct yield, %	3.2	3.1			4.0	n.a	6.5
Number of outstanding shares							
Ordinary shares	119,078,903	118,937,248			118,937,248	78,597,414	78,584,624
C shares	82,067,892	82,067,892			82,067,892	82,067,892	82,067,892
Total number of shares	201,146,795	201,005,140			201,005,140	160,665,306	160,652,516
Total average no. of shares	201,097,895	201,005,140			190,006,752	169,828,539	169,828,539

Consolidated statement of comprehensive income

SEK m	Note	2015	2014
Net sales	2	101,221	87,174
Cost of sales	3	-87,504	-75,038
Gross profit		13,717	12,136
Other operating income	6	904	883
Selling expenses	3	-6,966	-6,185
Administration expenses	3, 5	-2,809	-2,362
Other operating expenses	2	-267	-386
Share of profits from associated companies and joint ventures	14	15	11
Operating profit	2, 4, 5, 7, 8	4,594	4,097
Financial income		42	38
Financial expense		-411	-408
Net financial items	9	-369	-370
Profit before tax		4,225	3,727
Tax	10	-504	-622
Profit from continuing operations		3,721	3,105
Profit/loss from discontinued operations	18	1,192	-438
TOTAL PROFIT		4,913	2,667
Other comprehensive income, items that may not be reclassified to profit or loss			
Revaluation of defined-benefit pension plans, net after tax	10	227	-246
Other comprehensive income, items that may be reclassified to profit or loss			
Change in translation reserve, net after tax		-166	145
Change in hedging reserve, net after tax		-89	-73
Share of joint ventures' other comprehensive income		12	-61
Total items that may be reclassified to profit or loss	10, 19	-243	11
COMPREHENSIVE INCOME FOR THE YEAR		4,897	2,432
Profit for the year attributable to:			
Owners of the parent		4,855	2,518
Non-controlling interests		58	149
Total comprehensive income for the period attributable to:			
Owners of the parent		4,838	2,301
Non-controlling interests		59	131
Earnings per share, SEK	11		
Ordinary share and C share		24.14	12.53
Ordinary share and C share, continuing operations		18.21	14.71
Ordinary share and C share, discontinued operations		5.93	-2.18

Consolidated statement of financial position

Assets			
SEK m	Note	31 Dec. 2015	31 Dec. 2014
Non-current assets			
<i>Intangible non-current assets</i>			
	12		
Goodwill		16,301	11,545
Trademarks		13,630	13,112
IT systems		611	545
Other		367	258
		30,909	25,460
<i>Property, plant and equipment</i>			
	13		
Land and buildings		11,707	13,343
Investment properties		2,156	1,458
Leasehold improvements		339	288
Equipment		2,100	1,677
Construction in progress		344	834
		16,646	17,600
<i>Financial non-current assets</i>			
Interests in joint ventures and associated companies	14	758	757
ICA Bank's investments	15	1,800	1,741
ICA Bank's lending	15	5,162	5,418
Other financial non-current assets		65	22
Other receivables		35	4
		7,820	7,942
<i>Deferred tax assets</i>			
	10	456	254
Total non-current assets		55,831	51,256
Current assets			
<i>Inventories</i>			
	16	4,452	3,566
<i>Current receivables</i>			
Trade receivables		3,803	2,632
Tax assets		–	3
ICA Bank's investments	15	300	150
ICA Bank's lending	15	2,618	2,925
Receivables from related parties	17	88	39
Other current assets		47	116
Prepaid expenses and accrued income		2,828	2,136
		9,684	8,001
<i>Cash and cash equivalents</i>			
	23	4,611	6,091
Total current assets		18,747	17,658
Assets held for sale	18	338	3,520
TOTAL ASSETS		74,916	72,434

Equity and liabilities			
SEK m	Note	31 Dec. 2015	31 Dec. 2014
Equity	19		
Share capital		503	503
Other capital contributed		7,694	7,694
Reserves		-114	130
Retained earnings		19,958	16,379
Equity attributable to owners of the parent		28,041	24,706
Non-controlling interests		34	3,205
Total equity		28,075	27,911
Non-current liabilities			
Provisions for pensions	20	2,128	2,295
Deferred tax liabilities	10	4,919	4,839
Bonds	21	4,991	6,985
Other interest-bearing liabilities	21	2,730	2,673
Other provisions		31	47
Other liabilities		146	156
Total non-current liabilities		14,945	16,995
Current liabilities			
Bonds	21	1,994	171
Other interest-bearing liabilities	21	2,718	1,106
Trade payables		11,759	10,422
Deposits, ICA Bank	15	11,966	11,031
Liabilities to related parties	17	8	3
Tax liabilities		46	114
Other liabilities		696	490
Provisions		196	254
Accrued expenses and deferred income		2,494	2,015
Total current liabilities		31,877	25,606
Liabilities held for sale	18	19	1,922
TOTAL EQUITY AND LIABILITIES		74,916	72,434

Consolidated statement of changes in equity

SEK m	Equity attributable to owners of the parent				Total	Non-controlling interests	Total equity
	Share capital	Other capital contributed	Reserves	Retained earnings			
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
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
Opening equity, 1 January 2015	503	7,694	130	16,379	24,706	3,205	27,911
Profit for the year				4,855	4,855	58	4,913
Other comprehensive income			-244	227	-17	1	-16
Comprehensive income for the year			-244	5,082	4,838	59	4,897
Change in non-controlling interests						-14	-14
Acquisition of shares in Hemtex AB				-116	-116	-103	-219
Dividend				-1,130	-1,130	-113	-1,243
Redemption of preference shares				-300	-300	-3,000	-3,300
Sale of treasury shares				43	43		43
Closing equity, 31 December 2015	503	7,694	-114	19,958	28,041	34	28,075

Consolidated statement of cash flows

SEK m	Note 18, 23	2015	2014
Operating activities			
Operating profit/loss		5,750	3,664
Dividend from joint ventures		2	1
Adjustments for non-cash items		-74	1,548
Income tax paid		-829	-673
Cash flow from operating activities before change in working capital		4,849	4,540
Change in working capital			
Inventories (increase - /decrease +)		-157	-335
Current receivables (increase - /decrease +)		-1,050	-525
Current liabilities (increase + /decrease -)		1,041	533
ICA Bank's net deposits, lending and investments		1,162	-601
Cash flow from operating activities		5,845	3,612
Investing activities			
Purchase of property, plant and equipment and intangible assets		-2,376	-2,576
Sale of property, plant and equipment and intangible assets		1,607	2,074
Acquisition of Apotek Hjärtat		-3,499	-
Loans issued		0	-87
Repayment of loans issued		4	91
Other financial non-current assets (increase - /decrease +)		-1	-1
Interest received		40	40
Investments in joint ventures		-138	-158
Divestment of subsidiaries		2,656	54
Cash flow from investing activities		-1,707	-563
Financing activities			
Borrowings		146	5,165
Repayment of borrowings		-926	-4,519
Acquisition of shares in Hemtex AB		-219	-
Contribution from non-controlling interests		-	10
Interest paid		-368	-344
Dividend paid to shareholders of ICA Gruppen AB		-1,130	-951
Dividend paid to preference shareholders		-113	-128
Redemption of preference shares		-3,300	-
Sale of treasury shares		43	-
Cash flow from financing activities		-5,867	-767
Cash flow for the year		-1,729	2,282
Cash and cash equivalents at beginning of year		6,258	3,948
Exchange differences in cash and cash equivalents		82	28
Cash and cash equivalents at end of year		4,611	6,258
Cash and cash equivalents are recognised in the following lines in the balance sheet:			
Cash and cash equivalents		4,611	6,091
Assets held for sale		0	167
Total cash and cash equivalents		4,611	6,258

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, which is one of the Nordic region's leading retail companies with its own and retailer-owned stores in Sweden, Estonia, Latvia, Lithuania and Finland. The Group consists of ICA Sweden and Rimi Baltic which primarily conduct grocery retail operations, ICA Real Estate which owns and manages properties, and ICA Bank which offers financial services to Swedish customers. In January 2015 Apotek Hjärtat – which conducts pharmacy operations in Sweden – was acquired. In April 2015 ICA Norway was divested. The Group also includes the portfolio companies inkClub and Hemtex. For more information see www.icagruppen.se.

The Company is listed on Nasdaq Stockholm in the Large Cap segment.

The annual financial statements and consolidated financial statements were approved for publication by the Board of Directors on 9 February 2016. A decision will be made at the Annual General Meeting on 20 April 2016 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 International Financial Reporting Standards (IFRS) as adopted by the European Commission and the interpretations of the IFRS Interpretations Committee. 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 2015

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

New accounting principles in 2016

For 2016 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* was published in May 2014; in 2015 the decision was taken to defer its entry into force until financial years beginning on or after 1 January 2018. In 2015 the IASB also published a draft clarifying some parts of IFRS 15. IFRS 15 is expected to be approved by the EU during the second

quarter of 2016. ICA Gruppen is currently analysing the effects of its introduction on the financial statements. This analysis is expected to be completed in 2016. ICA Gruppen's main source of revenue is from the sale of goods, where the nature of ICA Gruppen's performance obligations is generally clear. However, there are certain contracts where ICA Gruppen's role needs to be analysed in relation to the rules of IFRS 15 in order to assess the effects of its introduction.

IFRS 9 *Financial instruments* was published in July 2014. The standard will replace IAS 39, *Financial Instruments: Recognition and Measurement*. It contains rules on the classification and measurement of financial assets and liabilities, impairment of financial instruments and hedge accounting. The standard will take effect for the financial year beginning on 1 January 2018. ICA Gruppen is working to assess the effects if IFRS 9, particularly as regards the measurement of credit losses.

IFRS 16 *Leases* was published in January 2016. Assuming that the EU approves the standard, IFRS 16 will take effect in 2019. IFRS 16 deals with lessees' accounting. Lessors will continue to classify leases as set out in the current IAS 17, *Leases*. IFRS 16 requires lessees to recognise assets and liabilities for all leases in the balance sheet unless the lease term is 12 months or less or the underlying asset has a low value. The asset is depreciated over the term of the lease. The lease payments are to be split between interest and repayment of the debt. ICA Gruppen has a large number of leases. The main leases in terms of value relate to properties that ICA Gruppen leases and in many cases rents out to non-consolidated ICA retailers. ICA Gruppen will begin work on the introduction of IFRS 16 in 2016. The work will include an analysis of the standard and its effects on ICA Gruppen's financial statements, and whether there is a need for new system support. At present it is not possible to quantify the effects of the introduction of IFRS 16, but its introduction will have a substantial effect on ICA Gruppen's financial statements.

Accounting principles applied

Presentation of calculations

ICA Norway has been 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 until the sale of the operations on 13 April 2015. The balance sheet for 2014 reports ICA Norway's assets and liabilities among assets/liabilities held for sale.

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.

ICA Bank's profit before tax is consolidated into the Group within operating profit.

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 historical cost in a foreign currency are not translated.

Exchange differences are recognised in profit or loss for the period in which they arise. In the case of transactions that meet the criteria for hedge accounting of cash flows, gains and losses are recognised in other comprehensive income.

In the consolidated financial statements, all Group companies are translated to SEK. The exchange differences thereby arising are recognised in other comprehensive income. When foreign operations are divested, the accumulated exchange 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. Where ICA Gruppen acts as agent in a contract, only the commission or equivalent received is reported as revenue.

In cases where a sale is made with a commitment that the customer will receive a future bonus, or where some other commitment remains for ICA Gruppen, the revenue for the bonus portion or other commitment is not recognised until the bonus or commitment is delivered to the customer.

Revenues from consulting services and franchise fees, royalties and dividends from ICA retailers are recognised as the service is delivered or the rights are provided.

Rental income is recognised as the asset is provided.

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 usually on the occupancy date. 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. ICA Gruppen leases buildings and equipment for its own use within the Group, but store premises are also leased in order to be rented out to non-consolidated ICA retailers. The economic substance of these arrangements mean these leases are classified as operating leases.

ICA Gruppen as lessee

Lease fees for operating leases are treated as an expense and distributed over the life of the lease on a straight-line basis.

ICA Gruppen as lessor

Lease fees for operating leases are treated as revenue and distributed over the life of the lease on a straight-line basis.

Income tax

Income taxes are recognised through profit or loss. If the underlying transaction is recognised in other comprehensive income or in shareholders' equity, the associated tax is recognised in the same way.

Cont. Note 1 Accounting principles and general information

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.

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 non-consolidated 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.

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. Other non-current assets are tested for impairment if there is an indication of a reduction in value.

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 remaining 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 there-

fore 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 and contingent liabilities

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 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 a 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.

Defined-benefit pension plans

On average, defined-benefit pension plans have a long maturity until such time as they are paid out. To calculate the present value of ICA Gruppen's pension liabilities, a number of assumptions must be made concerning, for example, life expectancy, salary increases, inflation and discount rates. These assumptions are assessed 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.

Revenue

Contracts exist that require expert assessment of whether ICA Gruppen is acting as principal or agent. This assessment covers many different factors, an overall appraisal being made of all the facts and circumstances in order to decide ICA Gruppen's role in the contract. If ICA Gruppen is the principal then revenue and expenses are reported gross, while only commission received or the equivalent is recognised as revenue if ICA Gruppen is an agent.

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 Sweden and retail operations in the Baltic countries. Sweden constitutes one segment and the Baltic countries together form another segment. ICA Norway was engaged in wholesale and retail operations until 13 April 2015 when the Norwegian operations were sold to Coop Norway. Apotek Hjärtat, which is engaged in pharmacy operations in Sweden, was acquired on 15 January 2015 from Altor. In the second quarter the pharmacy operations conducted within the ICA Sweden segment through Cura pharmacies were transferred to the acquired pharmacy operations. Cura pharmacies and the acquired pharmacy operations are monitored and controlled by the management as a unit within the Apotek Hjärtat segment. The segment information has been restated to remove Cura pharmacies from the ICA Sweden segment and instead report these in the Apotek Hjärtat segment. This means that the comparison figures for the Apotek Hjärtat segment relate to Cura

pharmacies. 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, including insurance operations, are reported in the segment ICA Bank. The retail companies Hemtex and inkClub are reported in the Portfolio Companies segment. In April 2015 Cervera was divested from the Portfolio Companies segment. "Other" consists of items that are not included in identified segments, mainly group-wide functions. ICA Norway was reported as a discontinued operation from 30 September 2014 until its divestment on 13 April 2015 and is therefore not included in the Group's consolidated net sales and operating profit. ICA Norway was reported as a segment up until the date it was divested, 13 April 2015. For net sales and operating profit for ICA Norway, see Note 18. 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.

