

### Fourth quarter 2017 in summary

- ICA Gruppen’s greenhouse gas emissions continued to decrease during the quarter and have decreased by 52% since the base year 2006. The decrease is mainly attributable to energy efficiency improvements and a changeover to renewable fuels in the Swedish operations, and continued investments in renewable energy in Rimi Baltic.
- The share of socially audited suppliers of ICA Gruppen’s corporate brand products in high-risk countries was 98% during the quarter, which is level with the preceding quarter.
- The share of quality-certified suppliers of ICA Gruppen’s corporate brand products was 88%, which is above the target level of 80%.
- Growth in sales of ecolabelled, organic and ethically labelled products in ICA Sweden’s central assortment during the period January–December 2017 (rolling 12 months) was 5%.
- In partnership with the foodtech company Urban Oasis, during the quarter ICA Sweden started a pilot project focusing on resource-efficient urban vegetable growing.
- Preparations ready for ICA Gruppen’s participation in projects to increase supplier and worker awareness about migrant workers’ rights and opportunities in Thailand.
- During the quarter Hemtex’s down purchases were certified according to the Responsible Down Standard.

### For A Good Tomorrow

2017 was a good year for ICA Gruppen in many ways. Operationally as well as financially we performed in line with our goals. From a sustainability perspective as well, 2017 was good year. We took giant leaps forward in the work on reducing our own carbon footprint, saw continued growing demand for ecolabelled, organic and ethically labelled products, and set a large number of initiatives in motion for contributing to more sustainable development.

We will further increase our efforts in 2018. Our strategic priorities for the year include driving For A Good Tomorrow with focus on health and climate. We will continue the work on lowering our own carbon footprint, not least through continued investments in renewable energy and a gradual changeover to refrigerants with a lower carbon footprint.

We will also channel even more energy into inspiring our customers to make sustainable and healthy choices. We do this because we have a responsibility by virtue of our position and size, but also because we see clearly that this drives growth and profitability. Customers are demanding sustainable and healthy products to an ever-greater extent. Our partners and suppliers want to work together with long-term actors and tomorrow’s employees want to work for companies that take responsibility. Together we can contribute to more sustainable development.

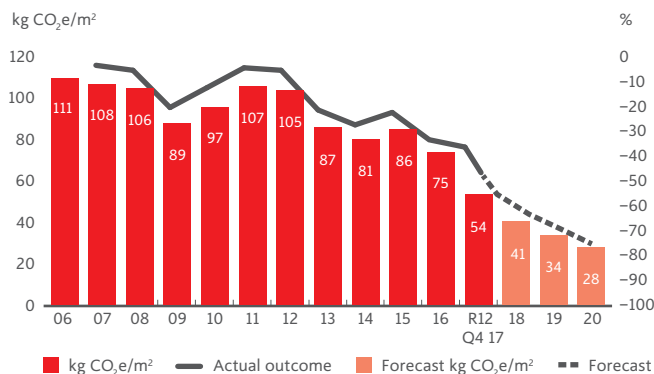
Per Strömberg, CEO ICA Gruppen



### Key figures

ICA Gruppen’s operations will be climate-neutral by 2020	Rolling 12 months (Q1 2017 – Q4 2017)	Previous rolling 12 months (Q1 2016 – Q4 2016)
Decrease in emissions compared with 2006	-52%	-33%

#### Emissions kg CO<sub>2</sub>e/m<sup>2</sup> 2006–Q4 2017 and forecast to 2020



The carbon footprint that cannot be eliminated in operations by 2020 will be addressed through offsets.

100% of ICA Gruppen’s corporate brand suppliers in high-risk countries will be socially audited	Q4 2017	Q3 2017	Full year 2016
Outcome	98%	97%	98%

80% of ICA Gruppen’s corporate brand suppliers will be quality certified	Q4 2017	Q3 2017	Full year 2016
Outcome	88%	86%	87%

ICA Sweden	Rolling 12 months (Q1 2017 – Q4 2017)
Sales development, ecolabelled, organic and ethically labelled range*	5%
Sales development, organic range**	2%

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

# Support customers' sustainable choices:

## Continued growth in sales of ecolabelled, organic and ethically labelled products

Store sales of ecolabelled, organic and ethically labelled products from ICA Sweden's central assortment increased by 5% during the period January–December 2017 (rolling 12 months) compared with the corresponding period a year ago. As a share of total sales, ecolabelled, organic and ethically labelled products amounted to 10.3% during the same period.

