



ICA AB

SE-171 93 Solna,
Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.ICA.se

ICA Sverige AB

SE-171 93 Solna,
Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.ICA.se

ICA Norge AS

Postboks 6500
Rodeløkka
N-0501 Oslo, Norway

Visiting address:
Sinsenveien 45
Tel: +47 23 05 50 00

www.ICA.no

Rimi Baltic AB

A. Deglava Str 161
Lv 1021 Riga, Latvia
Tel: +371 704 55 50

www.rimibaltic.com

ICA Banken AB

SE-171 93 Solna,
Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.ICAbanken.se

ICA Fastigheter AB

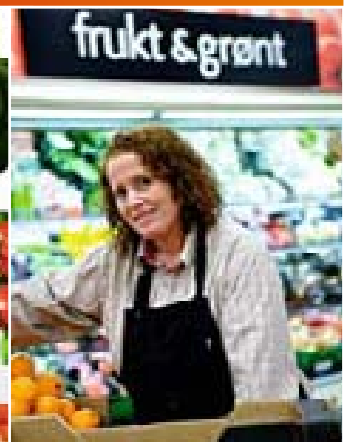
SE-721 84 Västerås,
Sweden

Visiting address:
Ingenjör Bååths gata 11, T2
Tel: +46 21 19 30 00

www.ICAFastigheter.se



An open business requires open senses



This is ICA

President's statement	2
How ICA creates value	4
Driving forces and strategies	6
Goals and achievements	8
Customers	10
Stores	16
ICA Group	22
ICA Sweden	28
ICA Norway	29
Rimi Baltic	30
ICA Bank	31
ICA Real Estate	32

Corporate Responsibility Report

Interview with Lisbeth Kohls	34
ICA's CSR work	35
Environment	40
Society:	
Product safety	48
Health	50
Employees	52
ICA's role in society	54
Human rights	56
Economic development	58
GRI content index	60
Limited assurance report	62

Contact

Lisbeth Kohls
Telephone: +46 8 561 502 12
lisbeth.kohls@ica.se

Annual Report

Corporate Governance Report	64
Directors' Report	70
Income Statement - Group	75
Balance Sheet - Group	76
Changes in Shareholders' Equity - Group	78
Statement of Cash Flows - Group	79
Supplementary Information - Group	80
Income Statement - Parent Company	94
Balance Sheet - Parent Company	95
Changes in Shareholders' Equity - Parent Company	96
Statement of Cash Flows - Parent Company	96
Supplementary Information - Parent Company	97
Audit Report	101

Financial reports in 2010

Interim report January - March	May 5
Interim report January - June	August 18
Interim report January - September	November 10

Financial information is also available at www.ICA.se > About ICA

Contact

Madelene Gummesson
Manager Financial Communication
Telephone: +46 8 561 505 83
madelene.gummesson@ica.se

This is the ICA Group

The ICA Group is one of the Northern Europe's leading retail companies, with around 2,220 of its own and retailer-owned stores in Sweden, Norway and the Baltic countries. The Group includes ICA Sweden, ICA Norway, Rimi Baltic and Real Estate as well as ICA Bank, which offers financial services to Swedish customers. ICA AB is a joint venture 40 percent owned by Hakon Invest AB of Sweden and 60 percent by Royal Ahold N.V. of the Netherlands.

Vision

We make every day a little easier.

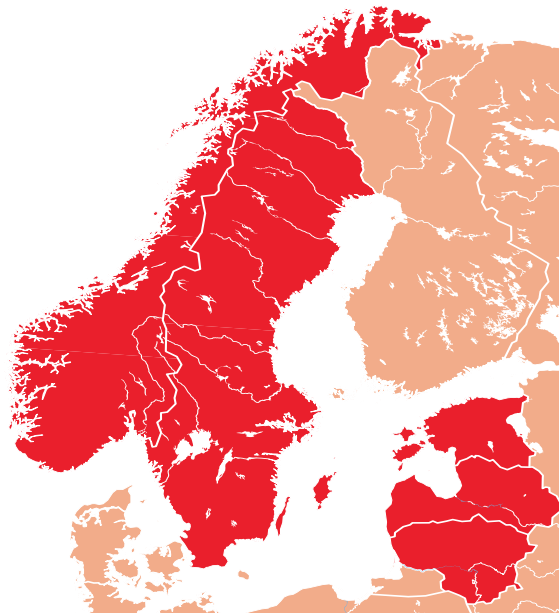
Mission

We want to be the leading retailer with a focus on food and meals.

ICA's values

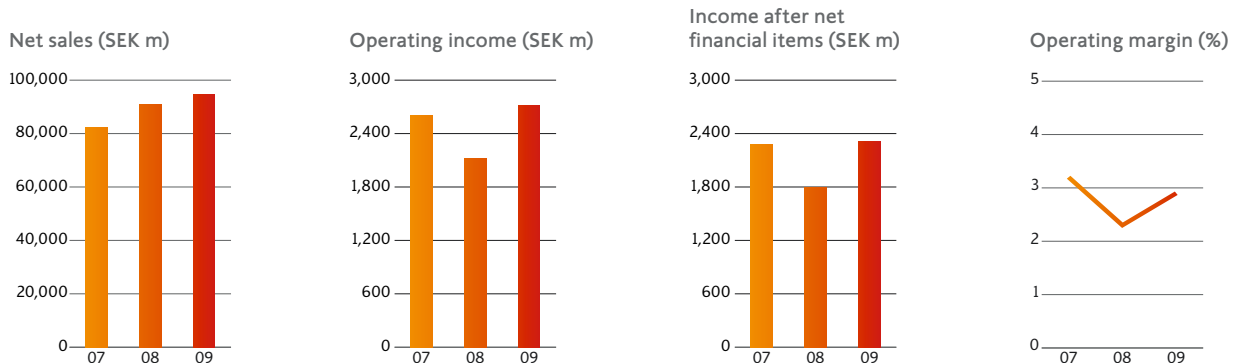
At ICA, a commitment to the environment and community engagement go hand in hand with long-term profitability. ICA's customers and other stakeholders should feel secure and have confidence in ICA and its businesses. To describe its corporate responsibility, ICA has coined the term "ICA's Good Business," which means 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 environment practices to promote sustainable development



2009 in brief

- The ICA Group's net sales amounted to SEK 94,651 million (90,963), an increase of 4.1 percent compared to 2008.
- Operating income amounted to SEK 2,713 million (2,117), a decrease of 28.2 percent compared to 2008.
- Income after net financial items amounted to SEK 2,309 million (1,794), an increase of 28.7 percent compared to 2008.
- The operating margin was 2.9 percent, a decrease from 2.3 percent in 2009.



2009 in brief by segment

Net sales	SEK m	Operating margin	SEK m	Number of employees ¹	
ICA Sweden	59,003	ICA Sweden	2,320	ICA Sweden	6,258
ICA Norway	21,666	ICA Norway	-506	ICA Norway	5,357
Rimi Baltic	12,329	Rimi Baltic	-109	Rimi Baltic	7,880
ICA Bank	634	ICA Bank	132	ICA Bank	253
ICA Real Estate	2,095	ICA Real Estate	1,025	ICA Real Estate	67
ICA Group Functions	467	ICA Group Functions	-149	ICA Group Functions	597
Elimination	-1,543	Total	2,713	Total	20,412
Total	94,651				

1) Average number of employees excluding store staff, who are employed by individual ICA stores in Sweden and employees of franchise store in Norway.

1,359 STORES IN SWEDEN



ICA Nära

Format: Small, convenient stores with good service, a narrow product range and quality fresh foods. Many serve as pick-up sites for Apoteket and Systembolaget, the state-run pharmacy and alcohol monopolies, and handle sales for ATG, the Swedish off-track betting service.



ICA Supermarket

Format: Wide assortment for everyday meals or special occasions. Personal service is high, and the stores carry a wide range of fresh foods.



ICA Kvantum

Format: Designed to be the leading local supermarket, with foods for everyday and special occasions. Offer a variety of fresh foods, alternatives for allergy sufferers, healthy and organic choices, and local products.



Maxi ICA Stormarknad

Format: Everything at good prices under one roof. Wide variety of foods and non-foods such as housewares, sporting goods and garden supplies. Extended store hours, convenient for drivers.

612 STORES IN NORWAY



ICA Nær

Format: Small convenience stores offering good service, a specially designed product selection and local choices.



ICA Supermarked

Format: A passion for good food and diversity, personal service and a wide selection.



Rimi

Format: Discount stores that make it easy and convenient for customers to do their daily shopping. Modern, airy stores designed for families, with everyday products at low prices.



ICA Maxi

Format: Everything in one location. A wide selection of foods combined with non-foods. Convenient for drivers and transports.

246 STORES IN THE BALTIC COUNTRIES



SuperNetto (Lettland, Litauen), Säästumarket (Estland)

Format: Discounters that emphasize price and a good selection of everyday items.



Rimi Supermarket

Format: Wide selection for food lovers with an emphasis on fresh foods and good service for everyday needs. Located close to where customers live or work.



Rimi Hypermarket samt Rimi Compact Hypermarket

Format: Everything under one roof at good prices. Wide selection of competitively priced foods, combined with non-foods such as housewares and sporting goods.

Rimi Compact Hypermarket emphasizes atmosphere, comfort and efficient use of space. Accessible by car with generous store hours.

Open senses, open business

ICA's business always starts the same way: with open senses to what is happening around us. Understanding customer needs and what is happening in the world, and translating positive trends into satisfying, healthy and cost-effective everyday solutions is perhaps ICA's most important job. The driving forces we face usually change over the years, but ICA's ability to adapt is our biggest strength. The ICA model is open to variation locally, regionally and nationally. This gives us the flexibility to meet the market's challenges in a way that is needed at every level.

Read more on pages 6–7.



It all begins with our **customer's needs**. Giving them what they want today and in the future is one of ICA's most rewarding, yet difficult, tasks. The proof is **in our stores**, where customers meet ICA's solutions to make every day a little easier. At the **Group level**, ICA lays the foundation for continued profitable growth by addressing these driving forces with a keen business sense.

President's statement

Stability in a turbulent world

I am pleased with 2009, which was a good year for ICA despite the recession. We saw proof that the changes we had made in 2008 were the right way to go. Now we have even better prospects of keeping both our senses and opportunities open, so that we can live up to our customers' expectations.

Open senses, open business is the theme not only of this annual report, but also all our day-to-day operations. The ability to listen and quickly adapt is our biggest competitive advantage.

ICA is and will remain a company that quickly adjusts to customer needs, wishes and preferences. At the same time, we will drive long-term issues that are important to our customers as well as our owners and society as a whole. ICA takes active responsibility for what we offer today and what we will offer tomorrow.

The sustainability of this approach was reaffirmed in 2009. The ICA Group remained successful. Sales increased by 4.1 percent to SEK 94,651 million and operating income increased with 28.2 percent to 2,713 million. I am especially pleased with this considering the difficult market conditions during the year, especially in the Baltic countries.

Financial crisis affected operations to varying degrees

2009 will go down in history as a turbulent year. The financial crisis and global recession have affected all our markets to varying degrees. The Baltic countries, especially Latvia, have been the hardest hit, with weakened economies, widespread business failures and declining standards of living. Among the markets where we operate, Norway has been the least affected. In Sweden, many people lost their jobs during the year, yet the vast majority ended up with more money in their pockets thanks to tax cuts.

Groceries are less cyclical than other products, which has been evident during the crisis. The fact is that in Sweden ICA has only marginally felt the downturn. This is no coincidence, of course. We reacted early on, and our price cuts on thousands of products gave customers many good reasons to shop at ICA in 2009.

Organizational changes at the right time

The ability to quickly respond to changing market conditions is rooted in the ICA idea, which is to strike a dynamic balance between coordination and local needs. In the fall of 2008, we implemented a major restructuring of the Group to find just such a balance. The new structure we introduced gave greater independence to our various companies to develop their business models based on local conditions. We are now working with different focuses in different countries. We can already see that the new structure has strengthened the Group's results. The ultimate purpose of the changes was to get even closer to customers. Even if we made the structural changes for other reasons, we now know that our timing was right – for all our markets and operations. Local adjustments allow us to act more “from the outside in” and stay attuned to what is happening in each market.

ICA Sweden: Quality and innovation

In Sweden, which accounts for a dominant share of our earnings, ICA is a mature business. Our market leadership makes it crucial that we maintain the confidence of our customers, not least by continuously fine tuning and improving our offering. “My products” personal offerings based on buying habits tracked through our customer card, is a good example of innovation. The program has generated additional sales, at

the same time that customer loyalty has improved. In this respect, we are far ahead of the competition. In fact, we rank strongly compared to leading food retailers around the world. The next step will be to follow-up with “Personalized product launches” personal offerings of new products suited to each customer.

In 2009, we invested a great deal in price cuts after instituting savings measures and tightening cost controls. At the same time, we have been working diligently to implement quality improvements in Swedish ICA stores and in the process established a new standard for the industry. It is clear that the new structure has accelerated our quality work.

We have also been aggressive in opening new stores in Sweden, mostly large stores in densely populated areas. This reflects a long-term strategy. We have to move faster in urban regions, where we have a lower market share than the rest of the country. We see many opportunities, especially in the Stockholm area.

ICA Norway: Heading in the right direction

Norway is a far more fragmented market, where we have tried for years to find the right operating structure with the right customer focus and the right cost base. Now we are heading in the right direction. The new management in Norway launched a turnaround during the year, and we are already seeing the results. In 2010, we will continue this effort, including with more conversions to the new Rimi concept and preparations to franchise the new Rimi. We are going to make sure that the team handles it from a Norwegian perspective and that the Norwegian operations become profitable.

Rimi Baltic: Higher market shares

In the Baltic market, we are pleased to have successfully survived a difficult recession. Like everyone else, we have seen our sales drop, but we have also gained market share in all three countries. I am convinced that we are well-positioned once a rebound arrives.

ICA Bank: A winner in the aftermath of the crisis

Having a bank in the Group creates better service and keeps customers loyal. ICA Bank is growing as we want it to, with higher volumes and strict cost controls. Clearly, it was among the winners in 2009. Many people feel secure with a small, innovative bank with ICA as an owner that provides simple, understandable products without big risks. The bank will help our retailers to keep transaction costs low and stay competitive, at the same time that customers receive a competitive return on their savings.

ICA Real Estate: Environmental work and developing marketplaces

As of 2009, ICA's real estate operations are reported as a separate segment. ICA Real Estate, whose objective is to meet the Group's need for the right properties in the right locations in Sweden and Norway, was also relatively unaffected by the financial crisis. During the year, it invested in various energy-conservation measures in line with our overall environmental goals. It also purchased properties where ICA stores already operate, to ensure the development of strategic marketplaces.

This was new for ICA Real Estate, which had previously invested strictly in new store properties.

ICA's Good Business

Contributing to sustainable development is fundamental to the ICA Group. Our work with ethics and corporate responsibility is summarized in seven position statements we call "ICA's Good Business." They describe what we do to contribute to society's development. It is important that everyone who works at ICA is familiar with and abides by them. These position statements cover the ten principles of the UN Global Compact, which ICA is attached to. ICA has also signed the Global Compact Caring for Climate initiative.

Our corporate responsibility work in 2009 focused on reducing climate change through activities and initiatives leading up to the climate change conference in Copenhagen in December. Our overall climate objective remains unchanged - to reduce our known greenhouse gas emissions by 30 percent by 2020 compared to 2006 - but we have added two additional goals. The first target was reached during the year, when we reduced greenhouse gas emissions by 10 percent. We still have many opportunities to reduce energy consumption. One way is to continue to place locks, doors and curtains on refrigerator and freezer cases. We are constantly looking for other new and unexpected alternatives. It will be exciting, for example, to see how Swedish ICA retailers respond in 2010 to my challenge to switch to renewable electricity, which alone would help us to reach our emissions goal many years ahead of schedule. Our challenge even drew the interest of UN Secretary General's Ban Ki-Moon when we discussed it with him at the World Business Summit on Climate Change in May.

In 2009, we decided on a major internal project called I Care, to ensure that we live up to the market's requirements, and our own. Over a three-year period, we are going to review all our markets and every aspect of our product flow - from purchasing and logistics to stores - to verify that we are meeting all relevant and decided standards, as well as our own policies.

Satisfied with 2009

Another of last year's major challenges was to develop a special product selection for our hypermarkets. It has become increasingly obvious that you can no longer be "everything for everyone." Today customers want well-stocked specialty stores. Our goal is to design a narrower, more defined offering. We want to be the best in a number of important areas that are closely tied to groceries. This includes housewares, textiles, books, music and video products. Books, music and DVDs are nothing new to us. In fact, we are one of the biggest book sellers in Sweden.

We have plenty of reason to be pleased with 2009, and the outlook for 2010 remains positive. Our goal is to be the leading food retailer in northern Europe by understanding consumers and staying flexible, and by gaining the industry's highest customer loyalty. We want the best product selection and a supply chain that supports stores, and we want to offer the best value for the money. Having said this, the core of the ICA Group is and will remain selling food and making every day a little easier for our customers.

2010 will be an interesting year

During 2010 our ambition is to open between 30 and 40 full-scale pharmacies under the name Cura pharmacies in our stores. After a possible collaboration with Apoteket was ended by the pharmacy retailer's owner, we instead decided to continue on our own. The key is to make it easy for customers, so we will also be selling nonprescription drugs in a large number of other stores.



During spring 2010 we are opening our first pilot stores within our new convenience format with the name ICA To Go. These are centrally located stores in inner city areas and if the pilot launch process successful the plan is for a more extensive rollout in the years to come.

We expect the market to continue to develop positively in 2010 and the economy to recover, although this is likely to vary by geographical market and customer segment. We will monitor developments closely and make adjustments as needed.

We have made many changes in recent years. Now we have to maintain the momentum and stay the course. Our primary focus is to keep doing what we are already doing, but do it a little better and a little easier day by day.

Kenneth Bengtsson
President and CEO

How ICA creates value

Satisfied customers are the key to good business

ICA's value chain always begins and ends with the customer. Consistently delivering customer value is the purpose of our various business models. ICA has one of Sweden's strongest brands and very high customer loyalty. In Norway, we work with both ICA and Rimi, and in Estonia, Latvia and Lithuania Rimi is the brand.

ICA is a group comprised of a parent company, ICA AB, and a number of subsidiaries with different types of operations, primarily retail businesses with stores in different ownership structures and formats, in addition to banking and real estate operations. ICA tries to incorporate the best of being both large and small by combining entrepreneurship with economies of scale.

ICA consists of not only one, but several business models. The Swedish model is based on independent retailers, the Norwegian on a combination of franchises and wholly owned, and the Baltic on wholly owned stores. The models have one thing in common: they are based on close contact with end-customers. The goal is to create value for customers at every level. Stores and their daily interactions with customers are the Group's core business.

The growth in ICA's private labels marks a significant shift toward earlier levels of the value chain. This produces better margins, which in turn allows ICA to keep prices in check at the customer level. It also makes it possible to create unique offerings that work for ICA as well as customers.

ICA is adding various steps to its value chain. The point isn't merely to buy goods on one end and sell them at the other. In food retailing, the trend is toward solutions rather than ingredients, such as prepared salads and meals, to make life easier for the customer. Total value-add-

ed in the ICA Group amounts to SEK 10,639 million (9,640), corresponding to 11.2 percent of revenue (10.6).

ICA believes that free competition is the best way to meet customer needs and manage resources efficiently. This is why every level of the organization must be competitive, and competitive principles must be applied consistently. In fact, many ICA retailers have another ICA retailer as their main competitor. Individual ICA retailers in Sweden are free to buy their products from sources other than ICA. Consequently, ICA's purchasing, product assortment and logistics functions must consistently be the best in the market to remain the retailers' first choice.

On average, every Swedish retailer has around 50 different suppliers, many of which are local producers of bread, vegetables and fresh foods. This accounts for an average of 30 percent of their total volume.

The combination of a well-designed product assortment that meets customer needs, unique private label products that offer value for the money and a considerable number of local products has created a very attractive offering. This was strengthened during the year through a quality improvement program, which was used to establish a new standard for the entire food retail industry.

Taken together, this has helped to further strengthen the ICA brand.



ICA's revenue comes from four principal sources



1. Supply chain

ICA buys goods and resells them at a markup to stores in Sweden and franchises in Norway. It also generates revenue from the sale of services to stores, such as marketing communications, logistics, training and retail technology.



2. Stores

ICA generates revenue from royalties and/or profit distributions from Swedish stores as well as fees from Norwegian franchisees.

Retail sales are an important earnings source in Norway, where ICA at the end of 2009 owned about 57 percent of the stores, and in Rimi Baltic in Estonia, Latvia and Lithuania, where all the stores are wholly owned. In Sweden, ICA also generates revenue from consumers through Maxi Special, the company that sells household and leisure products in Maxi ICA Hypermarkets.



3. Real estate

ICA AB owns many store properties. This generates revenue in the form of market-rate rents from retailers. By the time it is sold, a property has often appreciated in value, which generates a gain for ICA.



4. Banking

Through ICA Bank, ICA sells financial services in Sweden. Net interest income and commissions from the bank contribute to earnings. ICA Bank also provides infrastructure, such as payment terminals and ATMs, to other companies for a fee.

Real estate, 2.3%

Earnings sources ICA Sweden, ICA Norway and Rimi Baltic:

- From property management
- From property sales

Banking, 0.7%

Earnings sources ICA Bank:

- From sales of financial services
- From other companies that use the bank's infrastructure

Supply chain, 55.8%

Earnings sources ICA Sweden:

- From deliveries to ICA stores
- From sales of services to ICA stores

Earnings sources ICA Norway:

- From deliveries to franchise stores
- From sales of services to franchise stores

Stores, 41.2%

Earnings sources ICA Sweden:

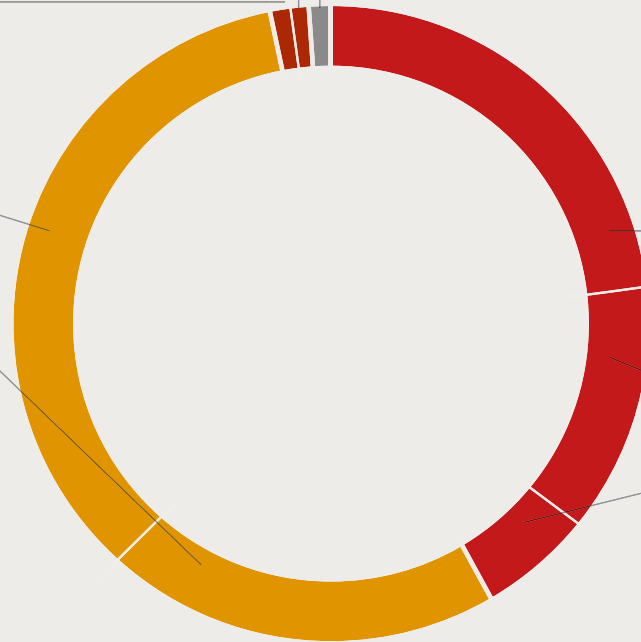
- From Maxi Special
- From stores where ICA Sweden owns more than 50 percent of the shares
- Royalties and profit distributions from stores

Earnings sources ICA Norway:

- From wholly owned stores
- From franchise fees

Earnings sources Rimi Baltic:

- From wholly owned stores



Four contractual models

Retailing is ICA's main business and the source of all its earnings. The stores are managed according to four business models.

"Independent retailers working in cooperation." This is ICA's core model, which dominates operations in Sweden.

Wholly owned stores integrated in chains. This model is applied in the Baltic countries and has dominated operations in Norway to date.

Combination of independent retailers/integrated chain. Maxi ICA Hypermarket's food departments are managed by independent retailers, while non-foods are run by ICA Sweden's subsidiary Maxi Special.

Franchising. Nearly half of the stores in Norway are franchises. An increasing number of stores will be converted to this business model, which is closely aligned with ICA's core model.

Driving forces and strategies

ICA adapts to external conditions in its choices

ICA is continuously developing its operations based on external demands and opportunities to be the leading retail company with a focus on food and meals. ICA's success is based on its ability to make every day a little easier.

Driving forces over time

Economy

Economic conditions are a determining factor in consumers' habits and priorities. Food and housing are two areas that consumers care most about even in bad times.

Climate

A growing number of people have realized the importance of climate change and how it could affect our quality of life, especially for future generations. Many customers are therefore making conscious decisions about their lifestyle and how it impacts the environment.

Security

Quality of life and health have gained greater attention in our part of the world. More people now realize that what we eat affects us. Customers have access to a lot of information, which can be confusing, since the messages from different sources are sometimes contradictory. For many people, there is a sense of security in choosing brands they can rely on.

Industry trends

Budget and luxury

The economy has made customers more polarized. Some have been forced to look for cheaper alternatives, while others can afford to treat themselves more. On an everyday basis, more people want inexpensive products, but they also want something extra for special occasions. Many customers are willing to pay more for products that add value, like organics.

Healthy and sound

The Demand for organic, local and healthy foods is still strong. The debate on food and health has gone beyond sugar and fats and is now more concerned with how food is produced and what it contains. More people want the quality that comes with small-scale production.

Simplicity and service

Many customers are prepared to pay for services that simplify their lives. Products and services that save time are popular.

Quality and responsibility

Companies with the best reputations for high ethical standards have a leg up on the competition. Customers expect companies to take responsibility for the environment and quality and be committed to their communities.

National characteristics

Sweden

Swedish customers are generally concerned about the environment and other social issues and therefore are likely to seek out Fairtrade, organic and healthy alternatives. Service and time savings are also important aspects in bad times.

Norway

The average Norwegian shops for groceries several times a week, preferably close to home for the sake of convenience. Finding healthy alternatives is important to Norwegian consumers.

Estonia

Among the Baltic countries, Estonia has been the least hurt by the financial crisis and recession. Buying habits have changed however, with a shift toward discounted prices over premium alternatives.

Latvia

Latvia's deep recession is affecting all businesses in the country. In food stores, customers are seeking out the least expensive alternatives.

Lithuania

In Lithuania, customers have seen their lives turned upside down by the economic crisis. Their shopping habits are steered primarily by their wallets.

We make every day a little easier

Read more about external driving forces for customers, stores and the ICA group on pages 11–27





ICA's strategies

Customer

- Listen to customers.
- Offer good prices and a wide assortment.
- Put quality first.
- Create personal offerings.

(Read more about our customer strategies on page 11)

Stores

- Have the most inspiring stores.
- Create common formats that can be adapted locally.
- Remain active in opening and updating stores.

(Read more about our store strategies on page 17)

Group

- Work long-term and sustainably.
- Create growth on a stable foundation.
- Always be cost effective.
- Provide a workplace where people can grow.

(Read more about our Group strategies on page 23)

ICA's strengths

Strong finances

The Group's finances are an important strength. ICA has resources to invest based on its strategy, as well as to weather tough times and act aggressively when the market consolidates or opportunities of various types arise.

The ICA model

The Swedish ICA model with independent retailers working in cooperation is a cornerstone of the Group. All stores have a strong local connection, are committed and know their local markets and customers.

Ability to quickly adapt

A continuous dialogue with customers translates not only into the right products, but also the right ways to present them in an inspiring environment. A passion for food and inspiration are reflected in many ways, including recipes, the customer magazine and store demonstrations.

Risk diversification

ICA's operations are in different stages of development. This creates stability and potential, while spreading risks between countries and businesses.

Efficient supply chain

ICA's centralized purchasing generates very high volumes, which in turn ensures good prices and high quality. ICA has developed highly efficient systems to get the right products to stores just in time.

The ICA brand

ICA is one of Sweden's strongest brands. This is a huge asset in its marketing. Customer confidence is very high, and ICA's customers are more loyal than the competition's.

Committed employees

Value-based leadership and personal commitment distinguish our operations and sharpen the focus on results. ICA strongly encourages job rotation to transfer know-how and experience between stores and Group functions.

Strong social commitment

ICA has a strong commitment to the community and is on the cutting edge partly through local stores that support local causes and partly through the Group's cooperations with selected organizations.

ICA's Good Business

Read more about ICA's Good Business on page 35–36

Goals and achievements

Important measures in 2009

ICA is a sustainable company with a solid financial footing, a commitment to the environment and strong social engagement. Below is a summary of ICA's most important goals and how it is working to achieve them. These goals are then complemented with more customer-oriented targets to strengthen each company's local presence.

	ICA's most important goals	Important measures in 2009
ECONOMIC	<ul style="list-style-type: none"> • Increase sales faster than the total market in each sector. • Reach an operating margin of 3.5–4 percent. • Reach a return on equity of at least 14–16 percent over a business cycle. • Maintain an equity/assets ratio at 30–35 percent in the long term. 	<p>New organization: The new organization effective January 1, 2009 makes it easier for companies to adapt to their market.</p> <p>Cost efficiencies: Implementation of cost-cutting program in all countries.</p> <p>Price: Extensive measures to showcase discount offerings in all markets.</p> <p>Expanded product range: Improvements and additions to the private label range.</p> <p>New stores: 29 new stores were opened in five countries. Modernization of around 90 Rimi Baltic discount stores and 76 conversions to the new Rimi concept in Norway.</p>

	ICA's most important goals	Important measures in 2009
ENVIRONMENTAL	<ul style="list-style-type: none"> • Reduce the Group's known greenhouse gas emissions by 10 percent by 2009 compared to 2006. • Reduce the Group's known greenhouse gas emissions by 20 percent by 2012 compared to 2006. • Reduce the Group's known greenhouse gas emissions by 30 percent by 2020 compared to 2006. 	<p>Energy-efficient stores: ICA Sweden has launched a project to improve energy efficiency in stores. The goal is to cut consumption by 10 percent in 2010, but many stores have the potential to go much further.</p> <p>Energy-conserving warehouses: To reduce unnecessary energy leakage, the warehouse in Borlänge replaced all door seals on loading docks, and the warehouse in Västerås installed self-shutting lids on recycling bins.</p> <p>Climate-neutral transports and fossil-free distribution: ICA Sweden has been a member of an organization called KNEG since 2009 and is participating in a project that is testing fossil-free distribution in Stockholm.</p>

	ICA's most important goals	Important measures in 2009
SOCIAL	<ul style="list-style-type: none"> • 100 percent of ICA's corporate brand suppliers in high-risk countries will be socially audited by 2011. • 80 percent of ICA's suppliers of corporate-brand foods will be GFSI-certified by 2010. • All of ICA's product-related operations will be quality assured in accordance with established standards from ICA's policies by year-end 2011. 	<p>Supplier review: In 2009, ICA continued a supplier landscape project to increase transparency in its supply chain.</p> <p>Supplier audits: The combination of internal inspections and third-party audits proved successful in 2009. With ICA's social audits, suppliers get the support they need to quickly implement improvements.</p> <p>Training: In 2009, ICA arranged a two-day corporate responsibility program for food suppliers in Shanghai, while in Vietnam and China suppliers participated in BSCI workshops. ICA provided CR training for suppliers on two other occasions as well.</p>

ICA Bank: 24,000 more bank cards issued during the year and launch of home insurance.

ICA Non Food: Reassessment of product range and space needs, new CEO took over in April 2009, improved customer offering.

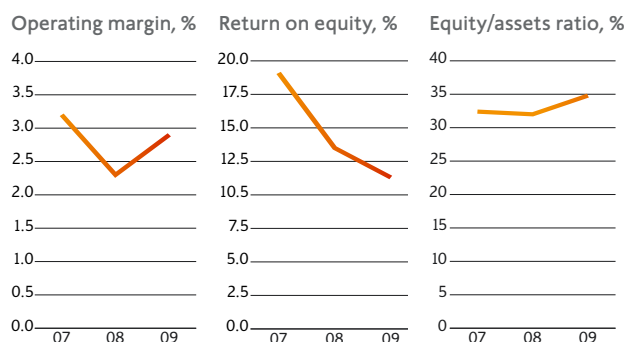
Supplier project: Since the spring of 2009, ICA Sweden has been involved in a project with five selected suppliers of the ICA I love eco brand to reduce the climate impact of these products and evaluate possible future requirements on suppliers.

Lifecycle analyses: Knowledge gained from lifecycle analyses of 100 private label products in 2007 has also had an impact outside the Group. In 2009, a large percentage of Swedish tomato suppliers switched to renewable energy sources to heat their greenhouses.

Food quality in stores: In 2009, a new food safety standard for stores was approved by the Swedish Board for Accreditation and Conformity Assessment (SWEDAC). At year-end, 882 ICA stores had implemented and 100 ICA stores were certified according to the standard.

"I Care": New project to reinforce and coordinate ICA's food safety work between companies and with other sustainability issues to ensure better overall control and oversight. (Read more on page 48.)

Outcome 2009



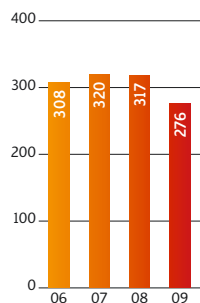
The **operating margin** rose to 2.9 percent (2.3) as a result of improved operating income for the ICA Group. The higher operating income was mainly due to increases in ICA Norway and ICA Sweden. The **return on equity** fell to 11.3 percent (13.5). This was due to a decrease in operating income after tax as a result of higher tax payments as well as an increase in equity. The **equity/asset ratio** increased to 34.8 percent (32.0). This was due to an increase in equity at the same time that total assets remained at the same level as a result of lower accounts receivable and cash reserves.

Focus 2010

- In Sweden, ICA will open its own pharmacies under the Cura name. New store concept in high-traffic urban areas launched and tested in two pilot stores under the name ICA To Go.
- Personal new-product offerings will be extended to more customers in Sweden.
- In Norway, another 85 stores will be converted to the new Rimi concept.
- In the Baltic countries, investments will be increased as economic conditions stabilize.
- Raise the number of bank card holders and prepare installation of payment terminals in all five countries.
- ICA Real Estate will continue to develop strategic marketplaces.

Outcome 2009

Known greenhouse gas emissions¹, thousands of tons of CO₂



¹) Excluding emissions from carbon-offset air travel.

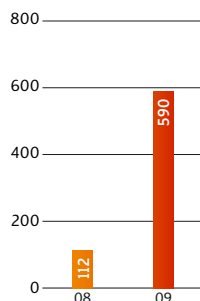
In 2009, the work in recent years produced results and the Group's total greenhouse gas emissions were reduced by 10 percent compared with 2006. This was achieved mainly through the use of renewable electricity in many stores and as well as energy efficiency improvements by putting lids on freezer compartments and doors on refrigerated cases and by replacing older lighting with more modern, efficient alternatives with lower energy consumption.

Focus 2010

- Further measures will be taken to reduce the ICA Group's greenhouse gas emissions through energy efficiency improvements and by transitioning to renewable energy.
- The focus in 2010 will be on further minimizing energy consumption in stores.
- Reduce climate impacts at the supplier level by developing and mandating additional requirements.

Outcome 2009

Number of socially audited suppliers in

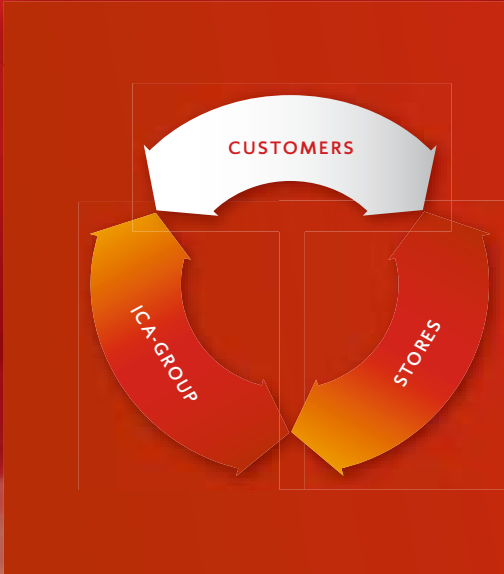


At year-end 2009, ICA had conducted 246 second-party social audits of its suppliers. The results of revisits showed improvements in terms of working conditions and human rights. Read more on page 56.

In 2008, ICA opened sourcing offices in Asia. By being on site, ICA gains a better overview and valuable experience that facilitates cooperations with suppliers. There were 224 GFSI-certified suppliers of private label food products at year-end 2009. Read more on page 48.

Focus 2010

- Further work to quality and environmentally assure all product handling in sourcing, logistics and stores in the entire Group.
- Further audits of suppliers as well as skill building and cooperations with suppliers through joint training activities, including in high-risk countries.
- Certify 800 Swedish ICA stores according to Swedish standard for food safety in stores.





Good quality at the right price – external driving forces for customers

Strong relationships with customers are the key to ICA's success. ICA's working hard to build customer confidence and loyalty by:

Listening to customers

By consistently being the best at listening to customers and satisfying their needs and wishes, ICA is able to build their confidence. ICA also reacts to what is happening in areas that affect our customers in order to better suit their interests.

Offering good prices and a wide assortment

ICA is trying to keep prices down at the same time that it is expanding its product range to meet customer needs and wishes. With good prices

and a wide product range that stretches from staples to value-added items, ICA can live up to its customers' demands.

Putting quality first

ICA acts responsibly and conscientiously in its quality work. It utilizes its knowledge and technology at every step to improve safety and quality.

Creating personal offerings

No two customers are alike. Offerings are adapted to individual markets, and whenever possible individual customers. With comprehensive offerings, ICA builds relationships and gains loyal customers.



The right price for every wallet

The global recession has been a challenge for ICA. In 2009, we launched a number of activities focused on price. This is essential if ICA is to stay on top of the growing competition for customers' pocketbooks.

Among ICA's markets, the Baltic countries have been the hardest hit by the global recession. But Norway and Sweden have also been affected by the weaker economy. In the Swedish market, a declining krona kept pressure on food prices during the year. At the same time, customers signaled that price was becoming an increasingly important factor. Surveys showed that many customers felt ICA was expensive, even though it offers everything from private label discount products to delicacies and exclusive brands.

"We have cut prices every way that we could. Negotiations with our suppliers were one way, but we have also improved efficiencies and optimized operations, both in stores and at earlier levels," said Ingrid Jonasson Blank, Executive Vice President of ICA Sweden.

To meet the growing demand for less expensive foods, ICA implemented a number of popular

price-cutting campaigns in 2009. These measures were strategically important to show that ICA truly offers a wide assortment for every pocketbook.

One campaign launched in 2009 called "A cheaper ICA" focuses on price cuts on the products that customers frequently buy. In total, prices were reduced on 2,000 items to match customers' specific needs. Each store offers an average of between 200 and 1,000 products at reduced prices. Using the themes of saving money, ICA showcased alternatives for every shopping occasion, in every price class. Another way to offer customers good prices and at the same time build loyalty is a program called "Mina varor," which customizes discounted offerings based on each customer's buying habits. In 2010, personalized new-product offerings will be added as well.



Another new feature during the year was differentiated pricing on fresh produce, which gives customers greater choice. If they prefer, they can pay a little less for a crooked carrot than a "perfect" one.

"A crooked carrot or a brown spot on an apple is only natural and doesn't affect taste or quality. Still, a great deal of fresh produce is thrown out every year, quite unnecessarily. By selling produce with small blemishes a little less expensively, we give customers greater choice, while at the same time reducing shrinkage," said Lars Åström, head of fresh produce at ICA Sweden.





More efficient logistics for small producers

To meet the growing demand for local foods, ICA concentrated during the year on improving efficiencies in the supply chain between local producers and stores.

Demand for local fruit and vegetables continues to grow. But for a small producer with a limited volume, the distribution costs to get their products to ICA stores often eat up their entire profit. During the summer of 2009, ICA and the Federation of Swedish Farmers (LRF) launched a pilot project together with twelve Dutch local producers to improve supply chain efficiencies.

“By utilizing the existing supply chain, we can significantly shorten the distance from producer to store. It also means that small stores can broaden their local product range,” said Peo Werne, ICA’s project leader.

The project is part of “Torget,” ICA’s intranet marketplace for local entrepreneurs and retailers. With this solution, one producer essentially serves as a gathering point for others. Instead of twelve shipments to ICA’s warehouses, one is sufficient. From there, the delivery is combined with other goods for each store. The result is lower costs for both the producer and the environment – and in the final analysis for the customers as well.

Recipes for healthier customers

Two changes in the pharmaceuticals retail market in 2009 opened new doors for ICA. First, all ICA stores can sell certain nonprescription drugs as of November 1. Secondly, ICA can open full-scale pharmacies of its own since the state monopoly was abolished. The first full-scale pharmacy will be opened in the spring of 2010.

Since November 1, 2009, most ICA stores have decided to sell certain nonprescription medications. By year-end, nearly 1,000 ICA stores were selling nonprescription products. The new pharmacy market offers great opportunities, but also challenges for retailers. The Swedish Medical Products Agency has strict requirements how nonprescription drugs are displayed to avoid having them wind up in the wrong hands. ICA is in ongoing discussions with the agency and sees its rules as a good starting point to ensure that stores guarantee customer safety.

“In the long term, we see this as a profitable business, but short-term it is just as important to improve availability for customers. By offering nonprescription drugs in a safe and simple way, we help make every day a little easier for our customers. Availability was also one of the government’s primary objectives with deregulation,” said Johan Brehmer, who is in charge of nonprescription drugs at ICA.

In the fall of 2009, ICA also decided to open full-scale pharmacies in a number of large ICA stores around the country using a shop-in-shop solution. The goal is to open around 100 full-scale pharmacies in its largest stores starting in the spring of 2010. This requires a totally new organization with new employees with pharmaceutical expertise.

“Many of our customers have specifically wanted to be able to buy foods, health and beauty products and nonprescription drugs all in one place. ICA-run pharmacies are a strategically important measure to improve availability and service for our customers. In rural areas, ICA has served four years as an agent for the state monopoly and cell has already sold pharmaceuticals,” said Mats Munther, head of business development at ICA Sweden.





Competing in provincial dishes

In 2009, ICA announced a competition for Swedish provincial recipes. The result was a cookbook with 101 fantastic dishes from north and south that spiced up traditional Swedish specialties with foreign influences.

