

## Accounting principles

ICA Gruppen has drawn up its own accounting principles, which are detailed below. The accounting principles are partly based on the GRI framework but have been adapted for the Group's operations based on the materiality analysis. The Sustainability Report mainly covers operations that have a significant, direct impact from a sustainability perspective, i.e. ICA Gruppen's own operations. The Report covers all companies within ICA Gruppen. There are certain exceptions, however, which are detailed below. A Group-wide IT system is used to collect sustainability data. The system supports continuous reporting with the aim of ensuring the long-term quality of the indicators included in ICA Gruppen's continuous monitoring and reporting of sustainability work. Each company reports data according to the Group's definitions and routines for sustainability reporting. The accounting principles are explained in detail below.

### Climate impact from ICA Gruppen's own operations

By 2030 ICA Gruppen's shall achieve net zero emissions in its own operations. This means that the emissions shall continue to decrease in line with the Paris agreement, at the same time as Climate compensation gradually is replaced by balancing measures. Since 2020 all emissions are compensated by purchasing emission reduction units for the corresponding amount of carbon dioxide equivalents (CO<sub>2</sub>e). ICA Gruppen has sent in a commitment to Science Based Targets initiative (SBTi) to adopt climate ambition in line with the organisations net zero standard. This commitment means that ICA Gruppen shall strive towards the Paris agreement 1,5 degree target and reach net zero emissions in the whole value chain by latest 2050. During 2023 the accounting principles concerning ICA Gruppen's climate target will be further clarified to meet the SBTi criteria.

ICA Gruppen's climate target for its own operations covers GHG-emissions from refrigerants and energy use in stores, pharmacies, warehouses and offices, and from goods transport between warehouses and stores/pharmacies and deliveries from central customer fulfilment centres, as well as from business travel (Scope 1, Scope 2 and parts of Scope 3). Both the Swedish, the Baltic and the Asian operations are included which covers ICA Sverige, ICA Global Sourcing, ICA Fastigheter, ICA Banken, Apotek Hjärtat och Rimi Baltic.

Outcomes relative to the target of net zero emissions are reported in tonnes of carbon dioxide equivalents. See the respective area for more detailed information on emissions factors.

Emissions according to the GHG Protocol include the following in each scope:

*Scope 1:* Emissions from refrigerants in warehouses and in stores owned by ICA Gruppen itself, emissions from business travel using leased company cars and cars provided as a fringe benefit.

*Scope 2:* Emissions from energy in warehouses and in ICA Gruppen-owned stores, pharmacies and offices.

*Scope 3:* Emissions from business travel, emissions from Swedish ICA stores not owned by ICA Gruppen, and emissions from transport between warehouses and stores/pharmacies and deliveries from central customer fulfilment centres.

### Energy

Comprises stores, pharmacies, warehouses and offices. To calculate electricity consumption (kWh) in Swedish stores a sampling of stores from each format is used. The same calculation principle is used for the pharmacies. The actual consumption is then extrapolated by the total number of stores and pharmacies in order to report the total electricity consumption at the end of the reporting period.

To calculate energy consumption per square metre in stores, pharmacies, warehouses and offices, the area (in square metres) of the stores, pharmacies, warehouses and offices in operation at the end of the measurement period is used. Renewable energy is energy from renewable sources such as wind, solar and hydro power, while non-renewable energy refers to energy from fossil sources such as coal and oil. Energy consumption has been calculated on the following basis: *ICA Sweden's stores:* The calculation is based on actual use of electricity in stores covered by the central electricity agreement. Total consumption is extrapolated by the number of stores at the end of the reporting period using a standard formula. The standard formula is based on the following: Maxi ICA Stormarknad hypermarkets: 97% renewable and 3% non-renewable energy, ICA Kvantum: 88% renewable and 12% non-renewable energy, ICA Supermarket: 82% renewable and 18% non-renewable energy, and ICA Nära: 77% renewable and 23% non-renewable energy. This breakdown was established by a review in January 2018.

*Rimi Baltic stores:* The actual consumption for all Rimi Baltic stores is used.