SEK m	ICA Sweden		ICA Norway		Rimi Baltic		Apotek Hjärtat		ICA Bank		ICA Real Estate	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
External net sales	72,258	68,836	-	-	12,632	11,632	12,289	2,092	804	793	1,403	1,231
Internal net sales	366	412	-	-	-	-	1	-	55	55	979	1,022
Depreciation and amortisation	418	358	-	-	290	285	155	37	29	30	524	515
Profit from joint ventures and associated companies	-	-	-	-	-	-	-	-	-	-	14	0
Operating profit excluding non-recurring items	3,366	3,228	-	-	415	383	209	21	110	189	456	409

Other segment information

Assets	37,944	37,449	-	3,235	5,677	5,642	8,164	444	14,297	12,775	13,990	14,745
Liabilities	17,248	16,717	-	2,212	3,834	4,248	4,191	444	12,321	11,274	9,220	6,175
Investments in property, plant and equipment and intangible assets	780	596	-	225	384	500	95	30	50	16	924	1,055
Investments in associated companies and joint ventures	-	-	-	0	-	-	-	-	-	-	138	158
Other non-cash flow items	0	5	-	-	-93	-32	10	-	-267	-	-130	-7

SEK m	Portfolio Companies		Total reported segments		Other		Eliminations		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
External net sales	1,800	2,564	101,186	87,148	35	26	-	-	101,221	87,174
Internal net sales	0	-	1,401	1,489	78	71	-1,479	-1,560	-	-
Depreciation and amortisation	41	41	1,457	1,266	83	71	-	-	1,540	1,337
Profit from joint ventures and associated companies	1	11	15	11	0	-	-	-	15	11
Operating profit/loss excluding non-recurring items	-32	53	4,524	4,283	-386	-346	-	-	4,138	3,937
Non-recurring items	-	-	-	-	-	-	-	-	456	160
Net financial items	-	-	-	-	-	-	-	-	-369	-370
Profit after financial items	-	-	-	-	-	-	-	-	4,225	3,727

Other segment information

Assets	1,427	2,179	81,499	76,469	56,161	53,478	-62,744	-57,513	74,916	72,434
Liabilities	881	1,121	47,695	42,191	25,280	25,145	-26,134	-22,813	46,841	44,523
Investments in property, plant and equipment and intangible assets	33	49	2,266	2,471	110	105	-	-	2,376	2,576
Investments in associated companies and joint ventures	-	-	138	158	0	0	-	-	138	158
Other non-cash flow items	11	-194	-469	-228	-2	56	-	-	-471	-172

Non-recurring items

SEK m	2015	2014
Operating profit excluding non-recurring items	4,138	3,937
<i>Capital gain upon sale of non-current assets</i>		
Portfolio Companies, Forma	-7	-2
Portfolio Companies, Kjell & Company	-	445
Portfolio Companies, inkClub	2	-
Portfolio Companies, Cervera	-8	-
ICA Real Estate	165	49
Rimi Baltic	102	54
ICA Bank	267	-
Apotek Hjärtat	-10	-
Other	3	0
Total capital gain	514	546
<i>Impairment</i>		
Portfolio Companies, inkClub	-	-322
ICA Real Estate	-49	-42
Rimi Baltic	-9	-22
Total non-recurring items	456	160
Operating profit	4,594	4,097
Acquisition and integration costs for Apotek Hjärtat		
	-209	-
Total non-recurring items plus acquisition and integration costs for Apotek Hjärtat		
	247	160
Non-recurring items and acquisition and integration costs for Apotek Hjärtat are reported in the following lines:		
Other operating income	514	546
Other operating expenses	-267	-386
Total non-recurring items	247	160

External net sales by revenue source

SEK m	2015	2014
Wholesale sales	54,347	51,548
Retail sales	39,309	28,325
Rental income	2,614	2,418
Net interest income and commissions, ICA Bank	804	793
Other services for ICA retailers and franchisees	4,147	4,090
Net sales	101,221	87,174

Geographical information

SEK m	Net sales		Property, plant and equipment and intangible assets	
	2015	2014	2015	2014
Country				
Sweden	88,024	75,108	42,696	37,322
Norway	288	155	1,558	2,236
Baltic countries	12,653	11,648	3,300	3,502
Other countries	256	263	1	0
Total	101,221	87,174	47,555	43,060

Net sales are distributed by country based on where customers are located.

Note 3 Expenses by type of expense

SEK m	2015	2014
Cost of materials	76,142	65,605
Personnel expenses	9,332	7,477
Administrative expenses	2,482	2,080
Cost of premises	3,433	2,938
Depreciation/amortisation and impairment losses	1,598	1,723
Other expenses	4,559	4,148
Total expenses	97,546	83,971

Note 4 Average number of employees, salaries and other remuneration**Average number of employees**

The average number of employees has been calculated on the basis of the number of hours worked relative to normal working hours in each country.

	2015			2014		
	Women	Men	Total	Women	Men	Total
Sweden	7,393	5,357	12,750	5,017	4,885	9,902
Norway	9	10	19	9	11	20
Baltic countries	8,042	1,520	9,562	7,623	1,372	8,995
Finland	71	2	73	122	2	124
Hong Kong	45	50	95	48	43	91
Total, continuing operations	15,560	6,939	22,499	12,819	6,313	19,132
ICA Norway	473	377	850	2,002	1,550	3,552
Total	16,033	7,316	23,349	14,821	7,863	22,684

The change in the average number of employees in 2015 compared with 2014 in Sweden was affected by the acquisition of Apotek Hjärtat.

Salaries, other remuneration and social security contributions

SEK m	2015	2014
Group		
Salaries and other remuneration	6,169	5,000
Social security contributions	1,916	1,455
Pension costs	508	401
Total, continuing operations	8,593	6,856
SEK m	2015	2014
Group		
Board of Directors and CEO		
- Salaries and other remuneration	144	127
- of which variable component	22	13
- Pension costs	25	27
Other employees	6,508	5,247
Total, continuing operations	6,677	5,401

Of the Group's Board members and CEOs, 430 are men (376) and 432 are women (278). The information covers all board assignments within ICA Gruppen; an individual may sit on more than one board. The amounts exclude social security contributions.

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:	2015			2014		
	Board fees	Committee work	Total fees	Board fees	Committee work	Total fees
Claes Göran Sylvéén	950	150	1,100	900	150	1,050
Fredrik Hägglund	350	50	400	320	50	370
Göran Blomberg	350	85	435	320	110	430
Peter Berlin	350	50	400	320	50	370
Magnus Moberg	350	85	435	320	85	405
Bengt Kjell	350	85	435	320	110	430
Cecilia Daun Wennborg	350	170	520	320	170	490
Jan Olofsson	350	50	400	320	75	395
Andrea Gisle Joosen	350	50	400	320	50	370
Jeanette Jäger	350	50	400	-	-	-
Margot Wallström	-	-	-	160	0	160
Total	4,100	825	4,925	3,620	850	4,470

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 59% (52%) of annual salary and 118% for the CEO (104%). The reason for the increase in the maximum bonus is that ICA Gruppen wishes to create a long-term flexible remuneration that encourages strong performance. The bonus is not pensionable for the CEO or other senior executives. 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% (27%) of annual salary and 54% for the CEO (54%). 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 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 vesting period the bonus is paid out pro rata. 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.

Long-term incentive programme

The cash-based, three-year incentive programme is linked to value creation within the Group and is maximised at 32% (25%) of annual salary and 64% for the CEO (50%). In the case of programmes begun prior to 2015 the maximum potential bonus is 25% and 50% respectively. 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 vesting 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 in the case of, for example, extraordinary increases or decreases in the Group's earnings.

Management Team

2015, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs ¹⁾	Total
CEO	8,525	10,518	235	3,179	22,457
Other senior executives	37,191	31,568	1,951	14,840	85,550
Total	45,716	42,086	2,186	18,019	108,007

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
Total	45,353	18,859	2,194	21,015	87,421

1) The stated pension costs for other senior executives include SEK 2,076,000 (2,666,000) of variable remuneration where salary has 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 other senior executives includes SEK 15 million as a result of two members of the Management Team leaving the Company at the end of the year.

The number of senior executives, excluding the CEO of ICA Gruppen, in 2015 was 13 (11), 5 (4) of whom are women. From 1 January to 31 March 2015 the CEO of ICA Norway was a member of the Management Team. The CEO of Apotek Hjärtat joined the Management Team on 15 January 2015. The outgoing CHRO was a member of the Management Team from 1 January to 30 April 2015, while the incoming CHRO joined the Management Team on 1 April 2015. Portfolio company director has served in the Management Team up until 31 December 2015.

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 basic annual salary for 2015 of SEK 8.4 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 12 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 2015 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 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. The CEO of Apotek Hjärtat has pension benefits in accordance with ITP1.

Share investment programme

The general meeting approved two share investment programmes for the CEO and senior executives within ICA Gruppen (for the years 2014 and 2015 respectively). The general meeting's decision in 2015 means that during the acquisition period set by the Board of 11 May 2015 – 30 June 2015, 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. Acquired shares are to be held for the entire period the executives are employed by 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,
- (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.

Note 5 Audit expenses

SEK m	2015	2014
Ernst & Young:		
Audit assignments	21	24
Other auditing activities	1	5
Other services	27	7
Total	49	36

Other services refers to costs associated with the acquisition of Apotek Hjärtat, among other things.

Note 6 Other operating income

SEK m	2015	2014
Share of profits and share dividends from ICA retailers	390	337
Capital gains/losses as specified in Note 2	514	546
Total	904	883

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 financial aspects of the agreements for these arrangements, the 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. In some agreements 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	2015	2014
Lease expense for the year	3,690	2,938
Of which minimum lease fees	3,393	2,627
Of which variable fees	297	311

The year's lease revenue from subleased assets	-1,375	-1,291
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Future contractual minimum lease fees:

Maturity date within 1 year	3,089	3,464
Maturity date between 1–5 years	8,357	9,432
Maturity date later than 5 years	5,529	6,237
Total	16,975	19,133

Future minimum lease fees incoming for agreements with subleased assets	5,813	5,699
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ICA Gruppen as lessor

The Group rents out buildings and equipment. The rents are generally fixed, but can also be 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	2015	2014
Future contractual minimum lease fees:		
Maturity date within 1 year	2,011	1,852
Maturity date between 1–5 years	4,876	4,744
Maturity date later than 5 years	1,582	1,638
Total	8,469	8,234

Variable fees included in profits	646	617
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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	2015	2014
Net sales	-1	-
Cost of sales	4	-17
Administration expenses	0	-1
Total	3	-18

Note 9 Net financial items

SEK m	2015	2014
Financial income		
Interest income	40	39
Other financial income	2	-1
Financial income	42	38
Financial expenses		
Interest expenses	-399	-408
Change in fair value of financial instruments	-7	-
Exchange differences	-5	-
Financial expenses	-411	-408

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

Note 10 Taxes

Current tax	2015	2014
Current tax on profit for the year	-754	-512
Deferred tax on temporary differences	250	-110
Reported tax expense	-504	-622

Reconciliation of effective tax expense

Profit before tax	4,225	3,727
Tax as per the current tax rate, 22% in Sweden (22%)	-930	-820
Profit share according to the equity method	3	2
Tax relating to deferred tax assets	174	-3
Share of profit and share dividends	86	77
Capital gains/losses	136	193
Non-deductible expenses/non-taxable income	-35	-38
Effect of other tax rates for foreign subsidiaries	52	41
Effect of changed tax rate	15	-
Goodwill impairment	-	-71
Other	-5	-3
Effective tax rate 11.9% (16.7%)	-504	-622

Taxes by country 2015	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	22%	3,916	-520	3,396	-722
Norway	27%	12	13	25	-31
Estonia	0%	147	0	147	0
Latvia	15%	106	-55	51	-70
Lithuania	15%	39	59	98	-5
Hong Kong	16.5%	5	-1	4	-1
Total		4,225	-504	3,721	-829

Taxes by country 2014	Nominal tax rate	Profit before tax	Tax	Profit after tax	Tax paid
Sweden	22%	3,278	-549	2,729	-617
Norway	27%	22	-12	10	-10
Estonia	0%	72	0	72	0
Latvia	15%	307	-54	253	-40
Lithuania	15%	44	-6	38	-5
Hong Kong	16.5%	4	-1	3	-1
Total		3,727	-622	3,105	-673

ICA Gruppen complies with current tax legislation in each country where it operates. All decisions concerning operations are taken on a commercial basis and tax effects follow from these decisions.

In Estonia the tax rate on income is zero %, while companies are taxed at 20% (21%) on any dividend distributed.

SEK m	2015	2014
Reported deferred tax assets and tax liabilities		
Non-current assets	-3,951	-4,079
Inventories	15	14
Provisions	282	341
Tax loss carryforwards	406	208
Untaxed reserves	-1,243	-1,091
Financial derivatives	28	22
Total deferred tax assets (+) / deferred tax liabilities (-), net	-4,463	-4,585

As reported in balance sheet:

Deferred tax assets	456	254
Deferred tax liabilities	-4,919	-4,839

SEK 322 (208) million of the tax loss carryforwards are barred from group contributions up to and including 2018 as a result of the acquisition of ICA AB by ICA Gruppen in 2013.

The Group has no unrecognised deferred tax assets relating to tax loss carryforwards. Last year there were unrecognised tax loss carryforwards of SEK 111 million relating to Hemtex and of SEK 69 million relating to Lithuania. Following ICA Gruppen's acquisition of the remaining shares in Hemtex in 2015 it is deemed that the tax asset can be recognised, since the conditions for group contributions are met. In the two previous years Lithuania had a taxable surplus, and it is also expected to be a surplus in the coming years. The judgement has therefore been made that the tax loss carryforwards can be recognised. The tax loss carryforwards have no expiry date.

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance, 1 Jan. 2015	Recognised in income statement	Recognised in other comprehensive income	Divestment of assets	Business combinations	Balance, 31 Dec. 2015
Non-current assets	-4,079	204	0	50	-126	-3,951
Inventories	14	1				15
Provisions	341	5	-64			282
Tax loss carryforwards	208	198				406
Untaxed reserves	-1,091	-152				-1,243
Financial derivatives	22	-6	12			28
Total	-4,585	250	-52	50	-126	-4,463

SEK m	Balance, 1 Jan. 2014	Recognised in income statement	Recognised in other compre- hensive income	Business combina- tions	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

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

Tax in other comprehensive income

SEK m	2015		
	Before tax	Tax	After tax
Revaluation of defined-benefit pension plans	291	-64	227
Translation differences in foreign operations	-166	0	-166
Cash flow hedges:			
– change in value for the year	53	-10	43
Items reclassified to profit or loss	-154	22	-132
Share of joint ventures' other comprehensive income	12		12
Other comprehensive income	36	-52	-16

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

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. On 7 May ICA Gruppen's own holding of 141,655 ordinary shares was sold for SEK 302.50 per share, or SEK 42.9 million in total.

There are no instruments that could result in dilution.

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

SEK m	2015	2014
Profit for the year attributable to owners of the parent	4,855	2,518
Weighted average number of shares, thousands	201,098	201,005

Also see Note 19.

Note 12 Intangible non-current assets

SEK m	Goodwill		Trademarks		IT systems		Other		Total intangible non-current assets	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated cost	17,038	12,282	13,632	13,207	986	856	506	383	32,162	26,728
Accumulated amortisation			-1	-1	-375	-311	-139	-125	-515	-437
Accumulated impairment losses	-737	-737	-1	-94	0	0	0	0	-738	-831
Book value	16,301	11,545	13,630	13,112	611	545	367	258	30,909	25,460
Opening balance	11,545	11,867	13,112	13,065	545	548	258	222	25,460	25,702
Investments	-	-	-	-	198	203	166	190	364	393
Business combinations	4,756	-	550	-	55	-	15	0	5,376	0
Divestments and disposals	-	-	-	-	-9	-4	-5	-1	-14	-5
Reclassifications	-	-	-	-	2	64	-2	-64	0	0
Transferred to assets held for sale	-	-	-	-	-	-95	-	-33	-	-128
Amortisation for the year ¹⁾	-	-	0	-1	-184	-171	-65	-57	-249	-229
Impairment losses for the year	-	-322	-	0	-	-	-	-	-	-322
Translation differences for the year	-	-	-32	48	4	0	0	1	-28	49
Book value	16,301	11,545	13,630	13,112	611	545	367	258	30,909	25,460

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

SEK m	2015	2014
Selling expenses	-65	-52
Administration expenses	-184	-128
Profit/loss from discontinued operations	0	-49
Total	-249	-229

Cont. Note 12 Intangible non-current assets

Impairment losses for 2014 related to goodwill of SEK 322 million in respect of inkClub, which is part of the Portfolio Companies segment. The impairment losses were included in the item "Selling expenses" in the income statement.

