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Business Ethics and Policy Committee	SVP, Corporate Responsibility	ICA Gruppen	2015-06-12	12
Revised and approved for ICA Gruppen by the Business Ethics and Policy Committee in June 2015. Original version adopted by ICA Handlarnas AB in 1996.				

Guidelines for ICA Gruppen¹ Sustainability Policy

The Sustainability Policy and these guidelines include the areas of quality, environment, health and social responsibility in relation to sourcing, product range as well as store, office, transportation and warehouse operations. Issues related to employee health are covered in the Personnel Policy and guidelines.

ICA's sustainability work is based on the three keywords transparency, credibility and traceability, ICA's seven Good Business position statements and the Ten Principles of the UN Global Compact. Our guiding principles when working with sustainability are: the interests of the customer, the employee, the child and the environment.

Compliance with current legislation

We and the products we sell shall comply with current national and European legislation as applied in each country in which we sell the products, within the areas of quality, environment, health and social responsibility. In all their activities, our suppliers and other business partners shall comply with national legislation in the countries in which they operate. However, our requirements may exceed the requirements set out in law.

Sourcing and product range guidelines

General

All products² shall be safe, functional, environmentally and ethically acceptable, have an appropriate shelf life and shall comply with and be labelled according to relevant, approved labelling systems.

Our product range and sourcing operations shall implement management systems for quality and environmental work. These management systems shall be reviewed through quality and environmental audits.

We encourage customers to a healthy lifestyle by offering an inspiring assortment and through information, activation and education as well as the proper use of

¹ Hereafter referred to as ICA.

² This does not apply to certain medicinal products that the pharmacy operations by law have an obligation to supply. Requirements regarding production, safety etc. are set by the Medical Product Agency.

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pharmaceuticals. The product range complies with current recommendations as well as taking into account customers with special needs.

Suppliers shall remain fully liable for ensuring that their sub suppliers and sub contractors meet all our requirements. Suppliers shall ensure that these requirements are communicated to and implemented by all sub suppliers and sub contractors involved in production or operations for ICA. Suppliers shall inform ICA of sub contractors involved in production or operations for ICA.

Quality assurance at supplier level

Suppliers and producers should use established management systems and be certified according to a third party standard for product safety and quality. Exceptions can be made for very small suppliers. In such a case, food suppliers shall have a documented set of self-inspection controls/checks based on HACCP³ or other equivalent system in place and other suppliers must base their quality assurance practices on risk assessment. Suppliers should also make similar demands on their sub suppliers.

Food suppliers of corporate brand products shall be certified according to a standard approved by the Global Food Safety Initiative (GFSI) or other equivalent monitoring/certification system accepted by us.

Environmental work in production

Suppliers shall conduct active internal environmental work. This should include environmental policy, environmental objectives and targets, and plans designed to prevent and reduce the environmental impact from production and other operations, including a safe and proactive approach to chemicals. Suppliers shall regularly follow-up the environmental impact of their operations. Suppliers' environmental work should preferably be certified according to a third party standard accepted by us.

Social responsibility in production

The products we sell shall have been manufactured in a manner that meets the following requirements:

- No child labour. The term "child labour" means labour where children are exploited economically, prevented from receiving an education, or where their health or physical and social development are jeopardised.
- No forced labour.
- No discrimination of employees.

³ HACCP (Hazard Analysis Critical Control Points) is a method of systematically ensuring sound practice in the handling of foodstuffs. HACCP was drawn up by the Codex Alimentarius Commission and has been incorporated into food product legislation.

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- Employees have a safe working environment where their health is not jeopardised, where accidents are prevented and avoided, and where access is provided to potable water, sanitation facilities and the requisite protective equipment.
- Employees have the right to join a trade union and participate in collective bargaining agreements.
- Employees have acceptable employment terms with regard to pay, working hours and leave.

These requirements are based on the UN and ILO (International Labour Organisation) conventions, e.g. the UN Convention on the Rights of the Child.

| We shall be entitled to visit production sites when we chose to do so.

Suppliers shall implement management systems to ensure compliance with the legislative and regulatory requirements of the country in which they operate. Production sites in high-risk countries⁴ shall be subject to third party certification or another equivalent monitoring/certification system accepted by us. We recommend that suppliers revise their policies in accordance with the BSCI, the Business Social Compliance Initiative and are positive about certification in accordance with SA 8000.

Producer responsibility

Products shall be manufactured and labelled with information that facilitates waste sorting and recycling.

Suppliers placing products on the market shall be affiliated to a relevant recycling organisation and producer responsibility system in the respective country where we operate, or shall be able to demonstrate that their packaging material is processed in some other acceptable manner.

Climate Responsibility

| In the sourcing process, climate impact should be taken into account in relation to production method, transportation distance and mode of transport. Sourcing of organic products and sourcing from producers located as close to the respective markets as possible, as well as and in relation to season and quality, are approaches that shall be used and developed.

| Air transports are to be used only in exceptional cases, for example to meet legal requirements.

| ⁴ High-risk countries are defined in accordance with the Business Social Compliance Initiative's definition (BSCI).