*Apotek Hjärtat pharmacies:* The calculation is based on actual electricity used by pharmacies covered by a central electricity agreement. Total consumption is extrapolated using the number of pharmacies at the end of the reporting period. The standard formula is based on 40% renewable and 60% non-renewable energy. The calculation is based on the actual use of electricity in pharmacies with a central electricity agreement with Apotek Hjärtat's contracting party. Total consumption is extrapolated using the number of pharmacies at the end of the reporting period. For those pharmacies that do not have a central electricity contract with the contracting party, the following standard applies: 80% renewable and 20% non-renewable energy.

Emissions of CO<sub>2</sub> from energy have been calculated on the following basis:

The Nordic electricity mix emissions factor 2006 is used to calculate carbon emissions from the use of non-renewable energy in Sweden: 0,000 092 900 tonnes CO<sub>2</sub>/kWh (source: Swedenergy, published 2007).

When calculating carbon emissions for renewable energy in Sweden the emissions factor 0,000 001 250 tonnes CO<sub>2</sub>/kWh is used (source: Bixia/Östkraft 2007)

When calculating carbon emissions for renewable energy in the Baltic countries an average emissions factor for renewable electricity: 0,000 005 00 tonnes CO<sub>2</sub>/kWh is used (source: IEA 2009).

When calculating carbon emissions from district heating an average emissions factor from the Swedish Energy Agency: 0,000 100 tonnes CO<sub>2</sub>/kWh is used, as recommended by the GHG Protocol (source: Carbon dioxide evaluation of energy use, supporting reports, the Swedish Energy Agency 2008).

### Goods transport

This is the transportation of goods between ICA Gruppen's warehouses and stores/pharmacies, and goods delivered from central customer fulfilment centres. The transportation of goods to warehouses is not included. Apotek Hjärtat only uses leased transport solutions, while ICA Sweden uses leased transport solutions for the majority its goods transport but owns a number of transport solutions, and also owns most of its e-commerce transport solutions. Rimi Baltic uses leased transport solutions to transport goods between warehouse and store, but owns all e-commerce transport solutions.

ICA Sweden reports fuel consumption per fuel type as well as emissions factors for each type of fuel for all distances driven by a haulage supplier.

Emissions of CO<sub>2</sub> from goods transport within ICA Sweden has been calculated on the following basis:

As of January 1, 2022, diesel and HVO below 98% fossil-free are calculated as mandatory reduction diesel with an emission factor of 2.33 kg CO<sub>2</sub>/liter, regardless of the emission factors reported by the haulage company. The emission factor for mandatory reduction diesel is calculated from the Swedish Energy Agency's emission factor for reference diesel. For other types of fuel, the calculation is based on the same emission factor that haulage companies report (based on information from the respective fuel supplier).

The haulage companies working with Apotek Hjärtat report a mix of actual consumption and standard amounts based on distances driven and emissions factors for each fuel.

Emissions of CO<sub>2</sub> from Apotek Hjärtat have been calculated on the following basis:

Haulage companies report emissions factors for each type of fuel based on invoices from each respective fuel supplier.

Fuel consumption for transport vehicles leased by Rimi Baltic is calculated based on distances driven and average fuel consumption. Fuel consumption for Rimi Baltic's own transportation of goods is obtained directly from the fuel supplier.

Emissions of CO<sub>2</sub> from goods transport within Rimi Baltic have been calculated on the following basis:

Emissions factor for diesel from NTM (Network for Transport Measures) (2006).

Renewable fuels from the Swedish Transport Administration (2016).

Fossil fuels are calculated according to Scope 1 and renewable fuels according to Scope 1 and 3.

ICA Sweden and Apotek Hjärtat check emissions factors against reference emissions factors from NTM (Network for

Transport Measures), which were produced in 2020 for all types of fuel. The emissions factors are based on WTW (Well to Wheel).