SEK m	31 Dec. 2015	31 Dec. 2014
Goodwill		
ICA Sweden	11,545	11,545
Apotek Hjärtat	4,756	-
Total goodwill	16,301	11,545

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. For goodwill attributable to Apotek Hjärtat see Note 24.

Trademarks in the segment ICA Sweden are assignable to ICA, the Swedish store operations and the ICA stores. Trademarks in the segment Rimi Baltic relate to Rimi and are assignable to the store operations in the Baltic countries. Trademarks in the segment Apotek Hjärtat are assignable to Apotek Hjärtat and its pharmacies. The trademarks in inkClub break down as SEK 5 million (6) assignable to 112ink and SEK 308 million (308) assignable to inkClub. Trademark in Hemtex is assigned to the store operations. The trademarks are assignable to the following segments:

SEK m	31 Dec. 2015	31 Dec. 2014
ICA Sweden	11,500	11,500
Rimi Baltic	767	798
Apotek Hjärtat	550	-
Portfolio Companies:		
inkClub	313	314
Hemtex	500	500
Total trademarks	13,630	13,112

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 seven 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 four 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 and goodwill for ICA Sweden are tested by estimating the value in use for the cash-generating unit ICA Sweden. Trademarks and goodwill for Apotek Hjärtat are tested by estimating the value in use for the cash-generating unit Apotek Hjärtat. Trademarks in Rimi Baltic are tested using the royalty relief method. Trademarks in inkClub and Hemtex are tested by estimating the value in use for the cash-generating unit of the trademark concerned, which is the companies inkClub and Hemtex respectively.

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 1.5% (2.0) for ICA Sweden, 1.5% (-) for Apotek Hjärtat, 1.5% (2.0) for Hemtex, 2.0% (2.0) for inkClub and 2.0% (2.0) 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 and is stated before tax. <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td>ICA Sweden</td> <td>7.2% (8.2)</td> </tr> <tr> <td>Apotek Hjärtat</td> <td>7.3% (-)</td> </tr> <tr> <td>Rimi Baltic</td> <td>8.2% (8.0)</td> </tr> <tr> <td>Hemtex</td> <td>10.5% (10.7)</td> </tr> <tr> <td>inkClub</td> <td>16.1% (15.4)</td> </tr> </tbody> </table>	ICA Sweden	7.2% (8.2)	Apotek Hjärtat	7.3% (-)	Rimi Baltic	8.2% (8.0)	Hemtex	10.5% (10.7)	inkClub	16.1% (15.4)
ICA Sweden	7.2% (8.2)										
Apotek Hjärtat	7.3% (-)										
Rimi Baltic	8.2% (8.0)										
Hemtex	10.5% (10.7)										
inkClub	16.1% (15.4)										

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 Apotek Hjärtat a one percentage point increase in the discount rate or a decrease in sales of one percentage point does not indicate an impairment loss (-).

For Rimi Baltic a one percentage point increase in the discount rate or a decrease in sales 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 (no impairment loss).

For inkClub a one percentage point increase in the discount rate indicates an impairment loss of 11 (no impairment loss) or a decrease in the EBITDA margin of one percentage point indicates an impairment loss of 34 (no impairment loss).

Note 13 Property, plant and equipment

SEK m	Land and buildings		Investment properties		Leasehold improvements		Equipment		Construction in progress		Total property, plant and equipment	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Accumulated cost	13,105	14,326	2,349	1,541	585	495	3,799	3,206	348	834	20,186	20,402
Accumulated depreciation	-1,384	-968	-135	-66	-246	-207	-1,665	-1,409	0	-	-3,430	-2,650
Accumulated impairment losses	-14	-15	-58	-17	0	0	-34	-120	-4	-	-110	-152
Book value	11,707	13,343	2,156	1,458	339	288	2,100	1,677	344	834	16,646	17,600
Opening balance	13,343	13,838	1,458	1,513	288	874	1,677	2,468	834	553	17,600	19,246
Investments	644	1,052	84	103	121	150	967	816	107	294	1,923	2,415
Business acquisitions	-	-	-	-	-	-	202	-	-	-	202	-
Sales and disposals	-911	-1,091	-453	-98	-9	-529	-215	-924	-1	-13	-1,588	-2,655
Reclassifications	-809	-	1,409	-	-	-	-	-	-600	-	0	0
Depreciation for the year ¹⁾	-534	-571	-77	-40	-112	-215	-568	-627	-	-	-1,291	-1,453
Impairment losses for the year ¹⁾	-7	-15	-40	-17	-	-	-7	-81	-4	-	-58	-113
Translation differences for the year	-19	130	-225	-3	51	8	44	25	8	-	-141	160
Book value	11,707	13,343	2,156	1,458	339	288	2,100	1,677	344	834	16,646	17,600

1) For 2015, profit/loss from discontinued operations includes no depreciation of property, plant and equipment (2014: 295) and no impairment losses (2014: 69) in respect of ICA Norway.

Depreciation periods (years):

Buildings	20–50
Investment properties	20–40
Leasehold improvements	6–20
Store equipment and vehicles	7–10
Other equipment	3–10

Investment properties

A measurement has been made of the fair value of all investment properties. Many properties have been valued by an external party and in other cases an internal valuation has been made based on the external valuation carried out in 2014. The measurement is based on the existing rents and market conditions and the real yield requirements in the various markets. It shows that the fair value exceeds the book value by 449 (16). 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	2015	2014
Rental income	204	30
Direct costs	135	9

Construction in progress

Expenses capitalised during the year include a capitalised interest expense of 8 (18) calculated based on an interest rate of 1.00% (1.00).

Note 14 Interests in joint ventures and associated companies

ICA Gruppen already had one significant joint venture (Ancore Fastigheter AB), and in December 2015 formed a new joint venture (Secore Fastigheter AB). In addition to these two joint ventures, there are various smaller associated companies and joint ventures.

Joint ventures and associated companies

SEK m	2015	2014
Carrying amount, joint ventures and associated companies		
Carrying amount, opening balance	757	712
New investments	138	158
Divestments	-12	-3
Dividends	-2	-1
Share of profits	15	11
Intra-group profit, properties	-150	-59
Items in other comprehensive income	12	-61
Carrying amount, closing balance	758	757

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

SEK m	Share % ¹⁾		Book value		Share of profits	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Ancore Fastigheter AB, 556817-8858, Stockholm	50	50	667	742	14	-1
Secore Fastigheter AB, 559018-9451, Stockholm	50	-	85	-	0	-
Fastighetsaktiebolaget Postgården AB, 559016-8885, Stockholm	50	-	3	-	0	-
Kjell & Co Elektronik AB, 556400-5378, Malmö	-	-	-	-	-	11
Trade Press AS, 966 705 086, Oslo	-	40	-	12	0	1
Other associated companies	-	-	3	3	1	0
Total			758	757	15	11

1) Ownership percentages are consistent with share of capital.

Summary for Ancore Fastigheter AB and Secore Fastigheter AB

SEK m	Ancore Fastigheter AB		Secore Fastigheter AB
	2015	2014	2015
Reconciliation of reported share of profits			
Profit for the year	28	-2	0
Share of profits 50%	14	-1	0
Elimination of intra-group profits	0	0	0
Reported share of results	14	-1	0

SEK m	Ancore Fastigheter AB		Secore Fastigheter AB
	2015	2014	2015
Reconciliation of book value			
Share of equity 50%	-29	-56	29
Long-term permanent loans	663	763	205
Surplus values, properties	102	106	-
Intra-group profit, properties	-69	-71	-149
Book value	667	742	85

SEK m	2015	2014	2015
Rental income	391	325	6
Depreciation and amortisation	-101	-83	-2
Expenses	-63	-52	-1
Operating profit	227	190	3
Financial income	0	0	0
Financial expense	-178	-168	-2
Profit before tax	49	22	1
Tax	-21	-19	-1
Profit for the year	28	3	0
Other comprehensive income	25	-121	-
Total comprehensive income for the year	53	-118	0

Non-current assets	4,772	4,826	1,113
Current assets	8	102	8
Cash and cash equivalents	77	20	42
Total assets	4,857	4,948	1,163

Equity	-59	-112	58
Deferred tax liabilities	75	49	40
Non-current liabilities to owners	1,326	1,526	410
Non-current liabilities to credit institutions	3,200	3,089	614
Current liabilities	315	396	41
Total equity and liabilities	4,857	4,948	1,163

Ancore Fastigheter AB is a joint arrangement between Alecta Pensionsförsäkring and ICA Gruppen. The parties each own 50% of the company. All significant decisions concerning Ancore's operations must be made in 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.

Secore Fastigheter AB is a joint arrangement between Första AP-fonden (First Swedish National Pension Fund) and ICA Gruppen which started in December 2015 when Secore acquired 13 store properties from ICA Gruppen. The purpose of the company is to acquire and own ICA stores in strategic locations. The stores are run by non-consolidated ICA retailers. The parties each own 50% of the company. All significant decisions concerning Secore's operations must be made in agreement between the two owners. Based on all the relevant facts in the joint arrangement, Secore Fastigheter AB is reported as a joint venture. It is consolidated according to the equity method.

Fastighetsaktiebolaget Postgården AB is a joint arrangement with Veidekke for the construction of housing above the commercial district that ICA Real Estate in Sweden is to build in Årsta. Construction is expected to begin in 2018. The company had no operations in 2015.

Note 15 ICA Bank

ICA Bank offers a complete range of financial services to private individuals in Sweden. The aim is to increase customer loyalty to ICA and to reduce transaction costs for ICA stores and ICA Gruppen.

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 invested in 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	31 Dec. 2015	31 Dec. 2014
No longer than 3 months	1,695	1,972
Longer than 3 months but not more than 1 year	923	953
Longer than 1 year but not more than 5 years	3,560	3,723
Longer than 5 years	1,602	1,695
Total lending	7,780	8,343

Bad debts

SEK m	31 Dec. 2015	31 Dec. 2014
Bad debts	36	506
Less reserve for anticipated credit losses	-11	-356
Bad debts net	25	150

In December 2015 ICA Bank signed an agreement with Intrum Justitia on the sale of ICA Bank's past due loan receivables. The transaction gave rise to a positive earnings effect of SEK 186 million for ICA Bank. 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 0.32% (1.80) 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 31.71% (70.37). Net credit losses amount to an income of +156 (+10), which is equivalent to -1.89% (-0.12) of average lending to the public. Credit losses were positively impacted during the year by SEK 186 million as a result of the abovementioned capital gain (the previous year's re-estimation had a positive effect of SEK 36 million).

Loans overdue, not classified as bad debt

SEK m	31 Dec. 2015	31 Dec. 2014
Overdue between 0 and 30 days	5	5
Overdue between 31 and 60 days	36	40
Total	41	45

The majority of loans are unsecured.

Note 16 Inventories

SEK m	2015	2014
Inventories of goods for resale	4,577	3,682
Deduction for obsolescence in inventories	-125	-116
Inventories	4,452	3,566

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, and Secore Fastigheter AB, the joint venture with Första AP-fonden.

In December 2015 ICA Gruppen sold 13 store properties to Secore Fastigheter AB. See also Note 14 Interests in joint ventures and associated companies.

2015, SEK m	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Joint ventures	41	374	88	8

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

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 was reported as discontinued operations from 30 September 2014 until 13 April 2015, when the divestment of all of the shares in ICA Norway to Coop Norway was completed. The divestment of Cervera was completed on 23 April 2015.

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

SEK m	2015	2014
Net sales	4,235	15,826
Other income	1	108
Expenses	-4,228	-16,367
Operating profit/loss	8	-433
Net financial items	-1	-5
Tax	0	0
Profit/loss from the divestment of ICA Norway	1,185	-
Profit/loss from discontinued operations	1,192	-438

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

SEK m	2015	2014
Other comprehensive income, items that may not be reclassified to profit or loss		
Revaluation of defined benefit pension plans, net after tax	-	15
Other comprehensive income, items that may be reclassified to profit or loss		
Change in translation reserve, net after tax	-10	7
Change in hedging reserve, net after tax	-123	-
Total items that may be reclassified to profit or loss	-133	7

In the balance sheet for 2015, assets held for sale comprises a total of 13 properties in Sweden, Norway and the Baltic countries. Liabilities held for sale consists of a provision. Impairment losses of 43 were applied in respect of properties in Norway in conjunction with their reclassification as assets held for sale.

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

Cash flows allocated to continuing operations and discontinued operations, 2015

	ICA Gruppen	Discontinued operations	ICA Gruppen excluding discontinued operations
Operating activities			
Operating profit/loss	5,750	1,167	4,583
Dividend from joint ventures	2	0	2
Adjustments for non-cash items	-74	-1,159	1,085
Income tax paid	-829	0	-829
Cash flow from operating activities before change in working capital	4,849	8	4,841
Change in working capital	996	114	882
Cash flow from operating activities	5,845	122	5,723
Investing activities			
Purchase of property, plant and equipment and intangible assets	-2,376	-19	-2,357
Sale of property, plant and equipment and intangible assets	1,607	-	1,607
Acquisition of Apotek Hjärtat	-3,499	-	-3,499
Divestment of subsidiaries	2,656	2,467	189
Other	-95	0	-95
Cash flow from investing activities	-1,707	2,448	-4,155
Financing activities			
Interest paid	-368	-1	-367
Other financing activities	-5,499	0	-5,499
Cash flow from financing activities	-5,867	-1	-5,866
Cash flow for the year	-1,729	2,569	-4,298

Cash flows allocated to continuing operations and discontinued operations, 2014

	ICA Gruppen	Discontinued operations	ICA Gruppen excluding discontinued operations
Operating activities			
Operating profit/loss	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

Note 19 Equity

Share data (number)	31 Dec. 2015	31 Dec. 2014
Ordinary treasury shares	–	141,655
Total shares held	–	141,655
Outstanding ordinary shares	119,078,903	118,937,248
Outstanding C shares	82,067,892	82,067,892
Total outstanding shares	201,146,795	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 2014	201,146,795	502,867
Change, 2014	–	–
31 December 2014	201,146,795	502,867
Change, 2015	–	–
31 December 2015	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 were converted into ordinary shares in January 2016, which means that thereafter the Company has only one class of share in the form of ordinary shares with dividend entitlement. The total number of shares remains unchanged after the conversion.

On 7 May ICA Gruppen's holding of 141,655 ordinary shares was sold in its entirety for SEK 302.50 per share, or SEK 42.9 million in total.

Specification of the equity item reserves

SEK m	31 Dec. 2015	31 Dec. 2014
Translation reserve:		
Translation reserve, opening balance	226	81
Reclassified to profit or loss	–10	–
Translation differences for the year	–156	145
Translation reserve, closing balance	60	226
Hedging reserve:		
Hedging reserve, opening balance	–114	20
Reclassified to profit or loss	–122	3
Change in value during the year	45	–137
Hedging reserve, closing balance	–191	–114
Total reserves as of:	31 Dec. 2015	31 Dec. 2014
Reserves, opening balance	112	101
Change in reserves during the year:		
Translation reserve	–166	145
Hedging reserve	–77	–134
Reserves, closing balance	–132	112
Non-controlling interests in hedging reserve	18	18
Reserves attributable to the parent, closing balance	–114	130

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.

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 are provided by the owners.