To follow up the "October-Swedish food month" project and the successful cookbook "Hela Sweden's husman," ICA announced a recipe competition in 2009 for Swedish provincial dishes. Out of a total of 3,000 submissions, 250 dishes were prepared. Following a tough assessment by the chefs in Buffé's test kitchen, 75 finalists were eventually named, three from each province. At that point, the ICA test kitchen took over and prepared the dishes once again to be judged, this time by

25 different juries consisting of county governors, ICA retailers and other food enthusiasts.

"Every province has its own culinary heritage, but unfortunately many of our classic dishes have been forgotten. That's too bad. The purpose of the cookbook, 'Sweden's new provincial recipes,' which will be published in spring 2010, is to inspire people to try new tastes by combining Swedish culinary treasures and local primary products with old and new ingredients," said Magnus Wikner Vice President Marketing of ICA Sweden.

In addition to the winning recipes from the competition, the cookbook contains a selection of traditional dishes and a presentation of Sweden's provinces in words and images. The book also provides examples of local producers of provincial specialties.



Additives – no secrets

What is hiding behind E-numbers? Are additives really needed in food? During the year, ICA launched a new search function in Sweden to help customers answer these questions.

The debate in Sweden on food additives has grown in intensity in the last year. The media has often portrayed additives as secretive, and in some way hazardous, which has created uncertainty and concern among consumers. Many people find it difficult to understand what E-numbers stand for and whether additives are really necessary.

Additives can be artificial or natural and are used to improve nutritional value, extend shelf life, enhance taste and appearance, or affect consistency. ICA's position is that they should be used restrictively and only if they add value for the customer such as food safety.

"Together with our suppliers, we are working actively to eliminate unnecessary additives in our products. But we also feel it is important to make information on additives more accessible, which is why we launched the E-number search service," said Lena Sparring, Director product safety and quality department at ICA Sweden.

Through a text messaging function, customers can find out while still in the store which ingredients are hiding behind a specific E-number and why they have been added. In other words, they can immediately find out which additives are there or not.

The E-number is a classification that guarantees that an additive has been approved by the EU. A growing number of consumers want more information, though. The E-number search function, which can also be accessed at ICA.se, is an important part of ICA's efforts to increase understanding of additives. Other examples last year included a series of articles in the magazine *Buffé* and a customer blog on the same theme.

ICA focuses on more distinct range of non-foods

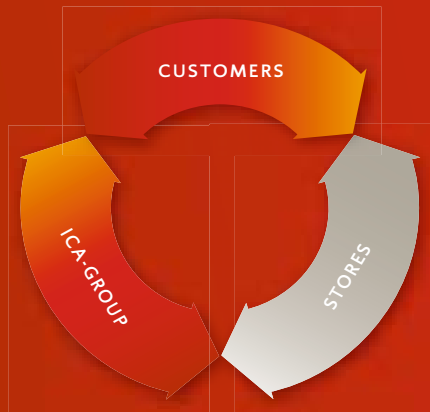
ICA worked on improving its range of non-food products for its Swedish hypermarkets in 2009. The goal has been to design a more attractive and improved selection based on customer needs. During the year, ICA Non Food also saw the addition of a new CEO, when Björn Abild took over in April.

To create a more distinct customer offering, ICA has reassessed its range of non-foods, which will be cut in half from around 36,000 items at the same time the volumes will increase for the remaining products. ICA's primary focus is food, which makes it natural that ICA Non Food would turn its attention to areas closely related to food, the kitchen being the most important, although all types of accessories and consumables are also priorities.

At the same time that the products are being scrutinized, space utilization in hypermarkets is being reevaluated in order to display the products better. Space will be reduced to be more efficient.

In 2010, these efforts will be more evident to customers in stores. This is when the ideas will be put into action, discontinued products will be phased out and the stores will be redesigned. These measures will allow ICA Non Food to offer customers a considerably better selection and more attractive stores.





Inspiration and clarity – external driving forces for stores

Needs and buying habits vary from customer to customer, and from one day to the next. ICA wants to offer a positive shopping experience regardless of need by:

Having the most inspiring stores

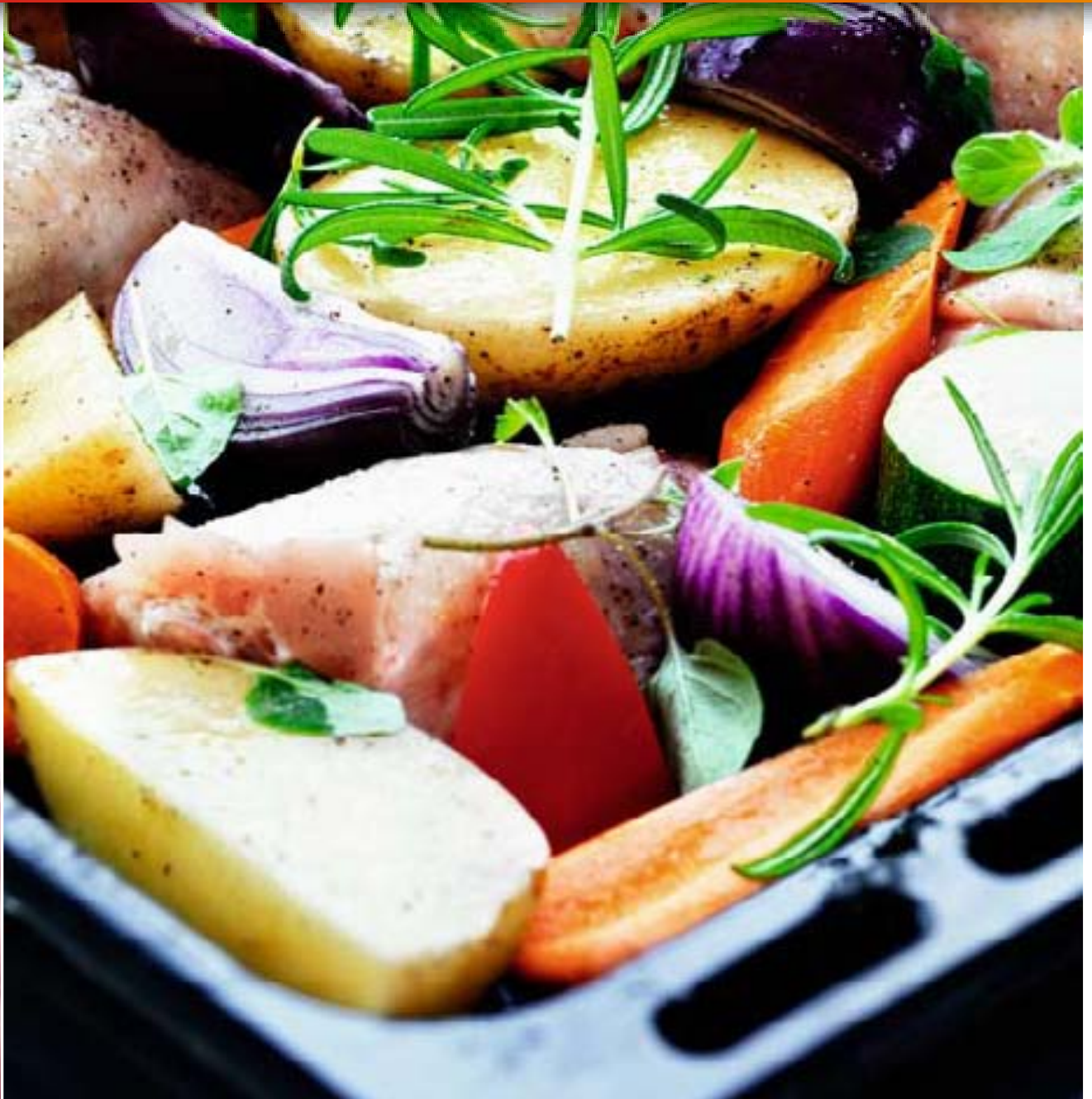
It should always be easy and inspiring to shop at ICA. ICA is on the cutting edge in terms of store and product development.

Creating common formats that are adapted locally

The ICA Group utilizes a strategy comprising four formats: hypermarkets, supermarkets, convenience stores and discounters. At the same time, each store adapts to the local market through the individual retailer and with flexible concepts.

Actively opening and upgrading stores

ICA opens new stores and upgrades existing ones to satisfy customers' changing needs. The retail network will be expanded in attractive locations, primarily in urban areas. ICA's real estate operations seek out the right store environments.



ICA stands up for new industry standard

During the year, the Swedish food retail industry adopted a unique quality standard for food safety. ICA's quality work in stores was an important driving force.

Food safety is a key issue for the ICA Group. Back in 2008, ICA Sweden, together with its retailers, developed a new internal standard for food safety and quality in stores.

"To ensure high quality in ICA stores, we have to have rules that can't be misinterpreted. The idea behind the new standard came after many of our retailers complained that the existing rules were unclear", said Mats Ovegård, stores quality manager at ICA Sweden.

The retailers association Svensk Dagligvaruhandel accepted ICA's proposal and the new model was adopted as an industry standard by its members. In May 2009, the Swedish Board for Accreditation and Conformity Assessment (SWEDAC) gave its approval, which means that any Swedish retailer can now be certified according to the new standard. The new certification is therefore an important quality assurance step for both ICA's stores and the industry as a whole. The biggest difference

compared to previous internal audits is that an independent third party can now inspect stores.

"This is the world's first third-party standard for food safety in stores. Previous third-party standards only dealt with the level before stores," explained Mats Ovegård.

ICA is implementing the new standard in three stages under the leadership of its quality coaches. A status review of each store is followed by the store's own preparations and then an implementation stage. One of the ICA stores that introduced the new standard and was certified during the year was ICA Maxi in Häggvik, north of Stockholm.

"Our store was working actively with quality issues even before the new standard arrived, so the differences were not that great. Of course it is comforting for everyone to know exactly what the rules are. Our staff sees the new standard as proof that their knowledge means something in a bigger context," said Rickard Johansson, an ICA retailer in Häggvik.

At year-end 2009, 882 Swedish ICA stores had implemented the standard and 100 were certified. The goal is that 800 stores will be certified by 2010. Read more about ICA's quality work in the Corporate Responsibility Report on page 48.



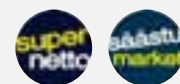


Fresh and modern after Rimi Supermarkets renovate

High quality, top service and competitive prices. They are the keys to Rimi Baltic's supermarket upgrade.

While the financial crisis has certainly placed a great strain on the Baltic states – and therefore slowed Rimi Baltic's new store openings, it by no means brought Rimi's development to a standstill. In fact, a long-awaited modernization program was set in motion in December 2009. That was when the pilot store for the new Rimi Supermarket opened in Adazi, Latvia. A week later, another pilot store opened, this time a renovated Rimi Supermarket in the Minska shopping center in Riga. The modernization of the supermarkets will help to distinguish them through a greater emphasis on high quality, top service and competitive prices. In the process, they will become more energy efficient, including by installing locks, doors and curtains on refrigerator and freezer cases.

The supermarket format was launched in the Baltic region in 1997, but many of the stores themselves are holdovers from the "Soviet days". A number of them were therefore in need of a facelift. Customers apparently thought so too, judging by their positive responses and the increased traffic. In 2010, Rimi Baltic expects to update another eight stores. In total, around 30 stores will be modernized.



SuperNetto and Säästümärket have also been renovated. The

first pilot store opened in June 2008 and renovations concluded in September 2009. In the renovated stores, fresh foods have been given more space and the product range has been expanded to include around 500 additional items. In total, it is now comprised of 1,700 products still sold at low prices in order to better meet customer needs. Since the renovations, customer traffic has increased.



Short and sweet

Chefs brought in to prepare meals from discarded ingredients and discounted prices on products that will soon reach their expiration dates are two good examples of how some ICA retailers are converting shrinkage to culinary pleasure for customers.

According to Svensk Dagligvaruhandel, over 100,000 tons of food are thrown out every year. It is not only products past their expiration date that go to waste. Vegetables with barely visible defects or products damaged in transport are also tossed.

ICA is working actively to reduce shrinkage both centrally and on the initiative of retailers. Stefan Billing in Lund is one retailer who have employed a chef to avoid throwing out products that are discarded due to an impending expiration date or blemishes.

“By utilizing these ingredients instead of throwing them out when

they lose their freshness, our chef has transformed shrinkage into tasty take away. It's a business concept that not only creates value for us and our customers, but also helps the environment.” We sell about 450 portions a day says Stefan Billing.

In 2009, Maxi ICA hypermarket introduced a new label, “Eat soon,” for products that soon expire and are being sold at discounted prices. The purpose is to reduce shrinkage – and ICA’s environmental impact. ICA’s freshness guarantee, also applies to “Eat soon.”

In recent years, retailers have also discussed whether products that soon will expire can be donated to the homeless. One retailer, Leif Peterson on the island of Gotland, has chosen to support a Red Cross project whereby the store in the city of Visby donate food to the homeless at Birkagården. Another example is ICA Nära Sveavägen in Stockholm, which has a refrigerated case where food is stored when it expires. Each week the organization Ny Gemenskap picks the food up and makes sure it reaches the homeless. The refrigerator is also open to customers who want to donate food.

Franchising is the next step for Rimi in Norway



More modern, brighter and more inspiring, but still with low prices. That was the aim when ICA Norway began to rebrand its Rimi stores in 2008. A year later, a foundation has been laid for the next step in the process: adapting the concept to a franchise model.

The reason for the rebranding was a need to restore Rimi's discount image, which had suffered in recent years. Rimi's prices are now being re-emphasized, at the same time that the stores have been given a facelift. The keys to the concept are to be simpler, cheaper and better. In late

2009, a total of 76 Rimi stores with the new format were already in place in southern Norway, and their results are pointing in the right direction with a sales increase of 10 percent.

"Customers have accepted the new concept with open arms. They see it as a positive change," said Antonio Soares, CEO of ICA Norway.

In Norway, franchising is one of the most popular business models and one that ICA Norway already utilizes. Now a similar program waits for Rimi.

"Norwegian business owners appreciate the franchise model. This is why we are readying the Rimi concept for franchising and developing as attractive a solution as possible," added Antonio Soares.

Product information that attracts the appetite

In the fall of 2009, ICA Sweden replaced its shelf labels. Clearer symbols and product information will help customers to find what they are looking for, while also inspiring them to try new tastes.

The purpose of ICA's new shelf labels is to provide clearer information on the product's origin, taste or how it can be used. This is an important part of the efforts to make it easier for customers to navigate their supermarket. Surveys show that 96 percent of ICA's customers want more such information.

"Some customers are trying to find eco-labeled products; others are looking for what's on sale. Then there are all those who see the store as a source of inspiration. Brief explanations showing what a product tastes like or how it can be used create interest in our more exclusive products," said Ann Carlsson, head of business areas at ICA Sweden AB.

ICA has purposely decided not to write descriptions for all its products. Information is there to help customers, but they shouldn't drown in it. Obvious things that customers are familiar with do not mention. On the other hand, there is often a lack of information on why a product in the premium segment is more expensive or why a new item is better than the one it replaced. Fresh foods and exotic fruit can often be helped by a taste description. When ICA describes a taste, it usually relies on a specially recruited customer panel or an outside taste expert. But who is responsible for ensuring that the description on the shelf is a really correct?

"ICA stands behind all its information. Usually we have received input from the supplier that we assess in several steps. This is a guarantee to our customers that they can be sure of what to expect," explained Karin E Svensson, project leader for supply chain development at ICA.

Aside from product information, symbols or shelf talkers can be added to the new labels. In this way, stores can guide their customers to products that are on sale, new items and locally produced foods or to call attention to fair trade, eco- or keyhole-labeled products.



Balsamvinäger

Mengazzoli. 250 ml.

Trögflytande balsamvinäger med en fyllig, karamelliserad sötna och ton av russin i både smak och doft. Per till pormessen, stekt fisk och dessertes.

ICA Produktkod 44 7 20 029

1250

500,00



T 2009





Growth and longevity – external driving forces for the ICA Group

A strong group of companies and stores managed on the basis of local conditions in each market combines the best of a large size and a local presence. ICA continues to develop based on the following criteria:

Work long-term and sustainably

ICA will remain in the forefront in terms of corporate responsibility and community engagement, while maintaining high ethical standards in everything it does.

Create growth on a stable foundation

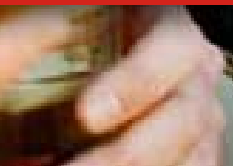
ICA will invest and act aggressively from a strong financial foundation. Flexibility and innovation will drive growth.

Always be cost-effective

Continuous efficiency improvements make ICA strong in good times and bad. ICA will take advantage of economies of scale and synergies at both a national and international level, e.g., in the private label category and purchasing. Savings will benefit customers in the form of lower prices.

Provide a workplace where people can grow

ICA will be an inspiring company with committed employees. Through strong leadership, our employees will develop and grow as professionals. In the process, ICA will grow as well.





Åsa Gabriel senior Vice President of Human Resources for the ICA Group.

Hundreds of professions provide hundreds of opportunities

With over 150 different professional categories and operations in several countries, the ICA Group has good opportunities to attract employees – and retain them. ICA's values-based leadership and the opportunities afforded employees to grow within the Group are two of the keys to this effort.

Bank clerk, real estate developer and pharmacist might not be the types of professions the average person associates with ICA, but you can find them at ICA Bank, ICA Real Estate and now ICA Sweden's latest addition, its pharmacies. In total, the Group comprises more than 500 different positions.

"We have operations from Oslo to Hong Kong and employ competent, qualified employees in everything from food safety to real estate economics. ICA is truly a large, international employer with many different career paths to offer," said Åsa Gabriel, Senior Vice President of Human Resources for the ICA Group.

To achieve its business objectives, ICA must ensure that its employees have the right skills, stay committed and think long-term. To do so requires strong leadership. In 2009, attention was therefore focused on Group-wide skills building and leadership renewal.

"We work with values-based leadership as a foundation. If you always base what you do on strong values, the corporate culture will benefit. This in turn creates a strong commitment among ICA's employees on all levels," explained Åsa Gabriel.

A brand-new tool in the efforts to make ICA a popular employer is the Temperature Reading survey. Designed to complement to the annual employee reviews, the survey was given to 1,400 randomly selected employees in Sweden and Norway, who were asked their feelings about ICA as an employer. The Baltic countries will be included in the 2010 survey.

"The results in 2009 showed that ICA's managers are considered good at seeing the big picture, doing what's best for the Group as a whole and working to achieve established goals. But they also showed us which areas are in need of improvement, such as building effective teams and coaching employees," mentioned Åsa Gabriel.

Another priority in 2009 was to show employees all the opportunities for personal development and careers that are available within the Group.

"We want to encourage increased job rotation and ensure that we maintain the necessary skills within the Group through training and by getting employees more involved. Job rotation gives employees a unique chance to 'learn on the job.' In addition, we have a number of networks to teach skills, such as the ICA Group Network and Ahold Retail Academy, which one of our principal owners, Royal Ahold, stands behind," said Åsa Gabriel.

It is also important to ensure that ICA maintains its core competencies, which is done primarily through, the ICA School, in each country.

Skills management network

Committed, competent employees are one of ICA's most important strengths. The key is that they are satisfied and have the opportunity to develop. Within ICA is a wealth of knowledge and experience to share. Many skills are learned on the job and by sharing experiences with colleagues.

"Our employees have a broad range of skills, which we must capitalize on. Networks are an excellent way for us to help each other to succeed and are therefore an important aspect of skills management," said Åsa Gabriel, Senior Vice President of Human Resources for ICA AB.

Besides various outside networks, ICA offers its employees a number of internal ones as well. One popular example is a leadership program for women who want to become ICA retailers. The goal is that every participant will develop professionally as well as personally. In addition to support from mentors, who themselves are ICA retailers, we offer participants inspiring seminars and the opportunity to meet colleagues in the same situation.

Another example is the ICA Group Network, which comprises every country and function within the Group. The network was established on the initiative of ICA's CEO, Kenneth Bengtsson, to share experience within the organization, build skills between countries and functions, and showcase and develop skilled leaders within the Group. Participants are appointed by Group Management and meet on a regular basis for a full year. In 2010, the network will begin its fifth class of trainees.

"These measures to increase engagement and skills among our employees are strategically important to ICA. In addition to contributing to job rotation, they are a good way to maintain the skills we need. In this respect, internal and external networks play a crucial role," concluded Åsa Gabriel.



Jerry is starting shot for “We can do more”

A belief in people and the right to be seen and heard were the basis for a recruiting campaign called “We can do more” launched jointly by ICA and Samhall in 2009.

Few Swedish TV viewers could have missed last year’s appearance of a new character, Jerry the trainee, to ICA’s popular advertising soap opera about a retailer named Stig and his employees. Jerry has Down syndrome, and his addition to the commercials was no coincidence. It was timed to coincide with a collaborative project by ICA, Samhall, the ICA retailer’s association, Sweden’s municipalities and county councils and Glada Hudik Theater called “We can do more,” where people with functional disabilities get an opportunity to work at a Swedish ICA store. Between 500 and 1,000 people will be recruited during a three year period.

“In this way, we contribute to a society where everyone is involved and develops to their full potential, even if different individuals

have different prospects,” said Kenneth Bengtsson, President and CEO of ICA AB. “Essentially it’s a question of believing in people and giving everyone the chance to be seen and heard and maximize their abilities. I feel strongly about this program, since it fits so well with ICA’s values.”

There is one important distinction not evident from the commercials. The agreement between ICA and Samhall doesn’t actually apply only to trainees. In fact, various types of agreements are in place giving stores access to new employees with new experience. Another purpose is to give Samhall’s employees a chance at a full-time position with ICA.

“With the right brand you can sell steak or mortgages”

In the aftermath of the financial crisis and recession, public confidence in many banks suffered. But not ICA Bank. One reason is that ICA’s strong brand guarantees security and stability, whether it applies to its retail operations or financial services.

At the peak of the financial crisis, Sweden’s metropolitan areas were wallpapered with placards and billboards showing “ICA Stig” and his gang, this time working at ICA Bank. The aim was to showcase ICA Bank’s broad-based offering in a major campaign for the first time, while also reaffirming the strength of the ICA brand. Getting customers to accept the idea of buying both a steak and a mortgage from ICA worked perfectly.

“The campaign was an eye-opener for many people who already had a relationship with ICA. While other banks were bogged down in controversy, ICA’s brand guaranteed a secure, trustworthy alternative,” says Bo Lagergren, marketing manager at ICA Bank.

The reason why the brand works so well even for products outside ICA’s core business is that its core values are still the same. ICA is a personal, simple, inspiring and safe choice, whether it applies to its stores, private label products or banking services.

“The fact that we added around 10,000 new card customers during and after the campaign is certainly proof that customers associate ICA with the right things,” says Jörgen Wenberg, CEO of ICA Bank.



Following the product to the store shelf

Regardless of price, ICA never skimps on safety. However, there are higher sensory requirements on ICA's premium products than the discount segment. Follow the product's route from factory to store:



Identify customer needs

The first step in developing a private label product is to identify the customer need. Usually it is a question of providing a competitor to established brands on the shelf. But it can also mean showcasing a new product or supplier.



Benchmarks

A requirements specification is drawn up with the support of ICA's internal rules on various product lines and brands based on a comparison with similar products on the market.



Select a supplier

To be approved, a supplier must meet ICA's stringent demands on quality and product safety. The production location must be certified according to international standards for product safety and quality. ICA has the right to monitor compliance with social and environmental responsibilities throughout the production process.



Samples are tested

Based on ICA's requirements specification, the supplier produces samples with a list of contents. The emphasis is on avoiding unnecessary additives and allergens. Samples also serve as the basis for the extensive sensory tests ICA conducts in developing the product.



Finished product

After the product reaches the store shelf, ICA's quality lab checks it once more to ensure that the results are as planned. All private label products are then inspected periodically. Sales and returns are carefully monitored for all of ICA's private label products to ensure that customers are satisfied with them.



Labels are inspected

Packaging information is reviewed and approved so that it complies with all laws and regulations and does not confuse the consumer.



Product specification

When a product is approved following a sensory or functional test, a detailed product description is produced. This serves as a basis for the important work that follows to put the correct information on the packaging, e.g., nutritional information and a list of ingredients.



Functional tests

In the same cautious way that foods undergo sensory testing, ICA also tests each product's function. Internal and external test groups are used. Some foods require a functional test, e.g., baking powder, while other products such as housewares or recreational products are technically tested.

Control from factory to store

Maintaining the confidence of customers is critical if ICA is going to strengthen its position in the market. There are no short cuts. In 2009, an ICA Group project called "I Care" was launched to ensure that all suppliers and products live up to ICA's stringent requirements on quality, the environment and social responsibility.

ICA has offered private label products since 1922. Today the range encompasses a number of categories from the discount to premium. The common denominator is that they have been developed based on customer needs. ICA's private labels give customers greater choice and less

expensive alternatives to other established brands on the store shelf.

Its private labels give ICA a better understanding of what it actually costs to develop and produce various products. This knowledge can be used in negotiations with suppliers of other brand goods. In the final analysis, it also benefits customers in the form of lower prices. But private labels offer more than just price. They also give ICA a greater opportunity to control products the whole way from factory to store shelf. It is also an opportunity to offer customers added value such as healthier options in the product range ICA Gott Liv or organic products in the ICA I Love eco product range. ICA's quality departments in Sweden, Norway, the Baltic countries and Asia have around a hundred employees who work with quality assurance of ICA's suppliers and private



Expert panel testing

All of ICA's private label products undergo sensory tests at ICA's quality lab. The first step is to have an internal panel of experts evaluate the product's sensory qualities: appearance, smell, taste and consistency. Several tests are often required before the panel approves a product for the next stage of testing.

Internal panel testing

The majority of ICA's private label products undergo additional tests internally. All of them are required to meet sensory goals for each brand. The testers are employees at ICA's offices.



Tests by expanded external test

To ensure high sensory quality, all ICA Selection products are tested by a consumer panel of 75 people at an outside testing institute.



External panel testing

To evaluate a product designed for a specific customer group, a special consumer panel is brought in by an outside testing institute. For products that target children, for example, a group of children and their parents is put together.

label products on a daily basis. Read more in the Corporate Responsibility Report on page 48.

The "I Care" project was launched in 2009 as an important step in ICA's quality work. Over a three-year period, ICA will analyze the entire product flow in all its markets - from purchasing to logistics and stores. The purpose is to ensure that all suppliers and products live up to ICA's policies on quality, health, the environment and social responsibility, as well as selected standards in these areas. Read more about ICA's Good Business on page 36.

Since January 2008, ICA has its own sourcing offices in Asia, where many suppliers have their production. Being close to suppliers and working actively with them allows ICA to support their product development as well as environmental and social compliance. Through on-site inspections, ICA also reduces the risk that products with quality deficiencies are shipped from Asia.



Örjan Josefsson retailer ICA Nära Sergels Torg.

Less shrinkage with vacuum packaging

In 2009, ICA started vacuum packaging meat with a new method. Longer shelf life and reduced shrinkage mean that even small stores can now sell a wider variety of meats.

During the year ICA started using a new vacuum packaging method for meat. Last fall it tested so-called skin packs on veal, ICA Selection beef, organic beef and lamb with very good results. The meat stays tender longer and its shelf life is extended significantly compared to earlier packaging methods.

"For beef, shelf life has increased from 8 to 24 days, and for lamb it has increased from 7 to 18 days," says Rickard Gustafsson kategori manager for perishables ICA Sweden.

Even though ICA's meat is butchered and packaged centrally by Hilton Food Group in Västerås, its short shelf life is a problem for many retailers. Shrinkage and poor profitability have forced many small stores to reduce the range of meat products they offer.

"An important reason for skin packs is to improve food quality for customers and ensure that ICA can offer a wide range of quality meats. Another is to reduce shrinkage in stores," said Rickard Gustafsson at ICA.

What is unique about the skin pack is the vacuum packaging technology and the fact that two sheets of plastic are used. One is placed around the meat to keep it fresh longer. The meat is then vacuum-packed on a tray with a second sheet of plastic to further extend shelf life and avoid discolored meat. The vacuum packaging helps the meat to stay fresh longer compared to conventional packaging. Since the meat has an extra "skin," the packaging can be displayed on its edge without affecting the meat, making it easier to display it in the store.



A strong store network provides the foundation for success

2009 was the year of growth for both ICA and the industry as a whole. By placing greater focus on price and further improving its product range, ICA continued to stay strong despite growing competition.

This is ICA Sweden

The food retailer ICA Sweden operates around the country in cooperation with independent retailers, who own and manage their stores but have agreements with ICA Sweden, which makes coordinated purchases, supports the retailers on issues concerning sales and efficiency improvements, and is responsible for logistics and joint marketing communications. ICA Sweden also identifies new store locations and helps retailers to modernize or expand existing stores. ICA Sweden has four store formats to cover customer needs in different situations: ICA Nära, ICA Supermarket, ICA Kvantum and Maxi ICA Hypermarket. At year-end, there were 1,359 ICA stores.

Market overview

Sweden is a mature grocery market with relatively slow growth. In 2009, the market grew by 4.2 percent, and total sales amounted to SEK 264.8 billion¹. The market is characterized by growing competition between a large number of players, which according to SCB is why Swedish food prices have trailed inflation in the last 20 years. ICA, Axfood, Coop and Bergendahls together estimates for around 70 percent of the market. In addition, discount chains such as Lidl from Germany and Netto from Denmark have fairly recently established growing operations in Sweden. Other players in the market include sellers of prepared foods and service stations. ICA's share of the Swedish grocery market is approximately 36,5 percent in retail level².

Swedish customers have placed a premium on a wide selection, high quality and environmentally friendly alternatives in recent years. Interest in prepared foods and simple, convenient meal solutions has grown as well. Awareness of climate change and environmental issues is high among Swedish customers, and demand is still strong for organic and local products. The recession that began in Sweden in 2008 refocused attention on prices, and several surveys reflected consumer concerns about their personal finances.

¹ Preliminary figure, February 2009.

² Based on total grocery spending regardless of channel, according to Sweden's National Accounts. Grocery sales including VAT in ICA stores amounted to SEK 96,715 million in 2009.

Important events in 2009

ICA Sweden had successful year in terms of sales and earning. Despite growing competition in the Swedish market, ICA continued to gain share. A strong customer offering and several price-cutting campaigns contributed to higher sales for all store profiles. Growth has primarily been driven by foods, and the profile that has performed the strongest is Maxi ICA Hypermarket.

In addition to campaign called "A cheaper ICA" (see page 12), with price cuts on both suppliers' products and private label choices, ICA continued to develop a concept with personal offerings.

In September 2009, Anders Svensson, took over as CEO of ICA Sweden.

ICA Sweden cut its logistics costs during the year, partly because the central warehouse in Helsingborg has been more effective. During the fourth quarter 2009, a decision was made to begin negotiations to shut down the warehouses in Umeå and Årsta. The measures are part of a plan to raise quality for stores and customers through larger, more modern warehouses, while at the same time reducing costs and environmental impacts.

During the fourth quarter, ICA decided to open its own pharmacies. Read more on page 13.

Priorities for 2010

Strong growth in 2009 was the result of a healthy, well-functioning store network with strategically located, modern stores. Competition is expected to increase in 2010, with several players speeding up the pace of their expansions. ICA Sweden's aim in the years ahead is to continue to grow by maintaining the right prices, high quality and improved efficiency.

Price will be a key issue in 2010 as well. To strengthen relationships with customers, ICA will develop its loyalty programs to be the leading in the world with offerings suited for each customer category. Personalized offerings will play an important role. To ensure the right prices without sacrificing quality, ICA will intensify its work with private labels.

Mission

ICA Sweden will be the leading retail company with a focus on food and meals.

	2009	2008
Sales, (SEK m)	59,003	55,969
Operating income, (SEK m)	2,320	1,709
Number of employees	6,258	5,162

	ICA nåra	ICA Supermarket	ICA KVANTUM	MAXI ICA STORMARKNAD	TOTAL
Number of stores	728	444	118	69	1,359
Store sales in Sweden (SEK m) ¹	14,155	29,588	21,904	25,025	90,671
Number of items	5,000–8,000	8,000–10,000	10,000–30,000	30,000–45,000	

¹ Excluding VAT.

Positive effects of new Rimi stores

The initial impact of ICA Norway's turnaround efforts became evident in 2009. For example, Rimi stores succeeded in attracting more new customers after its rebranding.

This is ICA Norway

ICA Norway's revenue amounted to SEK 21,666 million in 2009.

In Norway, there are total of 365 ICA stores and 247 Rimi stores. Half of the stores are operated by ICA Norway and half are franchises. This is in addition to associated stores. ICA Norway has four store formats: ICA Nar, ICA Supermarked, ICA Maxi and Rimi.

Market overview

The two neighbors Sweden and Norway are close in terms of living standards, but their retail food markets differ significantly. The Norwegian market is relatively unconsolidated. Although every segment can be found in the country, from hypermarkets to discounters, the sector is dominated by a multitude of small grocery stores. The 4.57 million Norwegians have twice as many stores to choose from per capita as their Swedish counterparts. This is the result of local buying habits. Norwegians differ from many other Europeans in that they shop an average of four times a week. In contrast, customers in Sweden prefer large purchases once a week.

At the same time, large players are limited in number in the Norwegian market. Norway's Gruppen, which operates in every segment, has the highest market share, followed by Coop, Rema 1000 and ICA, which ranks fourth with 15.7 percent of the grocery market¹.

Norwegian customers have been affected fairly little by the global recession. The retail food market continued to grow, though at a slower pace than before. In 2009, the market in Norway grew by 6.2 percent compared to 8 percent 2008. Revenue totaled NOK 134,232^{2,3} million, compared to NOK 126,420 million in 2008. The discount segment of the industry, which accounts for about half of market sales, grew slightly at the expense of the premium segment.

¹ Based on store sales including associated stores as well as deposits (21,071).

² Source: AC Nielsen.

³ Excluding VAT.

Important events in 2009

Sales increased and the loss decreased. The change was due to extensive work with cost controls and structural measures launched by ICA Norway in 2008 to reverse declining profitability. One of the most important actions was the rebranding of Rimi stores in order to change customers' image of Rimi as a more expensive alternative. By year-end 2009, 76 Rimi stores were rebranded. Positive effects were evident over the course of the year, including the many new customers Rimi attracted and an improvement in store profits following the change.

Another important measure was to introduce new, improved standards in all stores. The aim was to improve the customer experience and gain better control over store costs and shrinkage.

Organizationally, four companies were merged and consolidated to create synergies and reduce bureaucracy.

Plans for 2010

In 2010, the measures launched in 2008 and 2009 will continue. This means, among other things, that the rebranding of the Rimi concept will continue with preparations for a transition to franchises (see page 21). Efforts to identify synergies and further improve the Group's cost controls will also continue. In early 2010, ICA Norway's enterprise system will be ramped up at the store level as well.

Mission

To be the leading retail company in Norway with a focus on food and meals.

	2009	2008
Sales, (SEK m)	21,666	20,164
Operating income, (SEK m)	-506	-719
Number of employees	5,357	4,800

	ICA nær	ICA Supermarked	rimi	ICA MAXI	TOTAL
Number of stores		340	247	25	612
Store sales in Norway (NOK m)		9,475	7,734	3,172	20,381
Number of items		3,600-6,000	3,500-4,000	14,000-17,000	

Financial crisis a hard blow to Baltic market

The financial crisis and recession were a hard blow to Estonia, Latvia and Lithuania in 2009. Rimi Baltic nevertheless managed to defend and improve its positions in a shrinking market.

This is Rimi Baltic

Rimi Baltic is a wholly owned subsidiary of ICA AB operating a chain of 246 wholly owned grocery stores in Estonia, Latvia and Lithuania. Aggregate sales for the three countries corresponded to SEK 12,329 million, down 3 percent from the previous year.

Rimi Baltic has three formats to meet customer needs. Rimi Hypermarket and Rimi Supermarket, which focus on fresh foods and good service, operate in all three markets. In the discount segment, Super-Netto operates in Latvia and Lithuania, while Estonia has the discount chain Saastumarket.

Market overview

The Baltic countries normally differ as markets, with distinct buying habits and competitive conditions, but in 2009 all three were greatly affected by the recession, which has caused high unemployment and reduced many people's wages. This has naturally impacted purchasing power in all three countries. The hardest hit was Latvia, which accounts for half of Rimi Baltic's operations and where GDP fell by 17.5 percent¹⁾. Lithuania's GDP fell by 15 percent. Estonia managed the best of the three, with its GDP falling by 14.2 percent. In the aggregate, the food retail market decreased by 14.1 percent in 2009 with a total value of EUR 696.3 billion. This compares with an increase of 13.9 percent and a value of EUR 810.1 billion in 2008.

At the same time, a number of grocery chains in the market continued to report higher customer traffic. During the year customers were spending less. Discounted prices and sales campaigns more than doubled in volume during the year.

The Baltic region is still distinguished by strong competition and a wide array of players, such as Maxima, ETK, IKI, Selver, Elvi, Mego and Norfa. Rimi Baltics total market share is 16.6 percent (16.1) Nationally, Rimi Baltic is the market leader in Latvia and Estonia and the fourth largest player in Lithuania.

Important events in 2009

Rimi Baltic substantially cut its costs during the year to adapt to a smaller market. The number of full-time positions was reduced by approximately 2,500, illustrating how dramatic the recession has been. Internal routines were modified as well to improve efficiencies and save money at every level.

The crisis has affected earlier plans to rapidly expand. On the other hand, new stores are being opened at lower costs. It is also positive that Rimi Baltic managed to maintain a strong customer offering throughout the crisis, with good stores, a growing product range and competitive prices. According to Nielsen Ratings, Rimi Baltic gained market share in 2009 in a shrinking market in all three countries.

Plans for 2010

The focus going forward is on further increasing market share through measures in stores. The emphasis will be on further cost efficiencies, an expanded product range and higher private label sales. The super-market formats will be refurbished gradually over the course of the year (see page 19). Leadership training for store managers will be provided as well. As a whole, Rimi Baltic appears ready to exit the crisis well-positioned for an economic rebound.

1) Preliminary figure, February 2009.

Mission

Rimi Baltic's stores will be its customers' first choice in markets of Estonia, Latvia and Lithuania.

	2009	2008
Sales, (SEK m)	12,329	12,661
Operating income, (SEK m)	-109	182
Number of employees	7,880	9,870

Store sales, EUR m	2009
Estonia	358
Latvia	558
Lithuania	238
Total	1,154

Store profile

				TOTAL
Estonia	58	10	10	78
Latvia	57	31	14	102
Lithuania	24	28	14	66
TOTAL	139	69	38	246

Number of items	1,700	3,000-12,000	20,000-50,000
-----------------	-------	--------------	---------------

Further increase in new customers

ICA Bank was relatively unaffected by the financial crisis in 2009. Instead of losing position, the bank increased its business volume and customer base. One of the main reasons was its unique position in the banking market.

This is ICA Bank

ICA Bank operates in Sweden and has agency agreements with nearly all ICA stores in the country. The basic idea is to offer banking services that build loyalty among ICA's customers, as well as to increase the share of store transactions executed with ICA's own cards instead of more expensive cards from other banks.

ICA Bank has a full-service offering since 2007. Customers can choose from a number of services, from current accounts to various forms of bank cards and unsecured loans. Many services are provided in cooperation with outside partners. Mortgages, for example, are offered together with SBAB, accident, life and disability insurance in cooperation with Genworth Financial, and investment products such as equities, mutual funds and individual pension savings in cooperation with Nordnet. The keys for ICA Bank are low fees and clear, transparent terms. ICA Bank also administers the ICA Card, which celebrates its 20th anniversary in 2010. ICA Bank has been named Bank of the Year by the magazine Privata Affärer four times.

Market overview

The Swedish banking sector is divided into two parts. One consists of the major banks, which are constantly adding to their portfolios with new operations in Sweden and other countries. The other includes a number of newer niche players, both Swedish and foreign, many of which were created as a result of the increasing overlap between banking and insurance operations.

Customers have traditionally been reluctant to switch banks, although this began to change when the Internet made it easier to obtain information and contact banks. New ways of transacting banking services have helped as well. Now, for example, customers can withdraw cash and apply for a credit card directly in stores.

The financial crisis has reshuffled positions in the Swedish banking market. ICA Bank has a position all to itself, since it primarily serves

ICA's current and prospective customers and is not a niche player that sells banking services to the general public. ICA Bank is also special because of its large store network, which allows customers to make deposits and withdrawals in practically any ICA store around the country.

Important events in 2009

It was a good year for ICA Bank despite the financial crisis. Business volume rose by 7.7 percent and the number of bank cards issued increased by 24,000 and by the end of the year there were a total of 327,000 cards issued. One reason could be the turbulence in the banking market and uncertainty about the state bank guarantee, because of which many customers sought out financially sound institutions with conservative lending practices.

Product development continued and included the addition of homeowners insurance in cooperation with Moderna försäkringar. In Norway, where store terminals have already been prepared for banking services, payment terminals for chip cards were installed.

During the third quarter of 2009, ICA Bank launched a popular ad campaign with a retailer named Stig as its central character. This was followed up in the fourth quarter with sales of the bank's services on site in stores.

ICA Bank signed a contract with the National Debt Office to provide debit card solutions to a number of authorities, including the Swedish Social Insurance Administration, the Prison and Probation Service, the Tax Agency and municipalities. The Immigration Service issues payments to about 30,000 households by the ICA Bank solution.

Plans for 2010

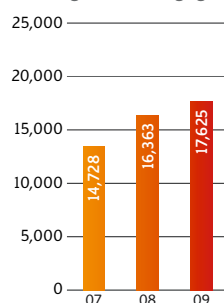
In 2010, the focus will remain on organic growth and encouraging more customers to use one of ICA Bank's products. The goal is to increase the number of card holders by year-end. ICA Bank is also preparing for the installation of payment terminals in all five countries. In 2010, the ICA Card will celebrate its 20th anniversary.

	2009	2008
Sales, (SEK m)	634	582
Operating income, (SEK m)	132	111
Number of employees	253	234
Number of ATMs	136	105
Number of payment terminals		
Sweden	6,300	6,000
Norway	2,000	0

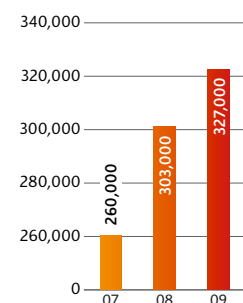
Mission

To provide financial services that make life a little easier for ICA's customers and increase their loyalty to ICA, while also reducing transaction costs for ICA stores and ICA AB from customers who use other bank and credit cards.