### Refrigerants

Comprises refrigerant refills in all warehouses and stores. Data for ICA Sweden's warehouses is based on official refrigerant reports and is reported for the current year. Data on refrigerants in ICA Sweden's stores refers to the previous year's consumption. Data on Rimi Baltic's consumption of refrigerants in warehouses and stores refers to the current year's consumption. For ICA Gruppen's interim reports standard quarterly data is used for refrigerants based on annual data. At the end of the year data is reported for ICA Sweden's warehouses and for Rimi Baltic's stores and warehouses and this annual data for the year in question is used as a basis to establish standard data for the next year's interim reporting. For the Swedish ICA stores full-year data from the previous year is updated in the second quarter and this data is then used as a basis for standard data for future interim reports.

Emissions of CO<sub>2</sub> from refrigerants have been calculated on the following basis:

Global Warming Potential (GWP) for each type of refrigerant according to the Montreal Protocol and IPCC (2006–).

### Business travel

Comprises business travel by air booked through the central travel agency for ICA Gruppen in Sweden and Rimi Baltic's central travel agency.

Comprises business travel by rail for ICA Gruppen in Sweden booked through the central travel agency or directly through travel providers using the ICA customer number.

Comprises business travel by road for Rimi Baltic and ICA Gruppen in Sweden.

Emissions of CO<sub>2</sub> from business travel have been calculated on the following basis:

Carbon dioxide emissions from air and rail travel are provided by the travel provider.

Emissions factor for business travel by road from NTM (Network for Transport Measures) (2020).

### Climate ambition for ICA Gruppen's suppliers

ICA Gruppen's suppliers of consumer goods sold, representing 70% of the estimated upstream climate impact, are to have adopted science-based climate targets by 2025 at the latest. The outcome is calculated as follows:

The climate impact from suppliers is updated every year. For 2022 data from the year before was used. The data has been calculated based on ICA Gruppen's sales in store from central assortment and emission factors from Mistra Sustainable Consumption 2019 (kgCO<sub>2</sub>e/sek) has been used. The sales from RIMI has been converted from euro to sek. The exchange rate is the Riksbank (Sweden's central bank) average for 2021 (euro 10,1449). Suppliers with climate targets approved by the Science Based Targets initiative are updated on the Science Based Targets website. The calculated climate footprint of ICA Gruppen's suppliers that have approved climate targets is then established in relation to the total climate footprint of ICA Gruppen's suppliers to determine performance in relation to target.

### Waste

Comprises ICA Sweden's and Rimi Baltic's warehouses, as well as Rimi Baltic's stores. Apotek Hjärtat is not included in the reporting. National laws and regional waste management systems define the types of waste included. Information on waste management methods and amounts is obtained from waste contractors.

Rimi Baltic's waste from stores is based on actual volumes for all stores.

Composted waste consists of biodegradable organic waste, i.e. waste sorted as compostable and 90% of organic waste fractions including packaging.

Incinerated waste consists of waste fractions that can be incinerated and 10% of organic fractions including packaging. Recycled/reused waste includes glass, metal, wood, plastics and other non-landfill waste.

For categories where ICA Gruppen has producer responsibility, such as pharmaceuticals, batteries, electronic products and packaging, disposal is in accordance with applicable legal requirements and any permits required. The waste arising from ICA Gruppen's producer responsibility is not included in the reported waste volumes. ICA Gruppen seeks to reduce waste to landfill and improve the conditions for sorting and recycling of waste.

**Food waste**

ICA Gruppen will reduce its food waste by half by 2025, with 2016 as the base year. This is in line with targets set by the Consumer Goods Forum. Food waste is measured according to the Food Loss & Waste Protocol (FLW). The indicator being used – i.e. the measurement that is to be halved – is food waste weightshare. This is measured by dividing total food waste (tonnes) by total food sold (tonnes). Food waste is food that is prepared to be eaten by humans but which, for various reasons, is not eaten by humans. Food consists of the main food categories of Fresh Foods, Dry Groceries and Fruit & Vegetables. Both food and inedible parts (e.g. peel and bones) are included. The weight of packaging is not included. ICA Gruppen's food waste is waste that arises in ICA Gruppen's own food handling, which includes:

- 1 Food waste from stores
- 2 Food returned from stores
- 3 Food waste from warehouses
- 4 Food waste from customer fulfilment centres.

