

# Tax Policy



**Document Information** 

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Related Documents (governing document/s)	-

## Distribution, Confirmation and Implementation

This steering document shall be distributed to the following functions or roles and shall be confirmed in accordance with the table below.

Confirmation required for the steering document	Read	Implemented
Board of Directors	X	
CFO ICA Gruppen	X	X
Head of Treasury & Tax	X	X
CFO ICA Sverige	X	X
CFO Apotek Hjärtat	X	X
CFO ICA Fastigheter	X	X
CFO Rimi Baltic	X	X

By confirming that the steering document has been **READ**, the recipient acknowledges having read and understood the contents of the steering document.

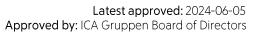
By confirming that the steering document has been **IMPLEMENTED**, the recipient:

- has informed all pertinent persons within his/her respective unit of the content of this steering document; and
- has established a process to ensure that the principles and the minimum requirements of the steering document will be followed within his/her respective unit.

## **Versions**

This steering document has been updated since implementation and the most important changes are listed below.

Version (20XX:X)	Major changes since last version
2024:1	N/A





### 1 Introduction

The Tax Policy defines the Board's view on how tax should be managed within the ICA Group.

According to this view tax should be treated as any other cost within the Group in the sense that it should be reduced to a minimum as long as the activities taken to minimize the tax cost should not result in an unaccepted risk exposure. This implies that the tax costs should be minimized through effective tax risk management and effective tax compliance rather than through the implementation of transactions for the sole purpose of minimizing tax cost. ICA should, at all times, aim to follow applicable rules and regulations in the tax area.

The decisions made within the Group should be driven by commercial reasons only as long as these reasons are compatible with good corporate citizenship.

The purpose of this Tax Policy is to set the framework for the tax management within the ICA Group in order for it to be consistent with ICA's mission.

This Tax Policy has been issued by the Board of ICA Gruppen AB and should state ICA's intention regarding:

- Managing tax risks in all activities so that significant threats are controlled and opportunities realized.
- Ensuring that the acceptable level of risk and control is determined and communicated.
- Ensuring that risks are visible and understood and that significant risks are monitored and communicated appropriately.

The objectives of Group Tax:

**Advice and Support to the Group**; To advise and support the OpCos and the functions within the ICA Group in relation to tax activities.

**Support to the Board**; To inform and support the Board and management on existing tax risks within the Group

**Tax reporting**; To assist Group Accounting in reporting on the tax position of the Group. Managing and reporting information in order to become more tax transparent, consistent with recommendation and local legislation.

**Compliance quality**; To ensure tax compliance of good quality and consistent with local tax legislation. To ensure that the IT-systems manage all business transactions correctly from a VAT-perspective.

Tax strategy; To develop and participate in the development of strategies and guidance in the tax area.

**Risk control**; To develop and implement procedures for information gathering in order to improve control of existing tax risks within the Group and to manage tax risks





The Tax Policy is applicable for all operating companies within ICA Gruppen.

Head of Treasury & Tax publishes this policy on the group intranet once annually approved by the Board of Directors.

OpCo CFOs are responsible for the implementation of and compliance with this policy.

## 2 Tax Policy

#### 2.1 Definitions

Tax Corporate Income Tax, VAT, Social security charges, excise duty, real estate

tax, personal income tax

Tax Activities Any activity involving management of tax

Operational Tax issues Tax considerations in business decisions and transactions

Tax Exposure The total tax liability including any potential tax penalty and interest

changes in case the transactions are failed by the tax authorities or the

courts.

Group Tax The Tax Functions within ICA Gruppen AB

OpCo All operating companies within the ICA Group, including holding

companies and any subsidiaries including the Swedish Store subsidiaries.

ICA Gruppen AB and all operation companies within the ICA Group,

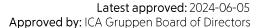
including companies and any subsidiaries.

#### 2.2 Tax Risk Management

There are at least four different kind of risks associated with tax management:

- Uncertainty regarding the interpretation of tax law and case law
- Uncertainty regarding the application of tax law in the operating business
- Uncertainty regarding reporting to the Tax Authorities
- Uncertainty regarding the accounting of taxes

Since tax law must be interpreted in order to be applied to a specific solution it is not possible to eliminate tax risks altogether. Tax risk management should rather be seen as an attitude to tax risks.





#### 2.3 Specific Tax Risks areas for the ICA Group

Along with increasing regulatory requirements it is important to find systematic methods to identify existing tax risks within the Group and to decide on how to approach any existing risks.

The following risk areas are particularly important for the ICA Group:

- Mergers and Acquisitions; Tax Risks in relation to acquisitions, sales and other transactions
- Operational Risks; Tax regulations in the running business, such as VAT, corporate income tax, social security charges etc.
- Compliance Risk; Documentation and reporting to the local Tax Authority
- **Reputational Risk**; Negative attention in tax related matters could hurt ICA Gruppen's reputation among customers and society.

#### 2.3.1 Merger and Acquisitiions

Tax risks in relation to acquisitions and sales of legal entities, real estate or business operations should be evaluated before a settlement is made. Tax risks should also be evaluated before transactions involving restructuring within the ICA Group are carried out. Due to the complexity in many transactions, Group Tax must be involved at an early stage of the process. It is the responsibility of the OpCo CFO to inform Group Tax of coming projects in the mergers and acquisition area.

Group Tax has the responsibility to assist and advice on tax aspects in mergers and acquisitions. Group Tax should participate in the tax due diligence.