Business volume (deposits + lending incl. mortgages)



Number of card holders



Investing in tomorrow's store locations

ICA Real Estate was relatively unaffected by the financial crisis in 2009. One reason is its special position in the market. ICA Real Estate follows the Group's development rather than the real estate market, since the majority of its rental income is from ICA stores.

This is ICA Real Estate

ICA Real Estate's mission is to satisfy the Group's need for the right properties in the right locations in Sweden and Norway. This is currently done by owning, renting and strategically developing marketplaces. The Group currently owns around 180 store properties. In the rental market, the company's role is to manage the Group's leases with property owners. By maintaining full control over the entire chain, from buying land, building, managing, selling and renting real estate, ICA Real Estate can capitalize on opportunities at every level.

Market overview

Because of its role to serve a strong partner in the Group's business development, ICA Real Estate cannot be directly compared to other real estate companies, whose chief purpose is to own properties. The financial crisis affected ICA Real Estate less because it closely follows the Group's development rather than that of the real estate market. ICA Real Estate is also distinctive in that it does not compete to manage and develop shopping centers or office buildings. Instead, it is fully focused on developing ICA's operations. In terms of space, however, its 835,000 m² makes ICA Real Estate a major player in the commercial real estate market, especially in Sweden, where ICA is the second largest in the country. It is also the largest customer of many Swedish real estate companies because of its many store leases.

Having an ICA store in a shopping center raises the property's value, which can benefit ICA. The ICA store serves as a magnet to attract visitors, which benefit others. For this reason, ICA Real Estate develops retail parks with high-volume retailers near or directly beside large ICA stores. The concept is called "Good Neighbors," and the neighboring stores include both national chains and local retailers.

Important events in 2009

Earlier, ICA had always built new marketplaces, but that changed in 2009 when it began acquiring properties where ICA stores are already operating. It did so to ensure the development of strategic marketplaces. In 2009, ICA Real Estate invested a total of SEK 515 million (472) in new properties.

Investments have also been made in various energy-conservation measures. For example, a new ICA Kvantum store was built in Karlstad based on the EU's new Green Building standard, where the basic idea is to reduce energy consumption and integrate energy efficiency measures from the beginning. Another green Kvantum will be built in Göteborg. Another project that was evaluated in 2009 involved solar panels on the roofs of ICA's stores and warehouses. In total, ICA has 1 million m² of roof that could be utilized for this. The purpose of the pilot project was to learn more. One thing that was learned was that more energy was generated than expected.

During the year, ICA Real Estate completed a major sale in Norway. Kiellands Hus Eiendom AS, which is 51 percent owned by ICA Eiendom Norway AS, sold the shopping center Kiellands Hus. The purchase price was NOK 222.5 million.

Plans for 2010

In 2010, the focus will remain on generating a stable return while supporting the Group by developing store locations and managing properties in the most efficient way possible. ICA Real Estate will continue to acquire properties with existing ICA stores to ensure the development of strategic marketplaces. Together with the rest of the Group, it will improve its environmental work to help reach Group-wide environmental goals with regard to emissions and energy consumption.

Mission

To produce, own and manage strategically located properties in Sweden and Norway for the Group's operations.

	2009	2008
Sales, (SEK m)	2,095	1,969
Operating income, (SEK m)	1,025	1,134
Number of employees	67	72

Corporate Responsibility Report

The ability to gain and retain customer confidence is one of ICA's most important success factors. Working to promote sustainable development is therefore a key pillar in ICA's business philosophy. The following Corporate Responsibility Report describes ICA's operations from an environmental and social perspective.

Contents

Interview with Lisbeth Kohls	34
ICA's work with sustainable development and corporate responsibility	35
Environment	40
Society:	
Product safety	48
Healthy living	50
Employees	52
Community engagement	54
Human rights	56
Economic development	58
GRI and Global Compact content index	60
Limited assurance report	62





“We are quite happy to be benchmarked”

A new industry standard for food quality in Swedish stores, the launch of the “I Care” quality project and, of course, a continued focus on climate change. These were among the CR activities that Lisbeth Kohls, Senior Vice President of Corporate Responsibility, highlighted in summing up the past year.

What were the most important CR issues for ICA in 2009?

Our product range and climate change. We have continued very actively to qualify assure our work with the products we sell, based on sustainability parameters, and we have improved our climate strategy.

Can you give a couple of examples?

The new industry standard for food safety in Swedish stores that we initiated in 2007 was completed. It is the first standard in the world to allow third-party certification. ICA stores are now busy introducing it. We also laid a foundation for our next major initiative, the “I Care” project, where we will analyze the entire product flow in every market over a three-year period, from sourcing to logistics and stores. The aim is to ensure that what we sell and process lives up to legal requirements and our own values, ICA’s Good Business with commitments to quality, health, the environment and social responsibility.

During the year, we also strengthened our commitment to local foods in all our markets. Sustainable fishing is another area where we have made progress. For example, together with WWF and the Swedish Society for Nature Conservation we arranged training in sustainable fishing for our biggest direct suppliers.

You mentioned the development of the climate strategy. How do you mean?

Climate change was the dominant issue in 2009, not least because of the enormous media coverage preceding the climate change conference in Copenhagen in December. ICA showed its support for an effective climate agreement by signing several important proclamations, such as the UN’s Seal the Deal, prior to the summit. In concrete terms, we took several important measures. Our long-term goal to reduce ICA’s known emissions of greenhouse gases by 30 percent by 2020 was complemented by additional targets for 2009 and 2012. We have now made relatively good progress, and could be even better in 2010, since our CEO has challenged all Swedish ICA retailers to convert to renewable electricity. If we succeed, we will achieve our emissions target much earlier than originally planned.

Can customers also help to combat climate change?

Of course. The simplest and most important thing is to utilize all the food they buy, so that it does not have to be thrown away. At www.ICA.se/klimat we give our best tips how to ‘eat up’ greenhouse gases.

Since January 2008 ICA has its own sourcing offices in Asia to make it easier to execute corporate responsibility and promote sustainable development by your suppliers. How has it gone?

Very well. By working closely with our suppliers, we can support them with product development, environmental concerns and social aspects. We are also reducing the risk that products with quality deficiencies are shipped from Asia, since we can now handle final inspections on location.

What do you say about the debate in Sweden on additives in the last year?

It has been valuable in many ways. It has helped us in the food industry to reassess whether we have used additives too much to meet the demand for consistent product quality at low prices. Technical advances have reached a point where nearly all manufacturers can now develop good products using fewer flavor enhancers, sweeteners or food coloring. We at ICA conducted a major review of our private label products in 2008.

At the same time, I am concerned that the debate has become too one-sided and created an unnecessary fear of additives, when it is instead how we eat and live in general that affects us most. To provide information, we use our magazine, Buffé, our website, and a new text messaging service where customers can obtain information on additives.

Our position is that additives should only be used if they add value for the customer, to guarantee safety or improve nutritional value or consistency – or not at all.

In January 2010 you took semi-retirement. When you look back, how has corporate responsibility developed in the company?

ICA has a long tradition of social engagement, and we have made a lot of progress since the 1980’s. What we have accomplished in practical and operational terms to address quality, environmental, health and ethical issues and to maintain a dialogue with stakeholders, while utilizing ICA’s Good Business and our policies as a foundation, stands up well to that of internationally renowned companies. I am proud of what we have achieved, while remaining fully aware of the areas where we have more to do. I wish my successor, Kerstin Lindvall, and all our employees the best of luck in these endeavors.

Lisbeth Kohls
Senior Vice President
Corporate Responsibility
Phone + 46 8 561 502 12
lisbeth.kohls@ica.se

From January 2010 Kerstin Lindvall is Senior Vice President Corporate Responsibility.

ICA's work with sustainable development and corporate responsibility

Good Business in more than one sense

Good profitability goes hand in hand with a social commitment and conscientious corporate responsibility work. This is the very foundation of ICA's business. With the help of strong shared values and an attitude that every link in the chain is important, from supplier to employee and customer, ICA can integrate CR work in every area of the Group's operations.

Corporate responsibility management



ICA's Good Business comprises seven position statements that provide the foundation for ICA's CR work (see separate figure on page 36). The position statements are based in part on the UN Global Compact's ten principles on human rights, labor standards, the environment and anti-corruption. A further description of the policies and guidelines ICA uses in its day-to-day operations and how they are revised can be found on pages 64–65 of the CR report.

ICA's CR work is coordinated with its two owners, Royal Ahold and Hakon Invest. Ahold and ICA apply similar philosophies in their work with corporate responsibility and sustainable development, report using the same guidelines and approach the development of this work along much the same lines. Hakon Invest supports and actively monitors ICA's work with social responsibility and sustainable development, and encourages its portfolio companies to share ideas and information in this area.

sition in the market will suffer. There is also a risk that cost-effectiveness will fail to keep pace unless satisfactory measures are taken to conserve energy and reduce waste, among other things. On the other hand, ICA's brand could be strengthened as a result of successful CR work. Its market position could improve if ICA can meet customer demand for environmentally adapted and healthy products better than the competition. Moreover, ICA can operate more cost-effectively by reducing its consumption of energy and materials. (See also risks and opportunities with climate work on page 45, financial risks on page 91, Ahold's annual report and CR report and Hakon's annual report).

Different countries, different conditions

ICA's approach to CR work is shared by the entire Group. Although this work rests on the same foundation regardless of country, there are still local variations. In general, the Swedish operations are furthest in their development. Many ideas and methods to integrate CR work into day-to-day operations often begin in Sweden before being adopted in Norway and the Baltic countries. There are several reasons for these local variations:

Different markets: ICA Sweden is the leader in a mature market. In Norway, on the other hand, it is an upstart working hard to turn around a negative long-term trend. In Estonia, Latvia and Lithuania, Rimi Baltic operates in a potentially expansive market that is very shaky and uncertain at this point. This translates into different conditions when CR work is put into practice.

Risks and opportunities with CR work

ICA's CR work entails both risks and opportunities. ICA must constantly adapt to demands for greater transparency, regulatory changes and increasing requirements placed on sustainability in every level of the supply chain. Unless ICA can satisfactorily meet the market's expectations and the goals of its CR work, there is a risk that the brand and ICA's po-

How ICA reports its CR work

How to read the report

ICA's Corporate Responsibility Report is prepared according to the third-generation guidelines (G3) of the Global Reporting Initiative (GRI). This year's report applies GRI Level B and has been reviewed by ICA's external auditors, see the limited assurance report on page 62. The CR Report for 2009 is partly integrated into the Group's annual report and description of operations. For example, strategic sustainability issues are mentioned in the President's statement on pages 2–3 and questions regarding responsibilities and management are covered in the corporate governance section. An overview on pages 8–9 of the annual report describes the Group's financial, environmental and social objectives and results in 2009.

Other CR areas are brought up in the sections on customers, the stores and the Group on pages 10–27. A table of contents on page 60 shows where in the annual report the various GRI indicators and Global Compact principles can be found.

What ICA reports

The report covers the Group's work in the areas of the environment, community engagement and economic development. In the chapter on society, ICA discusses its work with human rights, product safety, healthy living, employees and its community engagement. This is ICA's fifteenth corporate responsibility report.

Basis of measurement and calculation

The information and key performance indicators presented in the CR Report were selected based on their impact of ICA's operations from a sustainability perspective and their strategic importance to the Group. (See also the illustration on how ICA impacts the supply chain on page 38). ICA Sweden, ICA Norway and Rimi Baltic use the same IT system to collect data on sustainability aspects. It supports continuous reporting and is designed to ensure the long-term viability of the indicators included in ICA's CR reports. For more detailed information, see ICA's accounting principles at www.ICA.com > About ICA.

Limitations

The CR Report covers the Group's activities in distribution, offices and the stores wholly owned by ICA. Through agreements in Sweden and Norway, ICA cooperates with independent retailers and franchisees. The information on stores managed by individual retailers or franchisees is presented in cases where it is important to provide a comprehensive picture of ICA's CR work. Operations outside ICA's control, such as those of its suppliers, are not included in the report, although information on suppliers of ICA's private label products is given where appropriate.



Differences in customer behavior: Customer preferences can vary greatly for different reasons. In the Baltic countries, which has been hard hit by the financial crisis and recession, causing a dramatic decline in purchasing power, food prices are currently a major issue. In contrast, the recession and financial crisis have not affected spending patterns in Sweden to the extent many people anticipated. As a result, there is a different sense of freedom to buy less price-focused alternatives such as organic and Fairtrade products. Norwegian customers have felt the recession to an even lesser extent and have not significantly changed their habits. They continue to shop several times a week and are especially interested in healthy meal solutions.

Different opinions: Local opinions in the country are important. Different topics garner different responses depending on the most pressing issues in the community. In Sweden, food additives and greenhouse gas emissions are major concerns. One area that Norwegians feel strongly about is healthy living and eating. Interest in saving leftovers instead of throwing food away unnecessarily has also grown in Norway in the last year. Due to the financial crisis, the Baltic countries have been forced to focus on economic issues of late, although there are still sustainability issues that people feel strongly about. One example is littering, where public cleanup days have been introduced in Estonia, Latvia and Lithuania.

There are similarities, too: One of the common denominators in all these countries is an interest in local foods, which is true regardless of market. This applies to both regional and national alternatives, and throughout the region country-of-origin labeling has grown in popu-

larity. Sweden already has the Swedish Seal of Quality, and in Norway a new industry trademark, "Nyt Norge" ("Enjoy Norway") had a major impact in 2009. Latvia uses the same type of labels, "Green Spoon" and "Grown in Latvia with Pride".

Dialogue with ICA's stakeholders

The ICA Group's most important stakeholders are customers, employees, owners, independent ICA retailers in Sweden, franchisees in Norway, suppliers, government authorities and a number of NGOs. These stakeholders have different expectations and place different demands on the Group's CR work. Maintaining a continuous dialogue with these groups is an important part of this work. By cooperating with consumer and environmental organizations, trade organizations, sports clubs and other interest groups, ICA has the opportunity to compare and improve the way it works. The aim is to use different methods to structure the dialogue.

Important dialogue partners

ICA cooperates with a number of organizations and participates in several networks focused on corporate responsibility, the environment, public health and food safety. Among the most important dialogue partners are:

Global Compact: The UN initiative to promote corporate citizenship internationally. ICA has signed the Global Compact's Caring for Climate action platform and is a member of a Swedish government initiative overseen by the Ministry for Foreign Affairs to encourage Swedish companies to be ambassadors for human rights, fair labor practices, a better

The foundation for ICA's corporate responsibility work

The ten principles of the UN Global Compact

ICA is a participant in the United Nations Global Compact and supports the following ten international principles.



Businesses should:

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

ICA's Good Business

ICA's Good Business describes the Group's stance on corporate responsibility. Together with ICA's core values, they are essential to achieve the Group's vision and mission.

ICA will:

- Be driven by profitability and high ethical standards.
- Listen to customers and always base decisions on their needs.
- Nurture diversity and growth among its employees.
- Maintain an open dialogue internally and with the community.
- Ensure quality and safe products.
- Promote a healthy lifestyle.
- Adopt sound environment practices to promote sustainable development.

ICA's CR policies, with guidelines for daily operations

- Business ethics policy (incl. the competition and law compliance).
- New store policy.
- Health policy.
- Information policy (incl. guidelines for financial information).
- Customer policy.
- Personnel policy.
- Quality, environmental and social compliance policy.
- Sponsorship policy.

Stakeholders' key issues and dialogues in 2009

Stakeholder	Key issues	How ICA handled these issues	
Employees	<ul style="list-style-type: none"> • Opportunities for skills training and professional development. • Strong leadership. • Good work environments. 	<ul style="list-style-type: none"> • Annual employee survey. • Performance reviews. • ICA School and ICA's Good Business training (p. 52). 	<ul style="list-style-type: none"> • Values-based leadership (p. 52). • Wellness programs (p. 52).
Stores	<ul style="list-style-type: none"> • Energy efficiency in stores. • Food safety. • Eco-labeled product range. • ICA's Good Business for stores. 	<ul style="list-style-type: none"> • Measures to reduce energy consumption (p. 44). • Food safety. • Information and trainings. • Continuous meetings and counsels with ICA retailers. 	<ul style="list-style-type: none"> • Daily contacts with ICA stores through ICA Call center and operations managers. • Quality coaches and industry standards (p. 18). • Environmental responsibility for product range (p. 40).
Owners	<ul style="list-style-type: none"> • Integrated and strategic CR work. • Oversight of ethical issues and responsible behavior in value chain. 	<ul style="list-style-type: none"> • Annual lectures on quality control, sustainability risks and opportunities. • Meetings and reports on shared sustainability issues. • Reply to investors' questionnaires. 	<ul style="list-style-type: none"> • Increased focus on sustainable value chain. • Risk analysis. • Awards (p. 38). • Continuous coordination, for example of key performance indicators.
Customers	<ul style="list-style-type: none"> • Climate change. • Food safety. • Additives. • Eco-labeled product range. • Healthy products. • Local foods. 	<ul style="list-style-type: none"> • Annual customer surveys. • Customer contacts in stores and through ICA Call center. • Information in Buffé magazine and on ICA.se. 	<ul style="list-style-type: none"> • New text messaging service for additives (p. 15). • Torget, ICA's marketplace for local entrepreneurs and retailers (p. 13). • Eco-labeled product range (p. 40). • ICA Gott liv (p. 50).
Suppliers	<ul style="list-style-type: none"> • Responsible sourcing and social engagement. • Local purchases. • Impact on climate change at the supplier level. 	<ul style="list-style-type: none"> • Supplier audits. • Training in social engagement. • Project to reduce climate change impact of ICA I love eco suppliers (p. 41). 	<ul style="list-style-type: none"> • Increased focus on responsible sourcing and social responsibility (p. 26). • Torget, ICA's marketplace for local entrepreneurs and retailers (p. 13). • Supplier contacts through ICA Call center.
Authorities	<ul style="list-style-type: none"> • Food safety in stores. • Public health concerns. • Environment and climate issues. 	<ul style="list-style-type: none"> • Meetings with authorities, researchers and politicians, e.g., the Almedal week. • Responses to public enquiries. • Supervisory inspections. 	<ul style="list-style-type: none"> • Participation in government's joint consultative groups to promote sustainability and health work by Swedish companies (p. 36). • Participation in conferences.
Trade associations	<ul style="list-style-type: none"> • Environment and climate issues. • Food safety in stores. • Chemicals in products. • Tobacco issues. • Health issues. • Legislation. • Accessibility issues. 	<ul style="list-style-type: none"> • Participation in industry initiatives and standardizations. • Regularly scheduled meetings with trade associations. 	<ul style="list-style-type: none"> • Support and contribute to relevant initiatives, e.g., Caring for Climate (p. 36). • Initiate and contribute to work on industry-wide food safety standard (p. 18).
NGO's	<ul style="list-style-type: none"> • Sustainable fishing. • Responsible sourcing and social responsibility. • Climate change. • Sustainable palm oil. • Additives. • Animal welfare. 	<ul style="list-style-type: none"> • Periodic meetings with partners and other organizations. • Partnerships with NGO's (p. 36). • BSCI (p. 56). • Participation in climate change initiatives (p. 36). 	<ul style="list-style-type: none"> • ICA's commitment to Global Compact, Caring for Climate, Seal the Deal, etc. • Buy sustainable palm oil (p. 42). • Sustainable fishing (p. 40). • Additives (p. 15). • Contributions to animal welfare (p. 49).

environment and anti-corruption practices, in accordance with the principles of the Global Compact.

Amnesty: Beginning in 2009, the global human rights organization Amnesty offers a new form of cooperation through seminars and education on issues involving human rights and corporate responsibility.

Global Social Compliance Program (GSCP): International alliance seeking to build a consensus on best practices for labor standards in consumer goods supply chains. The program is run by the Consumer Goods Forum (formerly CIES), where ICA is a member.

Business Social Compliance Initiative (BSCI): European platform for

companies to improve work conditions at consumer goods suppliers in high-risk countries. ICA participates together with one of its owners Ahold, which is a member.

Greenpeace: During the year, ICA had several discussions with the non-governmental environmental organization Greenpeace on sustainable fishing.

Ethical Trading Initiative Norway: Multi-stakeholder initiative to promote Fairtrade practices. ICA Norway is a member.

WWF: ICA has worked with the environmental organisation WWF on the issues of sustainable fishing, palm oil and free range meats.

World Childhood Foundation, Red Cross and Pink Ribbon/Swedish

Cancer Society: ICA Sweden has longstanding cooperations with these organizations and actively collects donations.

LRF: ICA Sweden and the Federation of Swedish Farmers (LRF) have long been partners and are now working together on various projects. The cooperation aims to meet the increased demand for local produce.

Other interest groups: EU Animal Welfare Platform, DLF - Dagligvareleverandørens forening (Norwegian grocers' trade association), Forest Stewardship Council, Global Compact Nordic Network, Greenpeace, International Chamber of Commerce (ICC), Kostforum, KRAV, Swedish Food Federation, SSLF - Livsmedelshandlarna, Marine Stewardship Council, Swedish Society for Nature Conservation, Swedish Association of Environmental Managers, Roundtable for Sustainable Palm Oil (through Ahold), Roundtable for Sustainable Soy (through Ahold), Svensk Dagligvaruhandel (Swedish retail trade association), Swedish Trade Federation, Handels og Servicensaeringens Hovedorganisasjon (Norwegian retail trade association), Sweden Forest & Trade Network, Ziedot.lv.

Important dialogue opportunities in 2009

ICA participated in the Almedal Week, an open Swedish political forum on the island of Gotland and in several conferences during the Swedish EU presidency. During the year, ICA also held meetings with various members of the Swedish government, including the Minister of Agriculture and the Minister of Public Health, on preventing childhood obesity.

In addition, ICA Sweden merged a number of functions and opened a new call center during the year. The aim is to enhance the Group's operations by having the same party handle feedback from both customers and stores. The call center is staffed by ICA employees, who are trained to handle opinions from both customers, stores and suppliers which they then forward to the appropriate operating unit.

In 2009, the total number of messages from customers to reach ICA's Call center decreased, mainly thanks to clearer instructions, which directly connected customers to the right party, in many cases ICA Bank.

Customer contacts through ICA's Call centers in Sweden and Norway

	2009	2008	2007
Number of emails	50,431	51,448	44,668
Number of telephone calls	49,554	65,238	67,000

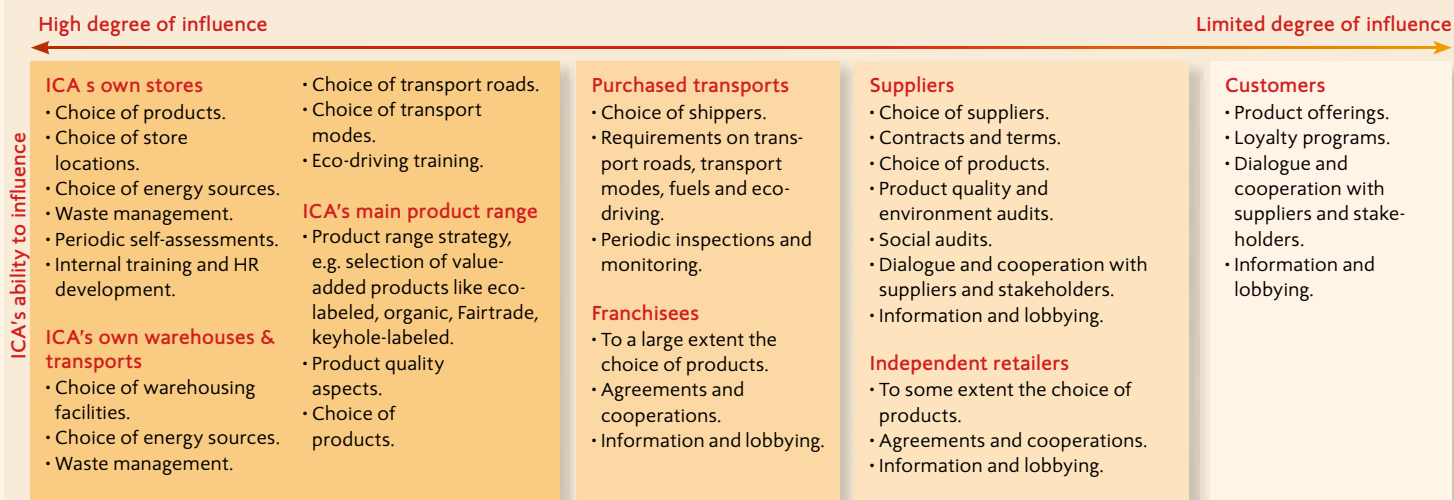
Customer satisfaction surveys

Communicating with customers and asking them what they think about ICA and its products is crucial to customer satisfaction efforts. ICA works systematically with internal and external customer surveys. In 2009, ICA topped the Swedish Quality Index survey, which measures customer satisfaction for all major Swedish retail food chains. Like the industry as a whole, ICA saw its customer satisfaction drop, in its case from 72.3 percent in 2008 to 70.6 percent in 2009.

ICA's biggest customer survey, the Customer Satisfaction Index, CSI, is conducted annually among Swedish and Norwegian customers. In 2009, ICA Maxi and ICA Kvantum increased their customer satisfaction and finished on top. Compared to 2008, ICA Sweden rose by a total of two percentage points and ICA Norway by one percentage point.

Important sustainability awards 2009

- Through its owner, Hakon Invest, ICA was named the best Swedish company at declaring its climate work and came in second place overall in the Nordic region in the Carbon Disclosure Project.
- ICA's CR Report 2008 was nominated for the Globe Awards in the category Sustainability Reporting and finished in the top three. ICA's CR Report 2008 came in second when the accounting industry association FAR SRS handed out its awards for Sweden's best CR reports at Finforum.
- In a survey of Sweden's greenest brands conducted by the branding consultancy Differ, ICA Skona finished fourth out of a total of 97 brands. In the same survey it came in fifth among green brands when customers selected from a list.

How ICA can affect and influence the supply chain

- In the Universum Career Barometer survey, ICA was named the most popular employer in the retail food industry by young business graduates. In Universum's Company Barometer, ICA was named the year's IT upstart and ICA Bank received an award as an industry leader among new banks.
- Rimi Baltic in Latvia was named "Friendliest retailer of local food products" by the organization Growing Green in Latvia in connection with its eighth anniversary. The jury consisted of local food producers.
- ICA's IT support department received an award as Service Desk of the Year 2009 in the Support Institute Awards for the changes it has implemented, resulting in faster support and higher quality for Swedish ICA stores.
- ICA Norway was ranked among the top ten companies in Norway for the Group's work with human rights, according to an Amnesty report (See page 56).
- ICA Sweden received an environmental award at Dagligvarugalan (Swedish retailer's gala arranged by the trade newspaper Fri Köpenskap) for replacing old, inefficient lighting with new, energy-conserving solutions.
- Rimi Baltic in Latvia came in sixth place in the magazine Diena's annual survey of corporate reputations in the country, gaining four places from the previous year. In the same survey, Rimi Baltic was ranked second in terms of best public image among retailers.
- ICA Norway's ad campaign to launch ICA I love eco in 2008 received a silver lion at the Cannes Lions International Advertising Festival 2009 in the category viral marketing.
- Together with its travel agency, Carlsson Wagonlit Travel, ICA was nominated for the Grand Travel Awards Notable Achievement in Environmental Performance in 2009. ICA and Carlsson Wagonlit Travel were cited for their work with carbon offsets for business travel.

Act sustainably – the list that bit by bit builds ICA's Good Business

Small actions can be just as important as big ones, but don't always get mentioned when history is written. ICA counts everything that is done to live up to the values of the Good Business philosophy. The list below provides a selection of recent projects both big and small, all of which contribute in their own way to a more sustainable ICA. New projects are continuously added to the list. Read about them all at www.ICA.se.

● = Initiated activity ● = Completed activity

Activity **Status December 31, 2009**

Quality certify all Swedish ICA stores ●

Customers must be able to trust that food safety in ICA's stores is of the highest class. By year-end 2010, 800 Swedish ICA stores will be quality certified. At year-end 2009, 100 stores had received certification. (Read more about quality certification on page 48 and product safety on page 49.)

Carpool with eco-friendly cars ●

Employees can make a difference in fighting climate change, including through the modes of transport they choose. In 2008, ICA Sweden tested carpools with eco-friendly cars to reduce the need for company cars. The tests prove successful and the carpool is now available to all employees of ICA Sweden. (Read more about business travel on page 43.)

Promote alternative fuels ●

Keeping a close eye on logistics can reduce carbon dioxide emissions. All vehicles driven for ICA Sweden must have the latest engine technology. ICA Sweden also requires its haulers to use, at a minimum, MK1 diesel fuel with a 5 percent alternative fuel content. (Read more about transports on page 42.)

Drive safely in Norway ●

A good driver can save money and help the environment. All drivers who deliver ICA's shipments in Norway will receive eco-driver training. Most have now received training. (Read more about transports on page 42.)

Pilot project with ICA I love eco suppliers ●

Environmental measures have to begin at the supplier level. Based on climate analyses conducted in 2007, ICA therefore launched a project with five ICA I love eco suppliers to reduce their impact on climate change at the production level (Read more about the project on page 41.)

Adapt recipes for food allergy sufferers ●

Helping customers feel better is only natural for a company like ICA. One step was to adapt all remaining recipes from the ICA Test Kitchen for food allergy sufferers in 2009. Now they can obtain information how every recipe can be adapted to eliminate gluten or lactose. (Read more about health issues on page 50-51.)

Train employees in ICA's values ●

Everyone at ICA should have the best opportunity to work sustainably. The aim is that all of the Group's employees will undergo e-learning in ICA's Good Business. In 2009, 14 percent received the training, according to last year's performance reviews. (Read more about employees on pages 52-53.)

Read the rest of the list at www.ICA.se

Environment

The year's biggest issues: climate change and sustainable fishing

The pace of ICA's efforts to reduce its environmental impact was accelerated in 2009. For example, Swedish ICA retailers were challenged to switch to renewable electricity and ICA signed the UN's Seal the Deal petition. Moreover, sustainable fishing remained an important priority.



ICA's stance on environmental work

In recent years, environment issues, especially climate change, have grown tremendously in importance for both ICA and its customers. ICA's overriding goal is to reduce its direct environmental impact, which occurs in stores and warehouses as well as through transports and business travel. Reducing energy consumption and waste is therefore a major element in the Group's environmental work. By continuously expanding the range of organic and eco-labeled products, ICA also helps to reduce the environmental impact of the products sold in the Group's stores. Working in various ways to protect biological diversity is also a priority. Further, ICA is trying to encourage customers to take measures themselves to reduce their environmental impact.

ICA's climate strategy

In April 2007, ICA decided to introduce a climate strategy with the goal of reducing direct and known greenhouse gas emissions by 30 percent by 2020 compared with 2006. The strategy's overriding objective has during the year been complemented by two additional goals: To reach one third of the final target by 2009 and two thirds by 2012. The 2009 goal was achieved, as ICA at the end of the year had reduced its emissions of carbon dioxide with ten percent compared to 2006. The decrease is primarily due to increased use of renewable electricity in the stores.

Through their combined energy consumption, the ICA stores are the single largest contributor towards climate change. Reducing consumption within the Group therefore remains a top priority.

Though it has not yet assessed the impact of its product assortment, international transports and marketing, ICA is working continuously to reduce its products' impact. For a list of important measures in 2009, see page 43.

Environmental responsibility in ICA's product assortment

How ICA takes responsibility

The aim is to offer a large share of eco-labeled products and to increase the importance of environmental factors in designing the product range, which is continuously expanded with eco-friendly products and more regional and local alternatives. ICA's private label organic products are certified according to organic rules. Vegetable products are approved if they meet the EU's regulation for organic production, KRAV's rules in Sweden or Debio's in Norway. Organic animal-based products must be approved according to KRAV in Sweden or Debio in Norway, which are more stringent than the EU's rules on animal welfare.

ICA supports so-called integrated production. This means that use of

artificial fertilizers and pesticides must be documented and properly supervised.

In terms of the non-organic fruits and vegetables it buys, ICA requires that they are grown according to GlobalGAP, the leading standard for certification of agricultural products, or other similar systems.

Adapting its purchases to local offerings is an important part of this work. ICA's overall philosophy with regard to produce is to buy it as close to its stores as possible and to buy in the season. When Swedish carrots are in season, for example, ICA buys as much as it can for its Swedish stores. But it also has to make sure that the stores get their deliveries. When the supply of Swedish carrots runs out, ICA turns to the next possible sourcing area where they are in season.

Sustainable fishing is a major issue. ICA's method to determine which types of seafood it should sell is to evaluate each species individually. In doing so, it listens to the WWF, its longstanding partner, as well as many other important players, such as the International Council for the Exploration of the Sea (ICES), the fishermen's organizations and other environmental and consumer organizations. The aim is not only to stop selling certain seafood products, but also to find ways, if possible, to improve the situation. For example, ICA was the first company in Sweden to support the Marine Stewardship Council (MSC), an international NGO that promotes sustainable fishing practices.

Important measures in 2009

Sustainable fishing: ICA continued to provide customers with information where the fish in its private labeled products is caught. Among other things, ICA's website contains information on all fish and shellfish products sold under its private labels, so that customers can see how a product is classified according to WWF's fish guide and where it was caught. A new feature added in the last year allows them to trace cod, haddock and pollack sold under ICA's brands. The website shows customers where the fish comes from and what is being done to protect its future. They can also track its journey from the Arctic sea outside Norway to ICA. In 2009 ICA has held a training in sustainable fishing for the major suppliers who deliver fresh fish directly to the stores. WWF and the Swedish Society for Nature Conservation also took part as instructors. Continuous support for Swedish ICA stores is also important in order to prevent red marked fish from ending up on their seafood counters. During the year, ICA produced a checklist for stores to use when they buy fish and shellfish directly from suppliers and sent out 130,000 copies of WWF's fish guide to stores. (See also the article on page 41.)

More green products to choose from: Among the eco-friendly products added in 2009 were ICA fish sticks made from MSC-labeled fish, KRAV-certified ICA I love eco smoked salmon, ICA Pacific flounder to replace plaice, which has been red marked by WWF, ICA I love eco baby food, including pasta, yogurt, pancakes and fruit drinks, ICA I love eco fish casserole with tomato sauce and KRAV-labeled fish that can be traced all the way back to the fishing boat and ICA I love eco garden salad, the first or-

Sustainable fishing 2009: More eco-labeled seafood

Prawns are out and eco-labeled fish and a select range of tuna are in. These were among the important measures taken by ICA in 2009 to promote sustainable seafood.

For those who sell fish and shellfish to customers, the question of how to ensure that our oceans are not overfished is critical. In 2009, ICA dealt with several major issues specifically concerning sustainable fishing. One of the biggest changes was that the Swedish main assortment now contains no species that are given a red light by the WWF. This became possible once ICA decided to stop buying prawns.

Although prawns are among the red marked ("avoid") fish and shellfish in the WWF's consumer fish guide, ICA has still offered a limited number of wild and farm-raised prawns from suppliers it has carefully reviewed. In 2009, these suppliers changed their products. This, coupled with an internal discussion, led to a decision by ICA to stop selling prawns and encourage Swedish ICA retailers to do the same.

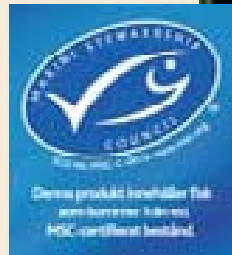
"There are plenty of companies that sell prawns to stores, but we recommend that they say no until there is a certifiable and credible standard for raising prawns. The WWF is at the helm of an effort to establish such a standard, and ICA is carefully following its work," says Kerstin Lindvall, Senior Manager Environment and Social Responsibility at ICA Sweden AB.

Since 2004, all cod in ICA's main assortment is caught in the Barents Sea, where it is considered sustainable and has been given a green light ("recommended") in WWF's fish guide. In 2009, WWF modified its red light to yellow ("think twice") for cod caught in the Baltic Sea's eastern stocks.

"Our main selection still contains no Baltic cod. Our recommendation to stores that buy their own fresh fish is that when it comes to Baltic cod make sure that it comes from eastern stocks and don't accept fillets smaller than 30 centimeters," explains Kerstin Lindvall.

ICA's plaice was MSC-labeled during the year and thus given a green light by the WWF. All mackerel sold under the ICA name also met MSC's requirements. Further, ICA decided to replace the yellowfin tuna in its products to Skipjack, which has more sustainable stocks.

Learn more about how ICA helps customers to trace where their fish comes from with the new search feature, "Trace your cod," at www.ICA.se.



ganic prepared salad that can be eaten right from the container.

In 2009, the ICA I love eco line was launched in the Baltic countries, initially comprising around 50 products. The increase in sales of organic products stagnated in Sweden in 2009, mainly due to the decline in sales of organic dairy products. ICA Norway had a continued positive sales growth in 2009.



Organic Top 5¹⁾

1. Milk
2. Buttermilk/natural yogurt
3. Baby food
4. Coffee
5. Eggs

¹⁾ Based on sales in Swedish ICA stores.

Organic products in ICA and Rimi stores

	2009	2008	2007
Sweden, number (sales trend)	677 (+1%)	660 (+54%)	370 (+28%)
Norway, number (sales trend)	280 (+14%)	500 (+21%)	350 (+20%)
Baltics, number (sales trend)	461 (n.d)	232 (n.d)	190 (n.d)

Follow-up of climate analyses:

The knowledge gained from climate analyses of 100 of ICA's private-labeled products in 2007 has continued to be discussed also outside the group. Among other things, more Swedish tomato growers shifted to renewable sources for heating their greenhouses in 2009. Some of them have used ICA's analysis in support of these decisions.

Supplier projects: Since spring 2009, as a result of the climate analyses, ICA has been involved in a project with five selected suppliers of ICA I love eco products to reduce the climate impact of their products and evaluate possible future requirements. Moreover, the project has facilitated a valuable transfer of experience between suppliers and with ICA and KRAV. As of 2010, all suppliers use green electricity in their production and all of them have or will conduct an energy analy-



ICA I love eco products for children were some of the new private label products launched in 2009. Both products and the conditions under which they are manufactured were carefully assessed by ICA prior to the launch.

sis and set goals to reduce energy consumption. These companies have become increasingly aware of environmental issues, including climate change, which is leading to a steady flow of new ideas for improvements. The basis of this project is the knowledge gained through the climate analyses of private label products in 2007.

The right palm oil: ICA set a goal in 2009 to only use palm oil certified by the Roundtable on Sustainable Palm Oil (www.rspo.org) in its private label products by 2015. RSPO certification means that the oil is sustainably produced and that the plantation meets environmental, social and economic criteria. Since the volume of RSPO-certified palm oil is still limited, ICA has decided to obtain GreenPalm certification for all palm oil currently used in private label products in food produced for ICA Sweden. Revenue from the sale of GreenPalm certifications goes directly to support palm oil plantations of all sizes that meet RSPO criteria, in order to encourage increased production of sustainable palm oil. By obtaining certification, ICA supports the sustainable production of the amount of palm oil it uses in private label products. For ICA brand foods, this represents around 2,000 tons annually in the Swedish market.

Water footprint: Water consumption in manufacturing processes has become an increasingly important environmental issue. People are beginning to talk about “water footprint” in the same way that the debate on climate change gave us carbon footprint. ICA has therefore started working internally to build its understanding of the impact of water consumption on the environment.

New KRAV rules: During the year, ICA monitored the work on climate rules that was gradually being incorporated by KRAV. ICA also responded to a release circulated by KRAV concerning climate criteria for greenhouses.

Organics in Estonia: Rimi in Estonia participated for the second time in the Green Product project organized by the Estonia Green Movement to increase awareness of organic alternatives. Volunteers helped to post signs to draw attention to organically produced products in stores.

New chemical routines: The EU’s Registration Evaluation Authorisation and restriction of Chemicals (REACH) requires producers and importers of packaging or products to document whether the chemicals they use are

safe for humans and the environment. In 2009, ICA decided to update its guidelines for the quality, environmental and social compliance policy to reflect how it will handle chemicals in its products. Procedures were further improved during the year to ensure compliance with current rules.

Free range beef: ICA has been working with WWF in Sweden since the 1990s to increase the production and sale of free range beef in order to preserve the biological diversity of Swedish pasturelands. In 2009, ICA launched one new product, and the assortment now consists of a total of 13 items. Since the cooperation began around 90,000 acres of pastureland have been restored.

Eco-friendly shopping bags: Together with the design trio Dagmar, ICA Sweden created an eco-friendly cloth shopping bag made of organic, Fair-trade cotton in 2009. SEK ten per bag is donated to WWF’s work on climate change. In Estonia, Latvia and Lithuania, Rimi stores stopped offering plastic bags and instead started offering bags containing 33 percent recycled material. Cotton and paper bags are available for sale.



Energy-saving campaign for frequent customers: In 2009, ICA again ran a campaign in Sweden to offer regular customers better prices on energy-saving light bulbs. When customers use the energy-saving bulbs sold during the year instead of conventional incandescent bulbs, carbon dioxide emissions will be reduced by an estimated 18,300 tons.

ICA’s response to inspections in 2009

Red marked fish: The media, environmental organizations and customers have all expressed great interest in sustainable fishing. For example, ICA was the subject of an investigation by Swedish Television’s program “Uppdrag granskning” on the sale of Norwegian farm-raised salmon. During the first half of 2009, ICA Sweden’s assortment included two red marked products (“avoid”) according to WWF’s fish guide: plaice and prawns. As for the latter, ICA decided to remove the product from its main assortment. Plaice, which to date has been the only red marked species sold under the ICA brand name, was approved by the Marine Stewardship Council (MSC) during the summer thus given a green light (“recommended”) by the WWF. (Read more about sustainable fishing in the article on page 41.)