Food waste for which compensation is received from external actors (e.g. suppliers) is not included in ICA Gruppen's food waste. Reporting includes the warehouses and stores in ICA Sweden and Rimi Baltic. For the Swedish ICA stores the calculation is based on total food waste (tonnes) of the actual food waste from a selection of stores (around 75% are included in the selection). Total food waste (tonnes) is extrapolated by the number of stores at the end of the reporting period using a standard formula. For ICA Sweden's warehouses and customer fulfilment centres as well as Rimi Baltic's warehouses and stores, the actual data for total food waste is used. From the end of 2019, food that the Swedish ICA stores report as a charitable donation for human consumption is excluded from total food waste (tonnes). Food that the Swedish ICA stores report as clearance is excluded from total food waste (tonnes). As of 2021 food that goes for processing is also excluded. For Rimi Baltic food that is donated to charity has been excluded since the base year 2016.

**Climate impact of customers' grocery purchases**

ICA Gruppen intends to cut the climate impact of customers' grocery purchases in half by 2030, using 2020 as the base year. The target is in line with the Carbon Law and the Paris Agreement. The climate impact of customers' food purchases is measured in CO<sub>2</sub>e per kg of food sold, and is calculated by dividing the total climate impact from store food sales measured in CO<sub>2</sub>e divided by the total store food sales measured in kg.

The calculations are based on the following:

ICA Sweden: Total store food sales: sales in kg from the central assortment of food from the Swedish ICA stores. Climate impact of store food sales: The climate impact of food is calculated using the RISE climate database, which is based on life cycle assessment and is updated annually. Total sales are measured against the RISE climate database for the current year. A CO<sub>2</sub>e carbon footprint is then assigned to the products at the product group level. For mixed product groups, a standard value has been assigned (based on the highest sales in the product group). The products with no carbon footprint in the climate database are assigned the carbon footprint of a similar product.

Rimi Baltic: Current reporting does not include Rimi Baltic. The monitoring process is being developed and calculation principles will be updated when Rimi Baltic is included in the reporting.

**Products with reduced sugar**

The number of products with reduced sugar covers ICA Sweden's private label products based on the criteria described below. The following products are included in the target data assessment:

Existing private label products where the sugar content has been reduced based on the criteria below. In the case of a gradual reduction, data for the product is assessed each time the sugar content is lowered.

New private label products that are launched and that have sugar content that is lower than a comparable benchmark product.

Only products in categories that normally contain sugar, but which apart from that could be part of a healthy diet, can be included.

*Criteria for reduced sugar content:* Products with reduced sugar are the products in which the sugar content has been lowered or sugar has been excluded entirely. The actual quantity of added sugar is to be lower. The aim is for there to be 30% less added sugar compared with existing private label products or benchmark products. In the first-mentioned case, the reduction may take place in stages. Sugar may be fully or partially replaced by another sweetening ingredient

as long as the amount of added sugar is reduced as stated above, and the perceived level of sweetness is, if possible, lower than for the existing private label product/than the benchmark product.

*Sugar substitutes:* Which sweeteners may be used is regulated by law, the Swedish National Food Agency's guidelines and ICA's Brand Criteria. The choice of sweetener is based on what is approved and most appropriate in the respective food category. In addition to ICA's Brand Criteria, the following applies:

"Natural" sweetener from fruit and berries, e.g. juice, may result in products with a lower sugar content even if the source is still sugar and may be used as an alternative to sugar.

Oligosaccharides (types of sugar with between three and nine sugar units, such as oligofructose or inulin) can be used as prebiotic fibre in ICA's products. Oligosaccharides can be used to partly lower the amount of added sugar.

Glucose syrup and fructose syrup are only used to a limited extent in ICA's reduced-sugar products.

Sucralose is not approved as a sweetener in ICA's products.