#### 2.3.2 Operational Risks

Daily transactions in the running business results in operational risks in case the tax treatment is incorrect. Group Tax must therefore have a continuous dialog with the operating companies in tax related matters. The OpCos are responsible for informing Group Tax of any existing operational risks, in accordance with instructions from Group Tax.

The OpCos are responsible for reporting tax issues that might arise to Group Tax. However, it is the responsibility of Group Tax to develop and implement tax guidelines for the ICA Group in tax issues affecting the entire Group. The areas for tax guidelines are to be decided by Group Tax in consultation with the OpCos.

#### 2.3.3 Compliance Risk

The requirements for reporting to the Tax Authorities increase along with a more complex legislation. The operating companies are responsible for a correct and timely filing of all tax returns.

Group Tax should safeguard issues related to all identified operational risks with a tax impact on Group level such as VAT, cost charging, transfer pricing etc. The OpCos are responsible for local cost charging and transfer pricing (within Sweden and the Baltics).



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#### 2.3.4 Reputational Risk

Corporate Responsibility is an important part of ICA Gruppen's strategy. The treatment of taxes is included in ICA Gruppen's social responsibilities in the countries where ICA Gruppen operates. Negative attention in tax related matters could hurt ICA Gruppen's reputation among customers and society. The reputational aspect should always be considered in tax issues.

#### 2.4 How to manage Tax Risks within the ICA Group

The regulatory requirements in the tax area are increasing. It is therefore of high importance for the ICA Group to implement a systematic method to identify and quantify existing tax risks within the Group. It is also important to have distinct guiding principles on responsibility areas and decision making. Strategic and operational decisions should be commercial rather than tax driven. Tax solutions should only be adopted when they fit with the commercial facts of the decision being taken.

The BOA of ICA Gruppen sets the framework for the acceptable level of tax risk exposure and the relevant documentation requirement as well as the mandate for final approval.

#### 2.5 Roles and responsibilities

Group Tax is part of Group Treasury within ICA Gruppen AB. The responsibilities are distributed in the following way:

The Board of ICA Gruppen AB is responsible for:

- Approve the Tax Policy for the Group and decide on future changes.
- Give mandate to the CEO of ICA Gruppen ("CEO").

#### The CEO of ICA Gruppen AB is responsible for:

- Assume responsibility on behalf of the Board for the tax activities being conducted in accordance with the Tax Policy, and that specific instructions from the Board are implemented.
- Give mandate to the CFO of ICA Gruppen ("CFO").

#### The CFO of ICA Gruppen AB is responsible for:

- Assume responsibility on behalf of the CEO of ICA Gruppen AB for the activities of ICA Gruppen AB being conducted in accordance with the Tax Policy
- Give mandate to the Head of Treasury & Tax

#### The Head of Treasury & Tax is responsible for:

- Assume operational responsibility that the Tax Policy is followed.
- Propose changes to the Tax Policy
- Operational responsibility for all tax risks covered by this Tax Policy



#### 2.6 Distribution of responsibility between the operating companies and Group Tax

Tax area	Activity	Responsibility
Corporate income tax	Tax compliance	ОрСо
	Operational Tax issues	ОрСо
	Tax Audits	Shared OpCo and Group Tax
VAT	Tax compliance	ОрСо
	Operational Tax issues	ОрСо
	Tax Audits	Shared OpCo and Group Tax
Social security	Tax compliance	ОрСо
	Operational Tax issues	ОрСо
	Tax Audits	Shared OpCo and Group Tax
Real estate tax	Tax compliance	ОрСо
	Tax Audits	Shared OpCo and Group Tax
Personal Income tax	Tax compliance	ОрСо
	Tax Audits	Shared OpCo and Group Tax
Excise duty	Tax compliance	ОрСо
	Tax Audits	Shared OpCo and Group Tax

#### 2.6.1 Tax Compliance

The OpCos have the responsibility for correct and timely filling of all tax returns and the responsibility for correct and timely payment of taxes.

#### 2.6.2 Operational Tax issues

Business decisions and transactions often have an impact on taxes. The OpCos are responsible for taking these tax risks into consideration. Depending on the tax exposure (if any), it must be approved by Group Tax, CFO ICA Gruppen AB, CEO ICA Gruppen AB or the ICA Gruppen AB Board (according to the BOA of ICA Gruppen).

#### 2.6.3 Tax Audits

The OpCos are responsible for informing Group Tax of all relevant information requests from tax inspectors regarding the tax areas covered by the tax policy. Group Tax should, if necessary, review the reply/all correspondence prepared by the OpCo before it is sent to the Tax Authorities. Routine compliance matters could be handled by the OpCo, without informing/involving Group Tax.

Group Tax should be involved in the management and the co-ordination of external tax audits carried out by local Tax Authorities. Group Tax should also be involved in the co-ordination/management of appeals (if any).

#### 2.6.4 Use of external advisors

All Group tax issues should be handled by the internal tax experts at Group Tax, in accordance with this tax policy. External expertise should be consulted when deemed necessary by Group Tax.



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# 3 Guidance, Compliance and Reporting

If you have any questions regarding this steering document, please consult with your immediate manager or with Group Tax.

Group Tax shall manage any tax risks in accordance with this steering document.

Any deviations from this steering document shall be reported to Group Tax and the Finance Committee, Åsa Skogsfors Head of Treasury & Tax or (finans.jva@ica.se).

## 4 Updates and Reviews

This document shall be reviewed and updated annually or as needed based on the recommendations of Head of Treasury & Tax, in consultation with the Tax team.