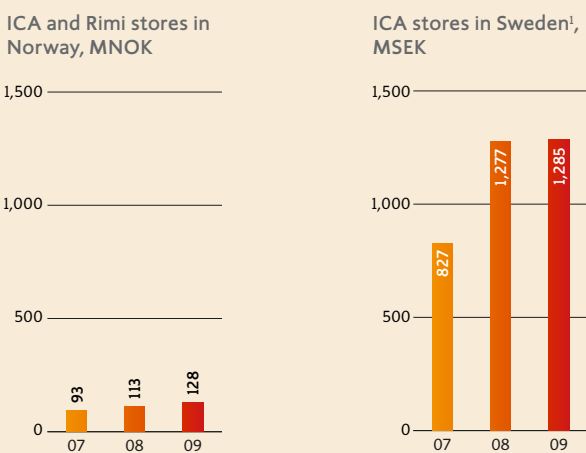
Palm oil: In its Palm Oil Buyers’ Scorecard for 2009, WWF assessed around 60 European importers and supermarket chains. Among retailers, ICA wound up in the middle and was given 14 points out of a possible 29, a definite improvement from previous levels and far ahead of its Swedish competitors. In total, ICA received two palms out of three possible on WWF’s scale. See also the text above on ICA’s decision regarding RSPO-certified palm oil in private label products.

Environmental responsibility in logistics and transports

How ICA takes responsibility

To further improve transport efficiency by more fully loading trucks and having fewer drive empty-handed, ICA in Sweden is trying to take over its suppliers’ shipments to warehouses. Even if this means that ICA’s direct climate impact from transports the last years has increased, the overall effect is reduced. This is because trucks that drop off goods in one store can stop at the supplier to pick up other goods on the way back to ICA’s warehouse instead of driving empty.

Sales of organic products



¹ Total sales of organic products are higher, since these figures include only products supplied from ICA’s central warehouse, not those that each ICA store purchased directly from local suppliers, for example.

Climate work was important focus during the year

For ICA, 2009 was highlighted by its efforts to reduce the impact of climate change. Among other things, CEO Kenneth Bengtsson had the opportunity to tell UN Secretary General Ban Ki-moon about ICA's challenge to its retailers to switch to renewable electricity.

In December 2009, the world's attention turned to Copenhagen and the summit on climate change, where the goal was to sign a treaty to succeed the Kyoto Protocol. The road to the summit was lined not only with tremendous media coverage, but local initiatives and activities by the business sector as well. ICA pledged its support for several campaigns, including the UN's Seal the Deal. Another important petition it signed was the Copenhagen Communique on Climate Change, where over 500 global companies showed their support for a more effective climate agreement.

ICA has had a climate strategy since 2007, with an overriding objective to reduce its direct and known greenhouse gas emissions by 30 percent by 2020. This objective was complemented in 2009 with two additional targets, one of which was to cut emissions by 10 percent in 2009 compared to 2006. ICA accomplished this goal mainly through efficiency improvements and the use of renewable electricity in stores.

In May 2009, CEO Kenneth Bengtsson had the chance to personally discuss ICA's climate work with UN Secretary General Ban Ki-moon. During the meeting, held in Copenhagen at the World Business Summit on Climate Change, Kenneth Bengtsson emphasized the challenge to independent ICA retailers to convert to renewable electricity as soon as 2009.

About 40 percent of ICA's Swedish stores already use renewable electricity, and many more are positive to the initiative.

"If ICA retailers are successful, we will reduce our carbon dioxide emissions by 30 percent and meet the climate targets ten years earlier than expected," says Kenneth Bengtsson.



To reduce total mileage, ICA is working continuously to raise efficiencies in infrastructure and distribution. Ensuring that trucks are well-filled, make as few starts and stops as possible, and have carefully planned routes is obvious. ICA is also trying to shift more shipments from road to rail. In the Baltics, the number of goods transports decreased during the year due to the prevailing market conditions.

ICA currently does not own any trucks, with the exception of Norway, where it uses some of its own trucks and leases others from partners. ICA's partners have long been subject to environmental requirements. ICA Norway is working to minimize road transports and is transitioning as many shipments as possible to rail, to reduce the number of trucks that have to drive empty after making deliveries and to better utilize leased vehicles. ICA's drivers and subcontractors practise eco-driving.

In Sweden, ICA requires that alternative fuel is blended with diesel, that trucks use tires with low rolling resistance, that there is no unnecessary wind resistance on the vehicle and that drivers practice eco-driving techniques, in order to reduce fuel consumption and environmental impacts. Using the latest engine technology in trucks and alternative fuels further reduces emissions and climate impact. ICA requires trucking companies to report this. ICA Sweden audits its trucking contractors each year to ensure that its environmental requirements are met. In 2009 the audits were conducted by outside parties. Multiple deviations were found with every trucking company except one, which followed ICA's requirements exactly. The truckers have had to report back with action plans, which ICA has evaluated and approved. The most frequent issues were that they had not properly monitored speeds, had poor self-inspections and documentation whether tire pressure was being regularly monitored, and that they had not provided all new employees with eco-driving training. (See the tables on page 46-47 for more details.)

What ICA is doing regarding business travel

ICA has guidelines for choosing company cars. In 2009, the number of eco-friendly cars in ICA Sweden's fleet increased from 31 to 38 percent. In 2008, ICA Sweden joined a green car pool that offers an environmentally friendly alternative to taxis. ICA's central leasing agreement steers drivers toward eco-friendly choices. In Sweden and Norway, the number of video conferences increased by seven percent and the number of teleconferences by three percent, while air travel decreased by about 20 percent during the year. (See the tables on page 46-47 for more details.) Beginning in 2008, ICA began buying carbon offsets for its air travel for bookings through the main travel agency. The money is helping to finance wind power turbines in China. The offsets are purchased continuously according to the CDM Gold standard (which basically means that ICA meets the requirements of the Kyoto Protocol's Clean Development Mechanism for greenhouse gas-reducing measures in developing countries).

Important measures in 2009

Climate-Neutral Goods Transport: ICA Sweden has been a member since 2009 of KNEG - Climate-Neutral Goods Transport - an alliance working to reduce the climate impact of goods and transports.

Fossil-free in Stockholm: ICA is taking part in a project to test fossil-free distribution in Stockholm. In 2009, three vehicles were prepared for testing in early 2010.

Environmental and traffic safety: As of 2009, all vehicles that drive for ICA Sweden must be equipped with alcohol locks. An audit conducted in the summer 2009 showed that nearly half of the freight forwarders it uses did not have alcohol locks on their trucks, as required. They are scheduling times to install locks as needed.

Beverages by rail: The large part of beverage transports in Sweden are shipped by rail. During the year, ICA Sweden worked closely with state-owned Jernhusen, which is building a terminal beside ICA in Västerås. The idea is to incorporate ways for ICA to use rail shipments into the design.

Future strategies: ICA Sweden took part during the year in the Transport 2030 project overseen by the Royal Swedish Academy of Engineering Science to create strategic guidelines for transport work.

Environmental responsibility in warehouses and store operations

How ICA takes responsibility

Warehouses and stores account for a large share of ICA's total environmental impact because of the energy they consume. Carbon emissions from stores and warehouses decreased as more switch to renewable electricity. All of ICA's warehouses in Sweden and around 40 percent of the Swedish ICA stores use renewable energy. During 2009 all warehouses in Norway switched to renewable electricity. (See page 46 for more details.)

When choosing cooling agents, ICA looks for those with the lowest environmental impact. Unlike synthetic cooling agents, natural alternatives have little or no impact on the ozone layer and do not increase greenhouse gas emissions.

In Sweden, ICA is participating in a nationwide energy research project along with the Swedish Energy Agency, the Royal Institute of Technology and the Swedish National Testing Institute to verify known and the new energy-saving solutions. For example, measures are being taken of systems that use natural cooling agents, and energy-efficient systems are being evaluated for environmentally sustainable stores.

ICA's stores and warehouses also have an environmental impact through the waste they produce. ICA tries to maintain high recycling rates in both. At warehouses in Sweden, ICA sorts all waste, thanks to which no less than 98 percent is recycled instead of ending up in a landfill.

Important measures in 2009

Earth Hour: During the year, ICA participated in WWF's Earth Hour campaign, a global action to highlight climate change, by reducing lighting in a number of warehouses, offices and stores. ICA also encouraged its customers to turn off their lights for one hour for the sake of the environment.

Energy-efficient stores: ICA Sweden launched an energy-savings project during the year to reduce consumption in stores. The first step was to install a system to measure consumption in various parts of the store on an hourly basis. Measurements and analysis are needed to gain knowledge and inspire employees to reduce their consumption. Several stores are also receiving help from an energy consultant to conduct a total energy audit and devise an action plan for improvements. The goal in 2010 is to reduce energy use in stores by 10 percent compared with 2007, but for many stores the potential is much greater. The great thing about energy efficiency measures is that they benefit both the environment and the store's bottom line.

Develop control systems: In Norwegian stores, ICA uses the CoolICA system, which monitors energy consumption and temperatures; 406 stores have now installed in the system. In the Baltic countries, an Automatic Monitoring System (AMS) is used to monitor temperatures in refrigerators and freezers.

Lids and doors on refrigerators and freezers: ICA is working continuously to place lids on freezers, doors on refrigerated cases or air cur-

Efficient model at new Maxi ICA Hypermarket in Östersund

The new Maxi ICA Hypermarket in Östersund is a good example of ICA's efforts to reduce greenhouse gas emissions. The store has lids on most of its refrigerated cases, 100 percent natural cooling agents and a heat pump for energy recovery. As a result, its refrigeration equipment consumes 35 percent less energy than comparable stores, and the whole store saves 130 tons of carbon dioxide equivalents per year. This is equal to the energy consumed by 70 normal Swedish homes in one year. Economically, this represents a savings of about SEK 35–40,000 per month for the store.



tains on refrigerators and freezers. The project was expanded in Sweden in 2009. In Norway, refrigerator and freezer cases have been equipped with lids and doors in connection with the renovation of Rimi stores. Refrigerators and freezers are also being upgraded in the Baltic countries in connection with the rebranding of the Supermarket store profile. (See the article on page 19.)

Transition to renewable electricity: ICA offers all Swedish ICA retailers renewable electricity for their stores. In May, ICA's CEO challenged Swedish retailers to switch to renewable electricity in order to more quickly achieve the Group's climate goal. Since the challenge was issued, a slight increase in renewable electricity has been noted. The Maxi format has made the conceptual decision that all of its stores will use renewable electricity. Two thirds of the stores have it already, and the remaining third will switch as soon as their contracts allow. In some cases where a store is part of a large shopping center, it can take a little longer to achieve, since the property owner must be involved.

Eating soon is smart: ICA Maxi's concept, "Eat it soon" offers customers products that would otherwise go to waste at low prices. (See the article on page 20.) ICA Norway has introduced a similar concept called "50 percent," where products due to expire are discounted by 50 percent. Customers get a better price and ICA Norway reduces waste.

Throw out less: During the year, many new ideas were offered to reduce shrinkage and the amount of edible food thrown out by stores. Examples include ICA stores that offer prepared lunches with short expiration dates and sell less-than-perfect produce to a reduced price. (See the article on page 20.)

Replace lighting: ICA is continuously replacing older lighting in stores with more modern, efficient alternatives that consume less energy. The savings can reach as high as 50 percent, which can reduce energy consumption for an entire store by around 10–15 percent. The project, under way in both Sweden and Norway, received an environment award in September. This in turn has led to greater publicity, which is evident by the increased number of stores that are interested in similar measures.

Swan-labeled stores: In Sweden, a decision was made that all Maxi and Kvantum stores must be labeled according to the Nordic Swan. All stores in the ICA Supermarket format will be certified over time. During the year, the number of Swan-labeled ICA stores in Sweden increased, mainly in the Supermarket format, from 117 to 168.

Number and share of Swan-labeled ICA stores

	2009	2008	2007
Sweden, number (share)	382 (28%)	326 (24%)	269 (20%)

Risks and opportunities with climate change

Change

New laws

Risks

Society's growing awareness of climate change is likely to result in new laws and regulations that in turn affect ICA's operations financially and physically. ICA is continuously monitoring these issues in order to be ready to quickly adapt. Emissions limits on goods transports, taxes leading to more expensive fossil fuels and society's transition to renewable energy sources are among the most important areas right now.

Opportunities

Challenges give rise to new ideas. The climate change debate is likely to lead to stricter limits on carbon dioxide emissions from transports. This in turn increases the need for environmentally friendly solutions such as more rail transports. New technology is also being developed for new demands, which provides opportunities for eco-friendly solutions. For example, a possible tax on synthetic cooling agents would steer development toward more eco-friendly alternatives in everything from transports to refrigeration systems in stores.

Physical changes

The physical risks that climate change could cause – temperature changes, drought, floods, etc. – affect everyone in society. For ICA, it means that access to various crops could change over time due to new growing patterns, for example. Goods transports could be affected if extreme weather conditions were to change access to certain areas. New store openings by the Group could also be affected. Flooding in certain areas, for example, would be a risk that would have to be considered in such decisions. Reduced access to fossil fuels also represents a potential risk if ICA cannot handle the transition of its operations to renewable fuels.

As customers increasingly demand products adapted to climate change and environmental concerns, ICA can find new opportunities, e.g., by developing new products or finding locations closer to residential areas, so that customers can bike or walk to the store. Moreover, improved waste management would allow stores to manage their wastes more safely. The attention being given to the impact of food waste on climate change is leading to a greater focus on reducing shrinkage. Through an early transition to renewable energy sources, ICA can ensure that its operations will remain viable even if access to fossil fuels were to decrease. Reducing energy consumption is also a way to save money.

Other changes

Changes in spending patterns due to a growing awareness of climate change could constitute a risk unless ICA adapts quickly enough to shifting customer demands.

Satisfied customers are an important competitive advantage. By maintaining an open dialogue and being inventive and ambitious, ICA can improve customer relations, which could give it a business advantage.

Transition to natural cooling agents: In 2009, ICA had around 20 stores using 100 percent natural cooling agents, and that number is growing. In other stores using synthetic cooling agents that emit greenhouse gases, ICA has been working for years to minimize the levels in their refrigeration systems. This mainly involves larger stores that use other types of antifreeze such as glycol, which is circulated in the system to reduce the amount of cooling agents. ICA has greatly decreased those amounts in its refrigerators and freezers. Glycol is used as an antifreeze in refrigeration systems in all store profiles except Nära, while carbon dioxide is used for freezers at Kvantum and Maxi. Historically, ICA has been well-positioned in this respect compared with its competition.

Energy-efficient warehouses: ICA's warehouse in Kallhäll, Sweden replaced the antifreeze it uses in 2009, thanks to which energy consumption declined. Other warehouses in Sweden are working actively to reduce unnecessary energy losses. The warehouse in Borlänge replaced

all seals in areas where trucks load and unload goods. Self-closing doors were installed in the recycling station at the warehouse in Västerås to reduce energy losses.

Recycle more: Despite efforts to reduce waste as much as possible, some laws and regulations still do not permit certain types of store waste from being reused or sold. All of ICA's warehouses in Sweden sort wastes for reuse or recycling. In 2009, no less than 98 percent was recycled. Soft plastics can be reused as clear wrap or new plastic bags, while scrap metal can find uses as new metals. A waste analysis was conducted during the year at the warehouse in Borlänge to determine how to utilize the energy concept in its waste in the best way possible.

Check the bag: In Estonia, Rimi participated in "Killerkott tapab," a major campaign to increase awareness of the environmental dangers of plastic bags and show customers the alternatives. Among other things, Rimi offered recyclable bags as well as cloth bags at an inexpensive price.

ICA's energy and material audit

ICA's overriding goal is to reduce environmental impacts at all levels of the Group, from its product range, warehouses and offices, to transports, business travel and stores. ICA's energy and material audit illustrates the Group's energy consumption and use of transports as well as the wastes and air emissions generated. The audit comprises internal operations, which means, for example, that raw materials used in production and waste generated by households are not included.

Energy consumption



Energy consumption in warehouses, MWh

Sweden	07	99,230
	08	90,608 ¹⁾
	09	84,023
Norway	07	24,775
	08	24,453
	09	24,246
Baltic countries	07	16,545 ²⁾
	08	16,633 ²⁾
	09	13,418

1) Updated in 2009 with intrinsic energy use.
2) Also includes electricity use for offices and similar premises.

Energy consumption in stores, MWh

Sweden	07	1,018,050
	08	996,712
	09	875,478 ¹⁾
Norway	07	347,556
	08	368,763
	09	333,501
Baltic countries	07	182,716
	08	183,524
	09	196,694

1) The decrease is mainly due improved methods.

Total energy consumption in warehouses and stores, ICA Group, MWh

07	1,688,871
08	1,680,693
09	1,527,359

Cooling agent consumption, tons

Sweden	07	0.1
	08	0.1
	09	0.3
Norway	07	0.1
	08	0.1
	09	0.2
Baltic countries	07	11
	08	11
	09	10

1) Comprises only warehouses.

Average energy consumption in warehouses, kWh/m²

Sweden	07	251
	08	281 ¹⁾
	09	270
Norway	07	234
	08	222
	09	220
Baltic countries	07	251 ²⁾
	08	217 ²⁾
	09	176

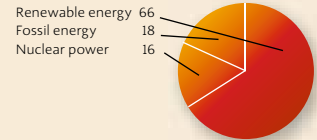
1) Updated in 2009 with intrinsic energy use.
2) Also includes electricity use for offices and similar premises.

Average energy consumption in stores, kWh/m²

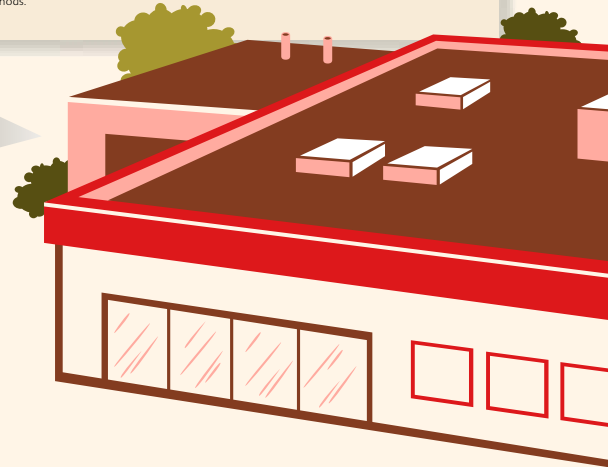
Sweden	07	494
	08	466
	09	406 ¹⁾
Norway	07	556
	08	587
	09	547
Baltic countries	07	443
	08	441
	09	425

1) The decrease is mainly due improved methods.

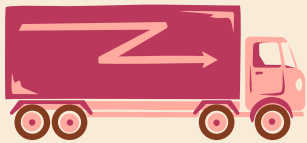
Distribution of ICA Group's energy sources 2009 (electricity consumption in warehouses and stores), %



Energy efficient stores and warehouses
Energy consumption is a priority and the many measures taken in 2009 have led to lower total usage. ICA will continue its efforts to reduce energy consumption, which are positive from an environmental perspective as well as financially."



Transports



Diesel consumption from goods transports between warehouses and stores, thousand liters

Sweden	07	20,744
	08	22,181
	09	26,069
Norway	07	5,175
	08	5,773
	09	5,609
Baltic countries	07	3,701
	08	4,645
	09	4,092

Better transport control

In Sweden, ICA is taking over goods transports from its suppliers so that trucks do not return from stores to warehouses empty. As a result, ICA's transports have increased, but the overall environmental impact has been reduced. ICA's employees in Sweden and Norway are traveling less by air, while travel by train and car has increased slightly."

Business travel by air, thousand km

Sweden	07	15,994
	08	13,461
	09	10,625
Norway	07	4,040
	08	3,400
	09	2,535
Baltic countries	07	n.d.
	08	n.d.
	09	n.d.

Business travel by rail, thousand km

Sweden	07	1,814
	08	1,898
	09	2,153
Norway	07	n.d.
	08	n.d.
	09	n.d.
Baltic countries	07	n.d.
	08	n.d.
	09	n.d.

Business travel by car, thousand km

Sweden	07	6,957
	08	7,176 ¹⁾
	09	7,714
Norway	07	n.d.
	08	n.d.
	09	n.d.
Baltic countries	07	n.d.
	08	n.d.
	09	n.d.

1) Updated in 2009 so that all business travels by car are included.

Emissions



Carbon dioxide emissions from energy in warehouses, tons

Country	07	08	09
Sweden	1,344	984	1,106
Norway	2,477	2,445	30 ¹
Baltic countries	5,470	5,243	3,690

1) Since 2009 all warehouses in Norway have renewable electricity.

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

Country	07	08	09
Sweden ²⁾	141	141	717
Norway ²⁾	369	369	654
Baltic countries	34,238	34,238	38,902

2) Comprises only warehouses.

Total carbon dioxide emissions³, ICA Group, tons

Year	Total emissions (tons)
07	320,376
08	317,145
09	276,529

3) Excluding offset air travel emissions

Carbon dioxide emissions from energy in stores, tons

Country	07	08	09
Sweden	101,805	97,328	48,857
Norway	34,756	36,876	33,350
Baltic countries	55,643	52,958	54,369

Carbon dioxide emissions from business travel⁴ by air and car, tons

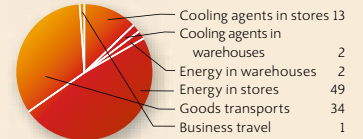
Country	07	08	09
Sweden	5,618	5,049	4,310
Norway	1,134	954	707
Baltic countries	n.d.	n.d.	n.d.

4) Carbon dioxide emissions from business travel by rail in Sweden amount to about 0.01 tons/year. These emissions are not included.

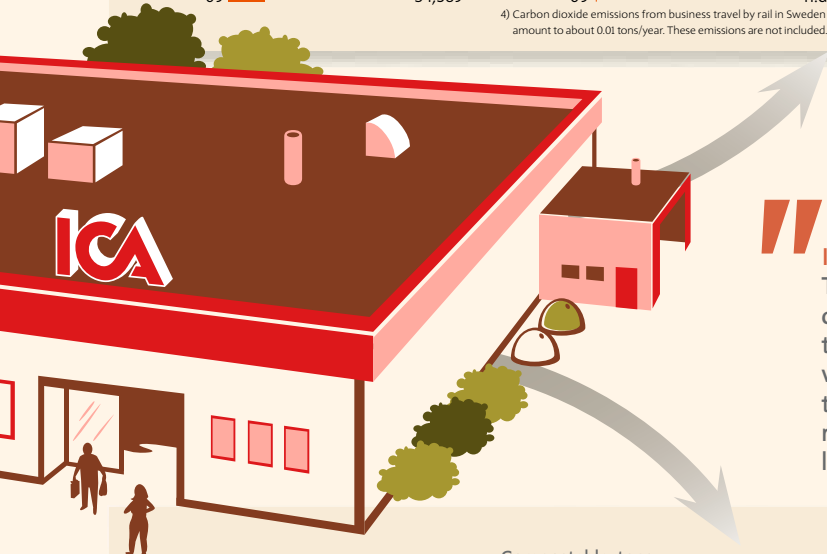
Carbon dioxide emissions from goods transports between warehouses and stores, tons

Country	07	08	09
Sweden	53,934	57,671	67,780
Norway	13,454	15,009	14,584
Baltic countries	9,993	12,542	11,048

Distribution of ICA Group's carbon dioxide emissions³, 2009, %



3) Excluding offset air travel emissions



Lower carbon dioxide emissions
Increased use of renewable electricity helped the Group to reduce CO₂ emissions from energy consumption in stores by 22 percent during the year. As a result, the target to reduce CO₂ emissions by 10 percent in 2009 compared with 2006 was achieved."

Improved waste management
Total waste volumes were reduced during the year as a result of efforts to reduce wastes in stores and warehouses. The goal with regard to the wastes ICA generates is to recycle as much as possible so that less ends up in landfills."

Waste^{1) 2)}



Compostable, tons

Country	07	08	09
Sweden	4,000	4,078	3,724
Norway	n.d.	7,615	7,002
Baltic countries	n.d.	n.d.	1,846

Incinerable, tons

Country	07	08	09
Sweden	2,679	2,592	2,305
Norway	n.d.	6,265	6,434
Baltic countries	n.d.	n.d.	818

Total waste volume, tons

Country	07	08	09
Sweden	10,820	11,171	10,597
Norway	n.d.	29,576	28,906
Baltic countries	n.d.	44,421	33,046

Incinerated waste, tons

Country	07	08	09
Sweden	327	240	197
Norway	n.d.	2,476	1,589
Baltic countries	n.d.	n.d.	18,188

Recovered/recycled, tons

Country	07	08	09
Sweden	3,814	4,261	4,371
Norway	n.d.	13,219	13,882
Baltic countries	n.d.	n.d.	12,194

Recycled, %

Country	07	08	09
Sweden	97	98	98
Norway	n.d.	92	95
Baltic countries	n.d.	27	45

1) Sweden comprises waste from logistics, Norway and the Baltic countries comprise waste from logistics and stores. 2) Updated waste data 2008 for Norway due to erroneous basic data.

Society: Product safety

ICA improves quality work

Safe and secure products are fundamental in order to maintain the trust of customers. In 2009, several measures were taken to further improve product safety. Among other things, ICA continued to analyze conditions in its suppliers' factories and launched a major quality project, "I Care."



ICA's stance on product safety

ICA monitors product safety the whole way from primary producer to customer. Since safety and quality are fundamental to the industry as a whole, this work is often done together with trade associations and other grocery chains. ICA participates in the Global Food Safety Initiative, GFSI, which has created a benchmarking process for food safety management schemes for suppliers.

It is also important that ICA lives up to its own demands, and those of the market, in every part of the product flow. In 2009, a major new project, "I Care," was therefore launched to ensure in the long term that product handling in purchasing, logistics and stores complies with ICA's policies and current laws and standards. (Read more on pages 26 and 34 and below.) The entire product flow is being reviewed in all of ICA's markets and coordinated with related sustainability issues.

All of ICA's suppliers must follow laws, ICA's policies and have approved self-assessment programs. ICA monitors to ensure that requirements are actually followed with the help of audits and questionnaires. With smaller, local suppliers who deliver directly to stores in Sweden, the individual store is responsible for approving the supplier and its products, but receives assistance from ICA's central office with tools to evaluate them.

ish Seal of Quality). ICA also has an agreement with an auditor to keep auditing prices low for small producers, which otherwise would not be able to afford certification. In 2009, more and more producers adopted the standard. All of ICA's main food suppliers for the Swedish market thereby are required to have third-party certification in accordance with a product safety standard. For local food suppliers who deliver directly to stores, there will be a successive third-party certification, with the exception of the very smallest suppliers for which the stores make a determination using ICA's self-assessment.

Quality assurance of private labels

ICA requires its private label suppliers to meet one of the standards recognized by GFSI (see above). These standards cover food safety management systems, HACCP and good manufacturing practices. ICA also makes its own visits to suppliers of especially risky products, such as meats (see article on page 49), and suppliers in high-risk countries such as China. (Read more in the section on human rights on page 56.)

Private label suppliers of cosmetics and hygiene products are required to be certified by BRC Global Standard Consumer Products (BRC CP) or similar standards.

Other private label suppliers of non-foods must be certified according to BRC CP, ISO 9001 or similar standards. ICA also has its own internal quality standard in markets where third-party certification is not yet established or where it feels there are far greater risks with products or factories.

Quality control is done in several steps. ICA's Swedish product quality department tests new and existing private label products based on their appearance, odor, taste, consistency and nutritional content. Product ingredients, nutritional value and other properties are specified in detail in ICA's internal product specification. Products are inspected and approved by the quality department to determine whether they live up to ICA's policies and internal guidelines. The design and content of packaging information are also reviewed and approved. (Read more on page 26.)

Rimi Baltic has substantially increased the number of private label products it sells in recent years and has a separate organization working with the quality assurance of these products. This work includes quality audits of suppliers.

During 2009, a total of around 4,550 tests were conducted, including about 2,330 sensory tests on new and existing products.

Routines for tracing and recalling products

By law, every level in the food chain leading to the store must be able to trace its products one step backward and one step forward. ICA's recall routines are coordinated between countries.

When ICA suspects that a product may pose a health risk to customers, it contacts the responsible supervisory authority, the product is taken off the shelves and a press release is issued.

Quality assurance in ICA's logistics

High quality is maintained throughout the supply chain until products reach ICA's stores. Products are quality assured through self-inspections and active product safety work, including a fully implemented Hazard Analysis and Critical Control Points (HACCP) plan required by law, which describes how the company identifies, assesses and controls food risks.

Quality assurance in stores

In 2009, Sweden's new quality standard for food handling in stores, which ICA played a decisive role in creating, was accepted by Swedac. It is the world's first third-party standard of its kind. (Read more on page 18.)

In Norway, ICA continued during the year to build up a separate department of quality coaches for Norwegian stores. The model is inspired by the Swedish quality standard. Five coaches with different areas of expertise form a team that supports and monitors Norwegian stores in their work with food safety. During the year, 340 hygiene inspections were conducted in stores. In addition to store visits, their tools include forums and a quality handbook on the intranet.

Quality assurance of small-scale food production

Together with the Swedish industry, ICA established a third-party standard for small-scale food production in 2008. Called IP Livsmedelsförädling (IP Food Processing), the standard is owned by Svensk Sigill (Swed-

Recalls 2009

The increased number of recalls in 2009 was due to a greater quality awareness. Private label recalls that customers were informed of by press release affected nine products in 2009. These public recalls involved traces of salmonella and allergens.

Recalled products in the ICA Group

	2009	2008	2007
Total number of recalled products	919	759	683
Of which corporate brand products	440	97 ¹⁾	132 ¹⁾

¹⁾ Comprises only private label-products.

Additives

Food additives were a hot topic in Sweden in 2009. In general, ICA's stance is that additives should be used restrictively and when used should clearly add value for the customer. Additives must always be clearly labeled in the list of ingredients, so that the customer can make informed decisions. (Read more about ICA's work with additives on pages 15 and 34.)

Important measures in 2009

I Care: New project to quality assure and coordinate ICA's product safety between companies and with other sustainability issues to ensure better overall control and monitoring. (Read more above and on page 26.)

Focus on quality in Swedish stores: On May 11, 2009, a new industry-wide Swedish quality standard entered into force. (Read more on page 18.) In 2009, 882 ICA stores implemented it, including 100 that are third-party certified. Certification of ICA stores will continue in 2010. During the year, ICA's quality coaches spent 48,000 man-hours in stores.

Norwegian quality work: In addition to implementing Internal Control Food for quality work in stores, ICA Norway worked with similar issues in its supply chain during the year. A fully implemented HACCP plan is now in place.

Safer Swedish logistics: ICA Sweden conducted a thorough analysis and further improved its self-inspection program to guarantee food safety and quality. Temperature control in food transports was also strengthened.

Review of the content in private label: During the year, the content of a hundred of ICA's private label products was changed. Among other things the salt content was decreased and unnecessary additives, partly hardened fats and palm oil was removed from a number of products. (See the articles on pages 15 and 34.)

Smarter IT tools: ICA Sweden conducted extensive development work on its IT tool, Product Quality Management System, to coordinate the control and monitoring of products and suppliers.

Info on the shelf: 2,500 texts were reviewed as part of ICA Sweden's product information project before the products were placed on store shelves. (See the article on page 21.)

Correct labeling: Information on 3,000 products that are weighed and labeled in stores has been updated and verified. New products are reviewed when introduced.

Stricter requirements on animal welfare in Denmark: See article below.

Hygiene inspections ICA Norway

	2009	2008
Number of hygiene inspections in stores	340	308

Requirements on farmers are key to ICA's animal welfare work

Danish and Swedish pig farmers grabbed the media's attention in 2009 following reports of negligence. What the events also showed was how ICA can make a difference by stressing the importance of proper animal welfare.

Danish and Swedish farmers faced a wave of criticism in 2009. The Danes were first, after the Swedish media reported during the summer that farmers were breaking animal welfare laws by constricting sows for too long in small farrowing pens. Then in November the Swedish Animal Rights Alliance found instances of negligence and poor conditions for pigs raised in Sweden as well.

ICA already has programs in place to inspect the conditions under which both Swedish and Danish pigs are raised. In Sweden, ICA has worked for years to improve and increase farm inspections. Together with the Federation of Swedish Farmers (LRF), it has established standards and systems with third-party audits of Swedish suppliers to ensure that laws are followed. The work by ICA and LRF in this area resulted in a decision by the pork industry to make the same standard mandatory for all Swedish pig farmers.

After the Danish reports of mistreatment, ICA went to Denmark to inspect the conditions under which the pigs live and negotiate new, stricter requirements. The result was a new agreement that sows will be allowed to roam free until they give birth to their young and that they will then be confined for a maximum of five weeks.

It was important for ICA to find a way to continue to buy Danish pork, since Swedish pigs alone cannot meet demand. In an analysis of possible alternatives, Denmark is the country other than Sweden, Norway and Finland that has made the most progress on important issues such as animal welfare and salmonella protection.



Denmark also offers short animal transports and is close to ICA geographically. With this in mind, ICA has decided to stop importing pork from countries other than Denmark. In return, however, it has demanded that its Danish suppliers make continuous improvements in terms of animal health and salmonella controls.

Society: Healthy living

Continued focus on a healthy assortment

The keyhole label celebrated its 20th anniversary and new criteria were added after the standard's introduction in Norway and Denmark. A modernization of ICA Gott Liv was launched, and ICA's "5 a Day" school campaign received international attention. These were among the highlights of ICA's health-related work during the year.

ICA's stance on health issues



Inspiring customers to eat a healthier diet is one of ICA's most important challenges. The goal is to be seen as a leader in inspiring people to eat healthy and offering a range of products for food allergy sufferers. Together with Swedish retailers, ICA is helping individual stores to improve their health image by cooperating with local health planners, dietitians and health coaches. ICA maintains an open dialogue with politicians, authorities, industry colleagues and other stakeholders on how retailers can help to reduce public health problems.

ICA has maintained its own product line, ICA Gott Liv, which is based on a healthy philosophy. Modern, inspiring recipes help customers to eat healthier on a daily basis. Many recipes also carry the keyhole label, which helps customers to find healthy products and recipes. In Norway, ICA successfully introduced shelf labeling in stores a number of years ago, facilitating the launch of a common Nordic standard. In 2009, the number of keyhole-labeled products sold by ICA Norway and ICA Sweden decreased due to a change in the rules for keyhole-labeled products during the year. (See the table on page 51.) Sales of keyhole-labeled products decreased because of this in the Swedish ICA stores. Sales in the Norwegian ICA and Rimi stores increased despite this, which is considered to be due to the active promotion of the keyhole from the Norwegian authorities.

Many customers regard organic products as a healthier alternative, and in that sense the launch of ICA I Love eco in 2008 can be seen as part of ICA's health focus. For example, products that contain synthetic additives can also be considered healthy and therefore contribute to overall opinions of ICA's emphasis on healthy products.

Healthy products

ICA's work with healthy issues is based on official Nordic nutritional recommendations. The development and marketing of fruit, vegetables, seafood and whole grain products has high priority. For several years,



"Buddy with Your Body" campaign attracts international interest

The "Buddy with Your Body - 5 a day" project, a collaboration between ICA and the Swedish Cancer Society, has attracted international interest. For the last year, the project has been part of a larger EU study on how European children can be encouraged to eat more fruit and vegetables.

For the ninth consecutive year, Swedish elementary school students have been invited to attend a lesson on fruit and vegetables in their local ICA store as part of a collaborative campaign by ICA and the Swedish Cancer Society called "Buddy with Your Body - 5 a day," that aims to encourage healthy eating habits early in life. The long-term project even attracted the interest of the EU in 2009, and for the last year has been part of a larger European study, "ProGreens". The EU study is trying to determine how much fruit and vegetables European children eat. The hope is to then identify long-term

strategies to increase produce consumption. ICA and the Swedish Cancer Society are working with the Karolinska Institute on the project. Swedish students from 27 classes are being visited three times in the fall of 2009 and spring of 2010 by staff from the Karolinska Institute and ICA, who are holding lessons and offering surprises related to fruit and vegetables.

"Encouraging people to eat more fruit and vegetables is something we feel strongly about, so it was really rewarding to be able to meet all these children last fall," said Christina Karlsson, dietitian at ICA.

In total, ten countries are included in the study. ICA's training material and inspirational posters from "Buddy with Your Body" have been translated to English and offered to the other countries to use. The initial results of the study are expected in the fall of 2010.

Keyhole-labeled products in ICA and Rimi stores

	2009	2008	2007
Sweden, number (sales trend)	1,373 (-5%)	1,610 (+6%)	1,050 (+17%)
Norway, number (sales trend)	620 (+5%)	900 (-3%)	700 (n.d.)

Food allergies

The number of food allergy sufferers in the Nordic region is on the rise. ICA tries to maintain a wide range of products for them in stores, such as gluten- and lactose-free alternatives. The range of products for customers with food intolerances is continuously growing. In 2009, 93 new products were added by ICA Sweden. Sales increased in both Norway and Sweden. This is because ICA is making these products part of its price-cutting campaigns and in Sweden include them in the personal offerings. ICA always tries to keep the latest products on its shelves, and all recipes it develops are adapted for food intolerances.

Products for allergy sufferers in ICA and Rimi stores

	2009	2008	2007
Sweden, number (sales trend)	586 (+44%)	493 (+7%)	420 (+13%)
Norway, number (sales trend)	127 (n.d.)	140 (n.d.)	133 (n.d.)

Tobacco, alcohol and gaming tickets

ICA is not permitted to sell tobacco, alcohol or lottery or gaming tickets to underage customers in Sweden. It inspects retailers to ensure that they comply with the law by using undercover purchases. ICA Sweden's goal is that stores will properly check IDs at least 85 percent of the time. In 2009, IDs were checked satisfactorily in 86 percent of cases involving lottery and gaming tickets and in 78 percent for tobacco and 80 percent for alcohol. Through continuous information and training for store employees, ICA wants to maintain a high level.

Due to a change in laws, Norway is preparing to ban the open display of tobacco products in stores. ICA is now planning for Sweden to eventually take a similar political decision. The issue was discussed at a meeting of anti-smoking organizations and the Swedish National Institute of Public Health at Almedal Week in Visby, Gotland, in 2009.

Important measures in 2009

Norwegian and Danish keyhole label: In 2008, authorities in Norway and Denmark decided to adopt the keyhole as their official label for healthy foods. The starting date was June 17, 2009. In Sweden, the keyhole label celebrated its 20th anniversary. Over the years, ICA has committed to the labeling scheme and worked actively to spread awareness of the symbol.

Buddy with Your Body – 5 a day: Around 40,000 children participated in last year's campaign, along with about 800 ICA stores. (See article on page 50.)

Gott Nytt Liv: In 2009, work began on a modernization and renewal of the ICA Gott Liv line. The products will be adapted over time to be more inspirational for customers.

Age limits on energy drinks: During the year, an increasing number of Swedish stores introduced an age limit on the sale of controversial energy drinks. ICA has discussed the issue internally and with other food retailers and pushed for an industry-wide agreement. The issue of age limits has also been discussed by the industry in Norway.

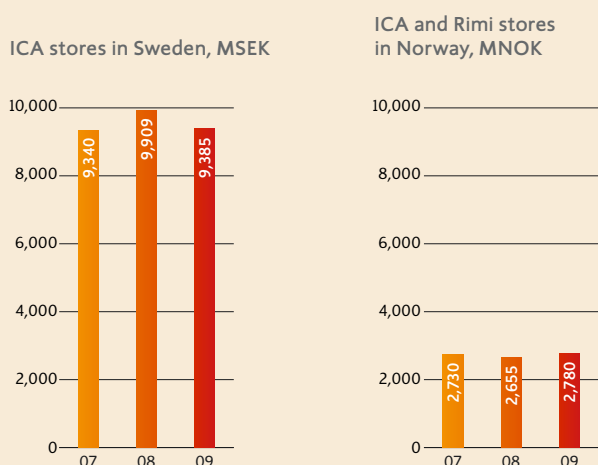
Health measures in the Baltics: Rimi Baltic in Latvia has implemented a number of health-related activities. Among other things, customers have been able to meet physicians in stores and receive nutritional advice on preventing cardiovascular disease. Rimi has also treated children to lunch boxes with tasty, nutritional meals. The boxes, which are designed to be reused, encourage children to bring prepared food to school instead of unhealthy snacks. A large, well-publicized health campaign was implemented in Estonia to increase awareness of the importance of exercise, eating right and sleeping enough. Contests, exercise tips, talks with health experts in stores and online exercise diaries were all introduced. As a result of the campaign, the Estonian Heart Union cited Rimi Baltic as an excellent example of how to promote healthier lifestyles.

Keyhole top 5¹⁾

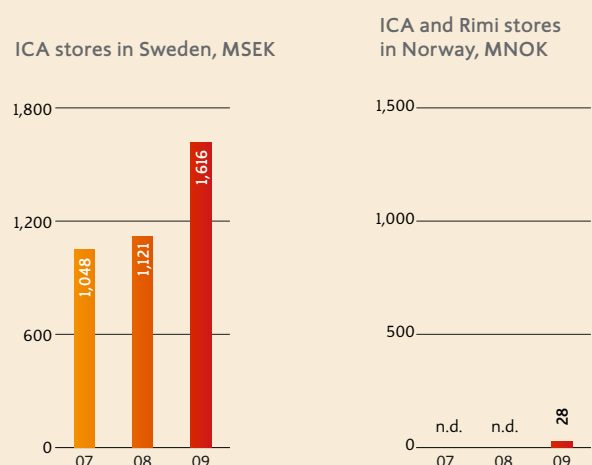
1. Bread
2. Vegetables, fresh packaged
3. Milk
4. Cold cuts, prepackaged
5. Crispbread

¹⁾ Based on sales in Swedish ICA stores.

Sales of keyhole-labeled products



Sales of products for food allergy sufferers



Society: Employees

Value-based leadership

Through its work with leadership based on the Group's shared values, ICA contributes to society's sustainable development while remaining profitable. The emphasis in 2009 was on promoting Group-wide leadership development and informing employees of career opportunities.