Sales of organic foods including fruits and vegetables as a share of total food sales were approximately 6% on a rolling 12-month basis. The total sales value of organic products was approximately SEK 6.5 billion on a rolling 12-month basis, compared with approximately SEK 6.3 billion for the preceding 12-month period. The organic range was expanded during the quarter with a number of new products, of which most were under the ICA I love eco brand. Sales growth for organic products in 2017 was lower than in 2016. The lower rate of growth is due in part to higher levels in the comparison figures and in part to the fact that Swedish consumers are also showing an interest in other sources of value-added, such as locally produced and healthy.

## Pilot project on resource-efficient urban vegetable growing

In partnership with the foodtech company Urban Oasis, ICA Sweden has started a project focusing on resource-efficient urban vegetable growing. ICA Kvantum Liljeholmen will be the first ICA store to sell local, hydroponically grown fresh vegetables year-round. The first products will be available in stores in early 2018.

## Soap bottles made of 100% recycled plastic

To address the climate and environmental challenges we are currently facing, several initiatives are under way in ICA Gruppen to gradually reduce the total amount of plastic that is used and find circular solutions. As part of this work, ICA Sweden together with Swerea IVF, Swerec, Novoplast and Emballator have developed a bottle for ICA Skona såpa (all-purpose cleaner) made entirely of plastic that customers themselves have returned for recycling in Sweden. The bottles will have a varying grey colour since no new colouring agents will be added. Moreover, the process description drawn up by ICA and Swerea will benefit the entire industry.

## Scary Halloween assortment inspiration for more fruits and vegetables

Ahead of Halloween ICA Sweden displayed a seasonal range of root vegetables, vegetables and fruits that alluded to Halloween in a playful manner. The aim was to inspire children and teens to eat more vegetables and fruit during a holiday season that is otherwise dominated by candy. Product examples included cauliflower marketed as zombie brains and blue potatoes as spider torsos.

## Keen interest in vegan Christmas recipes

Vegan Christmas recipes were the recipe category that showed the greatest increase in interest on Sweden's largest recipe site ica.se ahead of Christmas 2017. Traffic to these recipes increased by nearly 1,500% compared with a year ago. The most highly visited vegan Christmas recipe was vegan Christmas ham followed by vegan saffron buns.

## Perfume-free week at Apotek Hjärtat

Roughly a third of Sweden's adult population say that they have some form of oversensitivity to smells, and 6% have been diagnosed as having sensory hyperactivity (SHR). To spread knowledge about oversensitivity to smells and the importance of being considerate to people with this oversensitivity, in November Apotek Hjärtat – together with the Swedish Asthma and Allergy Association – conducted a "Perfume-free week" campaign. The theme this year was our natural body scents. Three well known profiles were asked to use perfume-free products from Apotek Hjärtat for a week, followed by a scent analysis. Based on this analysis, a scent expert then created descriptions of the persons' natural scent using the classic manner of describing perfumes.

## Project focusing on migrant workers in Thailand

More than three million migrant workers work in Thailand, of whom many in the food industry. To increase awareness and knowledge about migrant workers' rights and opportunities, a group of Nordic food companies, including ICA Gruppen, have teamed up in a pilot project. In cooperation with the tech company Quizrr, a competence-enhancing digital tool is being developed specially for Thailand with focus on the migrant worker issue and ethical recruitment. In the interactive tool, factory workers can train individually or in groups. The training is based on customised films, covering real life situations, followed by a number of questions. All training results can be followed at a web portal, making it possible for suppliers to measure and share their progress. The tool is expected to be ready for use in 2018.

## Hemtex's down products certified

Hemtex puts high sustainability demands on its suppliers, such as through certification. During the quarter Hemtex earned a fourth place ranking from Textile Exchange for the higher share of traceable down in its products. Since receiving this distinction, all down and feathers purchased by the company are strictly controlled by a third party according to the Responsible Down Standard (RDS), which has been created and developed by Textile Exchange. The standard certifies that down and feathers come from responsibly raised geese and ducks. In addition, the material is traceable through the entire production chain, from farm to product.