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Local production

We take a positive view of local production. These products must also be safe and produced in an ethically and environmentally acceptable manner, in accordance with our policies.

Supplier countries

We have relationships with suppliers and not with countries. We follow the UN and the national government recommendations with respect to business relations with companies abroad.

Traceability

Supplier demands

All food products shall be traceable to the relevant facility and production batch. The origin of component raw materials shall be traceable. All non-food products should preferably be traceable to the relevant facility and production batch. Load carriers shall be labelled to enable tracing in accordance with our directives.

Internal demands

All products must be traceable one step back and one step forward in the value chain (only between companies, not consumers). Our warehouses shall document everything that is delivered and the identity of the recipient. Our stores shall document everything that is delivered and, for business-to-business, the identity of the receiving company.

Agriculture, forestry and fishing

We strive to ensure responsible management of natural resources in order to:

- ensure access to quality food
- ensure long-term sustainable agriculture, forestry and fishing
- preserve biological diversity
- reduce deforestation by sourcing commodities such as palm oil, soy, beef, paper and pulp in a sustainable manner.

We shall not sell meat from animals under threat of extinction.

Wherever possible, we ensure that the fish we sell comes from catches that are legal with regard to quotas, country of origin, fishing equipment and size.

To reduce the environmental impact of commercial farming and fishing, we strive to achieve a product range that generates the minimum possible environmental impact.

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We shall support the development of sustainable production with regard to raw materials and products with a major impact on the environment, such as soy and palm oil.

Whenever possible, we shall sell wood and paper items known to originate from sustainably managed forests. Wood from tropical tree species must be certified according to FSC⁵.

Animal welfare

We shall ensure high standards of animal welfare wherever possible. By this, we mean the following:

- animals shall be treated well and protected from unnecessary suffering and disease
- animals shall be kept and cared for in an animal-friendly environment that promotes their health and allows them to behave naturally
- animals shall receive adequate care and attention.

We look favourably on production sites that use third party systems to ensure acceptable animal welfare.

Chemical substances

We strive to limit the use of chemicals that are harmful to health and/or the environment in the products we sell and in their production. Therefore, products and packaging:

- shall not contain substances of very high concern (SVHC) published on the REACH Candidate list.
- containing other SVHC according to REACH criteria should be avoided as far as possible.
- containing halogenated flame retardants shall be avoided as far as possible.
- shall not contain triclosan.

PVC

Our aim is that packaging and products in our assortment shall not contain PVC since it may contain environmentally hazardous substances or hazardous substances may develop during incineration and landfill. Exceptions can be made for packaging and products if specific technical and/or quality requirements exist and if there are no equivalent materials on the market. Exceptions must be approved by the Business Ethics and Policy Committee.

⁵ Forest Stewardship Council

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Sustainability labelling of products

We shall provide a broad range of products with sustainability labels i.e. environmental, organic, ethical and health labelling.

Allergies and hypersensitivity

Products shall be labelled according to current EU legislation and may not be labelled with “may contain traces” if there is no risk that the allergen might harm allergic consumers.

Tobacco and alcohol

We support the efforts of society to reduce the harmful effects of tobacco and alcohol.

We shall strive to have non-alcoholic and low alcoholic⁶ alternatives in all segments that offer alcoholic beverages, where this is possible.

ICA should follow the debate on other stimulating substances (e.g. caffeine) and take action based on customer requests and scientific evidence.

Transparency and labelling

We strive to help consumers to make informed, sustainable and healthy choices. Product information must always be correct and should be transparent when it comes to information about production and relevant ingredients.

All products should provide information on the products' country of origin.

Consumer package labels and warnings shall always be legible and printed in the local language.

Dietary supplements and medicinal products in our range must undergo relevant product verification in order to substantiate their claims.

Salmonella

Products sold by us shall be free from salmonella.

Antibiotics

We do not accept the use of antibiotics for preventive purposes in animal husbandry.

⁶ Definition of low alcoholic is less than 2.25 alcohol by volume (ABV).

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Pesticides

We shall strive to reduce the environmental impact of agriculture by reducing the use of pesticides.

Nutrition

We strive to take into account current nutrition recommendations from authorities and scientific research in product development and product handling. We encourage our suppliers to do the same.

Additives

Additives shall be used restrictively and provide a clear benefit for customers, e.g. improved nutritional value, food safety, manageability, appearance and taste. All ingredients must be declared in the ingredients list to enable the consumer to make a deliberate choice. Certain additives can cause hypersensitive reactions or have other negative effects. We monitor scientific literature about these additives and can choose to limit their use in private label products.

We do not accept the use of azo dyes in food. Nor do we accept the presence of dyes in food staples, such as butter, milk, grain, flour, sugar, meat, fish, fruit and vegetables.

Additives may be indicated with an “E” number on consumer packaging.