**ICA's stance on its role as an employer**

To meet the market's expectations that it accept its responsibility as a major employer, ICA works continuously with policies and guidelines on diversity, gender equality and training. A key to these efforts is to relate leadership to the values expressed in ICA's Good Business. In the years ahead, the biggest challenge will be to motivate and attract the right employees and retain them long-term. To achieve this and further strengthen ICA's employer brand, several measures were taken in 2009. An important focus was on reinforcing ICA's core competencies in sales, product selection and logistics, for example, through ICA Schools in each country. In addition, ICA worked on creating a Group-wide leadership development program to ensure that its future managerial needs are met and to clarify opportunities for personal development and careers within the Group.

ICA uses four cornerstones in its HR work:

Strong leadership: Leadership at ICA is tied to the Good Business philosophy. A value-based leadership strengthens the corporate culture, creating a stronger sense of commitment among employees. ICA is trying to clarify leadership abilities, initiate the right development measures and ensure future access to young leaders. Because leaders work closely with the HR department on issues involving process management, coaching and relationship building, ICA's employees are guaranteed the right treatment, the right compensation, the right skills development and the opportunity for professional development.

Career development and skills management: In the retail sector, rapid changes are an everyday occurrence. Working in a fast-paced environ-

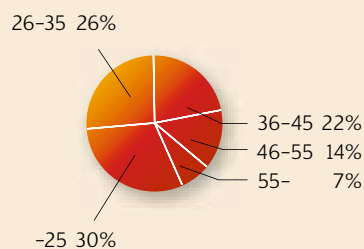
ment provides opportunities for employees to develop. Today there are a large number of professional opportunities within the Group, and efforts are under way to showcase them and show employees how they can grow with ICA. Through training and encouragement, ICA promotes job rotation and helps to meet its recruitment needs. An important part of this work is played by the ICA School, ICA's educational partner, although employee's own motivation and commitment are also contributing factors.

ICA's employees are encouraged to plan and take initiative when it comes to their personal development. The main tool for this is the performance and development reviews employees have with their supervisor.

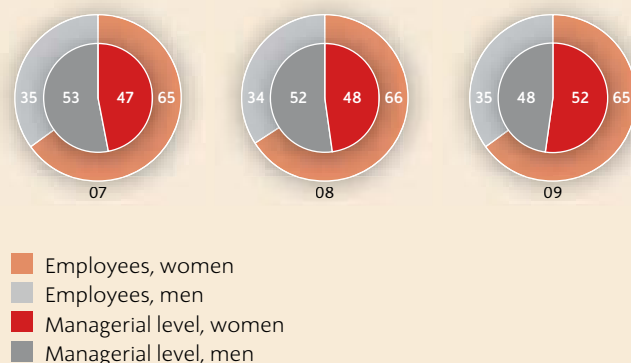
Good work environments: It is important to work actively with occupational health and safety so that the impact is felt in every area of operations. A good work environment is created when leaders and employees work together to make work environments safe and secure. To position itself as a healthy company, ICA has decided to work with early rehabilitation and, most importantly, prevention of disease and accidents. Focusing on preventative wellness not only benefits the company financially, but also helps the individual employee stay healthy. The financial gains are obtained primarily by reducing rehabilitation costs through preventative measures. The purpose of these programs is to provide ICA's leaders with a tool to work effectively with their teams. This requires a dialogue with each employee on health efforts and how they can improve their own health and well-being. Wellness options include massage, naprapathy and on-site occupational healthcare.

Gender equality and diversity: Active efforts are made to promote gender equality and diversity. This impacts ICA's attractiveness as an employer in a positive way. Everyone, regardless of gender, age, sexual preference, religion, ethnic or national background, or disability should have

Share of employees by age group, the ICA Group, %



Gender representation, the ICA Group, %



the same chance of being hired and developing on the job. Sexual harassment and discrimination are condemned in any form and are never tolerated.

Important measures in 2009

ICA's Temperature Survey. In January 2009, ICA conducted its first's Temperature Survey. Nearly 1,400 randomly selected employees in Sweden and Norway participated in the survey. Since this is the first survey of its kind conducted at ICA, the results cannot be compared internally. On the other hand, ICA can compare itself to other companies through its partner, Askus. Results show that ICA is at or above the average in various indexes. The purpose of the survey is to gauge employee opinions on ICA as an employer. To follow up the results, ICA uses an EMI index (Employee Motivation Index) based on success factors such as "Loyalty," "Popularity as employer," "Vision and core values" and "ICA's Good Business." This year ICA's EMI rating was 63 out of 100.

Further performance and development reviews: ICA is trying to increase the number of performance and development reviews and raise their quality. The goal is that all employees will receive a review once a year. According to the results of the Temperature Survey in 2009, 67 percent had a review in the last 12 months. A special template for leaders has been drafted, so that all of ICA's leaders have the same platform for performance management and evaluation of the performance and development reviews. It will be applied in 2010.

Uniform leadership model: In 2009, the focus was on creating a common approach within the Group with regard to ICA's leadership model. One element in this effort is ICA's Leadership and Business Development Program, which was launched during the year. ICA has also begun planning the information measures needed to create understanding of the model. The information will discuss leadership at ICA, as well as the processes and tools available to support leaders on a daily basis.

Career development: There are a number of development opportunities within the Group. The focus during the year was on reaching out to employees to inform them of this through the intranet, which is an important channel. This is a continuous effort, and in 2010 additional activities will be implemented to further draw attention to development opportunities, e.g., a pilot project for career coaching.

Management planning: ICA wants to further strengthen internal career opportunities and eventually become even more self-sufficient in terms of its leadership needs. To support this effort and at the same time ensure that ICA always has the right leaders with the right competence in the right place, and to plan for its leadership needs in the long term, a number of Group-wide systems and processes were developed during the year. A review of the management responsibilities and requirements has been implemented and documented as well.

Cases of discriminations and actions: No cases of discrimination were reported in 2009. In February 2009, ICA was absolved by the Swedish Labor Court in a discrimination case from 2007.

Number of employees

	2009	2008
Parent Company	550	2,009
ICA Bank	264	258
ICA Real Estate	67	n.d.
ICA Sweden	7,870	6,581
ICA Norway	9,490	8,940
Rimi Baltic	10,305 ¹⁾	12,173
ICA Group	28,546	29,961

Employee turnover, %

	2009	2008
Parent Company	5	8
ICA Bank	4	8
ICA Real Estate	2	n.d.
ICA Sweden	4	8
ICA Norway	27	24
Rimi Baltic	24 ¹⁾	52
ICA Group	20	33

Absenteeism, %

	2009	2008
Parent Company	2	2
ICA Bank	4	5
ICA Real Estate	4	n.d.
ICA Sweden	5	6
ICA Norway	8	8
Rimi Baltic	5	6
ICA Group	5	6

¹⁾ The employee turnover in Rimi Baltic decreased during 2009 due to the situation in the country with an increasing rate of unemployment. During 2009 Rimi Baltic decreased the number of full time employees by terminations and shortening of working time.

Share of employees that have undergone e-learning in ICAs Good Business, %

	2009	2008
ICA Sweden and ICA Norway	14	9

(In addition, around 1400 store employees in Sweden have undergone the e-learning).



ICA names Swedish champion in food safety

The Swedish champion in food safety. That's what Cilla Runberg from ICA Supermarket Mathyttan in Långshyttan can call herself after she received the award at the ICA convention in Stockholm, attended by ICA retailers from around the country. The championship was part of a theme stressing ICA's role as a member of the community in good standing. In a close final, she won the SEK 50,000 prize by defeating Ewonne Debruin from ICA Kvantum Skövde and Magnus Lindborg from ICA Supermarket Lycksele, who shared second prize.

Society: Community engagement

Local presence is the key to positive development

Getting to know your neighbors is a fundamental strategy in ICA's efforts to be a positive force in society. In 2009, ICA continued to help small-scale Swedish food producers and local ICA stores to find the right supply chain alternatives. In the Baltic countries, ICA utilized alliances to support local suppliers during the financial crisis.



ICA's commitment to its communities

ICA's aim is to be a positive force in society. A strong local presence is essential in this respect. ICA therefore participates in debates and outside initiatives, in addition to sponsoring and supporting various projects in local communities. The guidelines on relationships with suppliers and partners are contained in a business ethics policy. ICA's new store policy includes guidelines on how and where new stores are opened.

ICA works systematically to prevent ethically questionable incidents and corruption. Business ethics are covered in the ICA Group's overarching risk analysis, where every area of operations is analyzed.

The Group's business ethics policy and guidelines assume that ICA will be managed profitably and with high ethical standards. This includes how managers and employees behave on a daily basis and in contacts with suppliers, competitors and other outside parties.

Employees receive training in ICA's Good Business and related policies and guidelines, including through a web-based program.

ICA and sponsorships

ICA's position is that sponsorships should support the Group's long-term business plan and emphasize food and health, social engagement, environmental protection and sustainable development. Priority is given to projects that benefit children and young adults. A policy governs ICA's commitment to various sponsorships. The policy and guidelines comply with the principles of the International Code of Sponsorship. During the year, a stricter guideline was added to the policy on sports clubs' commitment to combating violence.

ICA and local responsibility

ICA takes local responsibility in several ways. It works with municipalities, regions and authorities to support local communities in connection with new store openings. In Sweden, there is a connection through local ICA retailers, who own their stores and live and work in the local area. By increasing the supply of products from small suppliers, ICA can assist the local busi-



Store security is everyone's concern

ICA's stores provide a setting where large numbers of people meet, from customers and suppliers to ICA's own staff. Preventing accidents and creating safe environments is important.

Safe stores are a high priority for ICA. In Sweden, Norway and the Baltic countries, employees receive training in fire safety, first aid and how to prevent robberies and avoid threatening situations. Each year ICA Sweden conducts around 200 store inspections and investigates any risk of fire, break-ins and other damage. ICA Norway has been working since 2007 to implement a common safety standard for stores and periodically carries out safety audits in all its stores. The aim is to prevent internal and external criminality and create a safe store environment for employees and customers.

In 2009, the number of break-ins and robberies increased in Sweden and Norway, though not in the Baltic countries (see table below). The increase is due to an overall rise in reported break-ins and robberies in Sweden and Norway in recent years. ICA is working hard to provide resources if an ICA store suffers a break-in. Preventative measures are important as well. ICA therefore cooperates with authorities, municipalities, schools and other local retailers.

Number of store robberies

	2009	2008	2007
ICA Sweden	41	35	25
ICA Norway	15	9	1
Rimi Baltic	0	0	1

ness community. (Read more about the Marketplace initiative on page 13.) In Latvia, Rimi stores have strengthened their alliances with local food producers following the financial crisis to support their operations. (See below under important events in 2009).

Services in rural communities are an important area for ICA. In Sweden, ICA acts as an agent for Apoteket, Posten and Systembolaget, the state-run pharmacy, postal and alcohol monopolies. ICA Bank has been working with Kuponginlösen, a clearing organization for discount coupons, since 2008 to provide payment services in rural communities that no longer have access to banking services since Svensk Kassaservice was dissolved. Through local mail carriers, households along 73 rural routes can pay their bills and cash checks. The same service is available to older and functionally impaired residents of rural communities throughout Sweden.

ICA Bank also has an agreement with the Swedish Migration Board to handle payments for asylum seekers. Individuals receive a debit card from the Bank with which they can withdraw cash or make purchases at any ICA store.

ICA is also an active partner in "Arena for Growth," a public-private partnership to promote local and regional growth through collaboration and growth-promoting processes. In urban areas, ICA supports projects that help young people to find jobs in Oslo, trainees in the Göteborg suburb of Bergsjön and handicapped store employees in Rimi Baltic. In addition, a new program in Sweden in collaboration with Samhall provides job opportunities for those with functional disabilities. (Read more on page 25.)

Safe workplaces

ICA's aim is to keep employees safe on the job and to protect customers, property and its businesses from threats and violence.

ICA AB adopted a new Group security policy in 2009 stating that:

- ICA will maintain control over security risks and be a safe choice for customers, employees and partners.
- Risk management will support the company's vision, business objectives and strategies.
- Everyone at ICA will help to promote security.

ICA works systematically with security issues, standards, routines, follow-ups and training. (Read more in the adjacent article.)

Important measures in 2009

Fair play clause: Stricter guidelines were added to the sponsorship policy requiring sports clubs to speak out strongly against violence. ICA requires the clubs it sponsors to work actively with their fans to combat violence.

Room for local flavors: ICA continued to promote small-scale, local suppliers. Read more about Marketplace on page 13.

Support during the financial crisis: In Latvia, Rimi Baltic assisted local farmers and small food producers in many communities by creating farmers' markets free of charge adjacent to Rimi stores. For food producers, it offers a better sales location and bigger customer base. For Rimi Baltic, it means that customers have more local foods to choose from. For more on collaborations with NGO's, see page 58.

"We can do more": Inspired by the Glada Hudik Theater and the methods it uses to give developmentally challenged people a voice and more active role in society, ICA and ICA-handlarnas Förbund have launched a project together with the theater, Samhall and the Swedish Association of Local Authorities and Regions where these individuals obtain meaningful employment in ICA stores. See the separate article on page 25.

Clean up the Baltics: In Estonia, Latvia and Lithuania, nationwide clean-up days were arranged during the year. The introduction of these clean-ups in 2008 has been a hit. Rimi Baltic participated in 2009 by distributing free gloves and garbage bags in stores to anyone who wanted to join in.

Stop black market sales: In Lithuania, Rimi has joined "Baltoji Banga" (The White Wave), an organization that promotes transparency among small businesses and fights white-collar crime. Members pledge to follow special guidelines. Rimi Baltic is also on the board of the organization.

Society: Human rights

Clear improvement following measures in Asia

The opening of sourcing offices in Asia has resulted after only two years in clear improvements in terms of the corporate responsibility of ICA's suppliers. A large number of audits and several training programs have been implemented.



ICA's stance on social responsibility of its suppliers

ICA sells goods from around the world and requires that its suppliers meet ICA's expectations with regard to corporate responsibility and labor conditions in production. The requirements are based on the UN's declaration on human rights, children's rights and the International Labour Organisation's core conventions. In addition to its commitment to the UN Global Compact, ICA supports and complies with other human rights initiatives, such as the OECD Guidelines for Multinational Enterprises, the ICC Business Charter for Sustainable Development and the ICC's principles on countering corruption and bribery.

To monitor and help suppliers in their efforts to meet its requirements, ICA has long used product quality and corporate responsibility audits. This includes third-party audits by independent firms and ICA's own second-party audits. The goal is that all of ICA's suppliers are private label products in high-risk countries will have undergone second- or third-party social audits by 2011.

In 2008, ICA opened sourcing offices in Hong Kong, Shanghai and Ho Chi Minh City staffed by product quality and corporate responsibility teams. Being on location gives ICA a better overview and valuable experience that facilitates cooperations with suppliers. In 2009, sourcing operations were launched in Jakarta, Indonesia, as well.

ing program in Shanghai on social responsibility for food suppliers. In Vietnam and China, suppliers participate in BSCI workshops. Social audits are also used as a training tool, since they give ICA the opportunity to advise suppliers whenever a deficiency is found. On two occasions, ICA has also arranged social responsibility training for suppliers.

Results of audits in 2009:

By year-end, 344 suppliers in Asia and Afrika had undergone third-party corporate responsibility audits and 246 had received ICA Social Audits.

The most common deficiencies ICA found in its audits in Asia in 2009 were excessive overtime, non-payment of overtime compensation, and health and safety issues. In some cases, the audits identified serious problems with suppliers that ICA chose to stop buying from. At the same time, several suppliers received bigger orders because of audit results and the improvements they have made.

ICA on top when Amnesty assessed Norwegian companies

ICA is one of the best companies in Norway at working with human rights. So said Amnesty International last year in its report on what Norway's largest companies are doing to protect human rights.

In total, Amnesty evaluated what 83 Norwegian companies in various industries are doing in terms of corporate responsibility. As it turned out, they were well aware of the importance of protecting human rights. No less than eight out of ten reported having policies for this purpose. Measures to integrate human rights into day-to-day operations were not as widespread, however. ICA had a head start thanks to its systematic efforts to apply the fundamental values of ICA's Good Business. First, ICA had a better overview of its operations than many others. And secondly, it had a number of concrete measures to its credit, not just policy documents. Overall, this was enough to warrant a top-ten finish.

Bengt-Ove Hagen, quality manager for ICA Norway, is proud of the ranking. "This shows that ICA's long-term sustainability work is actually producing results. By making ethical standards and human rights a natural part of our core businesses, they have permeated our entire corporate culture."

ICA's work with suppliers

Third-party audits

Through one of its owners, Royal Ahold, ICA is a member of the Business Social Compliance Initiative, BSCI, a European non-profit organization that offers a system to audit and improve working conditions among suppliers in high-risk countries. Besides BSCI, ICA approves of a number of other third-party auditing systems.

Second-party audits

The aim is it that all suppliers in high-risk countries will be audited according to BSCI, but since this demands a great deal of time and is not yet well known in all parts of the world ICA also conducts its own audits.

ICA has devised its own method to audit suppliers, ICA Social Audit, with requirements on par with those of BSCI. The combination of its own audits and third-party audits proved to be a successful method in 2009. By using social audits, ICA can help its suppliers to more quickly implement improvements. When ICA discovers deficiencies, an action plan is drawn up and followed up with reaudits.

Training

ICA tries not only to inspect but also work with and support its suppliers in their efforts to improve. Product safety and corporate responsibility training is an important tool. In 2009, ICA arranged a two-day train-

Important measures in 2009

Supplier landscape: ICA continued its supplier landscape project in 2009 to increase transparency in the supply chain. By questioning suppliers, ICA gains a better understanding of exactly where production occurs and the status of quality control systems and environmental work. In high-risk countries, labor conditions are analyzed as well. In Asia, ICA audited its suppliers and the factories where they produce ICA's products. The most common deficiencies were charted (see above).

Fairtrade: Five new Fairtrade-certified private label products were introduced during the year: two flavors of concentrated fruit drink and three cotton products (ICA Fairtrade cotton, ICA Fairtrade pads and ICA Fairtrade pins). During the year, 34 Fairtrade-certified products were launched in the Baltic countries as well. ICA Sweden's sales of Fairtrade products increased substantially during the year while the sales in Norway leveled off.

Fair trade products in ICA and Rimi stores

	2009	2008
ICA Sweden, number (sales trend)	87 (35%)	51 (+61%)
ICA Norway, number (sales trend)	30 (0%)	36 (+26%)



Fairtrade top 5 ¹⁾

1. Bananas
2. Coffee
3. Sugar
4. Confectionery
(mainly chocolate bars and pralines)
5. Tea

¹⁾ Based on sales in Swedish ICA stores.



Grower premium: Part of the cost of Fairtrade and Utz-certified products consists of a premium paid to growers to invest in social projects, such as life insurance and preschools. In 2009, sales of ICA's Utz-certified coffee and Fairtrade private label coffee, bananas and roses generated approximately SEK 2,5 million in premiums.

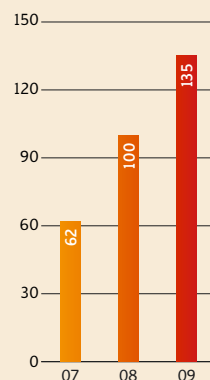
External inspections in 2009:

Toy production in China: SwedWatch and Fair Trade Center followed up an earlier inspection of toy production in China. One of ICA's soft animal suppliers was audited. The results showed an improvement.

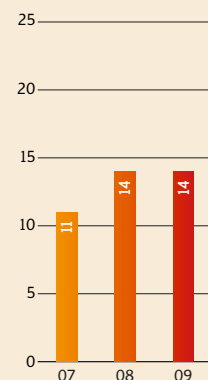
Focus on bananas: In 2009, the Swedish documentary film "Bananas!" received a great deal of attention after accusing Dole, the world's largest producer of fresh produce, of causing sterility among Nicaraguan banana-plantation workers through the use of the pesticide DBCP in the 1970's. ICA does not sell Dole bananas, but still followed up with Dole's European office due to the seriousness of the issue. It also questioned its main banana supplier, Chiquita, about labor conditions, both through meetings and audits on site in Costa Rica. The follow-up showed that the supplier was well-aware of CR issues. ICA stressed that sustainability requirements will remain important from its end.

Sales of Fairtrade products

ICA Sweden, SEK million



ICA Norway, NOK million



Economic development

Cooperations create economic value

It is important for ICA to work closely with charities and other NGOs. The Glada Hudik Theater, the World Childhood Foundation and Blodomloppet road races are good examples of how ICA and its stakeholders can work together to create value.



ICA's economic development

Financial strength and sustainable development go hand in hand. This is evident not least in the basic principles of the Good Business philosophy. ICA tries to achieve profitable long-term growth based on professional ethics and sustainable development and to deliver value to its owners. ICA's economic development is discussed in the financial review and financial statements. Its economic responsibility is covered in several Group policies.

ICA's internal financial policies provide a framework for the Group's financial risk-taking. On pages 8-9 of the annual report is an overview describing the ICA Group's financial, environmental and social objectives and accomplishments in 2009.

Long-term investments

On the one hand, CR work is resource-intensive. Investments are needed, for example, to develop a high-quality product range, new control systems, improved energy efficiency and waste management, better work environments and employee training. On the other hand, many investments not only help the environment and local community but also reduce costs and improve ICA's business in the long term. For example, environmental investments are designed to reduce ICA's resource consumption and environmental impact. But an investment in efficient refrigeration equipment also lowers energy costs for the ICA store. In the same way, it takes investments to develop an organic line such as ICA I love eco, but the products generate additional revenue.

ICA's investment in sourcing offices and its CR work in Asia is another example. Supporting suppliers requires expenditures, but at the same time the direct contact means that ICA can eliminate intermediaries and thereby cut costs.

Cooperations with NGOs that promote issues such as public health, climate change and biological diversity can also be considered an investment. In the long term, ICA also benefits from a healthier world.

Cooperations with charities

Stable profitability and growth help not only ICA and its owners. Through longstanding partnerships with organizations such as the Swedish Cancer Society/Pink Ribbon, the Red Cross, the World Childhood Foundation and WWF, ICA can also help to create value for external stakeholders. (Read the article on the European nutritional study ICA is participating in on page 50.)

Campaigns 2009

"A real Christmas": During a seven-week period in November and December 2009 a holiday campaign was organized to collect money for the World Childhood Foundation's projects. ICA and Childhood have been allied since 2003, and last year's campaign, together with other activities during the year, raised about SEK 10.1 million for the organization. ICA sold the Swedish music group E.M.D.'s Christmas CD, with ten kro-

nor from each copy donated to Childhood, and stuffed animals that customers could buy with reward certificates, with five kronor per animal going to Childhood.



Pink Ribbon/Swedish Cancer Society: For the seventh consecutive year, ICA was the principal sponsor of the Pink Ribbon campaign to increase awareness of breast cancer and the connection between food and cancer, and collect money for Swedish cancer research. In 2009, ICA stores sold the Pink Ribbon and special campaign products such as pink flower bouquets, organic carrots, Swedish pork, Liljeholmen candles, Filofax organizers and a notepad. ICA contributed just over SEK 6 million collected through the sale of pink products in its stores and through donation inserts in the customer magazine Buffé.



Baltic aid: A number of measures have been taken in the Baltic countries to help people who are suffering financially in the aftermath of the financial crisis. Many of the measures are taken locally, while others are cooperations with outside organizations. In Latvia, Rimi Baltic distributes food to a SOS Children's Village. In Lithuania, it was the first supermarket chain to establish a long-term cooperation with the Food Bank. Two successful campaigns were launched during the year where customers were encouraged to donate food at 13 Rimi stores. The food was then distributed to the needy by Food Bank's volunteers. In Estonia,

Economic value generated and distributed, million SEK

The ICA Group	2009	2008	2007
Economic value generated			
Revenues	94,651	90,963	82,326
Distributed economic value			
Cost of goods and services	-84,012	-81,323	-73,012
Economic value (revenues - costs of goods and services)	10,639	9,640	9,314
Salaries and other cash compensations	-6,494	-6,034	-5,374
Taxes and social insurances	-2,154	-1,555	-1,453
Net interest expense	-404	-323	-321
Dividend	-888	-1,084	-958
Retained earnings	699	644	1,208



Rimi Baltic works with the Red Cross and donates food and groceries to the organization's homeless shelter. There is also a cooperation with the Estonian Charity Shalom, which distributes household products, clothing and food that people have donated to the disadvantaged. Rimi contributes food, among other things.

Deposit lottery: Norwegian lottery using the deposit on recyclables. For every krone spent, the Norwegian Red Cross receives 32.5 percent. The lottery is a collaborative effort between ICA Norway, the Red Cross and Olav Thon Group.

Charity boxes: Since 2006, charity boxes have been installed in all Rimi Latvia stores. Supported projects are carefully selected with the assistance of the charity Ziedot.Lv all of them with a focus on supporting children. Donation boxes were also installed in the largest stores in Lithuania in 2009 to collect money for the needy during the holidays.

Blodomloppet 2009: ICA was the chief sponsor of Blodomloppet, a series of Swedish road races, for the seventh year. The number of participants has grown from 14,000 to over 70,000. The races, which are conducted simultaneously in 12 locations around the country, also have an important value by drawing attention to the importance of blood donation.

Charitable donations, MSEK

ICA Sweden	2009	2008	2007
Donations from ICA	12	14	13
Donations from customers, suppliers and employees through ICA	20	13	n.d

GRI-index and Global Compact content



Profile	Reported 2009 Fully/ partly	Page
---------	-----------------------------	------

Strategy and Analysis

1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Fully	3
1.2	Description of key impacts, risks, and opportunities.	Fully	35, 45, 71

Organizational Profile

2.1	Name of the organization.	Fully	introduction
2.2	Primary brands, products and/or services.	Fully	28-32
2.3	Operational structure Introduction.	Fully	introduction
2.4	Location of organization's headquarters.	Fully	cover back
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	introduction
2.6	Nature of ownership and legal form.	Fully	64
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Fully	introduction
2.8	Scale of the reporting organization.	Fully	introduction, 28-32
2.9	Significant changes during the reporting period regarding its size, structure or ownership.	Fully	70
2.10	Awards received in the reporting period.	Fully	38-39

Report Profile

3.1	Reporting period for information provided.	Fully	1)
3.2	Date of most recent previous report (if any).	Fully	1)
3.3	Reporting cycle (annual, biennial, etc.).	Fully	1)
3.4	Contact point for questions regarding the report or its contents.	Fully	34
3.5	Process for defining report content.	Fully	38 1)
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	1)
3.7	State any specific limitations on the scope or boundary of the report.	Fully	1)
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	1)
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Fully	1)
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business measurement methods).	Fully	1)
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	1)
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	60-61
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	Fully	62

1) Reporting principles www.ica.se

Profile	Reported 2009 Fully/ partly	Page
---------	-----------------------------	------

Governance, Commitments and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	64-65
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Fully	66
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	66
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	64-65
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	64-65
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	64-65
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental and social topics.	Fully	64-65
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation.	Fully	35-36, 64-65
4.9	4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles.	Fully	64-65
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Fully	64-65
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	35-36
4.12	Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or endorses.	Fully	35-38, 43
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Fully	35-38
4.14	List of stakeholder groups engaged by the organization.	Fully	36-38
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	36-38
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	37
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	37

Profile	Global Compact principles	Reported 2009 Fully/ partly	Page
---------	---------------------------	-----------------------------	------

Economic Performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	58-59
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	7	Fully 45
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	85, 90-91
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partly	13, 54-55
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Partly	58-59
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Partly	58-59

Environmental Performance

EN3	Direct energy consumption by primary energy source.	Fully	46-47
EN4	Indirect energy consumption by primary source.	Fully	46-47
EN5	Energy saved due to conservation and efficiency improvements.	8	Fully 44-45
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	8, 9	Fully 42, 44-45
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	8, 9	Fully 44-45
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	8	Fully 40-42
EN13	Habitats protected or restored.	8	Fully 42
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	8	Fully 40-42
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations.	8	Fully 40-41
EN16	Total direct and indirect greenhouse gas emissions by weight.	8	Fully 8-9, 46-47
EN17	Other relevant indirect greenhouse gas emissions by weight.	8	Partly 46-47
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	7, 8, 9	Fully 8-9, 40-47
EN22	Total weight of waste by type and disposal method.	8	Fully 46-47
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	8	Partly 42-43, 46

Labor Practices and Decent Work

LA1	Total workforce by employment type, employment contract and region.	Partly	53, 85, 97
LA2	Total number and rate of employee turnover by age group, gender and region.	6	Partly 53
LA12	Percentage of employees receiving regular performance and career development reviews.	Partly	52-53
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	1, 6	Fully 52, 85, 97

Profile	Global Compact principles	Reported 2009 Fully/ partly	Page
---------	---------------------------	-----------------------------	------

Human Rights

HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	1-6	Partly 8-9, 56-57
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	1-6	Partly 53
HR4	Total number of incidents of discrimination and actions taken.	1, 2, 6	Fully 53

Society

SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting.		Partly 54-55
SO2	Percentage and total number of business units analyzed for risks related to corruption.	10	Partly 54
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	10	Fully 53
SO5	Public policy positions and participation in public policy development and lobbying.	1-10	Partly 36-38, 43

Product Responsibility

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	1	Fully 15, 26-27, 48-51
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.	1	Fully 49
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	8	Partly 48-51
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	8	Partly 49
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.		Fully 38
PR6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.		Partly 51, 54

Auditor's review report on sustainability report

To the readers of ICA AB's sustainability report:

Introduction

We have been requested by the executive team of ICA AB to perform a review of ICA AB's sustainability report 2009. Our review is limited to the information related to 2009. Our review covers the sustainability report included in this document on pages 33–62 as well as the reporting principles disclosed on ICA AB's website (www.ICA.se). It is the executive team that is responsible for the continuous activities regarding environment, health & safety, quality, social responsibility and for the preparation and presentation of the sustainability report in accordance with applicable criteria. Our responsibility is to express a conclusion on the sustainability report based on our review.

The scope of the limited reviews

Our review has been performed in accordance with FAR SRS (the institute for the accountancy profession in Sweden) recommendation "RevR 6 Assurance of sustainability reports". A limited review consists of making inquiries, primarily of persons responsible for sustainability matters and for preparing the sustainability report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing standards. The procedures performed in a limited review do not enable us to obtain an assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria used in the course of performing review procedures are based on applicable parts of the "Sustainability Reporting Guidelines, G3 issued by the Global Reporting Initiative (GRI) suitable for the sustainability report, and specific measurement and reporting principles de-

veloped by ICA AB and disclosed on ICA AB's website (www.ica.se). We consider those criteria to be suitable for the preparation of the sustainability report.

Our limited review has been based on an assessment of materiality and risk, among other things included the following review procedures:

- a. an update of our knowledge and understanding for ICA AB's organization and activities
- b. assessment of suitability and application of criteria in respect to stakeholders need of information
- c. assessment of the result of the company's stakeholder dialogue
- d. interviews with responsible management, at group level, subsidiary level and at selected business units with the aim to assess if the qualitative and quantitative information stated in the sustainability report is complete, correct and sufficient
- e. read internal and external documents to assess if the information stated in the sustainability report is complete, correct and sufficient
- f. analytical review of reported information
- g. assessment of the company's stated application level according to GRI's guidelines
- h. overall impression of the sustainability report, and its format, considering the information's mutual correctness with applicable criteria
- i. reconciliation of the reviewed information against the sustainability information in the company's annual report for 2009.

Conclusion

Based on our review procedures, nothing has come to our attention that causes us to believe that ICA AB's sustainability report 2009 has not, in all material aspects, been prepared in accordance with the above stated criteria.

Stockholm, March 4, 2010
Deloitte AB

Jan Berntsson
Authorized Public Accountant

Torbjörn Westman
Expert member FAR SRS

Corporate Governance Report and Annual Report

ICA will be a far-sighted, dynamic company with solid finances and a commitment to environmental and social issues. On the following pages you will find ICA's Corporate Responsibility Report, Directors' report and all the figures for 2009.

Corporate Governance Report	64
Directors' report	70
Income statement - Group	75
Balance sheet - Group	76
Changes in shareholders' equity - Group	78
Statement of cash flows - Group	79
Supplementary information - Group	80
Income statement - Parent Company	94
Balance sheet - Parent Company	95
Changes in shareholders' equity - Parent Company	96
Statement of cash flows - Parent Company	96
Supplementary information - Parent Company	97
Audit report	101

Corporate governance

The Management and the Board of Directors are entrusted to ensure that the demands of ICA's owners and other stakeholders for efficient operational control are met.

Ownership structure

ICA AB is a joint venture 40 percent owned by Hakon Invest AB of Sweden and 60 percent by Royal Ahold N.V. of the Netherlands. Through a shareholder agreement, Royal Ahold and Hakon Invest jointly control ICA AB.

Annual General Meeting

The rules on the Annual General Meeting can be found in the Companies Act and the articles of association. The meeting elects the Board of Directors and auditors and adopts the income statement, balance sheet and proposed appropriation of earnings. Besides the Annual General Meeting, five Extraordinary General Meetings were held in 2009. The Annual General Meeting on April 20, 2009 resolved, among other things, to adopt the income statement and balance sheet for 2008 and to pay a total dividend of SEK 868 million to the shareholders. The Extraordinary General Meetings treated changes on the Board during the year.

Board of Directors and its work

The Board's work follows special rules of procedure adopted at the statutory Board meeting following the election on June 2, 2009. In addition to the items treated in accordance with the Companies Act, the rules of procedure include committee directives and rules on quorums. During the main part of 2009, the Board of ICA AB consisted of seven members and two deputies elected by the Annual General Meeting as well as two members with two deputies appointed by the unions.

The Extraordinary General Meeting on January 26 elected Fredrik Häggglund as a member of the Board.

The Extraordinary General Meeting on March 3 elected Stein Petter Ski as a deputy, succeeding Stig Lundström.

At the Extraordinary General Meeting on May 11, Dirk Anbeek and Per Anders Olofsson stepped down as members of the Board. The number of Board members elected by the Annual General Meeting subsequently amounted to six (6).

The Extraordinary General Meeting on August 20 elected Göran Blomberg and Anders Fredriksson as members of the Board. Fredrik Häggglund was elected as a deputy, thereby stepping down as a full member of the Board. The number of Board members elected by the Annual General Meeting subsequently amounted to seven (7).

At the meeting on November 24, Peter Wakkie announced that he was stepping down from the Board at year-end 2009. Lodewijk Hijmans van den Bergh was named as his successor. The Chief Executive Officer, Chief Financial Officer and General Counsel (Secretary to the Board) are not members of the Board but participate in its work. No fees have been paid to the Board members elected by the Annual General Meeting. The employee representatives have received a fee of SEK 4,000 per meeting. This study fee presently is not based on the results of the Group's corporate responsibility work. During fiscal year 2009 the Board held 13 meetings.

The Board treated, among other things, business strategies, cost-cutting programs and logistical efficiencies, made a decision in principle to launch pharmacy operations in Sweden, and addressed the usual investment concerns involving the store network. As in previous years,

special attention was given to the Norwegian and nonfood operations. In 2009, the Board discussed corporate responsibility issues such as sustainable fishing, healthy foods and socially responsible sourcing. Since 2009/2010 there are no Board members with special expertise in sustainability issues. No separate recommendations have been drafted on the qualifications that Board members should possess in terms of environmental and social issues.

Nomination Committee

ICA does not have a Nomination Committee since the shareholder agreement between its owners gives each the right to nominate their own representatives to the Board.

Board committees

The Board is able to establish committees to complement its work. The committees are subordinate to the Board and report to it on an ongoing basis.

Audit Committee

The Board of Directors has appointed an Audit Committee to monitor accounting and reporting of financial information. The Audit Committee is also responsible for evaluating the Group's systems for internal oversight and control. Among the Committee's other duties are to handle auditing questions from the external and internal audit. The Audit Committee's work is governed in its rules of procedure, which are laid down by the Board of Directors. The Audit Committee consists of two members: John Rishton (Chairman) and Göran Blomberg, who succeeded Claes-Göran Sylvén in August. In addition, assistants to the members, the external auditors, internal auditors and ICA AB's President, CFO and General Counsel normally attend all or part of the Committee's meetings. In 2009, the Audit Committee held four meetings.

Executive Committee

The Board has appointed Claes-Göran Sylvén, John Rishton and Kenneth Bengtsson to an Executive Committee responsible for continuous monitoring of the Group's development. The Committee also prepares issues that will be discussed by the Board and supports the CEO's and other senior executives of the subsidiaries in the implementation and execution of the decisions taken by the Board. The Committee has a mandate to decide on investments that do not require discussion by the Board.

Compensation Committee

The Board has given the Executive Committee a mandate to act as a Compensation Committee to decide on compensation principles for senior executives in Group Management. The President's salary is determined by the Board, however.

Internal control over financial reporting

ICA works with a structure to monitor and safeguard internal control of financial reporting. Risks in the financial reporting are defined and control points have been defined and tested. The results of the tests are reported to the company's management.

Approval of financial reports

The financial reports in this annual report were approved by the Audit Committee on February 11 2010 and by the Board of Directors on February 15 2010.

Auditors

The accounting firm of Deloitte has been ICA's auditor since September 2000 and was reelected most recently at the Annual General Meeting on April 28, 2008 for a mandate period of three years. The company's chief auditor, Jan Bertsson, participated in one (1) Board meeting during the year.

President and other senior executives

The Board of Directors appoints the President and CEO. According to the Swedish Companies Act, the Board's rules of procedure and the President's instruction, the President is responsible for day-to-day management of the company. The President keeps the Board continuously informed on the operations and development of the company and the Group. Together with the EVP/CFO, COO, HR Director of ICA AB, subsidiary CEOs and EVP of ICA Sweden, the President is a member of Group Management, which meets regularly to discuss the company's development and make decisions affecting operations. Group Management is presented on pages 68–69. Compensation for senior executives generally consists of a specific percentage of variable compensation tied to each unit's results and key indicators financially, socially and environmentally.

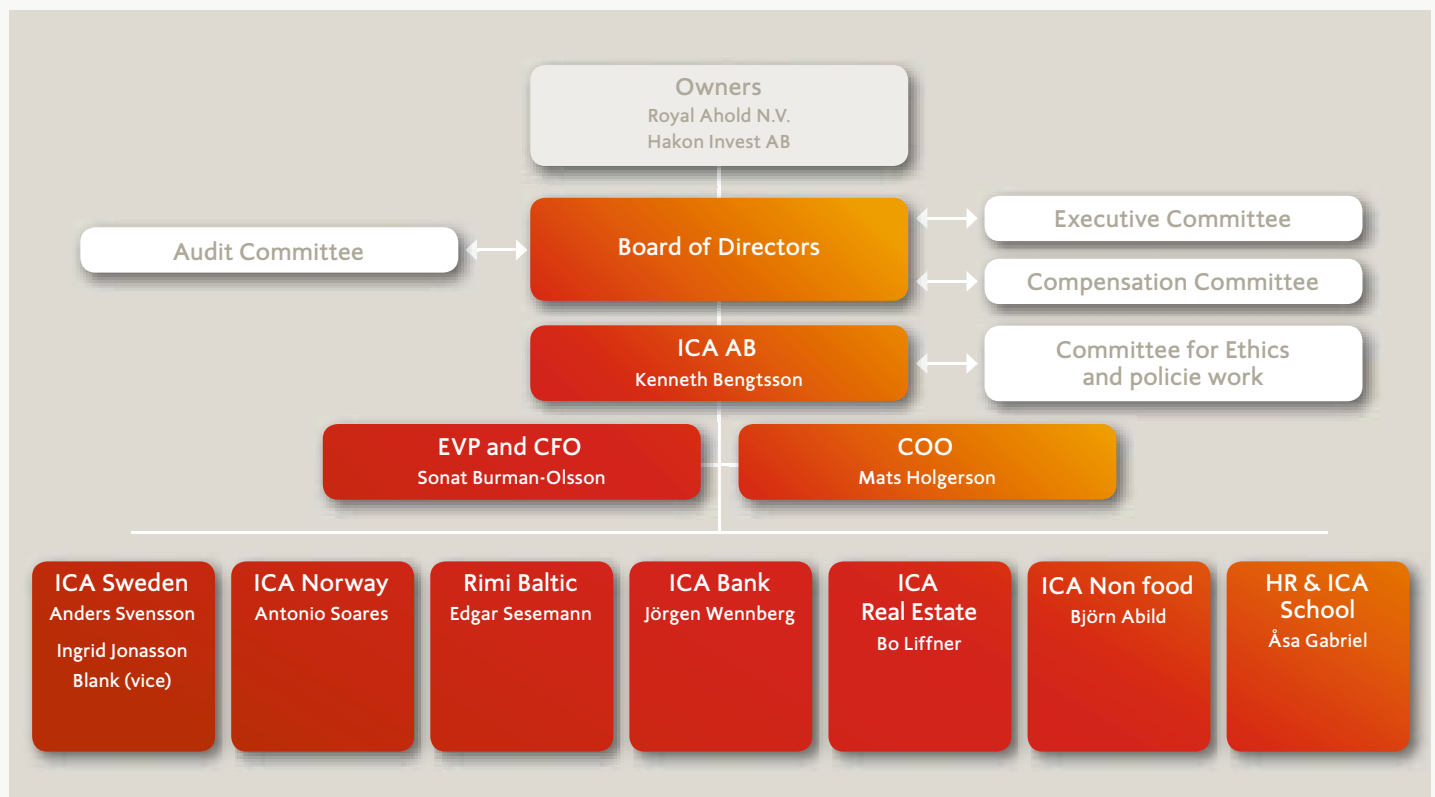
ICA's policies and the Business Ethics Management Team

ICA's Group Management has adopted seven position statements that govern operations. They are called "ICA's Good Business." Policies and guidelines explain how each of these positions is put into practice. The

quality, environmental and social responsibility policy describes ICA's overall position with regard to quality and environment standards by suppliers, socially responsible manufacturing, producer responsibility, local production, product traceability, animal welfare, biological diversity, eco-labeled products, pesticides, packaging and additives. The business ethics policy describes ICA's guidelines for interactions with suppliers and partners, gifts and bribes, fair competition and shareholdings. The personnel policy describes ICA's position on employees. ICA's guidelines on health issues can be found in the health policy. Special policies govern new store openings, sponsorships and information disclosures. In addition, there are a number of financially related policies that govern the Group's financial exposure.

