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Sustainability Guidelines for Retail & Pharmacy

ICA Sverige, Apotek Hjärtat och Rimi
Updated 2023

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1. Introduction

1.1. Background and purpose

ICA Gruppen believe that sustainability work and strong community engagement goes hand in hand with long-term profitability. Sustainability is a strategic priority and is integrated into all of ICA Gruppen's operations.

ICA Gruppen wants to ensure that customers are safe. Quality, environment, and social responsibility are always guiding principles in our operations and our business relationships. By being open and transparent we will actively take responsibility for quality and the impact of production. The goods and services that ICA Gruppen sells must meet requirements and expectations and must maintain high standards as regards the impact of their production on people, the environment and animal welfare. They must be safe to use, have as low environmental impact as possible and be produced under good working conditions and in accordance with animal welfare legislation in force. ICA Gruppen's business takes place on fair and decent terms and ICA Gruppen's responsibility extends across national borders.

1.2. Scope

The sustainability guidelines for retail and pharmacy apply to RIMI, Apotek Hjärtat and ICA Sverige.

The sustainability guidelines for retail and pharmacy describe ICA Gruppen's overarching position on sustainability matters beyond the requirements set out in the legislations. All of ICA Gruppen's employees, suppliers of products and services and business partners are expected to follow these when handling purchases and procurement of products and services.

The areas Construction and Real Estate operations, as well as Banking and Insurance services are subject to separate guidelines.

1.3. Communication and implementation

Chief Corporate Responsibility Officer ensures that the latest version of the Sustainability Guidelines for Retail & Pharmacy is published on ICA Gruppen's intranet.

The CEOs of the respective OpCos are responsible for implementation of and compliance with the sustainability guidelines for retail and pharmacy as well as the general sustainability guidelines that apply throughout ICA Gruppen.

ICA Gruppen's working practices for sustainability will be regularly reviewed and evaluated to ensure continual improvement.

2. General sourcing guidelines

2.1 Management system and quality assurance

ICA Gruppen's sourcing operations shall implement management systems or similar follow up systems for quality and environmental work.

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 and producers.

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.

Suppliers shall be fully responsible for ensuring that their sub suppliers and subcontractors compliant all requirements carried out by ICA Gruppen.

2.2 Environmental work

Suppliers shall conduct active internal environmental work. Suppliers' environmental work should be certified according to a third-party standard approved by ICA Gruppen.

Suppliers should aim to choose raw materials with a smaller environmental footprint, and aim to reduce the footprint of products, considering their entire lifecycle. Suppliers should aim to to reduce their energy consumption and improve energy efficiency.

ICA Gruppen shall work preventively to minimise the amount of waste (mainly food, plastic, and paper) in operations and turn unavoidable waste into a resource. As far as possible, the aim should be to move waste management up the waste hierarchy where prevention is the best option, and disposal such as landfill the last resort, aiming to be zero. ICA Gruppen shall look for innovative solutions to be a part of circular economy.

ICA Gruppen encourage customers to turn in their unused and left-over medicines to pharmacies.

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

2.3 Social responsibility

The products we sell shall be 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 going to school, or where their health or physical and social development are jeopardised.
- No forced labour.
- No discrimination of employees.
- Employees shall 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 personal protective equipment.
- Employees shall have the right to join a trade union and participate in collective bargaining agreements.
- Employees shall have acceptable employment terms regarding pay, working hours and leave.

Suppliers shall implement management systems to ensure compliance with the legislative and regulatory requirements of the country in which they operate. Production sites in risk countries¹ shall be subject to third-party certification or another equivalent monitoring/certification system accepted by us, for example Sedex Smeta and Amfori BSCI.

¹ Risk countries are defined in accordance with Country Risk Classification by Amfori BSCI.

2.4 Climate responsibility

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 prioritized. Air transport shall be used only in exceptional cases, for example to meet legal requirements.

ICA Gruppen also strive that suppliers of both products and services implement science-based targets that are in line with the Paris Agreement on climate change.

ICA Gruppen seek to achieve a continual decrease in the environmental impact of transport and business travel. ICA Gruppen's ambition is to increase resource efficiency and the use of renewable fuels.

ICA Gruppen shall work actively on choosing refrigerants and related technical solutions that have the lowest overall potential environmental impact.

ICA Gruppen shall phase out HFC refrigerants and should replace them with natural refrigerants or alternative ultra-low GWP refrigerant alternatives in point-of-sale units and large refrigeration installations.

2.5 Requirements for products sourced by ICA Gruppen

Traceability

Supplier demands

All products shall be traceable to the relevant facility and production batch. The origin of component ingredients shall be traceable. Load carriers shall be labelled to enable tracing in accordance with our demands. Supplier shall follow GS1 standard for product information and labelling.

Internal demands

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

Agriculture, forestry, and fishing

ICA Gruppen promotes and encourages responsible management of natural resources through:

1. sustainable methods for agriculture, forestry, and fishing,
2. protection and restoration of biological diversity,
3. reduced deforestation.

ICA Gruppen shall support sustainable production of raw materials and products with major environmental impacts and work to minimize and mitigate sustainability risks in the value chain. ICA Gruppen shall not sell any products from animals under threat of extinction.

ICA Gruppen shall use and sell wood and paper products known to originate from sustainably managed forests.

Water use

Suppliers who use significant amounts of water in their activities should have a plan to reduce water consumption, ensure water treatment with the least damage to the environment, and follow global water management systems (e.g., Alliance for Water Stewardship).

