

# 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 procedures for sustainability reporting. The accounting principles are explained in detail below.

## Climate impact from own operations

ICA Gruppen is climate neutral in its own operations since 2020, and will have net zero emissions by 2030. Climate neutrality means that all of ICA Gruppen's emissions are offset by purchasing carbon credits for the corresponding amount of carbon dioxide equivalents (CO<sub>2</sub>e). The target of net zero emissions means that ICA Gruppen's climate impact shall be reduced as much as possible, and that the emissions that cannot be eliminated by 2030 are balanced with measures that make the net effect on the atmosphere zero. ICA Gruppen intends to follow the Science Based Targets standard for net zero, which is under development, and to have the target officially approved by the organization.

The following is included in the climate target for own operations: emissions of greenhouse gases from refrigerants and energy use in stores, pharmacies, warehouses and offices, as well as from goods transport between warehouses and stores/pharmacies and centrally delivered e-commerce and from business travel (Scope 1, 2 and parts of Scope 3). Both the Swedish and the Baltic operations are included.

Outcomes against the target of net zero emissions are reported in tonnes of carbon dioxide equivalents. See respective area for in-depth information on emission 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 deliveries and from central e-commerce warehouses.

## 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.

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

- The Nordic electricity mix emission factor 2006 is used to calculate carbon emissions from the use of non-renewable energy in Sweden (source: Swedenergy, published 2007).
- When calculating carbon emissions for renewable energy in Sweden the emission factor from Bixia/Östkraft (2007) is used.
- When calculating carbon emissions for renewable energy in the Baltic countries an average emission factor for renewable electricity from IEA (2009) is used.
- When calculating carbon emissions from district heating, an average emission factor from the Swedish Energy Agency is used, as recommended by the GHG Protocol (Carbon dioxide evaluation of energy use, supporting reports, Swedish Energy Agency 2008).

## Goods transport

Comprises the transportation of goods between ICA Gruppen's warehouses and stores/pharmacies, and goods transported from central e-commerce warehouses. 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 of goods transportation but owns a number of transport solutions, and also owns most of its e-commerce transport solutions. From the first quarter 2021 Rimi Baltic uses leased transport solutions for goods transport between warehouses and stores, but owns all e-commerce transport solutions.

In ICA Sweden all haulers report distances driven, fuel consumption per type of fuel and emission factors for each type.

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

Fuel consumption for Rimi Baltic's leased transport solutions is calculated based on transport distances and average fuel consumption. Fuel consumption data for Rimi Baltic's own transportation is obtained directly from the fuel supplier.

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

- Haulage companies report emission factors for each type of fuel based on invoices from each respective fuel supplier. ICA Sweden and Apotek Hjärtat check emission factors against reference emission factor from NTM (Nätverket för Transporter och Miljö), which were produced in 2020 for all types of fuel. The emission factors are based on WTW (Well to Wheel).

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

- Emission factor for diesel from NTM, Nätverket för Transporter och Miljö (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.

### 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.

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 car 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 obtained from the travel provider.
- Emission factor for business travel by car from NTM (Nätverket för Transporter och Miljö) (2020).

### Climate ambition for ICA Gruppen's suppliers

ICA Gruppen's suppliers of consumer goods sold, accounting for an estimated 70% of ICA Gruppen's 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 has been calculated based on ICA Gruppen's store sales in 2018 and emission factors from the GHG Protocol tool Scope 3 Evaluator (kg CO<sub>2</sub>e/USD, source: World Input Output Database). The exchange rate is the Riksbank (Sweden's central bank) average for the year 2018 (USD 1 = SEK 8.6921). Value, currency and emission factors are updated every three years starting in 2018. The combined estimated climate footprint of the suppliers constitutes 100% of ICA Gruppen's upstream climate impact.

Suppliers with set climate targets approved by the Science Based Targets initiative are updated on the Science Based Targets website. The estimated 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 the extent to which targets have been met.

### 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 intends to reduce its food waste by half by 2025, with 2016 as the base year. This is in line with goals set by the Consumer Goods Forum. Food waste is measured according to the FLW Protocol (Food Loss and Waste Protocol). Cutting food waste in half means reducing the food waste weightshare by 50%. 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 e-commerce warehouses.

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 of ICA Sweden and Rimi Baltic. For the Swedish ICA stores the calculation is based on total avoidable food waste (tonnes) of the actual avoidable food waste from a selection of stores (77% included in the 2020 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 e-commerce warehouses and Rimi Baltic's warehouses and stores, the actual data for total food waste (tonnes) 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). From 2021 food used for processing is also excluded. For Rimi Baltic food that is donated to charity has been excluded since the base year 2016.

### Climate impact from customers' purchases of food

ICA Gruppen aims to cut the climate impact from customers' food purchases in half by 2030, with base year 2020. The aim is in line with the Carbon Law and the Paris Agreement. The climate impact from customers' food purchases is measured in CO<sub>2</sub>e per kilo of food sold, and is calculated by dividing the total emissions from store sales of food, measured in CO<sub>2</sub>e, by the total store sales of food measured in kilos.

The following conditions apply to calculations:

ICA Sweden:

Total store sales of food: sales in kilos of the central range of food from the Swedish ICA-stores.

Climate footprint from store sales of food: The climate footprint from food is calculated using the RISE climate database, which is based on life cycle analyses and is updated annually. Total sales are matched with the RISE climate database for the current year. A CO<sub>2</sub>e value is then assigned to the products at product group level. For mixed product groups, a standard value has been assigned (based on the largest sales within the product group). Products that do not have climate value in the climate database are assigned the value of a similar product.

Rimi Baltic:

Current reporting does not include Rimi Baltic. Follow-up is under development and calculation principles will be updated when Rimi Baltic is included in the reporting.

### Consumption of fruit and vegetables

ICA Sweden's target that customers' purchases of fruit and vegetables by 2025 shall correspond to the recommended consumption of at least 500 grams per person and day is calculated based on a selection of customer- and receipt data on actual purchases of fruit and vegetables measured in grams.

The following conditions apply to calculations:

**Selection:** Only households that can be assumed to make the majority of their food purchases at ICA are included, and the selection is therefore limited to the bonus accounts that have a "share of wallet" of > 80%. That is, they are estimated to spend 80% or more of their food budget with ICA. In this population there are about 150,000 unique households. The population is updated regularly.

**Number of persons per household:** The average consumption per person in the household is calculated on the basis that there are on average 2.2 people per household in Sweden (Source: SCB).

**Time interval:** The average consumption per day is calculated on the basis of a monthly interval, which is assumed to give a more accurate picture of the consumption per day than a shorter time interval, as food can be consumed some time after it has been purchased.

**Boundaries of products included:** Fruit and vegetables refer to fresh, frozen and canned fruits and vegetables. The boundary is based on the National Food Administration's definition of fruit and vegetables, which excludes potatoes. Fruit and vegetables from, for example, salad bars are excluded, as it is not possible to distinguish them from other products in receipt data.

**Food waste and peel:** For food waste assumptions, i.e., food that could have been eaten but instead is thrown away, a standard value of 9% has been deducted from the estimated consumption per person and day (Source: Swedish Environmental Protection Agency report, 2018). Another assumption is then made about weight loss due to peeling and preparation, where a standard value of 20% has been deducted from the estimated consumption per person per day, corresponding to the estimated average loss linked to peel/residues that cannot be eaten, (Source: Mått för mat, 2010).

#### **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 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 implemented 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. 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. 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.