*Definitions:* Added sugar: In addition to sugar (sacarose/sucrose), added sugar includes dextrose, fructose, honey, invert sugar, malt syrup, rice syrup, molasses, high-fructose corn syrup (HFS), glucose, lactose, maltose, malt extract, beet sugar, agave syrup etc. Naturally occurring sugars can be refined and are then counted as added sugar, e.g. if refined lactose is used for flavouring.

Naturally occurring sugars: Examples of naturally occurring sugars are lactose in milk and fructose in fruit and vegetables.

### **Supplier-related data**

Quality certified suppliers are all suppliers of ICA Gruppen's corporate brands who have undergone an assurance procedure and hold an associated valid certificate in accordance with one of the quality standards accepted by ICA Gruppen. Information on socially audited suppliers refers to active corporate brand suppliers in high-risk countries whose production units have undergone an initial ICA Social Audit and/or an audit under any of the third party audit schemes accepted by ICA Gruppen. If zero tolerance deviations are detected the supplier will not be approved. If critical deviations are identified during an audit the supplier generally gets a chance to correct the problems within a set period of time stated in the audit protocol. If the supplier corrects the problems to the Group's satisfaction within the period set, the supplier is approved. The length of time the supplier is approved is determined by the principles for approval in the relevant standard and, if the standard does not stipulate a timeframe for approval, by ICA Gruppen's governing documents. In individual cases a personal assessment is made of the period of validity based on ICA Gruppen's governing documents. Production unit refers to a factory, farm or processing plant.

High-risk countries are identified according to the amfori BSCI (Business Social Compliance Initiative) definition for the current reporting period. BSCI factors in, for example, political stability and absence of violence, quality of regulatory systems, rule of law, control of corruption, government effectiveness and the ability of people to be heard.

### **Quality work and product safety**

Public recalls are recalls where there is considered to be a risk to health or the environment, i.e. the public is informed via a press release or by other means.

### **Quality in stores**

The number of certified ICA-stores in Sweden refers to stores approved and certified by a third party in accordance with the Swedish standard for food handling in stores.

Stores that have adopted the Swedish standard for food handling in stores refers to Swedish ICA stores that apply the standard but have not been certified by a third party.

### **Environmental work in stores**

Swan ecolabelled stores are ICA-stores in Sweden approved and certified by a third party in accordance with the Swan criteria. Stores that have been approved according to Miljösmart Butik (ICA Sweden's environmental programme for stores) are Swedish ICA-stores that have been approved in an internal audit performed by ICA Sweden's sustainability coaches.

### **Employees**

Employees are personnel employed by ICA Gruppen, i.e. including employees in stores owned by a company within the Group. Data is based on the number of employees at year-end, with the exception of the categories Average number of employees (FTEs) and Gender distribution all employees, which are based on the average number of full-time employees. Average number of employees (FTEs) includes permanent, probationary and temporary employees. Another exception is the categories Percentage of employees with a Swedish/foreign background, which is based on the number of employees that worked in Sweden during the year. Employees in stores owned by ICA Sweden are excluded. ICA has received help from Statistics Sweden to produce data on the employees' backgrounds. Based on the Statistics Sweden definition, an employee with a foreign background is one who was either born in another country or whose parents were both born in another country. Employee turnover is calculated as the number of permanent employees who leave during the year in relation to the average number of permanent employees. Sickness-related absence is calculated as the number of hours of sickness-related absence in relation to the number of scheduled working hours. Sickness-related absence is calculated on a rolling 12-month basis up to and including November of the current year. Gender distribution, all management levels refers to all managers with responsibility for staff within the Group. The gender distribution for the Board of Directors and ICA Management Team refers to ICA Gruppen's Board and IMT at the end of the year. The gender distribution for business-critical positions refers to positions with significant operational responsibility, a substantial impact on operations and a major responsibility for the continuation of the business. Type of employment relates to all employees, broken down into those that work full-time (100%) and those that work part-time, i.e. less than 100%. Age distribution, all employees is a breakdown by age group of all individuals employed on a permanent basis. Permanent employees means individuals employed for an indefinite period or on a probationary basis, regardless of their degree of employment, as of December. Temporary employees means staff whose employment is for a limited term.