Non-controlling interests

This has primarily referred 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 Board decided to redeem all of the preference shares on 20 July 2015 for SEK 3,300 million, representing 110% of the subscription price. The share of ownership via the preference shares was 23.1% of the capital and 2.9% of the votes in ICA Fastigheter Sverige AB. The preference shares gave 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 did not carry any other entitlement to dividends. The preference shares entitled the holders to one tenth of a vote and were subject to a pre-emption right. The terms for the preference shares also stated that ICA Fastigheter Sverige AB, from the 2018 Annual General Meeting until the 2020 Annual General Meeting, had the right to redeem the preference shares for an amount equivalent to 100% of the subscription price in the preference share issue. Should the shares be redeemed before or after the stated period, an amount equivalent to 110% of the subscription price was to be paid instead, as has now been done.

During the year 75 (150) of the profit for the year was attributed to the preference shareholders. A dividend of 113 (128) was paid and non-controlling interests in ICA Fastigheter Sverige AB at year-end amount to 0 (3,037).

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

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

Cont. Note 19 Equity

Paid and proposed dividends	SEK m
Dividends paid during the year	
Dividend per ordinary share:	
Dividend for 2014: SEK 9.50 per share	1,130
Dividend proposal for the 2016 Annual General Meeting	
Dividend per ordinary share:	
Dividend for 2015: SEK 10.00 per share	2,011

The Board of Directors of ICA Gruppen AB has decided to propose to the Annual General Meeting on 20 April 2016 an ordinary dividend of SEK 2,011,467,950 (1,129,903,856).

The dividend also includes the former C shares which were converted into ordinary shares in January 2016.

ICA Bank, part of ICA Gruppen, has capital adequacy requirements under the rules that apply to banks and insurance companies. 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. According to banking laws, 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 either defined contribution or defined benefit pensions according to the ITP plan. Pension obligations are secured through provisions in the balance sheet and insurance premiums. Unionised employees receive defined contribution pensions according to the STP plan through AMF Pension.

In Norway the employees are covered by occupational pension agreements, with certain employees having defined benefit pension plans while the majority have defined contribution pension plans.

In the Baltic countries contractual pensions are only used in exceptional cases and in these cases they are defined contribution plans.

There are no significant healthcare benefits in the Group's plans.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance with Alecta. In accordance with statement UFR 10 from the Swedish Financial Reporting Board, this a multi-employer defined benefit plan. UFR 10 also states that the conditions are not in place for reporting the plan as a defined benefit plan and that it must therefore be reported 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.

The expected premiums for 2016 for ITP 2 covered by Alecta amount to SEK 12 million (22). 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 policyholders and/or the insured individuals. As of 30 September 2015 Alecta's surplus in the form of its collective funding ratio was 148% (146% as of 30 September 2014). 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 a special payroll tax 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	2015	2014
Cost of vested benefits during the period	116	125
Interest expense	57	71
Pension cost for defined benefit pension plans in profit for the year	173	196
Pension cost for defined contribution pension plans	392	276
Pension cost in profit for the year	565	472
Cost reported under discontinued operations	18	61
Revaluations recognised in other comprehensive income, gains (-) losses (+)	-291	312
Pension cost in comprehensive income for the year	292	845

The disclosures below relate only to the defined benefit plans.

Carrying amount in the balance sheet

SEK m	31 Dec. 2015	31 Dec. 2014
Present value of funded obligations	6	147
Fair value of plan assets	-5	-90
Net funded obligations	1	57
Present value of unfunded obligations	2,127	2,294
Carrying amount	2,128	2,351

Amount recognised in the following lines in the balance sheet:

Provisions for pensions	2,128	2,295
Liabilities held for sale	-	56

Change in net obligations

SEK m	2015	2014
Opening balance	2,351	2,020
Cost of vested benefits during the period	116	131
Interest expense	57	73
Revaluation for, gains (-) losses (+):		
Plan assets	-1	9
Demographic assumptions	-	-128
Financial assumptions	-277	431
Experience adjustments	-13	0
Total revaluations	-291	312
Pension disbursements	-49	-54
Contributions from ICA Gruppen	0	-6
Divestment of subsidiaries	-56	-125
Closing balance	2,128	2,351

Change in obligations

SEK m	2015	2014
Opening balance	2,441	2,113
Cost of vested benefits during the period	116	131
Interest expense	57	76
Revaluation for, gains (-) losses (+):		
Demographic assumptions	-	-128
Financial assumptions	-277	431
Experience adjustments	-13	0
Total revaluations	-290	303
Pension disbursements	-49	-57
Divestment of subsidiaries	-142	-125
Closing balance	2,133	2,441

Change in plan assets

SEK m	2015	2014
Opening balance, plan assets	90	93
Rate of return on plan assets	0	3
Revaluations	1	-9
Pension disbursements from plan assets	0	-3
Contributions from ICA Gruppen	0	6
Divestment of subsidiaries	-86	-
Closing balance, plan assets	5	90

Plan assets by asset class

SEK m	31 Dec. 2015	31 Dec. 2014
Assets in insurance companies	5	90
Total plan assets	5	90

Important actuarial assumptions (%)

SEK m	31 Dec. 2015	31 Dec. 2014
Discount rate	3.25%	2.75%
Inflation	1.5%	1.5%
Rate of salary increase	3.5%	3.5%
Mortality rate	DUS 14	DUS 14

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

Sensitivity analysis

An increase in the discount rate of one half of a percentage point would reduce the net obligation by SEK 264 million (263). A reduction in the discount rate of one half of a percentage point would increase the obligation by SEK 268 million (307).

Fees expected to be paid to defined benefit plans for 2016 amount to SEK 46 million (54).

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 Hemtex. Hemtex has had a separate financial policy designed for its own business and needs, but during 2016 will be integrated into the Group's financial policy. 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.

The long-term financial targets for the business state that ICA Gruppen shall provide a dividend of at least 50% of net profit for the year and that 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 25 (31) months. In addition to the fixed interest rate periods for the actual loans, interest rate swaps are used to adjust interest rate exposure. During 2015 interest options with a base rate floor were also purchased in order to maintain fixed interest rates when the STIBOR rate became negative.

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 2015, a negative market value of SEK -126 million (-155) was recognised from hedging, comprising interest rate swaps of SEK -158 million (-155) and base rate floors of SEK 32 million (0).

Refinancing and liquidity risk

Refinancing risk is the risk of ICA Gruppen being unable to finance or refinance its capital requirement on reasonable terms. The Group aims to diversify financing to various sources and to have a balanced maturity profile for loans and credit facilities.

In April ICA Gruppen refinanced its SEK 5 billion syndicated bank loan. The syndicate was expanded from five banks to seven. The loan has a maturity of five years and can be extended for 1+1 year during 2016 and 2017. As well as a lower margin and a lower annual cost, ICA Gruppen now has no financial covenants in its loan agreements. In July preference shares were redeemed early for a total of SEK 3,300 million in order to achieve more cost-effective financing. In conjunction with this, two new bilateral bank loans for a total of SEK 3 billion were established. During the year ICA Gruppen terminated a bilateral bank loan of SEK 1 billion.

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, including maturing loans. In addition to a reserve for expected negative fluctuations in cash flow, there must always be a liquidity reserve equal to 3–5% of the Group's net sales. Positive expected cash flows are not included in the liquidity reserve. 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

Specification	Carrying amount 31 Dec. 2015	Carrying amount 31 Dec. 2014	Interest rate on 31 Dec. 2015 incl. derivatives	Type of interest excl. derivatives
Non-current liabilities				
<i>Bonds</i>				
Bond MTN Sweden 2013–2016	–	2,000	n/a	floating
Bond MTN Sweden 2013–2018	1,500	1,500	3.6575%	floating
Bond MTN Sweden 2013–2018	2,000	2,000	3.5700%	fixed
Bond MTN Sweden 2014–2019	1,300	1,300	2.5320%	floating
Bond MTN Sweden 2014–2019	200	200	2.5000%	fixed
Total	5,000	7,000		
Pre-paid loan fees	–9	–15		
Total bonds as per balance sheet	4,991	6,985		
<i>Other interest-bearing liabilities</i>				
Bilateral loan Svensk Exportkredit 2013–2020	500	500	1.4200%	floating
Bilateral loan Svensk Exportkredit 2013–2020	1,000	1,000	3.8900%	fixed
Property financing Helsingborg 2013–2020	543	543	4.4600%	floating
Property financing Helsingborg 2013–2020	370	266	7.0000%	floating
Shareholder loans Långeberga	289	253	3.0500%	fixed
Other loans in subsidiaries	43	116	n/a	n/a
Total	2,745	2,678		
Pre-paid loan fees	–15	–5		
Total other interest-bearing liabilities as per balance sheet	2,730	2,673		
Total long-term bonds and non-current interest-bearing liabilities	7,721	9,658		
Current liabilities				
<i>Bonds</i>				
Bond MTN Sweden 2014–2016	2,000	–	0.7850%	floating
Bond MTN Sweden	–	178	n/a	floating
Total	2,000	178		
Pre-paid loan fees	–6	–7		
Total bonds as per balance sheet	1,994	171		
<i>Other interest-bearing liabilities</i>				
Bank loans	1,874	66	n/a	n/a
Store deposits	820	996	n/a	floating
Other loans in subsidiaries	29	51	n/a	n/a
Other	0	2	n/a	n/a
Total	2,723	1,115		
Pre-paid loan fees	–5	–9		
Total other interest-bearing liabilities as per balance sheet	2,718	1,106		
Total short-term bonds and current interest-bearing liabilities	4,712	1,277		
Total bonds and interest-bearing liabilities	12,433	10,935		
Cash excluding ICA Bank	–736	–3,878		
Total net debt	11,697	7,057		

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

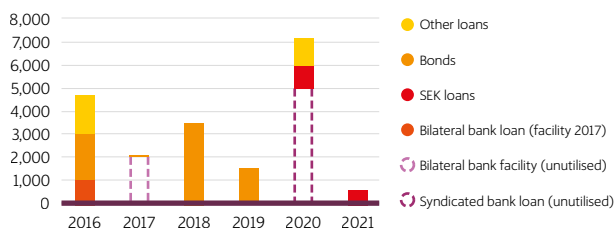
Unutilised confirmed facilities	31 Dec. 2015	31 Dec. 2014
Bilateral bank loans	2,000	1,000
Syndicated bank loan	5,000	5,000
Total unutilised facilities	7,000	6,000

Maturity structure of long-term bonds and non-current interest-bearing liabilities

2017	19
2018	3,500
2019	1,500
2020	2,202
2021	500
Total	7,721

Current liabilities are mainly trade payables of 11,759 (10,422) and deposits with ICA Bank of 11,966 (11,031), as well as a SEK 2,000 (0) bond which matures in December 2016 and short-term bank loans and deposits from ICA stores totalling SEK 2,694 (1,062) which mature in January 2016. ICA Bank deposits are payable upon demand and trade payables have a maturity of no more than three months. Interest is generally paid quarterly. With the current financing costs and debt portfolio, annual interest expense amounts to around 420. Taking into consideration the fixed interest periods in the current loan portfolio, a one percentage point increase in interest rates would result in interest expense for 2016 increasing by SEK 18 (36).

Maturity profile non-current interest bearing liabilities and long-term confirmed credit facilities (excluding payments of interest)



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, for example in the event of insolvency.

Flows between ICA Gruppen and individual ICA retailers are offset on a daily basis through the Group's own netting system, ICA Kontot.

Overdue receivables that have not been written down, excluding ICA Bank

SEK m	31 Dec. 2015	31 Dec. 2014
Up to 30 days overdue	46	185
More than 30 days overdue	40	41
Total	86	226

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. The reserve for doubtful trade receivables at the end of the year was 26 (19). Collateral for the credits is mainly provided through floating charges. The credit quality of receivables that have not been written down is judged to be good.

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). 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 2015 the amount was SEK 8 million (9).

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.

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. Under the financial policy, 80 to 100% of the forecast cash flows are to be hedged during the period the customer price is fixed, and 80 to 100% of the actual cash flows. At present the hedge horizon is between three and 12 months with around a six-month average.

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 (SEK m):

Currency ¹⁾					31 Dec.	31 Dec.
	1-3 months	3-6 months	6-12 months	12-24 months	2015	2015
					Nominal amount	Fair value
EUR/SEK	1,314	103	118	20	1,555	-25
EUR/USD	-8				-8	0
CNY/SEK	18	4	31		53	-2
HKD/SEK	18	13	19		49	1
NOK/SEK	75				75	-3
USD/SEK	308	93	251		652	-5
Per 31 Dec. 2015	1,725	213	419	20	2,376	-34
Per 31 Dec. 2014	1,751	145	15	44	1,955	60

Financial currency derivatives (SEK m):

Currency ¹⁾			31 Dec.	31 Dec.
	1-3 months	3-6 months	2015	2015
			Nominal amount	Fair value
EUR/SEK	-705		-705	12
NOK/SEK	-42		-42	-29
Per 31 Dec. 2015	-747	-	-747	-17
Per 31 Dec. 2014	-1,512	-2,794	-4,306	89

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

Hedge accounting

ICA Gruppen uses cash flow hedges according to IAS 39 for the portion of the currency exposure that is based on forecasts, except for the Baltic states and part of fruit and vegetables. Of the total fair value amounting to SEK -16 million (60), earnings of SEK -18 million (31) 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 -53 million (-56). At the same time equity would be negatively affected in the amount of SEK -67 million (-55).

Commodity price risk

Of the commodity price risks identified by ICA Gruppen, energy price risk relating to diesel is the risk that is considered material and is 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. In accordance with ICA Gruppen's financial policy, this price risk is hedged for a period of up to 36 months. This is done using financial future contracts.

In 2015 ICA Gruppen purchased around 4,800 (16,800) metric tons of diesel. The decrease from last year is due to a switch to more environmentally friendly alternative fuels.

Diesel hedges

	Maturity analysis			Nominal amount, SEK m 31 Dec. 2015	Fair value, SEK m 31 Dec. 2015
	2016	2017	2018		
	Total metric tons:	12,600	4,800	3,000	121
Total litres (1,000s):	14,911	5,680	3,550		
Forecast litres (1,000s):	14,878	14,134	13,427		
Hedge ratio per 31 Dec. 2015:	100.22%	40.19%	26.44%		
Per 31 Dec. 2014:	101.04%	61.76%	28.89%	207	-54

Reporting of changes in value

With effect from 2015 hedge accounting is no longer applied; instead, all changes in value are reported in the income statement as they arise. Until 31 December 2014 the diesel exposure was hedged through cash flow hedging.

Sensitivity analysis

If ICA Gruppen does not hedge against diesel price exposure, the total effect on annual earnings in the case of a 5% negative price change would amount to SEK 3 million (6).

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

Financial assets and liabilities	31 Dec. 2015	31 Dec. 2014
SEK m		
Financial assets		
<i>Financial assets measured at fair value through profit or loss</i>		
Investments	2,906	5,006
Other financial assets	73	283
of which: derivatives in hedge accounting	35	–
Total	2,979	5,289
<i>Loan receivables and trade receivables</i>		
ICA Bank's lending	7,780	8,343
Receivables	7,657	5,239
Cash and cash equivalents	3,810	3,143
Total	19,247	16,725
Total financial assets	22,226	22,014
Financial liabilities		
<i>Financial liabilities measured at fair value through profit or loss</i>		
Other financial liabilities	333	220
of which: derivatives in hedge accounting	240	61
Total	333	220
<i>Financial liabilities measured at amortised cost</i>		
Bonds	6,985	7,156
Other interest-bearing liabilities	5,448	3,779
Deposits ICA Bank	11,966	11,031
Other financial liabilities	14,770	14,695
Total	39,169	36,661
Total financial liabilities	39,502	36,881

The carrying amount is a reasonable approximation of the fair value for all financial assets and liabilities except bonds, where the fair value exceeds the carrying amount by 216 (277).