ICA periodically evaluates and revises its policies so that they stay effective and relevant at the operating level. Policy revisions are made by ICA's Group Management, while updates of policy guidelines are issued by ICA's Business Ethics Management Team. The team, which serves as a committee to Group Management, is responsible for following up CR goals and strategies and implementing the policies in operations. It also suggests priorities and monitors ethical dilemmas, risks and public opinion. This cross-organizational team is led by the head of the Corporate Responsibility department.

Read more about ICA's corporate responsibility work and sustainability issues on pages 33–62 and at www.ICA.se.



Board of Directors

Claes-Göran Sylvén ①

Chairman

CEO, Hakon Invest

CEO, ICA-handlarnas Förbund

Born: 1959

Elected: 1999

Other assignments: Chairman of Forma Publishing Group and Svensk Handels Försäkringar. Board member of Svensk Handel and UGAL.

John Rishton ②

Vice chairman

CEO, Royal Ahold

Born: 1958

Elected: 2006

Other assignments: Board member of Rolls Royce Group Plc.

Peter Berlin ③

Board member

ICA retailer

Born: 1960

Elected: 2005

Other assignments: Chairman of the ICA Sweden Advisory Board. Vice Chairman of ICA-handlarnas Förbund and ICA's district board in Malmö.

Göran Blomberg ④

Board member

CFO Hakon Invest

Born: 1962

Elected: 2009

Other assignments: Board member of Rindi Energi.

Dick Boer ⑤

Board member

EVP and COO Europe, Royal Ahold

Born: 1957

Elected: 2006

Other assignments: Co-Chairman of ECR Europe. Chairman of CBL. Member of the Board of Directors for Dutch Retail Trade Commission and Netherlands Retail Trade Platform, the Supervisory Board of the Red Cross Hospital Beverwijk, the European Retail Round Table and the Board of Commissioners for AMS Sourcing BV.

Anders Fredriksson ⑥

Board member

Vice Chairman of Hakon Invest

Born: 1954

Elected: 2009

Lodewijk Hijmans van den Bergh¹⁾ ⑦

Board member

EVP, Chief Corporate Governance Counsel and acting member Corporate Executive Board Royal Ahold

Born: 1963

Elected: 2010

Other assignments: Deputy chairman of the Board of the Royal Concertgebouw Orchestra.

Per Jansson ⑧

Board member

Employee representative, Swedish Commercial Employees' Union

Logistics worker, ICA Sweden

Born: 1950

Elected: 2002

Magnus Rehn ⑨

Board member

Employee representative, Swedish Commercial Employee Union

Team Leader Administration ICA Non food

Born: 1966

Elected: 2007 (former deputy)

Deputies

Elected by the Board

Fredrik Häggglund

Stein Petter Ski

Guy Thomson

Employee representatives

Fatima Andersson

Ann Lindh

¹⁾ Lodewijk Hijmans van den Bergh replaced Peter Wakkie at the turn of the year 2009/2010



Group Management

Kenneth Bengtsson ①

President and CEO, ICA AB,

Born: 1961

Employed: 1999

Other assignments: Chairman of the Swedish Federation of Trade. Board member of the Confederation of Swedish Enterprise, CIES and the World Childhood Foundation

Sonat Burman-Olsson ②

EVP and CFO, ICA AB

Born: 1958

Employed: 2007

Other assignments: Board member of the Third Swedish National Pension Fund

Björn Abild ③

CEO, ICA Non food

Born: 1955

Employed: 2009

Other assignments: Board member of INTO.I and FTS Showbusiness

Åsa Gabriel ④

SVP HR and ICA School, ICA AB

Born: 1959

Employed: 2004

Mats Holgerson ⑤

COO, ICA AB

Born: 1953

Employed: 2008

Other assignments: Board member of Hemtex, Bilia and Dialect

Ingrid Jonasson Blank ⑥

EVP, ICA Sweden

Born: 1962

Employed: 1986

Other assignments: Board member of Forma Publishing Group, the Association of Swedish Advertisers, Bilia and the CIES Summit and Marketing Committee

Bo Liffner ⑦

CEO, ICA Real Estate

Born: 1948

Employed: 1991

Björn Olsson ⑧

Senior vice president communications, ICA AB

Born: 1971

Employed: 2004

Edgar Sesemann ⑨

CEO, Rimi Baltic

Born: 1961

Employed: 1999

Antonio Soares ⑩

CEO, ICA Norway

Born: 1949

Employed: 2002

Anders Svensson ⑪

CEO, ICA Sweden

Born: 1964

Employed: 2009

Other assignments: Board member of Svensk Dagligvaruhandel

Jörgen Wennberg ⑫

CEO, ICA Bank

Born: 1952

Employed: 1979

Other assignments: Board member of the Swedish Bankers Association, member of the Swedish Trade Federation's payment committee and Chairman of Nordic Yacht AB

①



②



③



④



⑤



⑥



⑦



⑧



⑨



⑩



⑪



⑫



Directors' report

ICA AB
Corporate identity number 556582-1559

The Board of Directors and the President of ICA AB hereby present the annual report for the financial year January 1, 2009 – December 31, 2009. All amounts are in millions of Swedish kronor (SEK million) unless indicated otherwise.

Operations

ICA AB is the parent company of the ICA Group, which operates around 2,220 of its own and retailer-owned stores in Sweden, Norway and the Baltic countries. ICA AB maintains its registered office in Stockholm at Svetsarvägen 16, SE-171 93 Solna. The subsidiaries ICA Sverige AB, ICA Norge AS and Rimi Baltic AB are retail companies within various geographical areas. ICA Bank AB offers financial services to Swedish customers and ICA Real Estate's mission is to satisfy the Group's need for the right properties in the right locations in Sweden and Norway.

Financial summary

SEK million	January–December	
	2009	2008
Net sales	94,651	90,963
Operating income	2,713	2,117
Operating income excluding capital gains and impairment losses ¹⁾	2,583	1,905
Operating margin, %	2.9	2.3
Operating margin excluding capital gains and impairment losses, %	2.7	2.1
Income after net financial items	2,309	1,794
Net income for the year	1,587	1,728
Total assets	40,160	39,969
Cash flow from operating activities	3,768	2,982
Equity/assets ratio, %	34.8	32.0
Return on equity excluding ICA Bank, % ²⁾	11.3	13.5
Return on capital employed excluding ICA Bank, % ³⁾	13.5	11.4

1) Excluding capital gains from real estate sales and impairment losses on fixed assets

2) Return on equity = Income after tax as a percentage of average equity. The operations of ICA Bank are excluded from both the income statement and balance sheet in the calculation of return on equity.

3) Return on capital employed = Income after financial income as a percentage of average capital employed. The operations of ICA Bank are excluded from both the income statement and balance sheet in the calculation of return on capital employed.

Important events during the year

- The organizational changes launched within the ICA Group in late 2008 took effect on January 1, 2009.
- In January, the Swedish Tax Agency decided not to grant ICA an extension on the payment of SEK 742 million following the County Administrative Court's ruling in December to disallow interest deductions by ICA Finans AB of SEK 1,795 million for the period 2001–2003. ICA has appealed the decision, but paid the amount in February 2009. The amount has been booked as a receivable from the Swedish Tax Agency.
- In March, Anders Svensson was appointed CEO of ICA Sweden, effective September.
- In April, ICA launched one of its biggest pricing campaigns ever in the Swedish market.
- In May, ICA Eiendom Norway AS sold the Kiellands Hus shopping center, which produced a capital gain for the ICA Group of NOK 40 million during the second quarter.
- In October, ICA announced plans to open its own, full-size pharmacies in a number of large ICA stores around Sweden. The first pharmacies as part of this shop-in-shop concept are expected to open by summer.

- In November, the board of ICA AB decided to begin negotiations on a shutdown of the warehouses in Umeå and Årsta which is part of the work with the long-term infrastructure plan aimed at fewer but larger warehouses. ICA Sweden was charged with an expense of SEK 88 million in the fourth quarter.
- In December, the Swedish Tax Agency denied ICA's interest deductions of SEK 906 million in 2008 on the same grounds as for 2004–2007. ICA has appealed the decision.

Financial year 2009

The ICA Group delivered a strong operating result in 2009 despite the impact from global recession. The strong result was mainly due to the positive performance of ICA Sweden. ICA Norway's reduced loss also contributed to the Group's improved result. ICA Bank and ICA Real Estate are both stable operations that developed well during the year. Rimi Baltic's operating income fell however as a result of the major economic slowdown in the Baltics, but it still managed to strengthen the market position during the year.

ICA Sweden continued its positive trend in 2009. A strong customer offering with several price-cutting campaigns during the year helped to produce a sales increase and a strengthened market position. Higher sales, stable margins, sales growth in private labels, lower costs and improved margins on non-foods, were the main reasons for the improvement in income.

ICA Norway's operating income improved substantially during the year because of an improved gross margin and lower administrative expenses. This shows that the measures put into action to change the company have had an effect and that ICA Norway have progressed according to plan. The conversion of stores to the new Rimi concept has also produced results - the 76 stores that have now been converted reported an average sales increase of about 10 percent in 2009. A lot of hard work remains to be done to increase sales and achieve stable long-term earnings in ICA Norway, but we are headed in the right direction.

The difficult economic conditions in the Baltic countries, with rising unemployment and greatly diminished purchasing power were major challenges for Rimi Baltic in 2009. The market experienced stiff price competition, which in turn kept pressure on margins. Rimi Baltic's sales and operating income both fell during the year under the circumstances. By successfully adapting its costs to market conditions, the company has however managed relatively well. During the year, ICA modernized around 90 discount stores and saw a further increase in customer traffic in the stores. The company's market shares rose in all countries.

A strong 2009, now give us the opportunity to further invest in various types of measures that will benefit customers. Among other things, ICA will add two new business areas in the Swedish market: convenience stores in high-traffic urban areas and pharmacies. The first of two pilot convenience stores will open in Stockholm in March. By the summer, ICA will open the first pharmacies, with the goal of opening around 30 to 40 by year-end. In Norway, another 85 stores will be converted to the new Rimi concept at the same time that other activities will continue in order to accelerate the company's turnaround. In the Baltic countries, ICA will gradually begin to invest again at the same time that ICA continue to adapt to current market conditions. In 2010, ICA will again focus on pricing campaigns and further cost-cuts within the Group.

Income summary

Group

Net sales amounted to SEK 94,651 million (90,963), up 4.1 percent. At constant exchange rates, net sales were up 1.8 percent. Operating income amounted to SEK 2,713 million (2,117). Operating income includes capital gains on real estate sales of SEK 121 million (332) and the net of reversed and recognized impairment losses on fixed assets of SEK 9 million (-120). Operating income excluding capital gains and impairment losses amounted to SEK 2,583 million (1,905). Income after net financial items amounted to SEK 2,309 million (1,794). Net income for the period was SEK 1,587 million (1,728). The decrease is mainly due to higher tax expenses.

ICA Sweden

Net sales amounted to SEK 59,003 million (55,969), up 5.4 percent. Operating income amounted to SEK 2,320 million (1,709). The improvement was due to increased sales, lower administrative and logistical expenses and a better margin in ICA Non food. Logistics efficiency was improved in transports and at distribution units. The year was charged with SEK 88 million for estimated expenses to shut down the distribution units in Umeå and Årsta, which will take place in 2011.

ICA Norway

Net sales amounted to SEK 21,666 million (20,164), up 7.4 percent. In local currency the increase was 3.2 percent. The increase was due to higher sales for comparable stores and the conversion of more franchised stores to Group-owned stores in ICA Norway. The operating loss was SEK -506 million (-719). The full-year was charged with impairment losses on fixed assets of SEK 0 million (40). The operating loss excluding impairment losses amounted to SEK -506 million (-679). The improvement was mainly due to an improved gross margin and lower administrative expenses. The year was charged with expenses to shut down a number of stores, including two Maxi stores.

Rimi Baltic

Net sales amounted to SEK 12,329 million (12,661), down 2.6 percent. In local currency the decrease was 11.8 percent. The operating loss amounted to SEK -109 million (182). The full-year was charged with impairment losses on fixed assets of SEK 24 million (80). The operating loss excluding impairment losses amounted to SEK -85 million (262). The lower result was mainly due to lower sales caused by falling consumption in the Baltic countries as well as higher costs owing to an increase in the number of stores compared to last year. The decline was also due to margin pressure resulting from increased price competition. Profit was affected positively, however, by cost cuts mainly in administration, but also in stores.

ICA Bank

Revenues amounted to SEK 634 million (582), up 8.9 percent. Business volume increased by 7.7 percent (11.1) compared to the previous year. Operating income rose to SEK 132 million (111) mainly due to higher net interest income.

ICA Real Estate

Revenues amounted to SEK 2,095 million (1,969), up 6.4 percent. Operating income amounted to SEK 1,025 million (1,134) and included capital gains on real estate sales of SEK 111 million (332) and the net of reversed and recognized impairment losses on fixed assets of SEK 33 million (0). Operating income excluding capital gains amounted to SEK 881 million (802). The income improvement was largely due to higher rental income and lower personnel expenses.

ICA Group Functions

The operating loss amounted to SEK -149 million (-300) and included capital gains on real estate sales of SEK 10 million (0). The operating loss excluding these items was SEK -159 million (-300). There are no properties remaining in ICA Group Functions following the sale during the year. The change compared to the previous year was largely due to lower personnel expenses, cost savings and a one-time bonus paid to employees in Sweden in 2008.

Net financial items and taxes

The ICA Group's net financial items amounted to SEK -404 million (-323). The change was mainly due to increased interest expenses, lower interest income and fluctuations in exchange rates. The tax expense was SEK -722 million (-66). The change in Swedish tax regulations for intra-Group loans as of 2009 increased taxes by SEK 300 million. The higher tax expense was also due to higher income in ICA Sweden and lower tax-exempt capital gains on property sales.

Financial position

The Group's total assets amounted to SEK 40,160 million (39,969). Total assets have increased mainly due to exchange rate effects, higher business volume in ICA Bank and increased tax assets. Capital employed increased by SEK 495 million to SEK 28,452 million. The equity/assets ratio was 34.8 percent (32.0). The Group's net debt excluding ICA Bank was SEK 1,628 million (2,132) on December 31, 2009.

Statement of cash flows

Cash flow from operating activities increased to SEK 3,768 million (2,982) during the year. Changes in ICA Bank's net deposits, lending and investments affected cash flow by SEK 1,571 million compared with the previous year. Tax payments increased by SEK 1,063 million partly due to a payment of SEK 747 million was paid to resolve a tax dispute for the period 2001 - 2003. Cash flow from investing activities amounted to SEK -1,610 million (-1,916). Cash flow from financing activities was SEK -1,770 million (-1,461). The Group's liquid assets totaled SEK 3,422 million (3,023) on December 31, 2009.

Tax disputes

In 2007, the Swedish Tax Agency disallowed interest deductions by ICA Finans AB of SEK 1,795 million for the period 2001-2003. ICA appealed the decision to the County Administrative Court, which in December 2008 ruled in favor of the Swedish Tax Agency. The Swedish Tax Agency's claim amounts to SEK 747 million, including penalties and interest. ICA is convinced that the deductions made by ICA Finans AB complied with applicable tax laws and has appealed the County Administrative Court's decision to the Swedish Administrative Court of Appeal. The hearing before the Swedish Administrative Court of Appeal is scheduled to take place in April 2010. The claim is recognized as a contingent liability. In January 2009, the Swedish Tax Agency decided not to grant ICA an extension on the payment. ICA paid SEK 747 million in February 2009 and has booked it as a receivable from the Swedish Tax Agency.

In a separate case, the Swedish Tax Agency denied interest deductions of SEK 4,064 million in 2004-2008 to a Dutch Group company. In December, the Swedish Tax Agency decided to deny ICA's interest deductions in 2008 on the same grounds as for 2004-2007. The Swedish Tax Agency's claim amounts to SEK 1,333 million (including penalties and interest). ICA is convinced that the deductions it made complied with tax laws and has appealed the Swedish Tax Agency's decision to the County Administrative Court. The claim is recognized as a contingent liability.

Investments

Investments during year amounted to SEK 1,984 million (2,631) and were distributed according to the table below. Investments in Maxi Östersund and Maxi Hudiksvall, as well as in new IT systems in ICA Norway, exceed SEK 50 million. Investments in the Baltic countries are being made more cautiously given current economic conditions.

Investments	2009	2008
Retail locations	1,541	2,187
Distribution	130	159
Investment properties	54	100
Intangibles	200	120
Other	59	65
TOTAL	1,984	2,631

Operational risks

Operational risks are defined as the risks connected to ICA's operations such as losses due to deficiencies in internal or external events that cause disruptions.

Competition

Competition in the food retail industry is strong. ICA competes with both national and international players of varying size in all of its markets. The inability to compete with these players in terms of price, product range, quality and service would negatively impact the Group's results. ICA tries to remain on the cutting edge in these areas and we listen continuously to our customers to increase our opportunities to meet their needs.

ICA's new store openings are preceded by a thorough market analysis of competitive conditions and demographics. Continuous analysis work can also lead to a geographical redistribution of ICA's stores.

Macroeconomic risks

The macroeconomic risks that ICA can face include an economic downturn where consumers spend less and inflation runs high. The ICA Group is especially exposed to macroeconomic risks through the operations of Rimi Baltic in Estonia, Latvia and Lithuania. These economies have been hard hit since the fall of 2008, and a recovery is difficult to predict.

Sustainability and product safety risks

ICA must continuously adapt to, among other things, growing sustainability requirements at every level of the value chain, legal changes and demands for greater transparency.

Together with more private label products and a growing focus on food quality and safety on the part of authorities and customers, it means that ICA is expected to take greater responsibility for social, quality and environmental aspects in the entire value chain. Unless ICA is able to satisfactorily meet its own objectives goals and the expectations of its stakeholders, there is a risk that this could affect the company's reputation and also its financial position.

ICA is continuously working to meet its corporate responsibilities, including by driving issues such as climate change, energy efficiency, social responsibility in the supply chain, health and well-being, and social engagement. For example, a Group-wide initiative called "I Care" was launched in 2009. Over a three-year period, ICA has the ambition to review its entire product flow in every market, from sourcing to logistics and stores. The aim is to ensure that what we sell and handle lives up to legal re-

quirements and our own demands in ICA's Good Business with regard to quality, health, environmental and social responsibility. In 2009, the new industry standard for food safety in Swedish stores that we initiated in 2007 was finalized. It is the first standard in the world that allows third-party certification, and our stores are now busy implementing it.

Brand risk

The expectations on ICA and our various brands are high. ICA must protect its reputation and brand. Otherwise, it could affect confidence in the company. This in turn could lead to a loss of customers and affect our opportunities to recruit and retain the right competence in the company. We work in several areas to strengthen loyalty to ICA's brands. This includes our banking operations, the ICA card, personalized offerings and digital services. The ICA's Good Business position statements are integrated in the way we conduct operations at every level. Together with our policies and guidelines, they provide guidance on how we act toward our customers, employees and suppliers.

Continuity risks

The ICA Group is dependent on its operational infrastructure, such as for e.g. a functioning IT system, in order to carry out operations effectively and according to plan. A serious disruption in the operational infrastructure could therefore seriously affect operations, e.g., disruptions in deliveries, store operations, payment transactions or administrative operations. Emphasis has therefore been placed on preventive efforts and the organization for continuity management as well as planning for unforeseen events. ICA is also dependent upon retaining a dynamic contract relation, developing over time, with the Swedish ICA retailers.

Financial risk management

The financial strategy of the ICA Group is conservative and focuses on defining and managing financial risks. As the ICA Group includes bank operations the Group has a different risk profile compared with an ordinary retail company.

The Board of Directors is responsible for establishing the financial policy, which governs the Group's financial risk management. Within the ICA Group, financial risks are managed centrally through the Group's finance function. For more information on ICA's risk management, see the notes to the consolidated accounts – Note 21 for Principles of financial risk management and Note 22 for Financial instruments.

Five-year summary

Definitions of key financial ratios:

Capital employed = Total assets less non-interest-bearing liabilities and provisions.

Operating margin = Operating income as a percentage of net sales.

Return on capital employed = Income after financial income as a percentage of average capital employed. The operations of ICA Bank are excluded from both the income statement and balance sheet in the calculation of return on capital employed.

Return on equity = Income after tax as a percentage of average equity. The operations of ICA Bank are excluded from both the income statement and balance sheet in the calculation of return on equity.

Equity/assets ratio = Shareholders' equity as a percentage of total assets.

Five-year summary for the ICA Group	2005	2006	2007	2008	2009
Condensed income statement					
Net sales	71,663	67,395	82,326	90,963	94,651
Operating income before depreciation/amortization	3,248	3,545	4,080	3,753	4,272
Depreciation/amortization	-1,275	-1,248	-1,478	-1,636	-1,559
Operating income before goodwill impairment	1,973	2,297	2,602	2,117	2,713
Goodwill impairment	-15	-	-	-	-
Operating income	1,958	2,297	2,602	2,117	2,713
Net financial items	-287	-251	-320	-323	-404
Income after net financial items	1,671	2,046	2,282	1,794	2,309
Tax	-148	-12	-116	-66	-722
Result from discontinued operations	-	367	-	-	-
Net income for the year	1,523	2,401	2,166	1,728	1,587
Condensed balance sheet					
Intangible fixed assets	1,914	3,447	3,599	3,742	3,940
Tangible fixed assets	12,441	13,232	14,959	15,544	15,755
Financial fixed assets	4,914	3,959	3,368	3,772	3,701
Other fixed assets	49	181	276	424	515
Other current assets	10,493	10,938	11,637	13,464	12,827
Liquid assets	2,920	3,749	3,480	3,023	3,422
Total assets	32,731	35,506	37,319	39,969	40,160
Shareholders' equity	8,386	10,216	12,073	12,796	13,962
Interest-bearing liabilities and provisions	15,774	15,563	14,475	15,161	14,490
Non-interest-bearing liabilities and provisions	8,571	9,727	10,771	12,012	11,708
Total shareholders' equity and liabilities	32,731	35,506	37,319	39,969	40,160
Key financial ratios					
Operating margin, %	2.7	3.4	3.2	2.3	2.9
Return on capital employed, %	12.2	12.9	13.8	11.4	13.5
Return on equity, %	20.4	25.7	19.1	13.5	11.3
Equity/assets ratio, %	25.6	28.8	32.4	32.0	34.8

Human resources

The Group had an average of 20,412 employees (22,023) during the year. The change compared to last year regards mainly the Baltics and is an adjustment to the lower sales volumes.

Through its work with leadership based on the Group's shared values, ICA contributes to society's sustainable development while remaining profitable. The emphasis in 2009 was on promoting Group-wide leadership development and informing employees of career opportunities. ICA uses four cornerstones in its HR work: strong leadership, career development and skills management, good work environments and gender equality and diversity.

Leadership at ICA is tied to the Good Business philosophy. Values-based leadership strengthens the corporate culture, creating a stronger sense of commitment among employees. ICA is trying to clarify leadership abilities, initiate the right development measures and ensure future access to young leaders.

In the retail sector, rapid changes are an everyday occurrence. Working in a fast-paced environment provides opportunities for employees to develop. Today there are a large number of professional opportunities within the Group, and efforts are under way to showcase them and show employees how they can grow with ICA. ICA's employees are encouraged to plan and take initiative when it comes to their personal development. The main tool for this is the reviews employees have with their supervisor. It is important to work actively with occupational health and safety so that the impact is felt in every area of operations. A good work environment is created when leaders and employees work together to make work environments safe and secure.

Active efforts are made to promote gender equality and diversity. This impacts ICA's attractiveness as an employer in a positive way. Everyone, regardless of gender, age, sexual preference, ethnic or national background, or disability should have the same chance of being hired and developing on the job. Sexual harassment and discrimination are condemned in any form and are never tolerated.

ICA's corporate responsibility work

ICA has decided to adopt seven position statements that govern operations. They are called ICA's Good Business and contain positions on ethics and social responsibility. The Quality and Environmental Policy describes the overall attitude towards for example ICA's own supplier control, social responsibility in relation to production, producer responsibility, local production, traceability of goods, animal welfare, biodiversity, environmental labelling of products, pesticides, packaging and additives. The Policy for Business Ethics describes among other things ICA's guidelines for treatment of suppliers and produces, gifts and bribes, competition rights as well as holding of shares.

The Personnel Policy describes ICA's attitude towards its own employees whereas ICA's guidelines for health issues are found in the Health Policy. Specific policies also regulate the establishment of new stores, sponsorship activities as well as ICA's disclosure of information. Furthermore, a number of financially related policies regulating the Group's financial exposure.

"ICA's Good Business" describes the Group's stance on ethics and corporate responsibility and, together with ICA's core values, is essential achieving the Group's vision and mission. ICA will be driven by profitability and high ethical standards.

- ICA will listen to customers and always base its decisions on their needs.
- ICA will nurture diversity and growth among employees.
- ICA will maintain an open dialogue internally and with the community.
- ICA will ensure product safety and quality.
- ICA will promote a healthy lifestyle.
- ICA will adopt sound environment practices to promote sustainable development.

ICA-stores sales during the year

The following tables refer to store sales. In Sweden, this includes Swedish retailer-owned ICA store sales. In Norway, franchise store sales are included. Sales for retailer-owned and franchised stores are not consolidated in the Group.

ICA store sales in Sweden

Store sales excl. VAT	January - December 2009		
	SEK million	Change, all stores	Change, comparable stores
Maxi ICA Stormarknad	25,025	9.4%	6.2%
ICA Kvantum	21,904	3.4%	3.0%
ICA Supermarket	29,588	3.5%	3.7%
ICA Nära	14,155	2.7%	3.3%
TOTAL	90,671	4.9%	4.1%

In 2009 the share of private label sales in Sweden rose from 16.4 percent to 16.9 percent.

ICA store sales in Norway

Store sales excl. VAT	January - December 2009		
	NOK million	Change, all stores	Change, comparable stores
ICA Maxi	3,172	5.7%	2.8%
ICA Supermarked/ ICA Nær	9,475	1.9%	0.6%
Rimi	7,734	0.5%	3.1%
TOTAL	20,381	1.9%	1.8%

In 2009 private label sales in Norway decreased from 9.5 percent to 9.3 percent.

ICA store sales in the Baltic countries

Store sales excl. VAT	January - December 2009		
	EUR million	Change, all stores	Change, comparable stores
Estonia	358	-8.4%	-14.6%
Latvia	558	-13.2%	-15.4%
Lithuania	238	-13.5%	-19.3%
TOTAL	1,154	-11.9%	-16.0%

In 2009 private label sales in the Baltics increased from 6.7 percent to 9.3 percent.

Number of stores

ICA stores in Sweden, including retailer-owned stores

Store profile	December 2008		December 2009	
	New	Converted	Closed	
Maxi ICA Stormarknad	66	2	1	69
ICA Kvantum	117	3	-1	118
ICA Supermarket	454	3	-7	444
ICA Nära	732	2	7	728
TOTAL	1,369	10	0	1,359

ICA and Rimi stores in Norway, including franchised stores

Store profile	December 2008		December 2009	
	New	Converted	Closed	
ICA Maxi	26	1	-2	25
ICA Supermarked/ ICA Nær	357	1	-16	340
Rimi	253	2	-10	247
TOTAL	636	4	0	612

Number of stores in Baltic countries

Country	December 2008		December 2009	
	New	Converted	Closed	
Estonia	74	4		78
Latvia	97	5		102
Lithuania	62	6	-2	66
TOTAL	233	15	-2	246

ICA AB

ICA AB includes three Group-wide functions for Finance, Marketing and Supply Chain. From January 2009 the functions within Marketing and Supply Chain have been moved to the subsidiaries. ICA AB's net sales during the year amounted to SEK 39 million (888) with income after net financial items of SEK 143 million (610).

Board of Directors and Management/Board's rules of procedure

The Board's work follows special rules of procedure adopted at the statutory Board meeting following the election on June 2, 2009. In addition to the items treated in accordance with the Companies Act, the rules of procedure include committee directives and rules on quorums. In 2009, the Board of ICA AB consisted of seven members and two deputies elected by the Annual General Meeting as well as two members with two deputies appointed by the trade unions. On January 26 Fredrik Häggglund was appointed member of the Board. On March 3 Stein Petter Ski was appointed deputy director replacing Stig Lundström. On May 11 Dirk Anbeek and Per Anders Olofsson resigned as members of the Board. On August 20 Göran Blomberg and Anders Fredriks-

son was appointed members of the Board, Fredrik Häggglund resigned from the Board and was appointed as deputy. On December 30 Lodewijk Hijmans van den Bergh was appointed member of the Board. All members appointed by the Annual General Meeting are affiliated with the owners of ICA AB. The Chief Executive Officer, Chief Financial Officer and General Counsel (Secretary of the Board) are not members of the Board but participate in its work. During the fiscal year 2009, the board held thirteen meetings. Among other things, it treated issues regarding strategic plans, cost efficiency programs, efficiency within logistics, making a decision in principal regarding pharmacy operations in Sweden, as well as the usual investment concerns involving the store network. Special attention was given to the Norwegian operations and non-food operation.

Board committees

The Board is able to establish committees to complement its work. The committees are subordinate to the Board and report to it on an ongoing basis.

Audit Committee

The Board of Directors has appointed an Audit Committee to monitor accounting and reporting of financial information. The Audit Committee is also responsible for evaluating the Group's systems for internal oversight and control. Among the Committee's other duties are to handle auditing questions from the external and internal audit. The Audit Committee's work is governed in its rules of procedure, which are laid down by the Board of Directors.

The Audit Committee consists of two members: John Rishton (Chairman) and Göran Blomberg since August replacing Claes-Göran Sylvén. In addition, assistants to the members, the external auditors, internal auditors and ICA AB's President, CFO and Chief Counsel (Secretary of the Audit Committee) normally attend all or part of the Committee's meetings. In 2009, the Audit Committee held four meetings.

Executive Committee

The Board has appointed Claes-Göran Sylvén, John Rishton and Kenneth Bengtsson to an Executive Committee responsible for continuous monitoring of the Group's development. The Committee also prepares issues that will be discussed by the Board and supports the COO's and other senior executives of the subsidiaries in the implementation and execution of the decisions taken by the Board. The Committee has a mandate to decide on investments that do not require discussion by the Board.

Compensation Committee

The Board has given the Executive Committee a mandate to act as a Compensation Committee to decide on compensation principles for senior executives in Group Management. The President's salary is determined by the Board, however.

Internal control over financial reporting

ICA works with a structure to monitor and safeguard internal control of financial reporting. The risks in the financial reporting are defined and key control has been defined and tested. The results of the tests are reported to the company's management.

Approval of financial reports

The financial reports in this annual report were approved by the Audit Committee on February 11 and by the Board of Directors on February 15, 2010.

Proposed appropriation of earnings

The following funds are at the disposal of the Annual General Meeting (SEK):	
Retained earnings	9,952,733,522
Net income for the year	120,818,791
Total	10,073,552,313

The Board of Directors and the President propose that the earnings be distributed as follows:

To the shareholders, a dividend of	1,566,000,000
Carried forward	8,507,552,313
Total	10,073,552,313

The proposed dividend conforms to the agreement between the shareholders, which states that the annual dividend will amount to at least 40 percent of net income for the year. The Group's equity/assets ratio following the dividend is 30.9 percent.

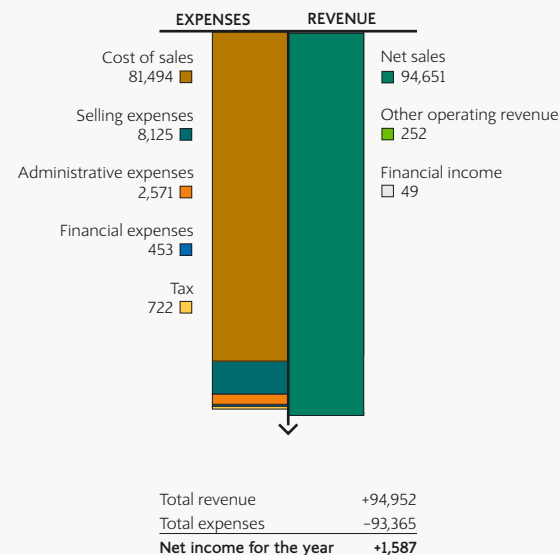
Income statement - Group

(SEK million)	Note	2009	2008
Net sales	2	94,651	90,963
Cost of sales	3	-81,494	-78,825
Gross profit		13,157	12,138
Selling expenses	3	-8,125	-7,676
Administrative expenses	3, 5	-2,571	-2,798
Other operating revenue	6	252	461
Share of net income of associated companies	13	0	-8
Operating income	2, 4, 7, 8	2,713	2,117
Financial income		49	95
Financial expenses		-453	-418
Net financial items	9	-404	-323
Income after net financial items		2,309	1,794
Tax	10	-722	-66
NET INCOME FOR THE YEAR		1,587	1,728
Attributable to:			
Parent Company's shareholders		1,566	1,735
Non-controlling interests		21	-7

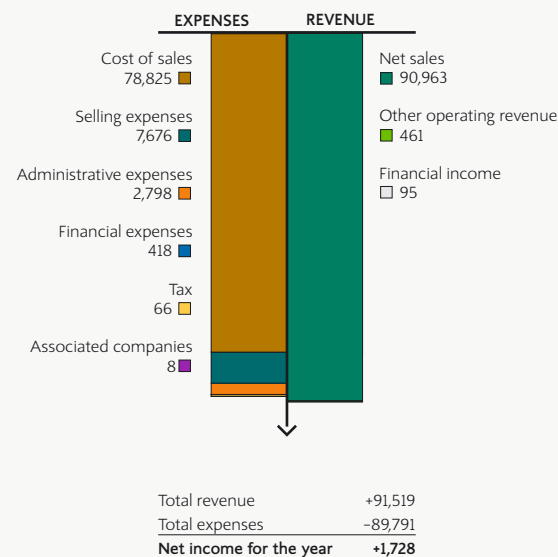
Statement of comprehensive income - Group

(SEK million)	Note	2009	2008
Net income for the year		1,587	1,728
Other comprehensive income after tax	10		
Translation differences in foreign operations		521	34
Available-for-sale financial assets		-23	40
Cash flow hedges		-31	5
Other comprehensive income		467	79
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,054	1,807
Attributable to:			
Parent Company's shareholders		2,033	1,814
Non-controlling interests		21	-7

Consolidated Income Statement 2009, SEK million



Consolidated Income Statement 2008, SEK million



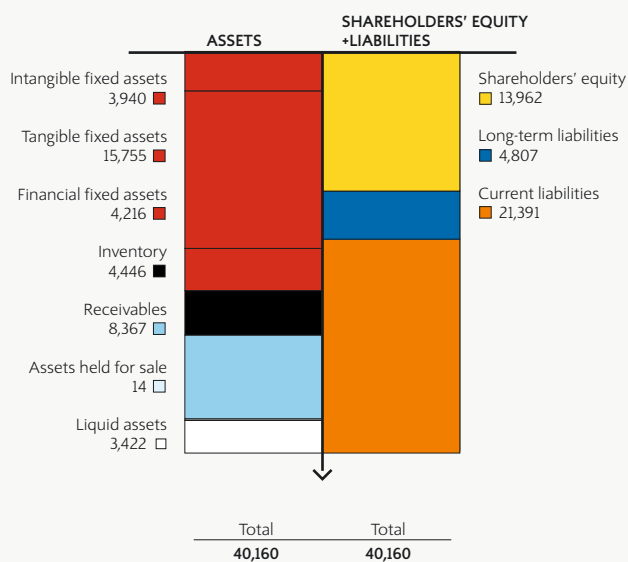
Graphic Bonanza

Balance sheet - Group

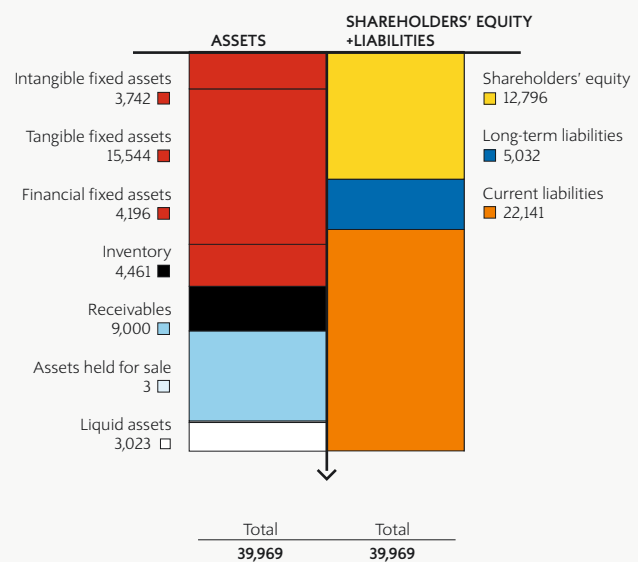
(SEK million)	Note	Dec. 31, 2009	Dec. 31, 2008
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
■ Goodwill	11	2,851	2,723
■ Trademarks		761	812
■ IT systems		73	104
■ Other		255	103
		3,940	3,742
<i>Tangible fixed assets</i>			
■ Buildings and land	12	9,700	9,519
■ Investment properties		1,207	1,113
■ Leasehold improvements		823	801
■ Equipment		3,275	3,193
■ Construction in progress		750	918
		15,755	15,544
<i>Financial fixed assets</i>			
■ Shares in associated companies and joint ventures	22		
■ Receivables from related parties	13	11	37
■ ICA Bank's investments	20	0	10
■ ICA Bank's lending	15	595	609
■ Other financial fixed assets	15	2,949	2,697
■ Other receivables		55	56
		91	363
		3,701	3,772
■ Deferred tax assets	10	515	424
Total fixed assets		23,911	23,482
Current assets			
■ Inventory	22		
	14	4,446	4,461
<i>Current receivables</i>			
■ Accounts receivable		2,600	2,965
■ Tax assets		544	9
■ ICA Bank's investments	15	1,317	2,079
■ ICA Bank's lending	15	2,139	2,138
■ Receivables from related parties	20	32	32
■ Other receivables		0	103
■ Prepaid expenses and accrued income		1,735	1,674
□ Liquid assets	24	3,422	3,023
□ Assets held for sale	16	14	3
Total current assets		16,249	16,487
TOTAL ASSETS		40,160	39,969

(SEK million)	Note	Dec. 31, 2009	Dec. 31, 2008
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity	17		
Share capital		500	500
Other paid-in capital		12,557	12,557
Reserves		1,535	1,068
Retained earnings		-637	-1,335
Shareholders' equity related to Parent Company's shareholders		13,955	12,790
Non-controlling interests		7	6
Total shareholders' equity		13,962	12,796
Long-term liabilities	22		
Provisions for pensions	18	1,008	937
Deferred tax liability	10	622	597
Liabilities to credit institutions		1,014	1,143
Other provisions		121	59
Other liabilities	23	2,042	2,296
Total long-term liabilities		4,807	5,032
Current liabilities	22		
Liabilities to credit institutions		341	977
Accounts payable		7,295	7,541
Deposits, ICA Bank	15	8,934	8,683
Liabilities to related parties	20	5	21
Tax liabilities		5	27
Other liabilities	23	2,080	2,283
Provisions		158	59
Accrued expenses and deferred income		2,573	2,550
Total current liabilities		21,391	22,141
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		40,160	39,969

Consolidated Balance Sheet Dec. 31, 2009, SEK million



Consolidated Balance Sheet Dec. 31, 2008, SEK million



Graphic Bonanza

Changes in shareholders' equity - Group

(SEK million)	Shareholders' equity related to Parent Company's shareholders					Non-control- ling interests	Total shareholders' equity
	Share capital	Other paid-in capital	Reserves	Retained earnings	Total		
Opening balance, January 1, 2008	500	12,557	1,160	-2,157	12,060	13	12,073
Restatement of opening balance (note 17)			-171	171	0		0
Opening balance after restatement	500	12,557	989	-1,986	12,060	13	12,073
Dividend				-1,084	-1,084		-1,084
Total comprehensive income for the year			79	1,735	1,814	-7	1,807
Closing balance, December 31, 2008	500	12,557	1,068	-1,335	12,790	6	12,796
Opening balance, January 1, 2009	500	12,557	1,068	-1,335	12,790	6	12,796
Dividend				-868	-868	-20	-888
Total comprehensive income for the year			467	1,566	2,033	21	2,054
Closing balance, December 31, 2009	500	12,557	1,535	-637	13,955	7	13,962

Statement of cash flows - Group

(SEK million)		2009	2008
Operating activities			
Operating income		2,713	2,117
Adjustments for non-cash items	Note 24	1,426	1,181
Dividends from associated companies		3	11
Income tax paid		-1,308	-245
Cash flow from operating activities before change in working capital		2,834	3,064
Change in working capital			
Inventory (increase - / decrease +)		123	-506
Current receivables (increase - / decrease +)		508	191
Current liabilities (increase + / decrease -)		-471	1,030
ICA Bank's net deposits, lending and investments	Note 24	774	-797
Cash flow from operating activities		3,768	2,982
Investing activities			
Purchase of tangible and intangible fixed assets		-2,086	-2,533
Proceeds from sale of tangible and intangible fixed assets		236	526
Proceeds from borrowings		-62	-73
Repayment of borrowings		129	19
Other financial fixed assets (increase -/decrease +)		-1	99
Interest received		31	75
Purchase of operations	Note 25	-12	-4
Proceeds from sale of operations		127	4
Investment in associated companies		0	-30
Proceeds from sale of associated companies		28	1
Cash flow from investing activities		-1,610	-1,916
Financing activities			
Proceeds from borrowings		3,425	507
Repayment of borrowings		-4,050	-643
Interest paid		-277	-241
Dividend paid		-868	-1,084
Cash flow from financing activities		-1,770	-1,461
Cash flow for the year			
Liquid assets at beginning of year		3,023	3,480
Exchange rate differences in liquid assets		11	-62
Liquid assets at end of year		3,422	3,023

Kassaflödesanalys - koncernen, MSEK

	2009	2008
From the income statement	+2,834	+3,064
Inventory	+123	-506
Short-term receivables, incl. deposits ICA Banken	+508	+191
Short-term liabilities	-471	+1,030
ICA Bank's net deposit, lending and investments	+774	-797
Cash flow from operating activities	+3,768	+2,982
Sales of fixed assets	+550	+724
Investment in fixed assets	-2,160	-2,640
Long-term liabilities	-902	-377
Dividend paid	-868	-1,084
Cash flow of the year	+388	-395

Graphic Bonanza

Supplementary information, the Group

Note 1 Accounting principles

These consolidated accounts are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU Commission and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC). RFR 1.1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, is applied as well. The recommendation contains supplementary standardizations based on the provisions of the Annual Accounts Act.