## Health initiatives aimed at children

A large number of child health initiatives are being conducted in ICA Gruppen. For the past 16 years ICA Sweden has conducted its Buddy with your body initiative. In all, more than 940,000 school children have completed the training in which they learn more about the importance of good food and exercise. This year the educational material includes a new section on food waste and on how to eat climate-smart – two areas requested by teachers. All of the material is available for downloading free of charge from [www.ica.se/kompismedkroppen](http://www.ica.se/kompismedkroppen). ICA Sweden is also involved in the organisation GEN-PEP, which works to provide children and teens with opportunities to live an active, healthy life. The organisation aims to spread knowledge and promote commitment in the area of children's and young people's health.

A large number of projects are also being conducted by Rimi Baltic. In addition to a number of initiatives aimed at promoting greater exercise, several projects are also being conducted as inspiration to adopt healthier food habits. Among the larger of these is Gourmands Class, which some 190 classes in Latvia recently completed.

## Audits for preventing food fraud

ICA Gruppen is working on several fronts to prevent food fraud, including through quality certifications, analyses and unannounced audits, and through industry collaboration. During the quarter ICA Sweden conducted 84 analyses of private label products and four unannounced audits of suppliers focused on preventing and guarding against food fraud. None of the analyses or audits showed any deliberate fraud.

## Inspection by Solna Municipality

During the quarter Solna Municipality conducted an inspection of ICA Sweden's head offices. The focus was on labelling of ICA's corporate brand products. ICA received high marks in general. Minor deviations were noted on a few packages, for which ICA Sweden is now adjusting the design.

## High ambitions for sustainability

ICA Gruppen's ambition is to be a positive force in society by being a leader in sustainability and actively advocating for long-term sustainable development of society. The ambition is to be a forerunner in key issues such as the environment, quality, health, diversity and local commitment based on a strong community engagement. The reporting in this interim report is structured according to ICA Gruppen's strategic priorities to support customers' sustainable choices and conduct climate-smart business.

### **ICA Sweden and Apotek Hjärtat main partners in Cancerfonden's Pink Ribbon campaign**

Cancerfonden's Pink Ribbon campaign was held in October, with ICA Sweden and Apotek Hjärtat as two of the main sponsors. Support to the campaign consists of sales of pink ribbons, pink products and donation activities. In total ICA Gruppen and its customers raised SEK 54.4 million for the campaign.

### **Christmas campaign contributed SEK 5.1 million to World Childhood Foundation**

ICA Sweden's Christmas campaign for the benefit of World Childhood Foundation ("Childhood") raised approximately SEK 5.1 million for the organisation, which works to prevent

violence and sexual abuse of children. During the campaign period, selected products were sold where between SEK 0.50 and SEK 10 per product was donated to Childhood. In addition, an Instagram campaign was held in which ICA donated SEK 25 to the organisation for every tagged photo. ICA's customers also had the opportunity to donate their bonus cheques during the campaign period.

### **Several donation campaigns in Estonia, Latvia and Lithuania**

Several initiatives and donation campaigns were conducted by Rimi Baltic during the quarter. The biggest of these involved deliveries of food to Food Bank and donations to Latvia's first milk bank for premature babies.

## **Conducting climate-smart business**

### **Continued work towards goal of being climate-neutral by 2020**

To contribute to the UN goal of limiting Earth's temperature rise, ICA Gruppen has set an ambitious climate target – that its operations will be climate-neutral by 2020. This climate target applies for ICA Gruppen's direct carbon footprint from all companies and encompasses the carbon footprint from operations in stores, pharmacies, warehouses and offices caused by, for example, refrigerants, electricity, goods transports and business travel in both the Swedish and Baltic operations. The target will be achieved by reducing greenhouse gas emissions and through more efficient use of resources. The carbon footprint that cannot be eliminated in operations will be compensated through offsets.

ICA Gruppen's greenhouse gas emissions have decreased by 52% compared with the base year 2006. The decrease is due above all to long-term work with a multitude of measures in energy, refrigerants and goods transports, including investments in renewable electricity at Rimi Baltic and a changeover to renewable fuels in the Swedish operations. For 2018 the goal is to achieve a 63% reduction compared with the base year 2006.