Market valuation of financial instruments is based on the available data that is most reliable for making a valuation. Based on the input data used for the valuation, fair value is classified at three levels: level 1 refers to the most objective prices for input data, while level 3 is based on a company's own data and assessments.

In the fair value hierarchy, 2,223 (0) of Investments are classified in level 1 and 756 (5,289) in level 2. Other financial assets and financial liabilities measured at fair value are all classified in level 2. Instruments for which a fair value is provided for information are classified in level 2. Assets and liabilities at level 2 have been calculated according to the generally accepted price models, which are based on discounted cash flows. The input data used comprises the most reliable market prices available.

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	2015	2014
Financial assets and liabilities measured at fair value through profit or loss:		
Short-term investments and derivatives	–7	–1
Loan receivables and trade receivables:		
Trade receivables/trade payables ¹⁾	–43	–60
Interest from financial liabilities and assets measured at amortised cost:		
Interest income from financial assets	465	505
Interest expense from financial liabilities	–427	–461
Profit/loss	–12	–17

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. In interest income and interest expense in the table above they are treated as financial items.

Note 22 Pledged assets and contingent liabilities

SEK m	31 Dec. 2015	31 Dec. 2014
Pledged assets		
Property mortgages	960	1,539
Floating charges	4	389
Restricted cash, ICA Bank	334	433
Total	1,298	2,361
Contingent liabilities		
Guarantees and contingent liabilities	100	208
Total	100	208

Guarantees and contingent liabilities are split between a large number of counter-parties, chiefly Swedish Customs and PRI Pensionsgaranti.

Note 23 Statement of cash flows and cash and cash equivalents

SEK m	2015	2014
Adjustments for non-cash items		
Depreciation and amortisation	1,540	1,682
Impairment	58	454
Share of profits from joint ventures and associated companies	-15	-11
Capital gains/losses	-1,662	-554
Provisions	5	-23
Total non-cash items	-74	1,548

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

	2015	2014
Cash and cash equivalents	4,611	6,091
Assets held for sale	-	167
Total cash and cash equivalents	4,611	6,258

SEK m	2015	2014
ICA Bank: cash flow net deposits, lending and investments		
Deposits in ICA Bank (increase + /decrease -)	936	431
Short-term lending (increase - /decrease +)	307	-44
Long-term lending (increase - /decrease +)	256	-352
Investments (increase - /decrease +)	-337	-636
Total	1,162	-601

SEK m	31 Dec, 2015	31 Dec, 2014
Composition of cash and cash equivalents		
Cash and bank balances ¹⁾	3,810	2,976
Cash and bank balances included in assets held for sale	-	167
Short-term investments ¹⁾	801	3,115
Total cash and cash equivalents	4,611	6,258

1) Of which ICA Bank		
Cash and bank balances	3,075	1,595
Short-term investments	800	785
Total cash and cash equivalents ICA Bank	3,875	2,380
Total cash and cash equivalents excluding ICA Bank	736	3,878

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

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

SEK m	Group 2015	ICA Bank 2015	Group excl. ICA Bank
Cash flow from operating activities before change in working capital	4,849	61	4,788
Change in working capital			
Inventories	-157	0	-157
Current receivables	-1,050	-45	-1,005
Current liabilities	1,041	121	920
ICA Bank's net deposits, lending and investments	1,162	1,162	0
Cash flow from operating activities	5,845	1,299	4,546
Cash flow from investing activities	-1,707	31	-1,738
Cash flow from financing activities	-5,867	165	-6,032
Cash flow for the period	-1,729	1,495	-3,224
Cash and cash equivalents at beginning of period	6,258	2,380	3,878
Exchange differences in cash and cash equivalents	82	0	82
Cash and cash equivalents at end of period	4,611	3,875	736

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	0
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

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 2014 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 2014. On 9 January 2015 approval was obtained from the Swedish Competition Authority and the acquisition was completed on 15 January 2015.

At the date of acquisition Apotek Hjärtat had around 2,000 employees and just over 300 pharmacies. The acquisition is expected to create annual synergies for ICA Gruppen of around SEK 70 million from 2016 and around SEK 80 million from 2019. The synergies will mainly arise in central expenses, sourcing and logistics. ICA Gruppen also sees opportunities to generate further value through an expanded customer offering as well as stronger product range development, marketing and online sales. Initially the acquisition was financed by a combination of the Group's own funds and existing credit facilities.

In 2014 Apotek Hjärtat's sales totalled SEK 9,596 million, with an operating profit of SEK 401 million and profit after tax of SEK 103 million.

The total consideration amounted to SEK 3,787 million, which exceeded the net fair value of all identifiable assets and liabilities by SEK 4,756 million. Acquisition costs of SEK 33 million were expensed. The surplus value is attributable to trademarks, customer relations and goodwill. The trademarks relate to the Apotek Hjärtat brand, while customer relations relate to County Council contracts. Goodwill is attributable to non-identifiable intangible assets and to synergy effects that are expected to arise as a result of the acquisition.

The acquisition of Apotek Hjärtat affected net sales by SEK 9,776 million and operating profit excluding non-recurring items by SEK 142 million. If the acquisition had taken place on 1 January, ICA Gruppen's net sales would have amounted to SEK 101,574 million and profit before non-recurring items to SEK 4,140 million.

SEK m

Values according to acquisition analysis

Trademarks	550
Customer relations	28
Other intangible assets	62
Property, plant and equipment	200
Other non-current assets	6
Inventories	800
Other current assets	782
Cash and cash equivalents	288
Provisions	-1
Non-current liabilities	-9
Deferred tax liabilities	-126
Current liabilities	-3,549
Identifiable net assets acquired	-969
Goodwill	4,756
Identifiable net assets acquired including goodwill	3,787
Consideration paid	3,787
Acquired cash and cash equivalents	-288
Change in consolidated cash and cash equivalents	3,499

Income statement, Parent Company

SEK m	Note	2015	2014
Net sales	2	45	44
Gross profit		45	44
Administration expenses	2, 3, 4, 5, 6	-424	-399
Operating profit/loss		-379	-355
Profit from financial items	7		
Profit from interests in Group companies		3,708	3,791
Interest income and similar profit/loss items		10	0
Interest expense and similar profit/loss items		-275	-403
Total profit/loss from financial items		3,443	3,388
Income after financial items		3,064	3,033
Appropriations			
Group contributions received		594	1,159
Total year-end appropriations		594	1,159
Profit before tax		3,658	4,192
Tax on profit for the year	8	10	-111
PROFIT FOR THE YEAR		3,668	4,081

Other comprehensive income, Parent Company

SEK m	2015	2014
Profit for the year	3,668	4,081
Other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	3,668	4,081

Balance sheet, Parent Company

Assets		Note	31 Dec. 2015	31 Dec. 2014
SEK m				
Non-current assets				
<i>Intangible non-current assets</i>				
IT systems		9	103	77
<i>Property, plant and equipment</i>				
Equipment		10	102	119
<i>Financial non-current assets</i>				
Interests in Group companies		11	30,105	29,774
Deferred tax assets		8	224	214
Non-current receivables			5	1
Total non-current assets			30,539	30,185
Current assets				
<i>Current receivables</i>				
Trade receivables			3	3
Receivables from Group companies			3,264	2,314
Other receivables			25	3
Prepaid expenses and accrued income		12	79	62
			3,371	2,382
<i>Cash and bank balances</i>				
			-	-
Total current assets			3,371	2,382
TOTAL ASSETS			33,910	32,567

SEK m	Note	31 Dec. 2015	31 Dec. 2014
Equity			
<i>Restricted equity</i>			
Share capital		503	503
Statutory reserve		2,773	2,772
<i>Non-restricted equity</i>			
Share premium reserve		4,916	4,916
Retained earnings		10,997	8,004
Profit for the year		3,668	4,081
Total equity		22,857	20,276
Provisions			
Provisions for pensions	13	335	316
Other provisions		16	0
Total provisions		351	316
Non-current liabilities			
	14, 16		
Bonds		4,991	6,985
Liabilities to credit institutions		1,487	1,497
Liabilities to Group companies		0	3,000
Total non-current liabilities		6,478	11,482
Current liabilities			
	16		
Bonds		1,994	171
Liabilities to credit institutions		1,865	0
Trade payables		133	104
Liabilities to Group companies		9	20
Other liabilities		1	0
Accrued expenses and deferred income	12	222	198
Total current liabilities		4,224	493
TOTAL EQUITY, PROVISIONS AND LIABILITIES		33,910	32,567
Contingent liabilities			
	15	7	6

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 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
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
Opening equity, 1 January 2015	503	2,772	4,916	8,004	4,081	20,276
Profit/loss for previous year		1		4,080	-4,081	0
Dividends				-1,130		-1,130
Sale of treasury shares				43		43
Comprehensive income for the year					3,668	3,668
Closing equity, 31 December 2015	503	2,773	4,916	10,997	3,668	22,857

As of 31 December 2015 the share capital consists 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 0 ordinary shares (141,655). See also Group Notes, Note 19 Equity.

Statement of cash flows, Parent Company

SEK m	Note	2015	2014
Operating activities			
Operating profit/loss		-379	-355
Dividends received		3,767	4,500
Adjustments for non-cash items	17	109	350
Income tax paid		0	0
Cash flow from operating activities before change in working capital		3,497	4,495
Change in working capital			
Current receivables (increase - /decrease +)		-59	-80
Current liabilities (increase + /decrease -)		56	218
Cash flow from operating activities		3,494	4,633
Investing activities			
Purchase of property, plant and equipment and intangible assets		-98	-253
Investments in subsidiaries		-390	-449
Change in short-term investments		0	0
Loans provided to Group companies		-3,000	-
Interest received		0	0
Cash flow from investing activities		-3,488	-702
Financing activities			
Loans		1,865	4,750
Amortisation of loans		-529	-7,357
Dividends paid		-1,130	-951
Interest paid		-255	-373
Sale of treasury shares		43	-
Cash flow from financing activities		-6	-3,931
Cash flow for the year		0	0
Cash and cash equivalents at beginning of year		0	0
Cash and cash equivalents at year end		0	0

Notes

Note 1 Accounting principles

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 45 (44), of which 32 (48) consisted of sales to Group companies. Purchases from Group companies amounted to 37 (20).

Note 3 Average number of employees, salaries and other remuneration

Average number of employees

The average number of employees has been calculated as hours worked as a percentage of normal annual working hours.

	31 Dec. 2015	31 Dec. 2014
Women	142	156
Men	197	253
Total	339	409

Salaries, other remuneration and social security contributions

SEK m	2015	2014
Salaries and remuneration		
<i>Board of Directors and CEO</i>		
Salaries and other remuneration	24	19
– of which variable component	11	7
Other senior executives	35	16
Other employees	204	245
Total	263	280
Social security contributions		
Social security contributions	84	87
Pension costs	58	61
– of which pension costs for the Board of Directors and CEO	3	3
Total	142	148
Total salaries, other remuneration, social security contributions and pension costs	405	428

Gender distribution in Board and among other senior executives

	31 Dec. 2015	31 Dec. 2014
<i>Board of Directors</i>		
Men	9	9
Women	3	2
Total	12	11
<i>CEO and other senior executives</i>		
Men	4	4
Women	3	2
Total	7	6

Management Team

2015, SEK 000s	Salaries	Variable remuneration	Benefits	Pension costs ¹⁾	Total
CEO	8,525	10,518	235	3,179	22,457
Other senior executives	14,589	20,850	503	6,758	42,700
Total	23,114	31,368	738	9,937	65,157

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
Total	20,725	10,214	767	8,561	40,267

1) The stated pension costs for other senior executives include SEK 1,335,000 (954,000) 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 other senior executives includes SEK 15 million as a result of two members of the Management Team leaving the Company in 2015.

Remuneration to the Board of Directors and CEOs

Remuneration to ICA Gruppen AB's Board members and CEO are determined at individual level and the terms of the CEO's employment are provided in Group Notes, Note 4.

Remuneration to other senior executives

Remuneration to other senior executives consists of basic annual salary, pension benefits, severance pay, bonuses and other benefits. Other senior executives refers to the people who, together with the CEO, make up the Management Team (IMT).

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, other senior executives are entitled to severance pay of up to 12 months' fixed cash salary. Severance pay is deductible. A few older agreements entitle executives to a 24-month term of notice. There are exceptions to the notice period, severance pay and deduction clause in a few agreements entered into before the 2015 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 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 are a maximum of 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 Group Notes, Note 4.

Note 4 Audit expenses

SEK m	2015	2014
Ernst & Young:		
Audit assignments	4	5
Other auditing activities	1	3
Other services	1	0
Total	6	8

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 at 81 (71).

Note 6 Operating leases

SEK m	2015	2014
Lease expense for the year	27	23
Future contractual lease fees:		
Maturity date within 1 year	18	18
Maturity date within 2 years	10	10
Maturity date within 3 years	3	3
Total	31	31

Note 7 Profit from financial items

SEK m	2015	2014
Profit from interests in Group companies		
Dividends:		
ICA AB	2,400	3,000
ICA Fastigheter AB	800	1,500
Forma Holding AB	29	-
Höga Blåica AB	538	-
Impairment	-59	-709
Total	3,708	3,791
Other interest income and similar items		
Interest income, Group companies	10	0
Total	10	0
Other interest expense and similar items		
Interest expense, Group companies	-48	-145
Other interest expense and similar items	-227	-258
Total	-275	-403
Total profit from financial items	3,443	3,388

Note 8 Taxes

SEK m	2015	2014
Current tax		
Current tax on profit for the year	0	0
Deferred tax on temporary differences	10	-111
Reported tax	10	-111
Reconciliation of effective tax expense		
Profit before tax	3,658	4,192
Tax according to tax rate of 22.0% (22.0%)	-805	-922
Previous tax loss carryforwards not capitalised	-	-18
Dividends	829	990
Write-down of equities	-13	-156
Non-deductible expenses/non-taxable income	-1	-5
Reported tax	10	-111
Effective tax rate	-0.3%	2.6%
As reported in balance sheet:		
Deferred tax assets	224	214

The Parent Company's tax loss carryforwards as of 31 December 2015 amounted to 921 (921). Deferred tax assets of SEK 203 million (203) are recognised in the balance sheet for these tax loss carryforwards. The loss carryforwards are blocked against Group contributions until 2018 as a result of the changes in ownership that took place in 2013 when ICA Gruppen AB acquired ICA AB from Ahold.

Change in deferred tax in temporary differences and tax loss carryforwards

SEK m	Balance, 1 Jan. 2015	Recognised through profit or loss	Balance, 31 Dec. 2015
Tax loss carryforwards	203	-	203
Other	11	10	21
Total	214	10	224

SEK m	Balance, 1 Jan. 2014	Recognised through profit or loss	Balance, 31 Dec. 2014
Tax loss carryforwards	317	-114	203
Other	8	3	11
Total	325	-111	214

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

Note 9 Intangible non-current assets

SEK m	2015	2014
IT systems		
Accumulated cost	151	107
Accumulated amortisation	-48	-30
Book value	103	77
Opening balance	77	-
Investments	45	47
Acquisitions from Group companies	-	44
Amortisation for the year	-19	-14
Book value	103	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	2015	2014
Equipment		
Accumulated cost	407	370
Accumulated depreciation	-305	-251
Book value	102	119
Opening balance	119	-
Investments	45	67
Acquisitions from Group companies	-	109
Depreciation for the year	-62	-57
Book value	102	119

Note 11 Interests in Group companies

SEK m	2015	2014
Interests in subsidiaries		
Cost, opening balance	30,995	30,546
Acquisitions ¹⁾	219	-
Shareholder contributions ²⁾	171	449
Accumulated cost, closing balance	31,385	30,995
Impairment losses, opening balance	-1,221	-512
Impairment losses for the year ³⁾	-59	-709
Accumulated impairment losses, closing balance	-1,280	-1,221
Residual value according to plan, closing balance	30,105	29,774

- 1) Shares in Hemtex AB have been acquired and the holding is now 99%. The remaining shares will be subject to compulsory redemption.
- 2) In 2015 shareholder contributions were provided to ICA Banken AB at 165 and inkClub Intressenter AB at 6. In 2014 shareholder contributions were provided to inkClub Intressenter AB at 322, Expedia Intressenter AB at 91, ICA Banken AB at 35 and to other companies at 1.
- 3) Impairment write-downs were made for the interests in Hemtex AB at -49 and in inkClub Intressenter AB at -10. Impairment write-downs were made in 2014 for the interests in Expedia Intressenter AB at -216, Forma Holding AB at -170, inkClub Intressenter AB at -322 and other companies at -1.