GMO

We take a fundamentally positive view of new technology that provides consumers with better products. For ethical and environmental reasons, however, we do question the production and cultivation of genetically modified foods (GMO) and seeds that are not produced in a closed environment. Genetically modified foods and ingredients shall be kept separate and shall be traceable. Consumers are entitled to information on whether a product comprises or contains ingredients with genetically modified origins.

We will refuse to carry any food product produced with the aid of GMO unless it is ethically acceptable, safe for the environment and for humans, and enhances customer benefits. Decisions on whether to include such products in the product range are taken by the ICA Management Team.

Consumer packaging

Packaging shall be safe for the consumer and support the quality of the product. It should be easy to handle. We strive towards minimising packaging waste throughout the life cycle.

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Stores, offices, transportation and warehouse operations

Responsibility

All steps in the supply chain must have documented in-house controls based on HACCP or GDP⁷, as well as reliable routines regarding product recalls. Stores and logistic operations shall ensure that quality and environmental assurance are achieved.

Sourcing, logistics and stores shall work according to quality and environmental monitoring and/or certification systems and standards accepted by ICA.

Our logistics operations shall work according to the management systems and adopted standards regarding quality and environmental aspects. The management systems shall be reviewed through quality and environmental audits.

Climate

We shall work progressively and seriously with the climate impact of our activities. This is an integral part of investment decisions and daily operations and includes defining significant environmental aspects, such as use of energy, transports and cooling media, and continuously improving these in an effective way.

Temperature

Product temperature is critical for safety and freshness. The cold and deep-frozen chain shall be unbroken and documented. In the absence of other temperature guidelines on consumer packages, the temperature guidelines for different product groups specified in our temperature guides shall apply.

Consumables

Whenever possible, environmentally labelled consumables shall be used in our operations. In the absence of environmentally labelled alternatives, the impact of cleaning products on the environment and human health shall be reviewed and assessed.

Consumables may not contain prohibited substances or substances included on REACH candidate list.

⁷ HACCP (Hazard Analysis Critical Control Points) is a method of systematically ensuring sound practice in the handling of foodstuffs. HACCP was drawn up by the Codex Alimentarius Commission and has been incorporated into food product legislation. GDP (Good Distribution Practice) requires that medicines are obtained from the licensed supply chain and are consistently stored, transported and handled under suitable conditions.

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Packaging

We shall use return systems for distribution and packaging materials when such a system is available and justified on environmental and economic grounds.

Waste

Our operations and stores shall minimise the amount of waste, aiming to achieve zero waste going to landfill. As far as possible, depending on local conditions, separating and sorting of materials for recycling, reuse and recovery shall take place in our operations.

Waste, both from own operations and from the public, will be handled and disposed of safely. We also encourage customers to submit their pharmaceutical waste in our pharmacies.

Energy

We shall strive to reduce our energy consumption and increase energy efficiency. Stores, warehouses and offices shall strive to maximise the use of renewable energy sources such as sun, wind, water, wave and bio power.

Cooling media

We shall actively work towards choosing cooling media and related technical solutions with the overall lowest possible environmental impact.

Our ambition is to phase-out HFC refrigerants and replace them with natural refrigerant alternatives in point-of-sale units and large refrigeration installations.

Goods transports and business travel

We shall strive to achieve an ongoing reduction in the environmental impact of our goods transports and business travel.

Facilities

Facilities shall be maintained with good hygiene practice in accordance with national legislation and industry guidelines.

Recalls

Recalls shall always be based on facts from the relevant step in the supply chain and, if possible, analysis of the product and consumer reactions. The severity of the problem depends on the potential risk for the consumer and the risk of damage to the brand. We and our suppliers shall have clear and effective routines for handling recalls. Suppliers shall always contact us before a recall is performed.

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Information and communication guidelines

Information on our sustainability work

Using clear communication, we shall provide a transparent account of our work with quality, environment, health and social responsibility, to both internal and external stakeholders. We shall actively provide information about and market the value-added items we carry.

ICA Gruppen supports the UN's Global Compact corporate initiative and submits transparent yearly reports about the progress made in the field of corporate responsibility, both in annual reports and on the group website.

Customer relations

It should be easy for customers to obtain information from, ask questions of, give suggestions to and lodge complaints with us. Customer relations activities shall be supported by an efficient customer relations function.

Private label items shall display customer relations contact information. Relevant product information should be available on request.

Knowledge and efficiency guidelines

Employees of our companies and stores shall be aware of applicable quality, environment, health and social responsibility requirements and are responsible for ensuring compliance with these in their respective product and operational areas. We shall train, involve and inform all employees with regard to our quality, environment, health and social responsibility work on an ongoing basis.

Our quality, environment, health and social responsibility work routines shall be regularly reviewed and evaluated in order to continually improve.



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ICA's Good Business

ICA has chosen to describe our view on ethics and corporate responsibility in our position statement "ICA's Good Business". We want all parties to feel secure and confident with us.

By ICA's Good Business we mean 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
- adapt sound environmental practices and to promote sustainable development

The intranet-based interactive training ICA's Good Business is mandatory for everyone within ICA.