### **Climate-smart stores**

The largest carbon footprint from ICA Gruppen's operations is made by stores. To address this, active work is being conducted in the Group with energy efficiency improvement and a gradual changeover to renewable energy and refrigerants with a smaller carbon footprint. Within ICA Real Estate, several projects are being conducted to optimise energy use in the existing property portfolio. During the quarter

two energy projects in stores were concluded. In the Sala project, installations of heating and ventilation systems will result in an estimated reduction in energy consumption by 20%. The energy project in Bromölla entails a conversion to natural refrigerants with a very low carbon footprint, the phase-out of fossil fuels and a large energy savings programme that will generate estimated savings of 43%. During the quarter new establishment was completed in Moraberg, in which geothermal energy systems was installed. Also during the quarter, a concept and solution for e-vehicle charging posts was rolled out, and work environment and social audits were conducted at construction projects.

### **Continued investments in reducing emissions at Rimi Baltic**

At Rimi Baltic investments are being made in reducing greenhouse gas emissions. These efforts include a changeover to LED lighting and switch to refrigerants with a lower carbon footprint. Investments in renewable electricity are also resulting in lower greenhouse gas emissions. During the fourth quarter greenhouse gas emissions decreased by 33% compared with the fourth quarter a year ago, corresponding to approximately 11,000 tonnes of CO<sub>2</sub>e.

### **Renewable fuels contributing to major reductions in emissions**

During the quarter, ICA Sweden's work on increasing the share of renewable fuels in the logistics operations contributed to further, major reductions in emissions. Total emissions decreased by 5,000 tonnes CO<sub>2</sub>e during the fourth quarter of 2017 compared with the same quarter a year ago.

## **Criticism, media debate and dialogues**

- During the quarter animal rights activists in Estonia, Latvia and Lithuania continued a campaign calling for an end to Rimi Baltic's sales of eggs from caged hens in the Baltic countries by 2025. Rimi Baltic is engaged in an active dialogue with producers and the pertinent authorities. However, the issue is complicated since most eggs produced in the Baltic countries are from caged hens. During the quarter Rimi Baltic announced its ambition to stop selling eggs from caged hens by 2025.
- As part of Apotek Hjärtat's sustainability strategy for the period 2018–2020, a stakeholder dialogue was conducted during the quarter in which external stakeholders shared their views of Apotek Hjärtat's operations, sustainability work and sustainability reporting.

## **Awards and distinctions**

- In November ICA received an award for Innovation for sustainable diets presented at Organic Innovation Days in Brussels. ICA won the award for its climate-guided recipes on ica.se.
- In October the organisation Textile Exchange presented its top list of Preferred Fiber & Materials (PFM), which lists companies that are working to increase their use of sustainable material. Hemtex received two top rankings – one for its work on increasing the share of organic cotton and one for its corresponding work with down.

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## About this report

This is a quarterly status report with information about ICA Gruppen's work on issues relating to sustainability. The report highlights continuing developments during the year and covers all companies within ICA Gruppen. The report is not reviewed by the Company's auditors. The criteria applied in preparation of this report are based on the annual sustainability report published by ICA Gruppen. The quarterly report is not prepared in accordance with the GRI Guidelines and therefore does not address certain issues. ICA Gruppen's sustainability report is published once a year and provides an all-embracing description of the Group's sustainability work. For measurement and calculation methods, boundaries and a materiality analysis, see:

- [https://www.icagruppen.se/rapportportal/arsredovisning-2016/#!#@hallbarhetsinformation\\_mat--och-berakningsmetoder](https://www.icagruppen.se/rapportportal/arsredovisning-2016/#!#@hallbarhetsinformation_mat--och-berakningsmetoder)
- <https://www.icagruppen.se/rapportportal/arsredovisning-2016/#!#@hallbarhetsinformation>

## Contact and calendar

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### Calendar:

8 March 2018	Annual report 2017 including Sustainability Report
27 April 2018	Sustainability Report January–March 2018
16 August 2018	Sustainability Report April–June 2018
25 October 2018	Sustainability Report July–September 2018

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## About ICA Gruppen

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