Cont. Note 11 Interests in Group companies

Interests in subsidiaries

Specification of ICA Gruppen AB's direct holdings of shares in subsidiaries.

	Corporate reg. no.	Registered office	No. of shares	Capital and votes, %	Quota value	Book value 31 Dec. 2015	Book value 31 Dec. 2014
Expediera Intressenter AB	556720-9563	Solna	1,000	100	SEK 100	30	30
Forma Holding AB	556586-2363	Stockholm	30,000	100	SEK 1,000	30	30
ICA Holding AB	556720-3210	Solna	1,000	100	SEK 100	0	0
Hemtex AB	556132-7056	Borås	94,887,895	99	SEK 1.10	712	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	1,484	1,319
ICA Real Estate AB	556604-5471	Stockholm	1,000	100	SEK 100	4,812	4,812
inkClub Intressenter AB	556720-3467	Solna	1,000	100	SEK 100	1	5
Höga Blåica AB	556703-2924	Solna	1,000	100	SEK 100	1	1
Total						30,105	29,774

Specification of important indirect holdings as of 31 December 2015

	Corporate reg. no.	Registered office	Capital and votes, %
Subsidiaries of Hemtex AB			
Hemtex Oy	16502515	Finland	100
Subsidiaries of ICA AB			
Rimi Baltic AB	556042-7410	Stockholm	100
ICA Detalj AB:	556604-5448	Stockholm	100
Apotek Hjärtat Holding AB	556789-2988	Stockholm	100
Apotek Hjärtat AB	556791-1010	Stockholm	100
Apotek Hjärtat Retail AB	556773-8249	Stockholm	100
Apopharm Distribution AB	556874-7827	Stockholm	100
ICA Global Sourcing Ltd	1150322	Hong Kong	100
ICA Sverige AB	556021-0261	Stockholm	100
ICA Finans AB	556034-1462	Stockholm	100
Subsidiaries of ICA Banken AB			
ICA Försäkring AB	556966-2975	Stockholm	100
Subsidiaries of ICA Fastigheter AB			
ICA Eiendom Norge AS	968930451	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

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	31 Dec. 2015	31 Dec. 2014
Prepaid expenses and accrued income		
Other prepaid expenses	79	62
Total	79	62

SEK m	31 Dec. 2015	31 Dec. 2014
Accrued expenses and deferred income		
Accrued salaries, holiday pay and social security expenses	94	101
Accrued interest expense	44	42
Other accrued expenses	84	55
Total	222	198

Note 13 Provisions for pensions

All employees receive pension benefits according to collective agreements. Salaried employees therefore receive pensions according to the ITP plan. Pension obligations are secured through provisions in the balance sheet and insurance premiums.

SEK m	2015	2014
Reconciliation of carrying amount for self-managed pensions		
Opening balance, principal on pension obligations	316	5
Cost charged against profit	13	14
Interest expense	12	17
Pension disbursements	-6	-5
Transferred pensions, Group	-	285
Closing balance, principal on pension obligations	335	316

Of the total pension obligation, FPG/PRI pensions account for SEK 332 million (315). The full amount is covered by the Pension Obligations Vesting Act.

Note 14 Non-current liabilities

SEK m	31 Dec. 2015	31 Dec. 2014
Bonds¹⁾	4,991	6,985
Liabilities to credit institutions	1,487	1,497
Liabilities to Group companies	-	3,000
Total	6,478	11,482

Of which maturing later than five years after the balance sheet date:

SEK m	31 Dec. 2015	31 Dec. 2014
Bonds	200	-
Liabilities to credit institutions	1,487	1,497
Total	1,687	1,497

1) Bonds amount to 5,000 (7,000) and prepaid credit charges to 9 (15).

Note 15 Pledged assets and contingent liabilities

SEK m	31 Dec. 2015	31 Dec. 2014
<i>Contingent liabilities</i>		
Guarantees for subsidiaries	7	6
Total	7	6

Note 16 Financial assets and liabilities

Financial assets and liabilities by category

	31 Dec. 2015	31 Dec. 2014
Financial assets		
<i>Loan receivables and trade receivables</i>		
Current receivables from Group companies	3,264	2,314
Trade receivables	3	3
Other receivables	104	65
Total financial assets	3,371	2,382
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Bonds	6,985	7,156
Liabilities to credit institutions	3,352	1,497
Non-current liabilities to Group companies	–	3,000
Trade payables	133	104
Liabilities to Group companies	9	20
Other current liabilities	223	198
Total financial liabilities	10,702	11,975

The carrying amount is equivalent to the fair value for all financial assets and liabilities except for bonds, where the fair value exceeds the carrying amount by 216 (277).

Note 17 Statement of cash flows

Adjustments for non-cash items

SEK m	2015	2014
Depreciation and amortisation	81	71
Provisions for pensions	8	293
Other provisions	20	–14
Total	109	350

Note 18 Events after the balance sheet date

As of 1 February 2016 ICA Gruppen AB acquired assets and liabilities from ICA Finans AB as part of integrating ICA Gruppen's entire Treasury & Tax department into the Group's Parent Company. The carrying amount of the assets in ICA Finans AB was SEK 29.3 billion and the carrying amount of the liabilities was SEK 12.9 billion as of 31 December 2015.

Statement by the Board of Directors concerning the dividend

The Board of Directors for ICA Gruppen AB proposes an ordinary dividend of SEK 10.00 per ordinary share (9.50). The total dividend amounts to SEK 2,011 million (1,130), which is 54.8% (27.7%) of the Parent Company's profit. The proposed dividend will reduce the Parent Company's equity/assets ratio from 67.4% to 61.5%, and the Group's equity/assets ratio from 37.5% to 34.8%. The equity/assets ratio is adequate for both the long and short term. The dividend amount corresponds to 41% of the Group's profit for the year. If the non-recurring effect of the result

from the divestment of ICA Norway is taken into account, the dividend represents a share of 54%.

The dividend proposal is adapted to the goal of paying a good and stable dividend over time. 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	10,997,530,409
Profit for the year	3,667,603,336
Total	19,581,072,515

The undersigned hereby provide an assurance that the consolidated financial statements and annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and according to sound accounting practices, and provide a true and fair representation of the Group's and the Parent

The Board of Directors and the Chief Executive Officer propose that the earnings be distributed as follows:

To the shareholders, a dividend of	2,011,467,950
To the share premium reserve	4,915,938,770
Carried forward	12,653,665,795
Total	19,581,072,515

Company's financial position and results, and that the Board of Directors' 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 9 February 2016

Claes-Göran Sylvén Chairman	Peter Berlin	Göran Blomberg
Fredrik Hägglund	Andrea Gisle Joosen	Jeanette Jäger
Bengt Kjell	Magnus Moberg	Jan Olofsson
Cecilia Daun Wennborg	Jonathon Clarke	Magnus Rehn
	Per Strömberg CEO	

Our audit report was submitted on 12 February 2016

Ernst & Young AB

Erik Åström
Authorised Public Accountant

Auditor's Report

TRANSLATION FROM THE SWEDISH ORIGINAL

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 2015. The annual accounts and consolidated accounts of the company are included on pages 2–3, 6–39 and 54–119.

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 judgment, 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 2015 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 2015 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 is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of ICA Gruppen AB for the year 2015.

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 we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm February 12, 2016

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 progressing.

Basis of the report

ICA Gruppen's Sustainability Report follows the latest version of the Global Reporting Initiative's (GRI) guidelines (G4 Core). 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 guidelines and the UN Global Compact. ICA Gruppen's Sustainability Report for 2015 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 Management Team. The Report follows ICA Gruppen's financial year, and as such covers the period 1 January 2015 to 31 December 2015. The previous report was published in March 2015.

Information and key 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 significant 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, and where relevant also the portfolio companies. The sustainability targets are for ICA Gruppen excluding the

portfolio companies. Apotek Hjärtat, which was acquired in January 2015, will be fully integrated into the Group's sustainability processes in 2016 and is not included in the sustainability targets in this report. Apotek Hjärtat, Hemtex and inkClub are working towards the target of all corporate brand product suppliers in high-risk countries being socially audited. 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 more than 1,300 independent ICA retailers through agreements. Information on these is presented when relevant to the overview of ICA Gruppen's sustainability work, for example:

- 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 adopted 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 work based on tools and standards

ICA Gruppen works on sustainability in a structured way, using tools and models to follow up and ensure that the products sold and processed by the Group meet both internal and external requirements.

One element of this is certification of large parts of the sourcing, logistics and store processes to relevant standards for quality and the environment. The main advantage of certification is that customers and employees have the assurance that the processes comply with ICA's Good Business requirements.

To ensure that ICA Gruppen's corporate brand products are produced in an acceptable way with respect to human rights, social audits are performed on the premises of suppliers in high-risk countries. Since 2008 ICA Gruppen has had a number of sourcing offices in Asia with teams for product quality, environmental issues 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.

Environmental certification and standards

The Swedish logistics operations have been certified to the ISO 14001 environmental standard since 1998, the real estate operations since 1999, the sourcing operations since 2012 and the sourcing operations in Asia since 2013. Rimi Baltic's

centralised sourcing process has also been certified to ISO 14001 since 2015. ICA Real Estate's goal is that all new establishments will be classified at least Silver by the Sweden Green Building Council. In 2015, ICA Real Estate had four ongoing projects, one of which was completed during the year: Maxi ICA Stormarknad Universitetet in Örebro, Sweden, which was built according to the Silver classification by the Sweden Green Building Council. At store level, the Swan eco-label and ICA Gruppen's own environmental support ICA Retailers for the Environment are used.

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 certification and standards

Sourcing operations in Sweden have been certified to the ISO 9001 quality standard since 2012, and the sourcing operations in Asia have been certified to the same

quality standard since 2013. The Swedish logistics operations have been quality-certified to BRC Storage & Distribution (BRC S&D) since 2012, and the Rimi Baltic warehouse in Riga has been certified to the same standard since 2014. Rimi Baltic's centralised sourcing process was certified to ISO 9001 in 2015. In addition, more than 350 Swedish stores are certified to the Swedish quality standard for food handling in stores. 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. The goal is that 95% of ICA stores will be internally audited each year. In 2015, ICA Sweden reached 91%. Rimi Baltic uses its own standard for food handling, which is based on the Swedish standard and covers all of the store formats in Estonia, Latvia and Lithuania.

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 ICA Gruppen's own brands can also be certified to local standards (in addition to GFSI-approved standards). This allows small suppliers to safely supply products directly to stores. This system promotes local production and facilitates the stores' local adaptation.

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

The quality system at the individual pharmacies, the so-called self-monitoring program, is regulated by the Medical Products Agency's (MPA) legislation. All pharmacies have a pharmacist with responsibility for medicines who is responsible for ensuring compliance with the requirements and who also reports to the MPA if there are serious deficiencies in the operation. In addition, every year an inspection is carried out by the pharmaceutical manager at the pharmacy. Apotek Hjärtat has quality assurance specialists who conduct regular internal inspections to ensure that its pharmacies maintain a high level of quality and follow the self-monitoring programme. In 2015, 120 inspections were conducted. Suppliers of medicines are approved by the MPA, and all pharmacies have an obligation to provide approved drugs.

Quality assurance of products

Country-of-origin labelling and traceability are important parameters in ICA Gruppen's quality work. Obviously, the products ICA Gruppen sells must comply with laws regarding such matters as labelling and ingredients. ICA Gruppen is working on several fronts to prevent future food fraud. This includes a long-term investment at ICA Sweden to expand country-of-origin labelling to more private label products. ICA Gruppen is also engaged in a continuous dialogue with the food industry and relevant authorities, and monitors the work of the Global Food Safety Initiative (GFSI) in this area. Further, ICA Gruppen has performed an internal vulnerability analysis in accordance with GFSI requirements and has its own action plan to counter food fraud.

Quality tests and follow-up inspections are made regularly by ICA Gruppen's suppliers as part of their quality programmes. 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. For certain groups of products ICA Gruppen also tests the products' functionality. 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.

Public 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 announcing a recall.

Ethical trade

ICA Gruppen's goal is for every product to be produced under acceptable human rights conditions. 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 made clear in policies and in the contracts with all suppliers. The requirements are based on the UN's Universal Declaration of Human Rights, the Convention on the Rights of the Child and the International Labour Organisation's (ILO) core conventions. Monitoring is risk-based and is mainly done through social audits at production units manufacturing the Group's corporate brand products that are located in so-called high-risk countries. To monitor this and to help suppliers meet the requirements, training is regularly carried out in the supplier countries, for example using a training video in English and Chinese that explains the Group's views in these matters and provides practical tips and advice for meeting ICA Gruppen's requirements. The overall goal is that all corporate brand suppliers in high-risk countries will be socially audited.

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 shortened the often time-consuming process of obtaining a social audit. The ICA Social Audit helps suppliers to improve working conditions in production more quickly.

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 in a re-audit. The first time a supplier violates the contractual requirements, it generally gets 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 2015, ICA Gruppen decided to terminate agreements with 8 (3) suppliers because they did not adequately meet the Group's requirements on human rights and they had not made the necessary improvements since the first audit. Another ten suppliers were rejected before agreements were made since they did not live up to the strict requirements for acceptable working conditions ICA Gruppen has.

Combating child labour

ICA Gruppen's basic rule when it comes to child labour is that people 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 has not reached the minimum legal working age, the 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.

Basis of health work

Helping customers to feel good and inspiring them to make healthy choices is an important role played by ICA Gruppen. Through products that address issues concerning additives, diets, allergies and lifestyles, ICA Gruppen can spread information and inspire customers to make conscious choices on a daily basis. This work is based on official Nordic dietary guidelines and nutritional recommendations.

ICA Sweden helps the ICA stores enhance their healthy image both through its own initiatives and in partnership with local health planners, nutritionists and health coaches. Some stores also work in partnership with nutritionists to help customers shop healthily. ICA Gruppen also maintains continuous dialogue with politicians, authorities, trade colleagues and other stakeholders concerning how the retail trade can help reduce public health problems.

To make things easier for customers in Sweden, ICA products are clearly labelled, and the stores have clear signs for allergy-friendly products. As further support for customers with allergies, cards and pamphlets are provided on various allergies. Printed versions are available and the information is also available online.

In Sweden products free from sensitive ingredients like gluten, dairy, eggs, nuts and soy are labelled with Fri från (Free From). All recipes produced by ICA Sweden have nutritional values calculated to provide customers with clear nutritional information. The recipes also provide information on any allergens used and how to adapt them for people with allergies.

Partnerships and memberships

ICA Gruppen cooperates with a number of organisations and participates in various networks focused on 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 Gruppen has also signed up to **Science Based Targets** and the **ERRT Circular Economy**.

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.