The following standards, which have been issued and subsequently adopted by the EU, are relevant to ICA and will be applied as of 2010:

IFRS 3 Business Combinations (revised 2008).

IAS 27 Consolidated and Separate Financial Statements (revised).

The revisions to IFRS 3 and IAS 27 mean, among other things, that goodwill arises only at the point in time when control is obtained, that the minority interest is recognized as a proportional share of the acquired assets or at fair value, that acquisition costs are expensed and not included in the acquisition price, and that any contingent consideration is recognized at estimated fair value with later changes recognized through profit or loss. At present, there are no acquisitions that the revised rules are expected to have an impact on.

None of the other revised or issued standards or interpretations applicable as of 2010 had an impact on the financial reports.

Accounting principles applied

Changes in accounting principles

IFRS 8 Operating Segments is applied as of 2009. According to IFRS 8, segments are defined based on how ICA's management monitors and oversees operations. This means that the real estate operations in Sweden and Norway, which were previously included in the ICA Sweden and ICA Norway segments, are reported as a separate segment as of 2009.

IAS 1 Presentation of Financial Statements has been revised. All revisions that affect equity, except transactions with owners, are recognized in other comprehensive income. Other comprehensive income is recognized as a separate report in connection to the income statement. Comprehensive income for the year consists of other comprehensive income and net income for the year.

IFRS 7 Financial Instruments: Disclosures, contains new disclosure requirements for financial instruments valued at fair value. The level at which the valuation was made must be disclosed. Level 1 valuations are based on quoted prices, level 2 valuations are based on observable market data, and level 3 valuations are based on internal models and valuation methods when observable market data are not available.

IFRIC 13 Customer Loyalty Programmes is applied as of 2009. Sweden and the Baltic countries offer bonus programs governed by IFRIC 13. When a customer makes a purchase, the company recognizes as revenue the portion of the payment related to the goods purchased, while the portion related to the bonus is recognized as prepaid income. When the customer redeems the bonus, the revenue related to the bonus is recognized. The application of IFRIC 13 has only a marginal impact on the financial reports.

Basis of accounting

The consolidated accounts are based on historical acquisition costs, with the exception of financial derivatives and available-for-sale financial assets, which are recognized at fair value. The Parent Company's functional currency is Swedish kronor, which is also the reporting currency for the Parent Company and the Group. All amounts in the financial statements are in millions of Swedish kronor (SEK) unless indicated otherwise.

The preparation of the financial statements in conformity with IFRS requires that management make use of judgments, estimates and assumptions that affect the application of the accounting principles and the carrying amounts in the income statement and the balance sheet. Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis to judge the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and judgments.

Consolidated accounts

The consolidated accounts comprise the Parent Company, ICA AB, and its subsidiaries. A subsidiary is included in the consolidated accounts as of the date the Parent Company secures a controlling influence over the company and is no longer included as of the date the Parent Company's controlling influence over the company ceases.

The minority interest initially consists of the minority share of the fair value of the net assets and is recognized in shareholders' equity separately from the Parent Company's equity. The minority interest is included in the Group's income and total income and recognized separately from the Parent Company's income and total income as a portion of net income for the period.

The purchase accounting method is applied to the acquisition of subsidiaries. The cost of an acquisition consists of the fair value on the acquisition date of the assets offered as consideration as well as new and assumed liabilities and direct purchase costs. Acquired identifiable assets, liabilities and contingent liabilities are valued at fair value. The difference between cost and the fair value of the acquired identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the cost is less than the fair value of acquired identifiable assets, liabilities and contingent liabilities, the difference is recognized directly through profit or loss.

In incremental acquisitions, each transaction is treated individually. Goodwill is determined for each acquisition based on fair value on the transaction date and the consideration paid for the acquisition. Changes in the fair value of shares that had already been owned are recognized as a revaluation in other comprehensive income.

For all units included in the consolidated accounts, uniform accounting principles are applied. This also applies to companies reported according to the equity method. All intra-Group transactions are eliminated.

Investments in associated companies

Holdings in associated companies are reported according to the equity method. An associated company is a unit in which the Group has a significant but not a controlling influence. Application of the equity method means that investments in associated companies are recognized in the balance sheet at cost plus any changes in the Group's share of the associated company's net assets less any impairments and dividends. The income statement reflects the Group's share of associated companies' income after tax.

If the Group's share of recognized losses in the associated company exceeds the carrying amount of the shares in the Group, the value of the shares is reduced to zero. Additional losses are not recognized, provided the Group has not issued any guarantees to cover losses in the associated company.

A positive difference between the cost of the acquired shares and the fair value of the Group's share of the identifiable assets and liabilities in the associated company is accounted as goodwill, while a negative difference is accounted as negative goodwill. The Group's investments in associated companies comprise goodwill, while negative goodwill is recognized directly through profit or loss when it arises. Impairment testing is conducted on reported shares in associated companies when there are indications of diminished value.

In transactions between Group companies and associated companies, the portion of unrealized gains corresponding to the Group's share of the associated company is eliminated. Unrealized losses are eliminated correspondingly as long as there is no indication of impairment.

Investments in joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity subject to joint control. ICA reports joint ventures according to the equity method.

In transactions between Group companies and joint ventures, the portion of unrealized gains corresponding to the Group's share of the jointly controlled company is eliminated. Unrealized losses are eliminated correspondingly as long as there is no indication of impairment.

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities expressed in foreign currency are translated to the functional currency at the exchange rate on the balance sheet date. Exchange rate differences are recognized through profit or loss. Non-monetary assets and liabilities are recognized at historical costs translated at the exchange rate on the transaction date.

All Group companies with a functional currency other than the reporting currency are restated as follows:

- Assets and liabilities including goodwill and consolidated surpluses and deficits are translated from the foreign operations' functional currency to the Group's reporting currency, Swedish kronor, at the balance sheet date exchange rate.
- Revenue and expenses in foreign operations are translated to Swedish kronor at the average exchange rate for the period.
- All exchange rate differences that arise through translation are recognized directly in other comprehensive income.

When foreign operations are divested, the cumulative exchange rate differences are recognized through profit or loss together with the gain or loss on the sale.

Revenue

Revenue is recognized when the significant risks and benefits associated with ownership of the goods have been transferred to the buyer and it is likely that the economic benefits will be accrued by the Group. Wholesale sales meet these requirements upon delivery of the goods and retail sales when the customer pays at the store. Sales of alcoholic beverages are recognized exclusive of selective purchase taxes. Revenue from franchise sales is recognized upon delivery for goods and other franchise revenue. Rental revenue is recognized in the period to which it relates.

In cases where a sale is made with a commitment that the customer will receive a bonus, the revenue for the bonus portion of the payment is not recognized until the bonus is used. Until then it is recognized as a liability.

Revenue from the sale of services includes royalties, franchise fees and revenue from various forms of consulting services. The revenue is recognized through profit or loss as it is earned.

The profit or loss on property sales is recognized when the significant risks and benefits associated with the property are transferred to the buyer. Normally these risks and benefits are transferred to the buyer on the closing date, except for sale and leaseback transactions; see below.

In cases where ICA builds a property for sale, it normally decides the property's design and construction. Revenue from the sale is recognized in its entirety at the point when the buyer has assumed the risk for the property and ICA has received payment.

Dividends are recognized through profit or loss when the right to receive payment has been determined.

Sale and leaseback

In cases where a property has been sold and then leased back, an overall assessment is made of who controls the significant risks and benefits associated with the property and whether the Group has retained a controlling interest in the property. A controlling interest exists, for example, if a leaseback property is subleased to an independent ICA retailer. If the determination shows that the significant risks and benefits remain in the Group, the sale is not recognized. The property remains in the balance sheet and is still depreciated. The proceeds received from the sale are recognized as a liability. Leasing fees are subsequently split between interest expenses and amortization of the liability. Not until the interest ceases is revenue from the sale recognized, at which point the property and liability are removed from the balance sheet. This can happen, for example, when the operations of an independent ICA retailer are acquired by ICA or the store closes. In cases where ICA has retained an interest by leasing only part of a property to an independent ICA retailer, only this portion continues to be reported in the balance sheet. The portion of the property that is not subleased is considered to have been sold.

Leasing

Leases are classified in the Group as either operating or finance. In a finance lease, essentially all economic risks and benefits associated with ownership are transferred from the lessor to the lessee. All other leases are operating.

ICA as lessee

Leasing fees for operating leases are expensed through profit or loss and divided on a straight-line basis over the life of the lease.

Finance leases are recognized as fixed assets and liabilities in the balance sheet, while in the income statement the depreciation is recognized as an operating expense. Assets are depreciated over their lease term or useful life, whichever is shorter. Leasing fees are split between interest and amortization.

ICA as lessor

Assets subject to a finance lease are recognized in the balance sheet as a receivable at an amount equal to the net investment as per the lease. Lease payments received are recognized as amortization of the receivable or financial income. This income is allocated based on a pattern reflecting a constant periodic return over the lease term.

Assets subject to an operating lease are presented according to the nature of the asset. Lease revenue is accrued and recognized in income on a straight-line basis over the lease term. Direct costs incurred at the start of an operating lease are expensed on a straight-line basis over the lease term.

Income tax

Income taxes consist of current and deferred tax. Income taxes are recognized through profit or loss except when the underlying transaction is recognized in other comprehensive income, while the associated tax is recognized in other comprehensive income.

Current tax is tax that will be paid or received in the current year. This includes adjustments in current tax attributable to previous periods.

Deferred tax is recognized in accordance with the balance sheet method, which is based on temporary differences between the recognized and taxable values of assets and liabilities. The following temporary differences are not taken into account: temporary differences that arise in the first-time reporting of goodwill, the first-time reporting of assets and liabilities from a transaction other than a business acquisition and which, at the time of the transaction, affects neither the recognized nor taxable gain or loss, and temporary differences attributable to shares in subsidiaries, associated companies and joint ventures not expected to be reversed in the foreseeable future. The valuation of deferred tax is based on how the carrying amounts of assets and liabilities are expected to be realized or settled. Deferred tax is calculated applying the tax laws and tax rates in effect or essentially in effect on the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences and unutilized tax loss carryforwards to the extent it is likely that future taxable gains will be available. The carrying amounts for deferred tax assets are tested on each balance sheet date and reduced to the extent it is no longer likely that they can be utilized.

Goodwill and trademarks

Goodwill represents the portion of the cost exceeding the fair value of the acquired share of the subsidiary's net assets on the acquisition date. Net assets refer to the difference between identifiable assets and liabilities and any contingent liabilities in an acquired subsidiary, associated company or joint venture. Intangible assets with an indefinite economic life, such as trademarks, and goodwill are not amortized. Goodwill is recognized at cost less any accumulated impairment.

The goodwill arising from business acquisitions is attributed at the time of the acquisition to the cash-generating units that benefit from the acquisition.

Other intangible assets

Other intangible assets are recognized in the balance sheet at cost less accumulated amortization and impairment losses.

Tangible fixed assets

Tangible fixed assets are recognized at cost less accumulated depreciation and any impairment. Cost includes the acquisition price and direct expenses.

Investment properties

Investment properties are properties which are leased to third parties, unlike operating properties, which are used by the Group or leased to ICA retailers. Investment properties are recognized according to the same principles as other tangible fixed assets.

Non-current assets held for sale

Assets are classified as non-current assets held for sale if they are available for immediate sale, a decision has been made to sell them and it is likely that a sale will be made within 12 months. Non-current assets held for sale are valued at the lower of book value and estimated sales value less selling expenses.

Discontinued operations are part of a company that has either been disposed of or is classified as held for sale and normally constitutes at least one segment. The classification as discontinued operations is made upon a sale or an earlier date when the operations meet the criteria to be classified as held for sale. As long as a non-current asset is classified as held for sale, there is no depreciation.

Depreciation and amortization

Depreciation and amortization are calculated on the cost of the assets based on their economic lives and estimated residual values. Residual values and economic lives are retested annually.

Buildings	20-40 years
Investment properties	20-40 years
Leasehold improvements	6-20 years
Store equipment and trucks	7-10 years
IT systems	3-6 years
Other equipment	3-10 years

Impairment

The carrying amount of fixed assets is tested for impairment when events or other circumstances indicate that the carrying amount may not be recovered. In the test, the carrying amount is compared with the higher of the asset's fair value less selling expenses and its value in use. Value in use consists of the present value of the future net cash flow the asset generates. If a single asset does not generate a cash flow independent of other assets, cash flow is calculated for the group of assets, i.e., a cash-generating unit. 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 mon-

ey and the risks associated with the asset. If the carrying amount exceeds the higher of the asset's net realizable value and value in use, the asset is written down to the higher of these values.

Goodwill, assets with an indefinite economic life and intangible assets that are not yet taken in use are tested annually for impairment. Testing for impairment can take place more often when events or other circumstances indicate a decrease in value during the year.

Impairment losses are reversed if the assumptions used in the calculation that led to the original impairment have changed. Impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred. Reversal of impairment is recognized through profit or loss. Impairment of goodwill is not reversed.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Cost consists of all purchase costs after deducting supplier allowances related to products in stock.

Net realizable value corresponds to the estimated sales price under normal conditions less estimated costs to finish the product and the costs required to make the sale.

Financial instruments

Financial instruments are initially recognized at cost. Cost includes transaction costs except for financial instruments in the category financial assets at fair value through profit or loss. The subsequent recognition depends on which category the financial instrument belongs to.

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual conditions. A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or the company loses control over them. In cases where a financial asset is sold but ICA retains the risks associated with the asset, the asset is still recognized in the balance sheet. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise relieved.

Purchases and sales of financial assets are recognized on the trade date, i.e., the date on which ICA commits to buy or sell the asset. However, in cases where ICA purchases or sells listed securities, settlement date accounting is applied.

Official market quotes on the balance sheet date are used to determine the fair value of listed financial assets. Unlisted financial assets are valued using generally accepted methods such as the discounting of future cash flows to the listed market interest rate for each maturity. Listed exchange rates on the balance sheet date are used in the translation to Swedish kronor.

On each balance sheet date ICA assesses whether there are objective indications that a financial asset is impaired. Accounts receivable are recognized at the amount that is expected to be received after deducting impaired loans, which are evaluated individually.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and other financial assets the company has designated to this category. A financial asset is classified as held for trading if the purpose is to sell the asset in the short term. Derivatives fall into this category, unless used for hedge accounting. Assets in this category are carried at fair value with changes in value recognized through profit or loss.

Held-to-maturity investments

This category comprises financial assets with fixed or determinable payments and fixed maturities that ICA intends and is able to hold to maturity. They are valued at amortized cost based on the effective interest rate calculated on the acquisition date. Premiums and discounts as well as transaction costs are accrued over the maturity of the instrument.

Loans and receivables

This category comprises assets with fixed or determinable payments that are not quoted on an active market and are not derivatives. Assets in this category are valued at amortized cost, which is determined based on the effective interest rate calculated on the acquisition date. Receivables with short maturities, such as accounts receivable, are valued at nominal amounts.

Available-for-sale financial assets

This category comprises assets that not classified in any of the other categories or those that ICA has designated to this category. Assets are carried at fair value with changes in value recognized in other comprehensive income. When the asset is removed from the balance sheet, the previously recognized result is transferred from other comprehensive income to profit or loss.

Financial liabilities at fair value through profit or loss

This category includes two sub-categories: financial liabilities held for trading and other financial liabilities that the company has designated to this category. Derivatives fall into this category, unless used for hedge accounting. Assets in this category are carried at fair value with changes in value recognized through profit or loss.

Other financial liabilities

This category comprises all other financial liabilities, including overdraft facilities. They are valued at amortized cost based on the effective interest rate calculated when the liability was recognized. Liabilities with short maturities, such as accounts payable, are valued at nominal amounts. Premiums and discounts as well as direct issue costs are accrued over the maturity of the liability.

Derivatives

All derivatives are recognized at fair value in the balance sheet. For derivatives that are not reported as hedges and those included in a fair value hedge, changes in value are recognized through profit or loss. For derivatives that meet the requirements for cash flow hedges, the effective share of changes in value is recognized in other comprehensive income until the hedged item is recognized through profit or loss or as an initial cost in the balance sheet. The ineffective portion of the changes in value is recognized through profit or loss.

ICA Bank's receivables and liabilities

ICA Bank's lending in the form of unsecured and card credits to consumers is included in the category loans and receivables. It is recognized at amortized cost on the settlement date and subsequently after taking into account established and anticipated credit losses.

ICA Bank's deposits are included in the category other financial liabilities. Investments of ICA Bank's surplus liquidity are included in the category available-for-sale financial assets.

Netting of financial assets and liabilities

Financial assets and liabilities are offset and recognized net in the balance sheet when there is a legal right of set-off and when the intent is to settle the items with a net amount or to simultaneously realize the asset and settle the liability.

Interest

Interest income is recognized as it is earned. Interest income is calculated on the basis of the underlying asset's yield according to the effective interest rate. Loan expenses and interest are recognized in profit or loss in the period to which they are attributable. Interest expenses for assets that take at least a year to complete are capitalized as part of the cost of the asset.

Liquid assets

Liquid assets comprise cash, bank balances and other short-term investments. Short-term investments have a maturity of not more than three months.

Classification

Non-current assets and long-term liabilities are expected to be realized or paid more than twelve months after the balance sheet date. Current assets and current liabilities are expected to be realized or paid within twelve months of the balance sheet date.

Provisions

Provisions are recognized in the balance sheet when the Group has a legal or informal obligation resulting from an event that has occurred and it is likely that ICA will have to pay for the obligation. If the effect of the time value of the future payment is considered significant, the provision is estimated at its present value. Provisions are retested continuously.

Provisions for restructuring are recognized when the Group has established a detailed, formal restructuring plan and the restructuring has either begun or been publicly announced.

A provision for contract losses is recognized when the benefits the Group expects to receive from a contract are lower than the unavoidable costs to fulfill the contract's obligations.

Provisions for disputes are made if the general assessment is that it is more than 50 percent likely that ICA will lose the dispute. A provision is allocated in the amount considered to be the most likely outcome.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation attributable to past events or when there is an obligation but it is not probable that payment will be required.

Pensions and other post-employment benefits

The Group has both defined-contribution and defined-benefit pension plans. In the latter, the company bears the risk for the benefits as agreed to. In a defined-contribution plan, the company has an obligation to pay the contractual fees to the plan, while the employee bears the risk for accumulating a particular pension level.

Fees for defined-contribution plans are recognized as a cost through profit or loss as the right is vested.

The Group's obligation with respect to defined-benefit pension plans is calculated separately for each plan on an annual basis according to the so-called Projected Unit Credit Method. The calculation, which is based on a number of assumptions, is an estimate of the present value of future entitlements that employees have earned through service to the company. The fair value of the plan assets is deducted from the present value of the pension obligation. The discount rate is the interest rate on the balance sheet date for government bonds with a maturity corresponding to that of the obligation.

Actuarial gains and losses arise either as a result of a difference between an assumption and the actual outcome or because an assumption has changed. ICA applies the so-called corridor rule. This means that actuarial gains and losses are not recognized in the balance sheet as long as they stay within a limit of 10 percent of the greater of the present value of the commitment and the fair value of plan assets. If the cumulative actuarial gain or loss exceeds the limit, the net gain or loss is recognized over the employees' projected remaining working lives.

When there is a difference between how the pension cost is determined in a legal entity and the Group, a provision or receivable is recognized for the special employer's contribution based on this difference. No present value calculation is made for the provision or receivable.

Important assumptions and estimates

The consolidated accounts are based on various assumptions and estimates made by the Board of Directors. These assumptions affect the carrying amounts of assets and liabilities, of income and expenses, and of pledged assets and contingent liabilities. Estimates may deviate from future results. The assumptions and estimates that the Board of Directors feels are most important and where there is the greatest risk of future changes in the values of assets and liabilities are as follows:

Sale and leasebacks

When ICA sells a property that it then leases back to sublease to an independent retailer, a determination is made of which party bears the significant risks and benefits and whether ICA has retained a controlling interest in the property. The determination has been that ICA is considered to have retained such a controlling interest through the leaseback and sublease to the ICA retailer and that a sale of the property has not taken place. The property has therefore remained in the balance sheet and the proceeds received have been recognized as a liability. Not until ICA acquires the business in the specific property, for example, or the store is closed down, are the property and liability derecognized from the balance sheet and revenue is recognized.

Impairment of fixed assets

The determination whether a fixed asset has been impaired or not requires an assessment of its recoverable value. Recoverable value is the higher of the asset's value in use and fair value less selling expenses. The calculation of value in use requires estimates of future cash flows and discount rates. Such estimates always entail a certain degree of uncertainty. In recent years, the market situation has faced major, rapid swings in interest rates, exchange rates and commodity prices. As a result, forward-looking estimates carry an even greater degree of uncertainty than under normal conditions. In cases where the risk is considered to be higher than normal for a tested fixed asset or group of fixed assets, an additional risk component has been added to the impairment test. If the actual outcome in the year ahead deviates from the anticipated outcome for the period according to the test, anticipated future cash flows may have to be retested, which could lead to an impairment loss.

Pensions

The calculation of defined-benefit pensions requires assumptions with regard to future payroll and interest rates. Because of the long maturity of the pensions in these plans, the uncertainty of these assumptions is high and may necessitate corrections in the future that affect future liabilities and expenses.

Damages and provisions

If ICA AB or its subsidiaries are involved in a dispute, an assessment is made of the most likely outcome. The assessment is based on known facts and statements from internal and external experts. The assessment of the outcome of the dispute can change over time and consequently affect the financial reports.

Note 2 Segment reporting

Segments are defined based on how ICA's management monitors and oversees operations. ICA is engaged in wholesale and retail operations in the geographical markets Sweden, Norway and the Baltic countries. Each of these markets constitutes a segment. Properties located in Sweden and Norway are monitored separately from other operations and are included in the ICA Real Estate segment. Properties located in the Baltic countries are monitored together with the retail operations in the Baltic coun-

tries and are therefore included in the Rimi Baltic segment. Moreover, ICA is engaged in banking operations, which are reported in the ICA Bank segment.

Management monitors the segments' income before financial items. Assets and liabilities, on the other hand, also include financial items. All internal transactions are based on market prices. The same accounting principles apply to the segments as the Group.

	ICA Sweden		ICA Norway		Rimi Baltic		ICA Bank		ICA Real Estate	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External net sales	58,889	55,830	21,666	20,164	12,329	12,661	634	582	1,094	1,005
Internal net sales	114	139	-	-	-	-	-	-	1,001	964
Depreciation/amortization	250	282	580	524	355	301	20	18	290	287
Share of associated companies' net profit	0	0	-4	-1	-	-	-	-	4	-7
Operating income	2,320	1,709	-506	-719	-109	182	132	111	1,025	1,134
Assets	11,246	10,735	6,585	5,603	6,906	7,749	10,013	9,727	9,508	9,283
Liabilities	9,798	9,299	4,044	3,058	5,942	6,345	9,288	9,022	8,661	8,583
Other non-cash items	3	8	9	41	24	78	-	-	-249	-432
Investments in tangible and intangible fixed assets	408	509	738	633	419	823	41	24	533	493

	Total reported segments		Other and eliminations		Total	
	2009	2008	2009	2008	2009	2008
External net sales	94,612	90,242	39	721	94,651	90,963
Internal net sales	1,115	1,103	-1,115	-1,103	0	0
Depreciation/amortization	1,495	1,412	63	104	1,558	1,516
Share of associated companies' net profit	0	-8	0	0	0	-8
Operating income	2,862	2,417	-149	-300	2,713	2,117
Assets	44,258	43,097	-4,098	-3,128	40,160	39,969
Liabilities	37,733	36,307	-11,535	-9,134	26,198	27,173
Other non-cash items	-213	-305	-5	0	-218	-305
Investments in tangible and intangible fixed assets	2,139	2,482	-53	51	2,086	2,533

There were no new investments in associates or joint ventures during the year.

Sales	2009	2008
Total sales from reported segments	95,727	91,345
Other	39	721
Elimination of internal sales	-1,115	-1,103
Sales acc. to income statement	94,651	90,963

Operating income	2009	2008
Operating income from reported segments	2,862	2,417
Other	-149	-300
Elimination of internal result	0	0
Operating income acc. to income statement	2,713	2,117

Assets	2009	2008
Assets from reported segments	44,258	43,097
Other	22,736	21,344
Elimination of shares and internal items	-26,834	-24,472
Assets acc. to balance sheet	40,160	39,969

Liabilities	2009	2008
Liabilities from reported segments	37,733	36,307
Other	9,408	9,368
Elimination of internal items	-20,943	-18,502
Liabilities acc. to balance sheet	26,198	27,173

Other consists of items that are not included in identified segments, which includes intra-Group receivables and liabilities as well as intra-Group sales.

External net sales by revenue source

	2009	2008
Wholesale sales	49,468	46,701
Retail sales	39,037	38,127
Rental revenue	2,148	1,973
Net interest income and commissions, ICA Bank	634	582
Other services for ICA retailers and franchisees	3,364	3,580
Net sales	94,651	90,963

Geographical information

Country	Net sales		Tangible and intangible fixed assets	
	2009	2008	2009	2008
Sweden	60,514	58,009	7,075	7,024
Norway	21,808	20,293	7,269	6,600
Baltic countries	12,329	12,661	5,351	5,658
Total	94,651	90,963	19,695	19,282

Net sales are distributed by country based on where customers are located. ICA has a large number of customers, none of which therefore accounts for more than ten per cent of ICA's revenue.

Note 3 Expenses by type of expense

	2009	2008
Cost of sales	72,409	69,712
Personnel expenses	8,423	8,099
Administration charges	1,645	2,077
Cost of premises	3,237	3,261
Depreciation/amortization and impairment losses	1,559	1,636
Other expenses	4,917	4,514
Total expenses	92,190	89,299

For 2008, the income statement is adjusted on line sales expenses which are increased by SEK 470 million and administrative charges decreased by a corresponding amount due to a change in the functional distribution of expenses.

Note 4 Personnel expenses, pensions, etc.

Average number of employees

The number of employees is calculated on the basis of the Group's measure of normal working hours (1,800 hours).

	2009			2008		
	Women	Men	Total	Women	Men	Total
Sweden	2,912	4,189	7,101	2,836	4,093	6,929
Norway	2,971	2,408	5,379	2,829	2,351	5,180
Baltic countries	6,871	1,009	7,880	8,406	1,464	9,870
Hong Kong	26	26	52	25	19	44
Total	12,780	7,632	20,412	14,096	7,927	22,023

Salaries and other remuneration to the Board, President and Group Management

	2009	2008
Salaries and similar remuneration	55	53
Cost of pensions and similar remuneration	21	20

Of the salaries and other remuneration, 15 (5) relates to variable compensation. The group is comprised of 21 (18) persons. Salaries and other remuneration include severance of 0 (27). Pensions and similar remuneration include severance of 0 (6). Severance relates to 0 (3) persons. In total, this group has been granted loans and credits from ICA Bank of SEK 1 million (0).

Gender distribution of board and management	2009	2008
Boards of directors		
Men	9	10
Women	-	-
Total	9	10
Management		
Men	9	6
Women	3	3
Total	12	9

Benefits to Senior Executives

No fees were paid to the Board members elected by the Annual General Meeting. Employee representatives received a fee of SEK 4,000 per meeting, prior to which Board members received background material with decision points on the agenda.

The salary paid to the company's President amounted to SEK 14 million (9) during the year, including a bonus of SEK 7 million (3). The employment contract of the President of the Parent Company stipulates a 12-month term and severance pay for two years if terminated by the company. If the President resigns, the term of notice is six months. The President is entitled to receive pension benefits from age 60. The company covers the obligation by annually paying pension premiums to insurance companies corresponding to 35% of the President's salary. The Group does not have other post-employment obligations to the President.

Note 5 Audit expenses

	2009	2008
Audit fees		
Deloitte	17	17
Other audit firms	6	4
Total	23	21
Consulting fees		
Deloitte	0	1
Other audit firms	8	7
Total	8	8

Note 6 Other operating revenue

	2009	2008
Profit shares and share dividends	134	136
Capital gains	118	325
Total	252	461

Note 7 Leases

Finance leases

ICA as lessor

Receivables related to finance leases with ICA as lessor	Minimum leasing fees		Present value of minimum leasing fees	
	2009	2008	2009	2008
Maturity date within 1 year	47	71	44	68
Maturity date later than 1 year but within 5 years	59	107	54	98
Maturity date later than 5 years	-	-	-	-
Total	106	178	98	166
Less: Unearned interest	-8	-12		
Present value of minimum leasing fees	98	166		
Receivables are recognized in the following items:				
Long-term receivables	54	98		
Other current receivables	44	68		

ICA has previously entered into finance leases on store equipment. No new leases are signed as of 2007. The average lease period is 2 years (2). Interest is variable with an average rate of 3.5% (3.8). Variable fees included in income for the period amount to SEK 0 million (0).

The non-guaranteed carrying amount of assets under finance leases as of December 31, 2009 is estimated at SEK 0 million (0).

The fair value of receivables with respect to finance leases as of December 31, 2009 is calculated at SEK 98 million (166), based on the estimated present value of anticipated cash flows.

Operating leases

ICA as lessee

The Group leases buildings and equipment. Lease fees are agreed to over an average period of 10 years. Rents change in accordance with index clauses. Options are available to extend the leases beyond the current term.

Contractual leasing expenses under existing agreements fall due for payment as follows:

	2009	2008
The year's leasing expense	3,470	2,934
Of which minimum leasing fees	2,774	2,748
Of which variable fees	696	185
The year's leasing revenue from subleased assets	-1,885	-1,371
Future contractual minimum leasing fees:		
Maturity date within 1 year	2,874	3,272
Between 1-5 years	6,928	10,119
Later than 5 years	7,836	7,864
Total	17,638	21,255
Future minimum leasing fees for contracts on subleased assets	3,476	4,732

ICA as lessor

The Group leases out buildings and equipment. Rents are fixed, although variable rents based on revenues do occur. Leasing fees are contracted over an average lease period of 10 years. Rents change in accordance with index clauses.

Contractual leasing expenses under existing agreements fall due for payment as follows:

Future contractual minimum leasing fees:	2009	2008
Maturity date within 1 year	485	526
Between 1-5 years	1,803	1,877
Later than 5 years	959	1,009
Total	3,247	3,412
Variable fees included in results	242	447

Note 8 Exchange rate differences in operating income

Purchases of goods and services in foreign currency have produced exchange rate differences on the following levels of operating income.

	2009	2008
Net sales	1	-2
Cost of sales	15	5
Administrative expenses	7	-2
Total	23	1

Note 9 Net financial items

	2009	2008
Financial income		
Interest income	37	79
Exchange rate differences	12	16
Financial income	49	95
Financial expenses		
Interest expenses	-405	-402
Market valuation of financial derivatives	-48	-16
Financial expenses	-453	-418

ICA Bank's interest income and interest expenses are recognized in the ICA Group's operating income.

Note 10 Taxes

Current tax	2009	2008
Current tax on net income for the year	-743	-310
Deferred tax on temporary differences	21	244
Reported tax expense	-722	-66

The corporate tax rate in Sweden has been reduced from 28% to 26.3% as of 2009.

Reconciliation between current tax rate and effective tax (%)	2009	2008
Current tax rate, %	26.3	28.0
Non-deductible expenses and tax-exempt income	2.5	-22.8
Effect of tax in foreign subsidiaries	2.6	-1.0
Result from associated companies' net income	0.0	0.1
Effect of change in tax rate on reported deferred tax	-	-1.7
Other	-0.1	1.1
Effective tax rate	31.3	3.7

Reported deferred tax assets and tax liabilities	2009	2008
Fixed assets	-133	-133
Inventory	18	16
Provisions	79	-10
Tax loss carryforwards	489	341
Untaxed reserves	-576	-381
Financial derivatives	16	-6
Total deferred tax assets (+)/deferred tax liabilities (-), net	-107	-173

As reported in balance sheet:

Deferred tax assets	515	424
Deferred tax liabilities	-622	-597

The Group has no unreported deferred tax liabilities or tax assets on temporary differences. Capitalized tax assets, which relate primarily to the Norwegian operations, are expected to be offset against future profits. This determination is based on the current business plan and the activities that have been launched and will be launched to restore profitability in the Norwegian operations.

Change in deferred tax in temporary differences and tax loss carryforwards

	Balance, Jan. 1, 2009	Recognized in income statement	Recognized in other comprehensive income	Business acquisition/divestment	Balance, Dec. 31, 2009
Fixed assets	-133	15	-15		-133
Inventory	16	2			18
Provisions	-10	81	8		79
Tax loss carryforwards	341	104	44		489
Untaxed reserves	-381	-192		-3	-576
Financial derivatives	-6	11	11		16
Total	-173	21	48	-3	-107

	Balance, Jan. 1, 2008	Recognized in income statement	Recognized in other comprehensive income	Business acquisition/divestment	Balance, Dec. 31, 2008
Fixed assets	-97	10	-46		-133
Inventory	7	9			16
Provisions	-2	-8			-10
Tax loss carryforwards	161	198	-18		341
Untaxed reserves	-411	32		-2	-381
Financial derivatives	-8	3	-1		-6
Total	-350	244	-65	-2	-173

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

Tax in other comprehensive income	2009		
	Before tax	Tax	After tax
Translation differences, foreign operations	492	29	521
Available-for-sale financial assets			
- change in value for the year	-31	8	-23
Cash flow hedges			
- change in value for the year	-50		
- elimination of hedge accounting	8		
Net	-42	11	-31
Other comprehensive income	419	48	467

Tax in other comprehensive income	2008		
	Before tax	Tax	After tax
Translation differences, foreign operations	83	-49	34
Available-for-sale financial assets			
- change in value for the year	55	-15	40
Cash flow hedges			
- change in value for the year	6	-1	5
Other comprehensive income	144	-65	79

Note 11 Intangible fixed assets

	Goodwill		Trademarks		IT systems		Other		Total intangible fixed assets	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated acquisition cost	2,866	2,738	768	812	677	672	444	321	4,755	4,543
Accumulated amortization			-1	-	-604	-568	-189	-218	-794	-786
Accumulated impairment losses	-15	-15	-6	-	0	0	0	0	-21	-15
Book value	2,851	2,723	761	812	73	104	255	103	3,940	3,742
Opening balance	2,723	2,673	812	702	104	114	103	110	3,742	3,599
Investments	0	5	1	2	14	34	166	47	181	88
Business acquisitions	0	0	0	0	0	0	19	15	19	15
Sales/disposals	0	0	0	0	0	0	-20	-2	-20	-2
Amortization for the year	-	-	-3	-	-44	-48	-23	-65	-70	-113
Impairment losses for the year	0	0	-6	0	0	0	0	0	-6	0
Exchange rate difference for the year	128	45	-43	108	-1	4	10	-2	94	155
Book value	2,851	2,723	761	812	73	104	255	103	3,940	3,742

Amortization of intangible fixed assets is included in the following income statement items.

	2009	2008
Selling expenses	-26	-65
Administrative expenses	-44	-48
Total	-70	-113

Impairment losses on intangible fixed assets are included in line item selling expenses in the income statement.

Useful life of intangible assets

Trademarks mainly refer to those acquired in connection with the acquisition of Rimi Baltic AB. They do not have a definite period during which they are expected to benefit the Group. This means that their useful life is indefinite.

IT systems relate to capitalized development expenditures for IT systems. The useful life is calculated for each system and amounts to between three and five years. Amortization is booked on a straight-line basis over the useful life of the assets. The remaining amortization schedule for IT systems is approximately 2 years.

Other intangible assets consist of tenancy rights, other intangible surplus values in connection with the acquisition of store operations and assets under construction. Amortization is booked over the estimated useful life of the assets.

Impairment testing of goodwill

Goodwill is distributed among the following segments:

	2009	2008
ICA Norway	1,709	1,517
Rimi Baltic	1,142	1,206
Total	2,851	2,723

Goodwill is distributed among the cash-generating units that are expected to benefit from the acquisition. Goodwill is distributed to the lowest level where it is monitored internally in the Group, but never higher than the segment level. Goodwill impairment tests are conducted annually and when there is an indication of impairment loss. The recoverable amount for a cash-generating unit is determined based on calculations of value in use. The calculations are based on the estimated future cash flow in budgets and forecasts for the upcoming two to five years. Cash flows beyond this period are extrapolated at an exchange rate based on inflation. Real growth in Norway in no instance exceeds 3%, while real growth in Rimi Baltic averaged 7%. The need for working capital is expected to remain at the same relative level reached at the end of the forecast period. The discount rate is 8.6% before tax for ICA Norway and 10.5% before tax for Rimi Baltic.

Impairment testing of trademarks

Trademarks attributable to the acquisition of Rimi Baltic are distributed by country and store format. Impairment testing of trademarks is conducted annually and when there is an indication of impairment loss. The recoverable amount for each trademark is determined based on calculations of value in use. The calculations are based on the estimated future cash flow in budgets and forecasts for the upcoming three years. Cash flows beyond this period are extrapolated based on anticipated inflation. Real growth averaged 7%. The need for working capital is expected to remain at the same relative level as in year 3. The discount rate is 7.8-11.0% before tax depending on the country the trademark is attributable to.

Impairment testing of other intangible assets

For intangible assets other than goodwill and trademarks, a recoverable amount is determined when there is an indication that the asset has decreased in value. During the year, no circumstances occurred that would motivate impairment testing.

Note 12 Tangible fixed assets

	Buildings and land		Investment properties		Leasehold improvements		Equipment		Construction in progress		Total tangible fixed assets	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Accumulated acquisition cost	12,568	12,126	1,604	1,495	1,803	1,544	9,145	8,300	750	922	25,870	24,387
Accumulated depreciation	-2,728	-2,492	-321	-285	-967	-730	-5,783	-5,038	-	-	-9,799	-8,545
Accumulated impairment losses	-140	-115	-76	-97	-13	-13	-87	-69	0	-4	-316	-298
Book value	9,700	9,519	1,207	1,113	823	801	3,275	3,193	750	918	15,755	15,544
Opening balance	9,519	9,321	1,113	1,188	801	679	3,193	3,191	918	580	15,544	14,959
Investments	197	728	63	88	263	292	984	1,086	227	299	1,734	2,493
Company acquisitions	8	0	25	0	3	0	14	35	-	-	50	35
Sales/disposals	-130	-513	-152	-77	-24	-16	-217	-130	-2	-1	-525	-737
Reclassifications	354	191	36	25	0	34	0	-34	-390	-4	0	212
Depreciation for the year	-352	-332	-37	-34	-282	-164	-817	-873	-	-	-1,488	-1,403
Impairment losses for the year	-1	-62	0	0	-2	-2	-25	-52	0	-4	-28	-120
Impairment losses reversed for the year	8	-	29	-	-	-	-	-	-	-	37	-
Exchange rate difference for the year	97	186	130	-77	64	-22	143	-30	-3	48	431	105
Book value	9,700	9,519	1,207	1,113	823	801	3,275	3,193	750	918	15,755	15,544

Buildings and land include the book value of sale and leaseback properties of 931 (1,031)

Tax assessment value of Swedish properties	Buildings and land		Investment properties	
	2009	2008	2009	2008
Land	679	640	12	8
Buildings	3,470	3,210	35	16
Total	4,149	3,850	47	24

Impairments related primarily to equipment in retail operations in Norway, Latvia and Lithuania. The impairments are recognized in selling expenses in the income statement.

Reversed impairments related to properties in Norway for which vacancy rates have improved since the impairment was recognized. Reversed impairments are recognized in selling expenses.

Investment properties

An internal appraisal has been made of the fair value of all investment properties based on current rents and the real yields in each market. It shows that the fair value exceeds book value by 258 (448).

The following amounts have been recognized through profit or loss for investment properties:

	2009	2008
Rental income	139	120
Direct costs for properties that generated rental income	33	10
Direct costs for properties that did not generate rental income	-	-

Construction in progress

Expenses capitalized during the year include SEK 2 million (6) in capitalized interest based on an interest rate of 1.2 percent (4.8%).

Note 13 Shares in associated companies and subsidiaries

Associated companies

Carrying amount, associated companies	2009	2008
Acquisition cost, opening balance	37	29
Purchases	0	30
Profit share	0	-8
Dividends	-3	-11
Disposals	-28	-1
Exchange rate difference	5	-2
Residual value according to plan, closing balance	11	37

Shares in associated companies

The following table summarizes the most significant holdings of shares in associated companies:

	Ownership %		Profit share	
	2009-12-31	2008-12-31	2009-12-31	2008-12-31
Borgenveien 50 AS, (981 025 008), Oslo, Norge	50	50	0	-7
TakeCargo AS, (983 543 707), Oslo, Norge	32	32	-4	-1
Other associated companies			4	0
Total			0	-8

The ownership percentages above refer to votes, which in every case is the identical to the share of capital.

Shares in subsidiaries

Holdings in subsidiaries directly and indirectly owned by ICA AB. The list is limited to operating companies.