Animal welfare

ICA Gruppen shall ensure high standards of animal welfare wherever possible. The following requirements shall be met:

- 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.
- Use of antibiotics for preventive purposes in animal husbandry is not accepted.
- Production sites should use third-party systems to ensure acceptable animal welfare.

Salmonella

Products sold by us shall be free from salmonella.

Chemical substances

ICA Gruppen 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:

1. shall not contain substances of very high concern (SVHC) published on the REACH Candidate list, and
2. should not contain other SVHCs according to REACH criteria.

Sourced products shall not contain PVC since it may contain environmentally hazardous substances or hazardous substances may develop during incineration and landfill.

Sustainability labelling of products

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

Transparency and labelling

Dietary supplements and med-tech products in ICA Gruppen's range shall undergo relevant product verification to substantiate their claims.

Nutrition

ICA Gruppen should consider current nutrition recommendations, especially for sugar, salt, and saturated fat, from authorities and scientific research in product development and product handling. ICA Gruppen encourage our suppliers to do the same.

Food additives

Additives shall be used restrictively and provide a clear benefit for customers. ICA Gruppen do not accept the use of dyes in food staples.

GMOs

ICA Gruppen use the precautionary approach in accepting food products produced with the aid of GMOs. Exemptions can be granted if it is ethically acceptable, safe for the environment and for humans, and enhances customer benefit.

Consumer packaging

Packaging shall be safe for the consumer, minimise waste and preserve the quality of the product.

The environmental impact of packaging shall be minimised throughout the life cycle by ensuring that packaging is recyclable, resource- and transport-efficient, and preferably made from renewable or recycled material.

Packaging shall be labelled with information that facilitates waste sorting and recycling of the packaging material.

Suppliers that place products on the market shall be affiliated with 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.

Packaging

ICA Gruppen shall use return systems for distribution and packaging materials when such systems are available and justified on environmental and economic grounds.

Recalls

ICA Gruppen and ICA Gruppen's supplier's shall have clear and effective routines for handling recalls.

3. Sourcing guidelines Retail

3.1 Requirements for products sourced by ICA Sverige and RIMI

Transparency and labelling

Corporate brand products shall provide information on their country of origin.

Antibiotic resistance

ICA Gruppen shall be a part of the fight against antibiotic resistance and support a safe and healthy use by humans and in animal husbandry. For ICA Gruppen's corporate brands we are restrictive with chemicals that have been scientifically shown to contribute to antibiotic resistance and ICA Gruppen work to counter the overuse of antibiotics in society.

Tobacco, alcohol, and other stimulant substances

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

ICA Gruppen should offer non-alcoholic and low alcohol² alternatives in all segments that offer alcoholic beverages.

ICA Gruppen shall follow legislation on other stimulant substances (e.g., caffeine) and act based on customer requests and scientific evidence.

Allergies and hypersensitivity

ICA Gruppen want to meet the needs of customers that have specific needs due to allergies and/or hypersensitivity. The labelling “may contain traces” should be used restrictively and only if there is an apparent risk.

4. Sourcing guidelines Pharmacy

4.1 Requirements for products sourced by Apotek Hjärtat

Pharmaceuticals

Apotek Hjärtat shall have an active role in the work towards a sustainable pharmaceutical industry. For prescribed pharmaceuticals Apotek Hjärtat shall support initiatives for a more transparent production and sustainability requirements in the approval process of putting pharmaceuticals on the Swedish market.

For suppliers of over the counter-medicines (OTC) Apotek Hjärtat shall have sustainability requirements regarding the production. Apotek Hjärtat shall also work with the Pharmacy Industry's voluntary commitment (Välvald) for those suppliers who have an extra transparent and sustainable production. The work with Välvald shall also enable customers to choose over-the-counter medicines based on responsible manufacturing.

Antibiotic resistance

Apotek Hjärtat shall be a part of the fight against antibiotic resistance. Apotek Hjärtat work on counter the overuse of antibiotics in society, support a safe use of antibiotics when advising customers concerning their prescribed pharmaceuticals and inform customers on how to handle leftover medicines.

Allergies and hypersensitivity

Apotek Hjärtat shall ensure that the products do not contribute to allergies and shall have a range of products that is suitable for people with allergies and hypersensitivity.

5. Information and communication guidelines

Customer relations activities shall be supported by an effective customer relations function.

Corporate brand items shall display customer relations contact information. Relevant product information should be available on request.

6. Roles and responsibilities

CR leads for operations covered by these guidelines are responsible for ensuring, that work is conducted in accordance with these guidelines. This responsibility includes ensuring that sufficient competencies and resources are available. Each manager is responsible for communicating these guidelines to their employees. Each employee has a responsibility to act in accordance with this governing document, thereby contributing to ICA Gruppen's ambition to be a leader in corporate

responsibility. It is CR leads for operations covered by these guidelines who is responsible to approve new versions of the sustainability guidelines for retail.

Employees within ICA Gruppen's companies and stores shall be aware of the sustainability requirements that apply and shall ensure compliance with these within their respective product and business areas. The ambition is to constantly involve all ICA Gruppen's employees in the sustainability work, keeping them informed and providing ongoing training.

7. Exemption management

Exemptions from the sustainability guidelines for retail must be approved by CR leads for operations covered by these guidelines.

8. Compliance

CR leads for each Opco will monitor ICA Gruppen's compliance to the sustainability guidelines for retail and report this to CR Group Management Team. Due diligence is used as one of our tools.

9. Annual review

The annual review of the sustainability guidelines is to be managed by the Chief Corporate Responsibility Officer and submitted to CR leads for operations covered by these guidelines for approval.