In Sweden, ICA participates in a network organised by the **Norwegian-Swedish Chamber of Commerce** to strengthen relationships between Scandinavia and the Baltic 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.

In Lithuania, Rimi Baltic 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 combat online child pornography. ECPAT is a global network of organisations working to eliminate child prostitution, child pornography and human 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 on Responsible Soy (RTRS)
- Roundtable on 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
- 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
- Svenskt Sigill
- WWF

Sustainability data

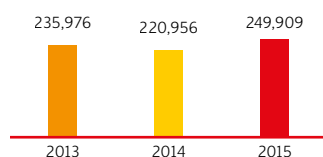
Environment

Emissions

Since 2006, ICA Gruppen's direct greenhouse gas emissions have decreased by 16% (31). The decline has been largely thanks to long-term efforts within the areas of energy, refrigerants, transport and business travels. In 2015, however, the greenhouse gas emissions increased significantly compared to 2014. This is due to equipment failures at three units in the Baltic operations. The equipment have been renovated and repaired during the year. These equipment failures caused great leakage of refrigerants with a high global warming potential which led to greatly increased

climate impact of Rimi Baltic's operations. Emissions from ICA's Swedish operations decreased by 2% during the year compared with 2014, mainly due to increased energy efficiency and an increased share of ICA stores using renewable electricity. ICA Gruppen's new target to be climate neutral by 2020 put high demands on equipment maintenance, operations, contracts and knowledge to improve resource efficiency and drastically reduce the climate impact of ICA Gruppen's own operations.

Total carbon dioxide emissions*, tonnes

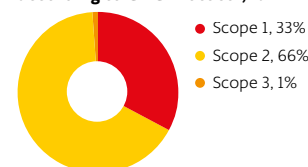


* 2013 excluding offset air travel emissions.

Distribution of carbon dioxide emissions, %



Distribution of carbon dioxide emissions according to GHG Protocol, %



Total carbon dioxide emissions according to GHG Protocol, tonnes*

	2015	2014	2013
Scope 1			
Refrigerants	76,619	45,796	44,152
Owned transports**	5,971	5,964	6,092
Scope 2			
Energy	100,079	105,910	107,416
Outsourced transports	63,458	60,102	76,740
Scope 3			
Business travel***	2,924	3,184	1,576

* Not divided into fossil/non fossil emissions.

** 0% renewable fuels.

*** 2013 Excluding offset air travel emissions.

Carbon dioxide emissions from refrigerant use in warehouses and stores*, tonnes

Region	Year	Emissions (tonnes)
Sweden	2013	25
	2014	99
	2015	58
Baltics	2013	44,127
	2014	45,697
	2015	76,551

* Pertains only warehouses in Sweden.

Carbon dioxide emissions from energy in stores, tonnes

Region	Year	Emissions (tonnes)
Sweden	2013	42,862
	2014	41,002
	2015	35,175
Baltics	2013	59,238
	2014	59,498
	2015	60,098

Carbon dioxide emissions from energy in warehouses, tonnes

Region	Year	Emissions (tonnes)
Sweden	2013	1,038
	2014	973
	2015	1,959
Baltics	2013	4,279
	2014	4,438
	2015	4,718

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

Region	Year	Emissions (tonnes)
Sweden	2013	73,223
	2014	56,090
	2015	58,334
Baltics	2013	9,609
	2014	9,976
	2015	10,895

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

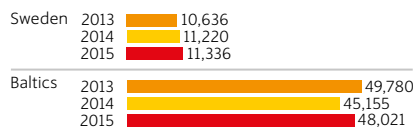
Region	Year	Emissions (tonnes)
Sweden	2013	5,152
	2014	3,184
	2015	2,924
Baltics	2013	n.d.
	2014	n.d.
	2015	n.d.

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

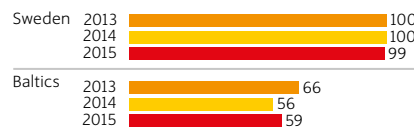
in the Baltic countries. The organisations are given food from the warehouses that cannot be sold in stores, either because they are short dated or because of damaged packaging, even though the food is fully edible.

Total waste volume*, tonnes



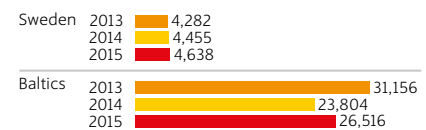
* Data for Sweden pertain to waste from logistics. Data for the Baltics pertain to waste from logistics and stores.

Level of recycling*, %

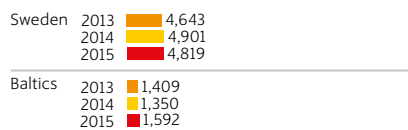


* Includes recycled/reused, compostable and incinerated waste.

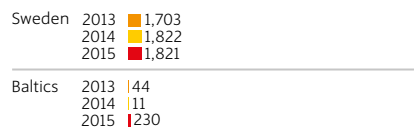
Recycled/reused, tonnes



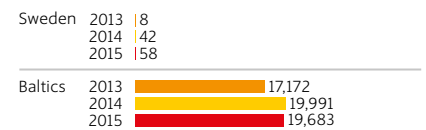
Compostable, tonnes



Incinerated waste, tonnes



Landfill, tonnes



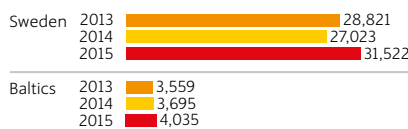
Transports

ICA Gruppen continues 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 currently does not own any lorries, while Rimi Baltic has 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, both alternative fuels and diesel are used.

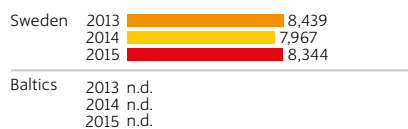
For several reasons, fuel consumption increased during the year, mainly in Sweden. The warehouse in Arlöv was shut down, which meant a major shift in the supply chain system and distribution to stores. As a result, the number of lorries temporarily increased and the distribution that previously passed through Arlöv was redistributed to Helsingborg and Kungälv. Furthermore, product volumes increased overall compared to the previous year.

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

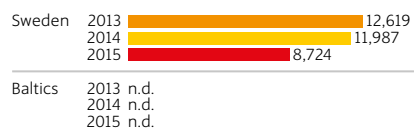


* Data for fuel consumption pertains to diesel except for Sweden, which includes other fuels at 870,000 litres (2013), 5,391,000 litres (2014) and 9,656,000 litres (2015).

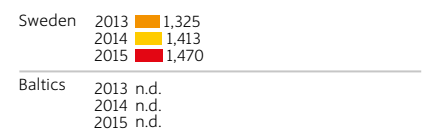
Business travel by car, thousand km



Business travel by air, thousand km



Business travel by rail, thousand km

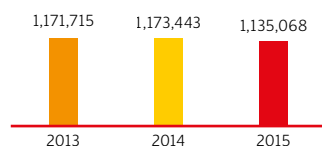


Energy and refrigerants

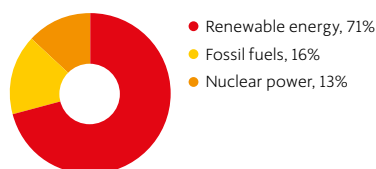
In 2015 major emphasis was placed on initiatives to increase energy efficiency in stores and to increase the number of stores that use renewable electricity. These efforts meant that the total energy consumption decreased slightly compared with the previous year. Energy in warehouses and stores decreased by 3% during

2015. The consumption of refrigerants increased sharply in the Baltic operations due to equipment failure in three units during the year. The units have since been renovated and repaired.

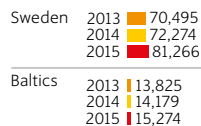
Total energy consumption in warehouses and stores, MWh



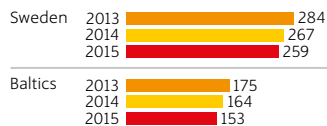
Distribution of energy sources, % (electricity consumption in warehouses and stores)



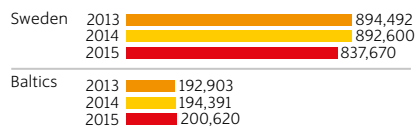
Energy consumption in warehouses, MWh



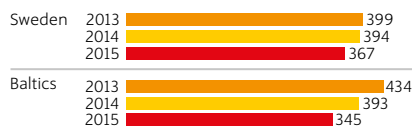
Average energy consumption in warehouses, kWh/m²



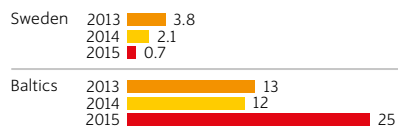
Energy consumption in stores, MWh



Average energy consumption in stores, kWh/m²



Refrigerant use*, tonnes



* Pertains only to warehouses in Sweden.

Environmental work in stores

In Sweden, 157 (162) ICA stores had been awarded a Swan eco-label at year-end 2015, which is 12% of the stores. The Swan eco-label applies tough criteria to matters such as waste management and energy efficiency. The internal eco-tool ICA Retailers for the Environment aims to help stores improve their environmental work and further reduce their environmental impact. By the end of the year 91 (55) stores had introduced the tool.

Swan eco-labelled ICA stores, number

	2015	2014	2013
ICA Sweden	157	162	180

ICA stores that have been approved according to ICA Retailers for the Environment, number

	2015	2014	2013
ICA Sweden	91	55	n.d.

Quality

In 2015 work continued with audits, traceability checks, reviews of product contents and labelling, product testing and structured quality assurance. 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 announcing a recall. A recall means that the product is immediately

stopped at check-out and it is no longer available for sale. 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. No recalls in 2015 resulted in a fine or a warning for ICA Gruppen.

Product recalls, number

	2015	2014	2013
Total	58	39	55
Corporate brands	10	20	26

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

	2015	2014	2013
Accepted by inspection body	351	333	342
Adopted the standard	949	964	1,027

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.

ICA Sweden measures weekly if the Swedish public believes that ICA makes it easy to make healthy choices. The goal for 2015 was that at least 37% of the respondents would associate the claim with ICA, which was reached.

Sales development allergy-friendly food, % (SEK m)

	2015	2014	2013
ICA Sweden	23 (3,626)	18 (2,946)	17 (2,497)

ICA makes it easy for me to make healthy choices, %

	2015	2014	2013
ICA Sweden	41	37	n.d.

Community engagement

ICA Sweden has been the principal partner of the World Childhood Foundation since 2003, raising funds for Childhood's projects. For the thirteenth 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 donated SEK 7.4 (7.1) million to the work of the Red Cross by donating the deposits from their beverage cans and bottles. ICA Sweden measures weekly if the Swedish public believes that ICA is committed to sustainable development. The goal for 2015 was that at least 25% of the respondents would associate the claim with ICA, which was reached.

Charitable donations, ICA Sweden, SEK m

	2015	2014	2013
Donations from ICA Sweden	3.2	3.3	8.2
Donations from customers, suppliers and employees through ICA Sweden	58.7	38.9	26.6

ICA is committed to sustainable development, %

	2015	2014	2013
ICA Sweden	27	24	n.d.

Employees

ICA Gruppen is a major employer with approximately 30,000 employees, mainly located in Sweden and the Baltic countries. Converted to full-time staff, this corresponds to 22,499 (22,684) full-time equivalents (FTE's). This does not include store

employees in retailer-owned ICA stores in Sweden because they are employed by the individual ICA retailers. The data below is based on number of employees at year-end, except for Number of FTE's and Gender distribution, all employees.

Number of FTE's*

	2015	2014	2013
Sweden	12,750	9,902	9,460
Norway	19	3,572	3,902
Finland	73	124	74
Baltic Countries	9,562	8,995	8,248
Hong Kong	95	91	98
Total	22,499	22,684	21,782

* Pertains to ICA Gruppen including the portfolio companies. Number of FTE's pro forma for 2013 and 2014.

Sickness-related absence, %

	2015	2014	2013
ICA Gruppen AB	3.7	2.5	2.5
ICA Bank	4.1	3.3	3
ICA Real Estate	2.7	2.2	3
ICA Sweden	5.7	5.1	5
ICA Norway	n.d.	6.7	7.9
Rimi Baltic	5.5	4.4	4.7
Apotek Hjärtat	5.4	n.d.	n.d.
ICA Gruppen total	5.4	5	5.3

Employee turnover, %

	2015	2014	2013
ICA Gruppen AB*	34	8	13
ICA Bank	9	5	6
ICA Real Estate	7	18	16
ICA Sweden	7	6	9
ICA Norway	n.d.	25	26
Rimi Baltic	51	50	52
Apotek Hjärtat	16	n.d.	n.d.
ICA Gruppen total	33	31	34

* Increase 2015 is due to outsourcing of IT-services.

Number of store robberies

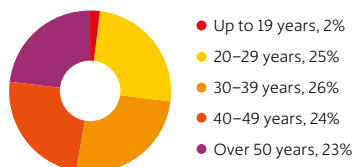
	2015	2014	2013
ICA Sweden	49	50	24
Rimi Baltic	0	0	0

Employment by type, region and gender, number

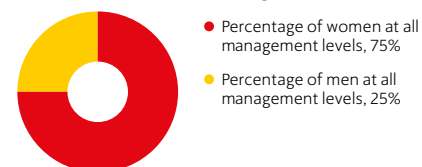
	2015			2014		
	Male	Female	Total	Male	Female	Total
Sweden						
Permanent	5,376	7,510	12,886	4,918	5,017	9,935
Temporary	858	1,334	2,192	603	1,299	1,209
Consultants	n.d.	n.d.	1,017	n.d.	n.d.	879
Baltics						
Permanent	1,937	10,282	12,219	1,657	9,449	11,106
Temporary	26	194	220	134	465	599
Consultants	n.d.	n.d.	14	n.d.	n.d.	n.d.
ICA Gruppen total*						
Permanent	7,313	17,792	25,124	9,073	17,892	26,965
Temporary	884	1,528	2,413	862	1,936	2,798
Consultants	n.d.	n.d.	1031	n.d.	n.d.	930

* In ICA Gruppen total, Norway is included for 2014.

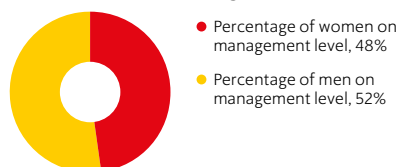
Share of employees by age group, %



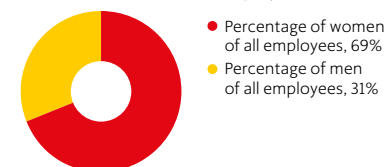
Gender distribution, all management levels, %



Gender distribution, management level, %



Gender distribution, all employees*, %



* Based on number of FTE's.

Employment status



Measurement and calculation methods

The Sustainability Report covers all companies within ICA Gruppen, and where relevant also the portfolio companies. The sustainability targets are for ICA Gruppen excluding the portfolio companies. Apotek Hjärtat, which was acquired in January 2015, will be fully integrated into the Group's sustainability work in 2016 and is not included in the sustainability targets in this report. Apotek Hjärtat, Hemtex and inkClub are working towards the target of all corporate brand product suppliers in high-risk countries being socially audited.

ICA Sweden 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 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 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 Gruppen'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.

Diesel consumption for transport vehicles leased by Rimi Baltic is calculated based on distances driven and average fuel consumption. Diesel for Rimi Baltic's own goods transports is obtained directly from the diesel supplier.

Refrigerants

Include refrigerant refills in all warehouses and Rimi Baltic's stores. Stores in Sweden are not included.

Data for ICA Sweden's warehouses is based on official refrigerant reports.

Business travel

Includes business travel by air booked through ICA's central travel agency for employees of ICA in Sweden. Between 2008–2013 ICA Gruppen 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 within ICA Sweden.