	Corp. ID no.	Reg. office	Ownership %	
			2009-12-31	2008-12-31
Direct holdings				
ICA AS	988 351 032	Oslo, Norway	-	100
ICA Baltic AB	556042-7410	Stockholm	100	100
ICA Banken AB	516401-0190	Stockholm	100	100
ICA Detalj AB	556604-5448	Stockholm	100	100
ICA Fastigheter AB	556604-5471	Stockholm	100	100
ICA International Services BV	34177382	Netherlands	100	100
ICA Reinsurance S.A	915/93	Luxembourg	-	99
Indirect holdings				
ICA Eiendom Norge AS	968 930 451	Oslo, Norway	100	100
ICA Fastigheter Sverige AB	556033-8518	Västerås	100	100
ICA Global Sourcing Ltd	1 150 322	Hong Kong	100	100
ICA Norge AS	931 186 744	Oslo, Norway	100	100
ICA Sourcing and Services BV	35 025 260	Netherlands	100	100
ICA Sverige AB	556021-0261	Stockholm	100	100
Rimi Baltic AB	556609-6268	Stockholm	100	100

In addition to the companies listed above, the ICA Group comprises 210 operating and dormant companies. A complete list of all Group companies can be obtained from ICA's corporate communications department.

Note 14 Inventory

	2009	2008
Inventory of goods for resale	4,569	4,556
Deduction for obsolescence in inventory	-123	-95
Inventory	4,446	4,461

Note 15 ICA Bank

ICA Bank conducts banking operations, including card operations as well as savings and lending. Lending consists of checking accounts, credit cards, unsecured loans and second mortgages. In addition, the bank offers mortgages through SBAB. All deposits are demand deposits. Savings products are provided in cooperation with Nordnet. Consumer insurance is offered in cooperation with Moderna Försäkringar.

Since ICA Bank's lending is to a large number of private persons, there is no concentration of credit risks. Savings and lending both carry variable interest rates with the exception of a small portion of lending with a fixed 3-month rate. This means that the total interest rate risk is marginal. The surplus liquidity generated by ICA Bank because deposits exceed lending is principally invested short-term in low-risk instruments. The bank carries very small amounts in foreign currency, due to which its currency risk is also marginal. The fair value of financial assets and liabilities corresponds to their carrying amount.

ICA Bank's lending to private persons matures as follows:

	2009	2008
No longer than 3 months	1,642	1,686
Longer than 3 months but not more than 1 year	497	452
Longer than 1 year but not more than 5 years	1,995	1,815
Longer than 5 years	954	882
Total lending	5,088	4,835
Bad debts,		
	2009	2008
Bad debts	50	63
Less: Reserve for credit losses	-32	-39
Bad debts net	18	24

ICA Bank has as a principle to classify a receivable as bad debt when payments of interest or principal are overdue by more than 60 days. Bad debts, net, amounted to 0.3% (0.5) of lending. The provision ratio is a reserve for credit losses in relation to total bad debts. The provision ratio for bad debts amounted to 64.9% (62.0). Net credit losses amounted to 47 (45), or 0.9% (1.0) of average lending to the public.

Loans overdue, not classified as bad debt

	2009	2008
Overdue between 5-30 days	31	37
Overdue between 31-60 days	13	24
Overdue for longer than 61 days	0	2
Total	44	63

The majority of loans are unsecured.

Note 16 Non-current assets held for sale

Assets held for sale	2009	2008
Tangible fixed assets	14	3

The items consists of properties that will be sold. The disposals are the result of a continuous review to determine which properties the Group should own to achieve an efficient capital structure and operations.

Impairment losses of SEK 5 million (0) were reported during the year when these assets were classified as held for sale.

Note 17 Shareholders' equity

For a summary of shareholders' equity, refer to the report, Changes in shareholders' equity.

Specification of the equity item reserves	2009-12-31	2008-12-31
Translation reserve		
Translation reserve, opening balance	510	476
Translation differences for the year	521	34
Translation reserve, closing balance	1,031	510
Fair value reserve		
Fair value reserve, opening balance	40	0
Revaluations during the year	-23	40
Fair value reserve, closing balance	17	40
Hedging reserve		
Hedging reserve, opening balance	20	15
Increase	35	20
Recognized through profit or loss	-66	-15
Hedging reserve, closing balance	-11	20
Revaluation reserve		
Revaluation reserve, opening balance	498	498
Change in revaluation reserve	-	-
Revaluation reserve, closing balance	498	498
Total reserves		
Reserves, opening balance	1,068	989
Changes in reserves for the year:		
Translation reserve	521	34
Fair value reserve	-23	40
Hedging reserve	-31	5
Revaluation reserve	-	-
Reserves, closing balance	1,535	1,068

The previous year has been adjusted because SEK 171 million of the translation reserve was included in retained earnings. The opening balance in the translation reserve on January 1, 2008 was adjusted by SEK -171 million.

As of December 31, 2009, the share capital consists of 5,000,000 shares (5,000,000) with a quota value of SEK 100.

Other paid-in capital

Relates to shareholders' equity contributed by the owners. The principal contribution from the owners took place in connection with the implementation of ICA's new structure in 2000.

Reserves

Translation reserve

The translation reserve comprises all exchange rate differences that arise through the translation of financial reports from foreign operations that have prepared their reports in a currency other than one in which the Group's financial reports are presented. The Parent Company's and Group's reports are presented in Swedish kronor.

Fair value reserve

The fair value reserve comprises the cumulative net change after tax in the fair value of available-for-sale financial assets until the asset is removed from the balance sheet.

Hedging reserve

The hedging reserve comprises 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.

Revaluation reserve

In incremental acquisitions, the revaluation of the previously owned interest in the assets is recognized in the revaluation reserve.

Retained earnings including net income for the year

Retained earnings including net income for the year include earnings in the Parent Company and its subsidiaries and associated companies. Earlier provisions to the statutory reserve, excluding transferred share premium reserves, are included in this shareholders' equity item.

Dividend

Shareholders received a total dividend of SEK 868 million (1,084), or SEK 173.6 per share (216.80).

The Board of Directors has proposed a total dividend of SEK 1,566 million, or SEK 313.20 per share. The dividend proposal will be presented to the Annual General Meeting in April 2010 for resolution.

Asset management

Capital refers to shareholders' equity and debt. The asset management objective is to safeguard the Group's survival and freedom of action and guarantee that the owners continue to receive a return on their investment. The ratio of debt to equity should ensure a balance between risk and return. The capital structure is modified, if necessary, to changes in economic conditions and other market factors. To maintain or adjust the capital structure, the Group can distribute funds, increase shareholders' equity through the issuance of new shares or capital contributions, or increase or decrease borrowings. The balance sheet shows the Group's liabilities and equity. The statement of changes in shareholders' equity shows the various components of equity, and this note provides a specification of the various components included in reserves. See also Note 22 Financial instruments.

The Group's long-term equity/assets objective is 30-35%. The objective for return on equity is at least 14-16% on average over a business cycle.

ICA Bank, part of the ICA Group, faces the same capital adequacy requirements as other banks. Capital adequacy requirements are a guarantee that ICA Bank is able to meet its obligations to customers. The requirements stipulate that ICA Bank must maintain a specific amount of equity in relation to its lending and revenue. Compliance with capital adequacy requirements is monitored by the Swedish Financial Supervisory Authority. These requirements were fully met during the year.

Note 18 Pensions

Employees in Sweden receive pension benefits in accordance with collective agreements. Salaried employees receive defined-benefit pensions according to the ITP plan. Pension obligations are secured through provisions in the balance sheet and insurance premiums. Unionized employees receive defined-contribution pensions according to the STP plan through AMF pension.

All employees in Norway are covered by occupational pension agreements. Although defined-benefit pensions are used, the majority of employees in Norway receive defined-contribution pensions. The defined-benefit plans are secured through both the payment of fees to insurance companies and provisions in the balance sheet. In addition to occupational pensions, unionized employees have the opportunity to retire at age 62. This is secured in part through the payment of fees and in part through provisions in the balance sheet.

In the Baltic countries contractual pensions are rarely used. Where they do exist, they are defined-contribution.

There are no healthcare costs in the Group's plans that significantly affect the reported obligation for defined-benefit plans.

Obligations for retirement pensions and family pensions for white-collar employees in Sweden are secured by insurance through Alecta. In accordance with a pronouncement from the Swedish Financial Reporting Board, UFR 3, this a multi-employer defined-benefit plan. For the fiscal year the company did not have access to information that would make it possible to recognize it as a defined-benefit plan. The ITP pension plan secured through insurance from Alecta is therefore recognized as a defined-contribution plan.

Annual pension premiums covered by Alecta amount to SEK 18 million (12). Alecta's surplus can be divided between policy-holders and/or insureds. As of September 30, 2009, Alecta's surplus in the form of its consolidation funding ratio was 136% (112% as of December 31, 2008). The 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 solvency is normally allowed to range between 125% and 155%. To ensure that the consolidation funding ratio would return to the permitted interval, Alecta decided leading up to 2009 to make no premium reductions for 2009, to finance the increase in the pension supplement through special hedging instruments and not to increase vested pension rights.

Cost of defined-benefit pensions	2009	2008
Cost of vested benefits during the period	94	80
Interest expense	58	54
Expected rate of return on plan assets	-6	-5
Reported actuarial gains (-) losses (+)	25	13
Settlement	-59	-
Pension cost for defined-benefit pensions	112	142
Pension cost for defined-contribution pensions	258	277
Total pension costs	370	419

Of the total pension cost, SEK 294 million (291) is included in the cost of sales and SEK 76 million (128) in administrative expenses.

Disclosures below relate only to defined benefit plans.

Carrying amount in balance sheet	2009	2008
Present value of funded obligations	146	143
Fair value of plan assets	-109	-85
Net funded obligations	37	58
Present value of unfunded obligations	1,315	1,284
Unrecognized actuarial losses (-) gains (+)	-344	-405
Carrying amount	1,008	937

The amount is recognized in its entirety on the provisions for pensions line in the balance sheet.

Change in pension obligations	2009	2008
Opening balance, present value pension obligations	1,427	1,225
Cost of vested benefits during the period	94	80
Interest expense	58	54
Actuarial gains (-) losses (+)	-37	117
Pension disbursements	-37	-34
Settlement	-67	-
Changes in exchange rates	24	-11
Effects of disposals and business combinations	-	-4
Closing balance, present value pension obligations	1,462	1,427

Change in plan assets	2009	2008
Opening balance, plan assets	85	84
Expected return on plan assets	6	5
Actuarial gains (+) losses (-)	4	-8
Pension disbursements from plan assets	-37	-34
Contributions	45	47
Settlement	-5	-
Changes in exchange rates	11	-6
Effects of disposals and business combinations	-	-3
Closing balance, plan assets	109	85
Actual return on plan assets	10	-3

Plan assets distributed by asset class	2009	2008
Bonds and other interest-bearing securities	60	43
Equities	8	4
Real estate	17	14
Other assets	24	24
Total plan assets	109	85

The expected return on plan assets is based on long-term expectations regarding the return for each asset class. This return is based on an inflation assumption and historical data on returns for various asset classes. The expected return for each asset class, together with the mix of assets expected to be held long-term, produces a total expected return on plan assets.

Important actuarial assumptions (%)	2009	2008
Discount rate	4.0	4.0
Inflation	2.0	2.0
Rate of salary increase	3.6	3.6
Expected return on plan assets	6.0	6.0

Amounts for current and comparative years	2009	2008	2007	2006	2005
Present value defined-benefit obligations	-1,462	-1,427	-1,225	-1,089	-1,108
Plan assets	109	85	84	68	72
Deficit (-) surplus (+)	-1,353	-1,342	-1,141	-1,021	-1,036
Experience adjustments for obligations	5	-29	-8	-68	
Experience adjustments for plan assets	4	-8	4	13	

Fees expected to be paid to defined benefit plans for 2010 amount to SEK 48 million.

Note 19 Pledged assets and contingent liabilities

Pledged assets	2009	2008
Property mortgages,	8	206
Restricted cash, ICA Bank	335	360
Restricted cash, ICA AB	5	5
Total	348	571

Contingent liabilities	2009	2008
Guarantees and contingent liabilities	253	230
Tax disputes	2,080	1,819
Total	2,333	2,049

The Swedish Tax Agency has decided to disallow interest deductions by ICA Finans AB, a company in the ICA Group, for interest on borrowings from the Irish subsidiary ICA Ahold Export Unltd of SEK 1,795 million for the period 2001-2003. ICA appealed the decision to the County Administrative Court, which in December 2008 ruled in favor of the Swedish Tax Agency. The Swedish Tax Agency's claim amounts to SEK 747 million (742) including penalties and interest. ICA's judgment is that the deductions it made complied with applicable tax laws. Outside parties who have examined the legal position, the Swedish Tax Agency's argument and the County Administrative Court ruling

side with ICA. ICA has appealed the County Administrative Court's decision to the Swedish Administrative Court of Appeal. Proceedings in the Court of Appeal will be held in April 2010. The Swedish Tax Agency did not grant ICA a payment deferral, due to which SEK 747 million was paid in February 2009. The amount is booked as a receivable on the Swedish Tax Agency.

Moreover, the Swedish Tax Agency has decided to disallow interest deductions of SEK 4,064 million made in 2004-2008 to a Dutch Group company. The Swedish Tax Agency's claim amounts to SEK 1,333 million (including penalties and interest). ICA is convinced that the deductions it made complied with tax laws. Outside parties who have examined the legal position and the Swedish Tax Agency's argument side with ICA. ICA has appealed the Swedish Tax Agency's decision to the County Administrative Court for the years 2004-2008.

Note 20 Related-party transactions

Transactions between ICA AB and subsidiaries affiliated with the company have been eliminated in the consolidated accounts and are not indicated in this note. Transactions between the Group and other related parties are indicated below.

ICA has signed a number of commercial agreements with its owners and associated companies. The agreements were signed on market terms with regard to price and payment terms. The scope of these transactions is indicated in the tables below:

2009	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Owners:				
Royal Ahold	57	100	14	3
Hakon Invest AB (publ)	1	69	0	0
Associated companies	0	10	18	2
Total	58	179	32	5

2008	Sales to related parties	Purchases from related parties	Receivables from related parties	Liabilities to related parties
Owners:				
Royal Ahold	62	72	29	8
Hakon Invest AB (publ)	5	93	0	9
Associated companies	0	18	13	4
Total	67	183	42	21

The ICA Group has had daily transactions with the board members who are ICA retailers. This is a natural part of their role as ICA retailers. All transactions were made on market terms and refer to the sale of goods, consulting services and rent for premises.

Note 21 Principles of financial risk management

The Group has a central function for financial management whose primary purpose 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.

The financial instruments managed by the finance department consist of bank credits, short- and long-term loans, short-term investments and derivatives. The Group also has other financial instruments such as accounts receivable and payable, which are directly tied to the ICA Group's operations.

ICA's principal risk exposure relates to interest rates, liquidity, foreign currencies and credits.

Interest rate risk

Interest rate risk is defined as the risk that changes in market interest rates will affect cash flow or the fair value of financial assets and liabilities. The financial policy states that the Group will tie up its interest rates for 18 months with a mandate to deviate from this norm by +/- 6 months. Interest rate swaps are used to adjust interest rate exposure.

Liquidity risk

Liquidity risk is defined as the risk that the Group cannot meet its short-term payment obligations. ICA's financial policy states that the liquidity reserve must amount to a level where the reserve can handle the fluctuations that can be expected in day-to-day liquidity in a 12-month period. To ensure this, the Group has bank overdraft facilities

and unutilized credit facilities. Its strong cash flow and unutilized loan facilities enabled the Group to meet its liquidity needs without difficulty in 2009. At year-end 2009, borrowings amounted to SEK 2,255 million (3,040) and the liquidity reserve, in addition to liquid assets, to SEK 5,158 million (8,165). ICA Bank's surplus liquidity is not available to the Group according to banking laws.

Foreign currency risk

Foreign currency risk is defined as the risk that changes in exchange rates will affect cash flow. The primary foreign currency risk in the ICA Group is the transaction exposure that arises due to the import of goods paid in foreign currency. The risk norm in the financial policy is that 100% of the outstanding transaction exposure is hedged. This exposure is hedged for the next 3–6 months. Currency hedges are arranged on the order date. For non-foods, the currency hedge is based on projected volumes. According to the financial policy, borrowings in foreign currency are hedged. The foreign currency risk that arises because the Group has invested in foreign subsidiaries is not actively hedged in the financial market. Devaluations and other exchange rate fluctuations affect other comprehensive income and translation reserve within equity.

Credit risk

Credit risk is defined as the risk that a counterparty in a financial transaction cannot fulfill its obligations according to the contract and that any security does not cover the company's claim. The banks and financial institutions the Group works with must have a creditworthiness corresponding to at least "A" from Standard & Poor's or "A2" from Moody's Investor Service. For commercial counterparties with which the company has a large exposure, individual assessments are made. The maximum credit exposure corresponds to the book value of financial assets. The credit risk that arises through ICA Bank's lending to the public is managed by performing credit checks on all loan applicants.

Note 22 Financial instruments

Interest rate risk

If interest rates increase or decrease by 1 percentage point, the income statement is affected by SEK 28 million (43) and shareholders' equity by SEK 28 million (43). The change is calculated based on an assumption of a parallel shift in the yield curve of 1 percentage point and the debt position on the balance sheet date.

Liquidity risk

Due dates for payment of financial liabilities (calculated from the balance sheet date).

	2009	2008
Due within 1 year	21,124	21,936
Due longer than 1 year up to 3 years	985	1,029
Due longer than 3 years up to 5 years	16	200
Due longer than 5 years	60	26
Total	22,185	23,191

The table above excludes the liabilities that arise when ICA sells properties which are then leased back fully or in part and subsequently subleased to ICA retailers. For these properties, ICA has received sales proceeds, which are recognized as a liability until the lease with the ICA retailer expires. There is no effect on liquidity when the obligation ceases.

Foreign currency risk

The Group hedges all major currency exposures from operations-related transactions using forward exchange contracts. The currency exposures that are not hedged represent less than 5% of total currency exposures. As a result, there are no significant exposures in foreign currencies as of December 31, 2009 outside the Group's functional currencies. A change in the exchange rate for any of the transaction currencies therefore has a marginal effect on ICA's income and shareholders' equity.

Credit risk

Analysis of overdue receivables that have not been written down. (For ICA Bank's non-performing loans, see the note 15 on ICA Bank.)

	2009	2008
Due within 30 days	192	124
Due later than 30 days	83	27
Total	275	151

Overdue receivables refer to account overdrafts by 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 wholly or in part, it is written down to the amount that is expected to be paid. During the year receivables were written down by SEK 46 million (89). Collateral for the credits primarily consists of chattel mortgages.

ICA's maximum credit risk corresponds to the book value of the financial instruments plus any financial guarantees that have been issued. The maximum credit risk for financial guarantees amounts to SEK 253 million (224).

Classification of financial assets and liabilities	2009	2008
At fair value through profit or loss for trading	0	28
Derivatives used as hedges	0	76
Loans and accounts receivable	11,536	12,244
Available-for-sale financial assets	3,399	3,401
Non-financial assets	25,225	24,220
Total assets	40,160	39,969
At fair value through profit or loss for trading	47	35
Derivatives used as hedges	15	48
Liabilities valued at amortized cost	24,222	25,411
Non-financial liabilities	1,914	1,679
Total liabilities	26,198	27,173

Net result by category	2009	2008
Net profit/loss:		
Financial assets and liabilities at fair value through profit or loss ¹⁾	-48	-16
Recognized in other comprehensive income:		
Available-for-sale financial assets	-23	40
Cash flow hedges	-31	5
Interest from financial liabilities and assets not valued at fair value through profit or loss:		
Interest income from financial assets	335	533
Interest expenses from financial liabilities	-453	-651

Loans and accounts receivable have been written down by SEK 93 million (134).

1) Refers to holdings held for sale

Hedge accounting

ICA applies hedge accounting for the currency risk that arises through the import of goods. This is a cash flow hedge. The financial instruments used as hedges are forward exchange contracts. Their fair value is indicated in a separate table.

ICA also applies hedge accounting for the risk of changes in interest rates. This is a cash flow hedge. The financial instruments used as hedges are interest rate swaps. Their fair value is indicated in a separate table.

Cash flow from cash flow hedges arises over the course of the year.

The inefficiency in cash flow hedges is immaterial.

Financial assets and liabilities at fair value and their valuation level	2009			
	Level 1	Level 2	Level 3	Total
Assets:				
Available-for-sale financial assets	316	3,083	-	3,399
Total assets	316	3,083	-	3,399
Liabilities:				
Derivatives included in hedge accounting:				
Forward exchange contracts	-	15	-	15
Derivatives recognized in profit and loss for trading	-	47	-	47
Total liabilities	-	62	-	62

Valuation level 1 refers to financial assets and liabilities for which quoted prices for identical instruments are available in an active market.

Valuation level 2 refers to financial assets and liabilities for which the valuation was executed with a model based on observable market data.

Valuation level 3 refers to financial assets and liabilities for which the valuation was executed with a model based on internal assumptions.

Note 23 Liabilities attributable to sale and leasebacks

When ICA has sold a property which is then leased back and in turn subleased to an independent ICA retailer, the purchase price received is reported as a liability. The total liability for these transactions amounts to SEK 2,099 million (2,303), of which the portion reported among other long-term liabilities is SEK 1,995 million (2,184) and the portion reported among other current liabilities is SEK 104 million (119). For a further description, see the accounting principles under the heading sale and leasebacks.

Note 24 Statement of cash flows and liquid assets

Adjustments for non-cash items	2009	2008
Depreciation/amortization	1,558	1,516
Impairment losses	38	120
Impairment losses reversed	-37	-
Undistributed earnings from associated companies	0	8
Capital gains/losses	-118	-325
Provisions	225	130
Sale and leaseback transactions	-239	-268
Total non-cash items	1,426	1,181

ICA Bank: cash flow net deposits, lending and investments	2009	2008
Deposits in ICA Bank (increase +/-decrease -)	251	1,174
Short-term lending (increase -/decrease +)	-1	-376
Long-term lending (increase -/decrease +)	-252	-8
Short-term investments (increase -/decrease +)	762	-1,199
Long-term investments (increase -/decrease +)	14	-388
Total non-cash items	774	-797

Composition of liquid assets	2009	2008
Cash and bank balances ¹⁾	1,928	2,332
Short-term investments ¹⁾	1,494	691
Total liquid assets	3,422	3,023

¹⁾ Of which ICA Bank

Cash and bank balances	1,302	1,427
Short-term investments	1,493	687
Total liquid assets ICA Bank	2,795	2,114

Total liquid assets excluding ICA Bank	627	909
---	------------	------------

Due to bank laws, ICA Bank's liquid assets are not disposable to the Group.

Note 25 Business combinations

Acquisitions 2009

In 2009, the Group acquired seven store operations in Sweden and three in Norway. The operations in Sweden were acquired from ICA retailers, who managed them under the ICA agreement, which stipulates how valuations are made in connection with such sales. The acquired stores will be sold to ICA retailers. The Group will own and run the stores for only a short period. The store operations in Norway were acquired from franchisees. They have been acquired at the market value of the assets and liabilities. The total purchase price for the store operations was SEK 34 million. The contribution to consolidated income after tax for 2009 was SEK -30 million.

If all store acquisitions had taken place as of January 1, 2009, consolidated net sales would have increased by SEK 369 million and income after tax would have changed by SEK -29 million.

The net assets of the acquired companies on their acquisition dates were as follows:

Store operations	Value according to acquisition analysis
Tangible fixed assets	50
Intangible fixed assets	19
Inventory	19
Accounts receivable and other receivables	20
Liquid assets	22
Long-term liabilities	0
Accounts payable and other current liabilities	-96
Net identifiable assets and liabilities	34
Purchase price paid¹⁾	-34
Cash (acquired)	22
Net cash	-12

¹⁾ The amount includes fees for legal services of SEK 0 million.

The value according to the acquisition analysis is the book value, which essentially corresponds to fair value.

Acquisitions 2008

In 2008, the Group acquired seven store operations in Sweden and eleven in Norway. The operations in Sweden were acquired from ICA retailers, who managed them under the ICA agreement, which stipulates how valuations are made in connection with such sales. The acquired stores will be sold to ICA retailers. The Group will own and run the stores for only a short period. The store operations in Norway were acquired from franchisees. These have been acquired at the market value of the assets and liabilities. The total purchase price for the store operations was SEK 48 million. The contribution to consolidated income after tax for 2008 was SEK -19 million.

If all store acquisitions had taken place as of January 1, 2008, consolidated net sales would have increased by SEK 764 million and income after tax would have changed by SEK -28 million.

The net assets of the acquired companies on their acquisition dates were as follows:

Store operations	Value according to acquisition analysis
Tangible fixed assets	35
Intangible fixed assets	15
Inventory	34
Accounts receivable and other receivables	12
Liquid assets	44
Long-term liabilities	0
Accounts payable and other current liabilities	-92
Net identifiable assets and liabilities	48
Purchase price paid¹⁾	-48
Cash (acquired)	44
Net cash	-4

¹⁾ The amount includes fees for legal services of SEK 0 million.

The value according to the acquisition analysis is the book value, which essentially corresponds to fair value.

Note 26 Investment commitments

In 2009, the Group entered into agreements to acquire tangible fixed assets for SEK 229 million (340).

Income statement – Parent Company

(SEK million)	Note	2009	2008
Net sales	2	39	888
Cost of sales		0	-465
Gross profit		39	423
Administrative expenses	3, 4, 5, 6	-241	-661
Operating income		-202	-238
Result from financial investments:	7		
Result from shares in Group companies		721	1,166
Interest income and similar profit/loss items		6	55
Interest expenses and similar profit/loss items		-382	-373
		345	848
Income after net financial items		143	610
Appropriations	18	-218	3
Income before tax		-75	613
Income taxes	8	196	144
NET INCOME FOR THE YEAR		121	757

Total comprehensive income – Parent Company

(SEK million)	2009	2008
Net income for the year	121	757
Other comprehensive income after tax		
Group contributions received	2,255	1,365
Tax on Group contributions	-593	-382
Other comprehensive income	1,662	983
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,783	1,740

Balance sheet – Parent Company

(SEK million)	Note	2009-12-31	2008-12-31
ASSETS			
Fixed assets	21		
<i>Intangible fixed assets</i>	9	0	7
<i>Tangible fixed assets</i>	10	70	153
<i>Financial fixed assets</i>			
Shares in subsidiaries	11, 12	33,888	33,851
Shares in associated companies	11, 13	2	2
Other financial fixed assets	14	7	7
Deferred tax assets	8	1	7
Total fixed assets		33,968	34,027
Current assets	21		
<i>Current receivables</i>			
Accounts receivable		2	18
Receivables from Group companies		4,784	3,807
Receivables from associated companies		8	28
Other receivables		4	94
Prepaid expenses and accrued income	16	119	200
<i>Cash and bank balances</i>		5	5
Total current assets		4,922	4,152
TOTAL ASSETS		38,890	38,179
SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES			
Shareholders' equity	17		
<i>Restricted equity</i>			
Share capital (5,000,000 shares)		500	500
Statutory reserve		8,788	8,788
Revaluation reserve		8,532	8,532
<i>Non-restricted equity</i>			
Retained earnings		9,952	8,401
Net income for the year		121	757
Total shareholders' equity		27,893	26,978
Untaxed reserves	18	1,507	1,289
Provisions	21		
Provisions for pensions	19	231	221
Provisions for structural costs		1	20
Total provisions		232	241
Long-term liabilities	21		
Liabilities to Group companies	15	8,000	8,000
Total long-term liabilities		8,000	8,000
Current liabilities	21		
Accounts payable		68	152
Liabilities to Group companies		859	1,226
Liabilities to associated companies		3	13
Tax liabilities		165	34
Other liabilities		27	36
Accrued expenses and deferred income	16	136	210
Total current liabilities		1,258	1,671
TOTAL SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES		38,890	38,179
Pledged assets	20	5	5
Contingent liabilities	20	7,352	8,716

Changes in shareholders' equity - Parent Company

(MSEK)	Restricted equity			Non-restricted equity		Total shareholders' equity
	Share capital	Statutory reserve	Revaluation reserve	Retained earnings	Net income for the year	
Opening balance, January 1, 2008	500	8,788	8,532			26,322
Dividend				-137	-947	-1,084
Total comprehensive income for the year				983	757	1,740
Closing balance, December 31, 2008	500	8,788	8,532	8,401	757	26,978
Opening balance, January 1, 2009	500	8,788	8,532	8,401	757	26,978
Dividend				-111	-757	-868
Total comprehensive income for the year				1,662	121	1,783
Closing balance, December 31, 2009	500	8,788	8,532	9,952	121	27,893

Statement of cash flows - Parent Company

(SEK million)	Note	2009	2008
Operating activities			
Operating income		-202	-238
Dividends received		705	1,166
Adjustments for non-cash items	22	50	-1
Income tax paid		-260	-206
Cash flow from operating activities before change in working capital		293	721
Change in working capital			
Current receivables (increase - / decrease +)		1,106	1,445
Current liabilities (increase + / decrease -)		-184	-747
Cash flow from operating activities		1,215	1,419
Investing activities			
Purchase of tangible and intangible fixed assets		-28	-48
Proceeds from sale of tangible fixed assets		65	-
Investment in financial fixed assets		-50	-20
Proceeds from sale of financial fixed assets		29	46
Interest received		6	55
Cash flow from investing activities		22	33
Financing activities			
Dividend paid		-868	-1,084
Interest paid		-369	-373
Cash flow from financing activities		-1,237	-1,457
Cash flow for the year		0	-5
Liquid assets at beginning of year		5	10
Liquid assets at end of year		5	5

Supplementary information – Parent Company

Note 1 Accounting principles

The Parent Company has prepared its annual report according to the Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2.1 Reporting for Legal Entities. RFR 2.1 means that the Parent Company, in the annual report for the legal entity, will apply all IFRS/IAS, including interpretations, approved by the EU as far as possible within the framework of the Annual Accounts Act and with consideration to the connection between reporting and taxation. RFR 2.1 specifies the exemptions from and supplements to IFRS. As a whole, this results in the following differences between the Group's and the Parent Company's accounting principles.

All amounts are in millions of Swedish kronor (SEK) unless indicated otherwise.

Changes in accounting principles

A statement of comprehensive income consisting of net income for the year and other comprehensive income has been added to the income statement. Other comprehensive income includes all items, except transactions with the owners, which were previously recognized directly against shareholders' equity.

Subsidiaries, associated companies and joint ventures

Shares in subsidiaries, associated companies and joint ventures are reported in the Parent Company according to the purchase method.

Taxes

In the Parent Company, untaxed reserves include deferred tax liabilities. In the consolidated accounts, on the other hand, untaxed reserves are divided between deferred tax liabilities and shareholders' equity.

Leases

In the Parent Company, all leases are reported 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 Financial Supervisory Authority's regulations, which are a prerequisite for tax deductibility. The biggest differences compared with IAS 19 are how the discount rate is determined, that the calculation is based on current salary levels and does not take into account future salary increases, and that all actuarial gains and losses are recognized as soon as they arise.

Group contributions and shareholders' contributions for legal entities

The Parent Company reports Group contributions and shareholders' contributions in accordance with statement UFR 2 Group Contributions and Shareholders' Contributions from the Swedish Financial Reporting Board. Shareholders' contributions are recognized directly against the shareholders' equity of the recipient and are capitalized in the shares and participations of the contributor, to the extent impairment is not required. Group contributions are reported according to their financial impact. This means that Group contributions paid to minimize the Group's tax are recognized by ICA AB in other comprehensive income.

Note 2 Intra-Group purchases and sales

Of the year's total net sales, 27% (19) relates to sales to subsidiaries.

Note 3 Personnel expenses, pensions, etc.

Average number of employees

The number of employees has been calculated on the basis of the Group's measure of normal working hours (1,800 hours).

	2009	2008
Women	193	794
Men	340	679
Total	533	1,473

Salaries and other remuneration	2009	2008
Board of Directors, President and other senior executives	27	29
Other employees	267	648
Total	294	677

Salaries and remuneration to Board of Directors, President and other senior executives include severance of 0 (6).

Social security expenses	2009	2008
Social security expenses	174	351
Of which pensions ¹⁾	79	111

1) Of the pension costs, 9 (9) relates to the Board of Directors, President and other senior executives.

The group comprising the Board of Directors, President and other senior executives, whose salaries and remuneration are paid by ICA AB, is made up of 14 (13) persons.

Absenteeism, Parent Company As % of normal working hours	2009		2008	
	Sick leave absences	Of which long-term sick leave	Sick leave absences	Of which long-term sick leave
Younger than 29 years	2.2%	0.8%	1.9%	0.3%
30 – 49 years	1.6%	0.4%	2.3%	1.0%
50 years and older	2.6%	1.8%	2.5%	1.2%
Total	1.8%	0.7%	2.3%	0.9%
Men	1.4%	0.4%	1.5%	0.6%
Women	2.5%	1.0%	3.0%	1.3%

Gender distribution of Board of Directors and Management	2009	2008
Board of Directors		
Men	9	10
Women	–	–
Total	9	10
Management		
Men	3	2
Women	2	3
Total	5	5

Note 4 Audit expenses

Audit fees:	2009	2008
Deloitte	3	3
Other	2	–
Total	5	3

Note 5 Depreciation and amortization

Depreciation and amortization of tangible and intangible fixed assets are included in the line item administrative expenses in the income statement.

Note 6 Operating leases

The Group leases buildings and equipment. Contractual lease expenses under existing leases fall due for payment as follows:

	2009	2008
The year's leasing fees	27	88
Future contractual lease fees:		
Maturity date year 1	19	41
Maturity date year 2	9	40
Maturity date year 3	2	31
Maturity date year 4	1	25
Maturity date year 5 or later	7	93
Total	38	230

Note 7 Result from financial investments

	2009	2008
Results from shares in Group companies		
Dividends	705	1,166
Impairments	0	0
Result from sale of securities	16	-
Total	721	1,166
Other interest income and similar profit/loss items		
Interest income, Group companies	6	55
Other interest income and similar profit/loss items	0	0
Total	6	55
Other interest expenses and similar profit/loss items		
Interest expenses, subsidiaries	-373	-360
Other interest expenses and similar profit/loss items	-9	-13
Total	-382	-373
Total result from financial investments	345	848

Note 8 Taxes

	2009	2008
Current income tax		
Current tax on net income for the year	202	143
Deferred tax on temporary differences	-6	1
Reported tax income	196	144
Reconciliation between current tax rate and effective tax (%)		
Current tax rate	26.3	28.0
Tax-exempt income	-306.5	-54.2
Other non-deductible expenses	18.9	2.7
Effective tax rate	-261.3	-23.5

The corporate tax rate in Sweden has been reduced from 28% to 26.3% as of 2009.

Reported in balance sheet:	2009	2008
Deferred tax assets	1	7

ICA AB has no unrecognized deferred tax liabilities or tax assets on temporary differences.

Change in deferred tax in temporary differences and tax loss carryforwards	Balance, Jan. 1, 2008	Reported through profit or loss	Balance, Dec. 31, 2008
Fixed assets	3	-1	2
Provisions	3	2	5
Total	6	1	7

	Balance, Jan. 1, 2009	Reported through profit or loss	Balance, Dec. 31, 2009
Fixed assets	2	-1	1
Provisions	5	-5	0
Total	7	-6	1

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

Note 9 Intangible fixed assets

	IT-systems	
	2009	2008
Accumulated acquisition cost	109	109
Accumulated amortization	-109	-102
Book value	0	7
Opening balance	7	21
Investments	0	0
Amortization for the year	-7	-14
Book value	0	7

Note 10 Tangible fixed assets

	Equipment	
	2009	2008
Accumulated acquisition cost	389	490
Accumulated depreciation	-319	-337
Book value	70	153
Opening balance	153	187
Investments	35	45
Sales/disposals	-65	-1
Depreciation for the year	-53	-78
Book value	70	153
Accelerated depreciation, opening balance	23	10
Change for the year	3	13
Accelerated depreciation, closing balance	26	23
Tax value, closing balance	96	176

Note 11 Financial fixed assets

Shares in subsidiaries	2009	2008	Shares in associated companies	2009	2008
Acquisition cost, opening balance	34,366	34,347	Acquisition cost, opening balance	2	2
Shareholders' contributions	50	20	Accumulated acquisition cost, closing balance	2	2
Group change	-12	-			
Sales	-516	-1	Residual value according to plan, closing balance	2	2
Accumulated acquisition cost, closing balance	33,888	34,366			
Impairment losses, opening balance	-515	-515			
Less impairment losses	515	-			
Impairment losses for the year	0	0			
Accumulated impairment losses, closing balance	0	-515			
Residual value according to plan, closing balance	33,888	33,851			

Note 12 Shares in subsidiaries

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

	Corp. ID no.	Reg. office	Number	Capital and votes,%	Quota value	Book value	
						Dec. 31, 2009	Dec. 31, 2008
ICA AS	988 351 032	Norway	-	-	NOK 1000	-	1
ICA Baltic AB	556042-7410	Stockholm	30,000	100	SEK 500	184	184
ICA Banken AB	516401-0190	Stockholm	1,000,000	100	SEK 100	698	648
ICA Detalj AB	556604-5448	Stockholm	1,000	100	SEK 100	16,717	16,717
ICA Fastigheter AB	556604-5471	Stockholm	1,000	100	SEK 100	2,425	2,425
ICA International Services BV	34177382	Netherlands	1,000	100	EUR 10	13,864	13,864
ICA Reinsurance SA	915/93	Luxembourg	-	-	SEK 100000	-	12
Total						33,888	33,851

A complete list of first- and second-tier subsidiaries can be obtained free of charge from the company's corporate communications department.

Note 13 Shares in associated companies

Specification of ICA AB's direct holdings in associated companies

Associated companies	Corp. ID no.	Number	Ownership	Book value	
				Dec. 31, 2009	Dec. 31, 2008
HB Luntmakaren, Stockholm	969658-3419	-	50	0	0
F-train AB, Östersund	556677-2231	30,000	30	2	2
Total				2	2

The share of votes and share of capital are identical.

Note 14 Other financial fixed assets

	2009	2008
Shares in tenant-owner associations	2	2
Other long-term securities holdings	5	5
Other long-term receivables	0	0
Total	7	7

Note 15 Long-term liabilities to Group companies

	2009	2008
ICA Finans AB ¹⁾	8,000	8,000

1) Of which 0 (0) falls due for payment more than five years after the balance sheet date.

Note 16 Accruals

	2009	2008
Prepaid expenses and accrued income		
Other prepaid expenses	56	61
Supplier bonuses	63	117
Other accrued revenue	0	22
Total	119	200
Accrued expenses and deferred income		
Accrued salaries, vacation pay and social security expenses	72	154
Accrued interest expenses	6	6
Other accrued expenses	53	50
Deferred income	5	-
Total	136	210

Note 17 Shareholders' equity

For a list of shareholders' equity, see the report, Changes in shareholders' equity.

Restricted equity

Restricted equity may not be reduced through profit distributions.

Share capital

As of December 31, 2009, the share capital consists of 5,000,000 shares (5,000,000) with a quota value of SEK 100.

Statutory reserve

Includes share premium reserves that arose before January 1, 2006.

Revaluation reserve

When a tangible or financial fixed asset is revalued, the revalued amount is allocated to a revaluation reserve.

Non-restricted equity

Retained earnings

Consists of previous year's earnings less paid dividends. Together with net income for the year, retained earnings comprise the capital available for distribution to the shareholders.

A dividend of SEK 868 million (1,084) has been paid to shareholders.

Note 18 Appropriations and untaxed reserves

	2009	2008
Appropriations		
Change in tax allocation reserve	-221	-10
Change in accelerated depreciation	3	13
Total	-218	3
Untaxed reserves		
Accelerated depreciation	-26	-23
Tax allocation reserve, financial year 2004	0	275
Tax allocation reserve, financial year 2005	238	238
Tax allocation reserve, financial year 2006	118	118
Tax allocation reserve, financial year 2007	153	153
Tax allocation reserve, financial year 2008	242	242
Tax allocation reserve, financial year 2009	286	286
Tax allocation reserve, financial year 2010	496	-
Total	1,507	1,289

Note 19 Provisions for pensions

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

Reconciliation of carrying amount for self-managed pensions	2009	2008
Opening balance, principal on pension obligations	221	323
Cost charged against this result	17	20
Interest expense	9	12
Pension disbursements	-8	-8
Transferred pensions, Group	-8	-126
Closing balance, principal on pension obligations	231	221

Of the total pension obligation, FPG/PRI pensions account for SEK 193 million (181). The entire amount is covered by the Act on Safeguarding Pension Benefits.

Specification of recognized pension costs	2009	2008
<i>Self-managed pensions:</i>		
Cost excluding interest expense	17	20
Interest expense	9	12
Total cost of self-managed pensions	26	32
<i>Insured pensions:</i>		
Insurance premiums	46	67
Tax on pension returns	1	1
Special employer's contribution on pension returns	14	21
Cost of credit insurance	1	2
Recognized pension cost	88	123

Important actuarial assumptions	2009	2008
Discount rate	3.9%	5.7%

Pension calculations are based on salary levels on the balance sheet date.

Note 20 Pledged assets and contingent liabilities

Pledged assets	2009	2008
Restricted cash	5	5
Total	5	5

Contingent liabilities	2009	2008
Guarantees for subsidiaries	7,352	8,716
Total	7,352	8,716

Note 21 Financial instruments

Classification of financial assets and liabilities	2009	2008
Loans and accounts receivable	4,922	4,152
Available-for-sale financial assets	7	7
Non-financial assets	33,961	34,020
Total assets	38,890	38,179
Liabilities valued at amortized cost	9,093	9,637
Non-financial liabilities	397	275
Total liabilities	9,490	9,912

Note 22 Statement of cash flows

Adjustments for non-cash items	2009	2008
Depreciation/amortization	59	92
Provisions for pensions	10	-102
Other provisions	-19	9
Total	50	-1

Stockholm 2010-02-15

Claes-Göran Sylvén <i>Chairman</i>	John Rishton	Peter Berlin
Göran Blomberg	Dick Boer	Anders Fredriksson
Lodewijk Hijmans van den Bergh		Per Jansson
Magnus Rehn		Kenneth Bengtsson <i>President</i>

Our audit report was submitted on February 15, 2010
Deloitte AB

Jan Berntsson
Authorized Public Accountant

Audit Report

To the annual meeting of the shareholders of ICA AB
Corporate identity number 556582-1559

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of ICA AB for the financial year 2009. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member 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 our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the 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 15 2010
Deloitte AB

Jan Berntsson
Authorized Public Accountant