Climate impact

2006 was the base year for ICA Gruppen's earlier climate target, which was reached in 2014. It remains as base year for emission factors up until 2015. For any new energy and fuels that will be introduced after 2006 emission factors will be set in

accordance with the IPCC's recommendation. In this report, ICA Gruppen's decrease of direct greenhouse gas emissions are reported per square metre of sales area in stores. This is in order to improve transparency and accuracy, since the outcome will follow changes in the Group's operations (major mergers and divestments will not in itself affect the outcome of the emissions).

The following factors are used to calculate carbon dioxide emissions:

- Emissions factor for 2006 Nordic electricity mix for conventional electricity in Sweden.
- 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 refrigerant 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 emissions factor for business travel by car.
- Alternative fuels from the haulage company concerned, base year 2012.

Waste

Includes all warehouses, as well as Rimi Baltic's stores. Soft plastics from stores are not included for Rimi Baltic, but are included for ICA Sweden 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.

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 onto 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.

Recycled/reused waste includes glass, metal, wood, plastics and other non-landfill waste.

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 arising from 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 of 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 hold an associated valid certificate in accordance with one of the quality standards accepted by ICA Gruppen. From 2014 ICA Gruppen has also accepted 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 ICA Social Audit and/or an audit under any of the third party audit schemes accepted by ICA Gruppen. To be approved as a supplier to the Group, the audit result must meet ICA Gruppen's set, minimum standard, and the supplier must undertake to carry out any improvements. Production unit refers to a factory, farm or processing plant.

Starting in 2014 high-risk countries are identified based on the BSCI (Business Social Compliance Initiative) definition.

Sales trends and number of products

Includes sales from Swedish ICA stores of the main product range.

The number of products corresponds to the total number of unique EAN codes for ICA Sweden's range of allergy-friendly food and organic assortment (KRAV, EU organic).

Product related information

The target for palm oil is to ensure that all palm oil is certified, an ambition that ICA Sweden's own products will contain RSPO certified palm oil from segregated flow or under the mass balance system. Palm oil certificates are used only in exceptional cases.

The target for soy include, in accordance with the commitment in the Swedish Soy dialogue, soy products, and meat and dairy products (containing more than 80% animal origin) from animals raised with soy. The amount of soy used for this must be certified or covered by certificates (soy credits) by RTRS (Round Table on Responsible Soy) or ProTerra. This is ensured by set requirements for suppliers, including confirmation of compliance. In case the supplier cannot ensure that the soy is certified or covered by certificates, ICA buys RTRS certificates based on forecasted annual sale of the respective product.

Customer surveys

The goals "ICA makes it easy for me to make healthy choices", "ICA is committed to sustainable development" and "ICA is good at Swedish primary products" are measured by a brand positioning carried out in Sweden every week through 100 online interviews in collaboration with Ipsos. The respondents (18-70 years) are asked to associate a number of statements to one or more selected brands (the retail market's six biggest players).

Quality work and product safety

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 adopted the Swedish standard for food handling refers to Swedish ICA stores that apply the standard but have not been certified by a third party.

Environmental work in stores

Certified stores refers to stores in Sweden approved and certified by a third party in accordance with the Swan eco-label criteria.

Stores that have been approved according to ICA Retailers for the Environment refers to Swedish ICA stores that have been approved in an internal audit by a quality coach from ICA.

Employees

Comprises personnel employed by ICA Gruppen, i.e. including employees in stores owned by a company within the Group. Data is based on the number of employees at year-end, except for Number of FTE's and Gender distribution all employees, which are based on FTE's. The number of full-time equivalents (FTEs) 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.

Gender distribution all management levels refers to all levels of management within the Group. Gender distribution management level refers to the management levels that have business critical positions in ICA Gruppen.

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 2015:

Divestment of ICA Norway in 2014

In 2014, ICA Norway was divested to Coop Norway. Therefore there are no data to report in the year for the Norwegian operations. Data from previous years have been recalculated to exclude ICA Norway's operations.

Product related information

Includes information on targets for sustainable palm oil and soy.

Customer surveys

Includes information on how ICA Sweden is perceived in questions regarding healthy choices, sustainable development and Swedish primary products.

Significant changes in coming reporting periods

Climate impact

A new climate target was set in 2015. This will affect the scope of reporting and the measurement and calculation methods in future years.

Other

Apotek Hjärtat will be fully integrated into the Sustainability Report in 2016.

GRI index

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

GENERAL STANDARD DISCLOSURES		Section	External Assurance	Global Compact
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 4	✓	
ORGANISATIONAL PROFILE				
G4-3	Report the name of the organisation	Note 1, page 82	✓	
G4-4	Report the primary brands, products, and services	This is ICA Gruppen, page 1 A strong business model, page 26 ICA Gruppen's segments, page 30	✓	
G4-5	Report the location of the organisation's headquarters	Note 1, page 82	✓	
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 82 ICA Gruppen's world of suppliers, page 53	✓	
G4-7	Report the nature of ownership and legal form	Note 1, page 82	✓	
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	A strong business model, page 26	✓	
G4-9	Report the scale of the organisation	ICA Gruppen's segments, page 30 Five-year financial summary, page 76	✓	
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 129	✓	6
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Sweden, 100% Baltic countries, 77%	✓	3
G4-12	Describe the organisation's supply chain	This is how ICA Gruppen can have an impact, page 20 ICA Gruppen's world of suppliers, page 53	✓	
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	And this is how it went in 2015, page 2 Shares and shareholders, page 72	✓	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Risk and risk management, page 16 Risks and opportunities, page 54	✓	
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 124	✓	
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organisation	Partnerships and memberships, page 124	✓	
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 1, page 82 Note 2, page 86 About the Sustainability Report, page 122	✓	
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 43 About the Sustainability Report, page 122	✓	
G4-19	List all the material Aspects identified in the process for defining report content	Key issues, page 43	✓	
G4-20	For each material Aspect, report the Aspect Boundary within the organisation	About the Sustainability Report, page 122 Measurement and calculation methods, page 130 See respective indicator for other boundaries	✓	
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation	Measurement and calculation methods, page 130 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 130	✓	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Measurement and calculation methods, page 130	✓	

GENERAL STANDARD DISCLOSURES			Section	External Assurance	Global Compact
STAKEHOLDER ENGAGEMENT					
G4-24	Provide a list of stakeholder groups engaged by the organisation		Development through dialogue, page 22		✓
G4-25	Report the basis for identification and selection of stakeholders with whom to engage		Development through dialogue, page 22		✓
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 22		✓
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 22		✓
REPORT PROFILE					
G4-28	Reporting period (such as fiscal or calendar year) for information provided		About the Sustainability Report, page 122		✓
G4-29	Date of most recent previous report (if any)		About the Sustainability Report, page 122		✓
G4-30	Reporting cycle (such as annual, biennial)		About the Sustainability Report, page 122		✓
G4-31	Provide the contact point for questions regarding the report or its contents		About the Sustainability Report, page 122		✓
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 122 GRI index, page 132		✓
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 122		✓
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 2015, page 58 Rules and regulations, page 60		✓
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		ICA's Good Business, page 18 The basis of ICA Gruppen's sustainability work, page 42		✓
SPECIFIC STANDARD DISCLOSURES			Section	External Assurance	Global Compact
ECONOMIC IMPACT					
Economic performance					
G4-DMA	Disclosure on management approach		Targets and outcomes, page 14		✓
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change		Risks and opportunities, page 54		✓
ENVIRONMENTAL IMPACT					
Energy					
G4-DMA	Disclosure on management approach		Sustainability targets, page 15 Climate impact from operations, page 47 Rules and regulations, page 60 Sustainability work based on tools and standards, page 122 Energy and refrigerants, page 127	✓	7, 8, 9
G4-EN3	Energy consumption within the organisation		Climate impact from operations, page 47 Energy and refrigerants, page 127 Measurement and calculation methods, page 130	✓	7, 8, 9
G4-EN4	Energy consumption outside of the organisation		Energy and refrigerants, page 127 Measurement and calculation methods, page 130	✓	7, 8, 9
G4-EN6	Reduction of energy consumption		Climate impact from operations, page 47 Energy and refrigerants, page 127 Measurement and calculation methods, page 130	✓	7, 8, 9
Emissions					
G4-DMA	Disclosure on management approach		Sustainability targets, page 15 Climate impact from operations, page 47 Rules and regulations, page 60 Sustainability work based on tools and standards, page 122 Emissions, page 125	✓	7, 8, 9
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)		Emissions, page 125 Measurement and calculation methods, page 130	✓	7, 8, 9
G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)		Emissions, page 125 Measurement and calculation methods, page 130	✓	7, 8, 9

SPECIFIC STANDARD DISCLOSURES	Section	External Assurance	Global Compact
G4-EN17 Other indirect greenhouse gas (ghg) emissions (scope 3)	Emissions, page 125 Measurement and calculation methods, page 130	✓	7, 8, 9
G4-EN19 Reduction of greenhouse gas (ghg) emissions	Sustainability targets, page 15 Climate impact from operations, page 47 Emissions, page 125 Measurement and calculation methods, page 130	✓	7, 8, 9
Effluents and Waste			
G4-DMA Disclosure on management approach	Climate impact from operations, page 47 Rules and regulations, page 60 Sustainability work based on tools and standards, page 122	✓	7, 8, 9
G4-EN23 Total weight of waste by type and disposal method	Climate impact from operations, page 47 Waste, page 126 Measurement and calculation methods, page 130	✓	7, 8, 9
Transports			
G4-DMA Disclosure on management approach	Rules and regulations, page 60 Sustainability work based on tools and standards, page 122 Transports, page 126	✓	7, 8, 9
G4-EN30 Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Climate impact from operations, page 47 Transports, page 126 Measurement and calculation methods, page 130	✓	7, 8, 9
SOCIAL IMPACT – HUMAN RIGHTS			
Freedom of Association and Collective Bargaining			
G4-DMA Disclosure on management approach	Sustainability targets, page 15 Rules and regulations, page 60 Sustainability work based on tools and standards, page 122 Socially and environmentally responsible sourcing, page 52	✓	1, 2
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	Socially and environmentally responsible sourcing, page 52 Sustainability work based on tools and standards, page 122 Measurement and calculation methods, page 130	✓	1, 2, 3
Child Labour			
G4-DMA Disclosure on management approach	Sustainability targets, page 15 Rules and regulations, page 60 Sustainability work based on tools and standards, page 122 Socially and environmentally responsible sourcing, page 52	✓	1, 2
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	Sustainability work based on tools and standards, page 122 Measurement and calculation methods, page 130	✓	1, 2, 5
Forced or Compulsory Labour			
G4-DMA Disclosure on management approach	Sustainability targets, page 15 Rules and regulations, page 60 Sustainability work based on tools and standards, page 122 Socially and environmentally responsible sourcing, page 52	✓	1, 2
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	Sustainability work based on tools and standards, page 122 Measurement and calculation methods, page 130	✓	1, 2, 4
Supplier Human Rights Assessment			
G4-DMA Disclosure on management approach	Sustainability targets, page 15 Rules and regulations, page 60 Sustainability work based on tools and standards, page 122 Socially and environmentally responsible sourcing, page 52	✓	1, 2
G4-HR10 Percentage of new suppliers that were screened using human rights criteria	Sustainability targets, page 15 Socially and environmentally responsible sourcing, page 52 Measurement and calculation methods, page 130	✓	1, 2
SOCIAL IMPACT – PRODUCT RESPONSIBILITY			
Customer Health and Safety			
G4-DMA Disclosure on management approach	Sustainability targets, page 15 Quality in stores, page 48 Product safety and quality, page 49 Rules and regulations, page 60 Sustainability work based on tools and standards, page 122 Quality, page 128	✓	
G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Quality, page 128 Measurement and calculation methods, page 130	✓	
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 49 Quality, page 128 Measurement and calculation methods, page 130	✓	

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 2015. The Company has defined the scope of the Sustainability Report to the pages referred to in the GRI index on the pages 132–134.

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 130–131, 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 other generally accepted auditing standards in Sweden. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. 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 12, 2016
Ernst & Young AB

Erik Åström
Authorised Public Accountant

Charlotte Söderlund
Authorised Public Accountant

Annual General Meeting and financial calendar

Annual General Meeting 2016

The Annual General Meeting of Shareholders in ICA Gruppen will be held on Wednesday, 20 April 2016 at 2 p.m. CET at Friends Arena, Solna, Sweden.

The notice of the Annual General Meeting will be issued on Thursday, 17 March 2016 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 Monday, 21 March 2016. 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, 14 April 2016.

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 2016, 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, 14 April 2016 requesting the nominee to register the shares in their own name in the shareholder register maintained by Euroclear Sweden AB.

Dividends

The Board of Directors of ICA Gruppen proposes that the Annual General Meeting resolve on a dividend of SEK 10.00 (9.50) per ordinary share, or a total of SEK 2,011 million (1,130). The dividend corresponds to 41% of the profit for the year. The dividend proposal is appropriate in view of the aim of providing a good and stable dividend over time. The total dividend paid out will be higher as the number of shares with dividend entitlement increased this year from 118.9 to 201.1 million shares due to the conversion of C shares to ordinary shares on 20 January 2016. ICA Gruppen's dividend target over time is to pay a dividend to shareholders of at least 50% of profit for the year. 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, 20 April 2016 and the record date will be Friday, 22 April. The estimated payment date from Euroclear Sweden's system is therefore Wednesday, 27 April 2016.

Financial calendar

Annual General Meeting 2016:	20 April 2016
Interim Report January–March 2016:	4 May 2016
Interim Report January–June 2016:	17 August 2016
Interim Report January–September 2016:	9 November 2016
Interim Report January–December 2016:	8 February 2017

Interim reports and other information from the Company are 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 mid-March 2016. The Annual Report will be distributed by post to shareholders who have requested this.

Contact

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Glossary

Accurate price perception – Customer price perception that, to the greatest extent possible, reflects the actual price level relative to competitors.

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 audits of suppliers.

Business Ethics and Policy Committee – ICA Gruppen's cross-organisational committee that suggests sustainability priorities and monitors ethical dilemmas, risks and public opinion.

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, labour and the environment.

HACCP – Hazard Analysis and Critical Control Point, risk analysis and risk management program.

High-risk – Countries with high risk level as defined by the UN Human Development Index and Economic Security Index (UNDP).

ICA corporate brands – All products for which ICA Gruppen is the primary consignor, mainly private label products.

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.

Joint venture – A partnership project, a joint venture company.

KRAV – Swedish independent labelling system for organic food.

MSC – Marine Stewardship Council, international eco-label for seafood.

MTN – A medium-term note (MTN) is a continuously offered debt note with a set maturity date.

Non-food – Items that are not food, such as clothing and footwear.

Omnichannel offering – An offering enabling a uniform customer experience, regardless of which channel the customer chooses to purchase goods or find information.

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.

Prepaid card (cash card) – A card that is electronically preloaded with money; similar to a gift card.

Private label products – Own brand products.

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.

RSPO – Roundtable on Sustainable Palm Oil, an organisation established to promote the growth and use of certified sustainable palm oil.

RTRS – Round Table on Responsible Soy, an organisation established to promote the growth and use of certified sustainable soy.

Swan – Official Nordic eco-label of the Nordic Council of Ministers.

Swedish standard for food handling in stores – Swedish industry-wide standard for food handling and food safety in stores.

For definitions of key figures see page 75.



Solberg

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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, Apotek Hjärtat, which conducts pharmacy operations, ICA Real Estate, which owns and manages properties and ICA Bank, which offers financial services. The Group also includes the companies Hemtex and inkClub.

www.icagruppen.se



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