





About ICA Gruppen

ICA Gruppen operates in a number of areas important to people's everyday lives, including grocery, pharmacies, banking and insurance. The core business is grocery retail.

The idea is for other operations to support the core business, but they may also be developed further to embrace new business opportunities and themselves contribute to

profitability and continued growth. The shared vision for all businesses is to make every day a little easier.

A corporate structure that provides important advantages
During the last 10 years, ICA Gruppen has focused on building a strong and synergetic corporate structure that is well-equipped to meet changes in consumer behaviour, rapid digitalisation and extensive blurring of industry lines. The change process has included numerous structural changes.

The goal has also been to take greater advantage of synergies within the Group. Coordination has gradually been increased, intensified and broadened and now includes key areas such as offerings, customer insights, locations and marketplaces, investment and sourcing. Working together and leveraging economies of scale, physical as well as digital, bring benefits for the customers, businesses, employees, society in general and for ICA Gruppen.

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Cover image

Visualization of the new Maxi ICA Stormarknad in Österåker. Sustainability pervades the entire project and the building largely consists of wood with a hybrid frame. On the roof, solar cells and meadow grass come together and, in addition, there are plans for charging posts for electric vehicles, geoenergy and heat recovery systems. The building is certified with Miljöbyggnad Gold level.

ICA Sweden

With close to 1,300 stores and a market share of around 35%, ICA Sweden is the leading grocery retail actor in Sweden. Operations are conducted in cooperation with independent ICA retailers, who own and run their own stores and meet the customers through locally adapted concepts and offerings. The independent ICA retailers have agreements with ICA Sweden in areas such as coordinated sourcing, logistics, market communication and store development. Operations also include extensive work with, among other things, store establishments, purchasing, logistics, IT and market communication, which makes it possible to achieve economies of scale.

Rimi Baltic

Rimi Baltic operates a grocery retail business and more than 300 wholly owned stores in Estonia, Latvia and Lithuania. The properties owned by the Group in the Baltic region are also part of Rimi Baltic. With a combined market share in the region of around 13%, Rimi Baltic is one of the Baltic region's largest retail companies.

Apotek Hjärtat

With 390 pharmacies, extensive online operations and a market share of around 32%, Apotek Hjärtat is the largest company in the Swedish pharmacy market. Pharmacy operations complement grocery retail and play an important role in ICA Gruppen's efforts to achieve a leading position in health. Many of the pharmacies are located next to an ICA store as well as at shopping centres, malls, healthcare clinics and hospitals.

ICA Bank

ICA Bank provides a broad range of banking and insurance services to private and corporate customers. In addition, ICA Bank helps strengthen customer loyalty to ICA stores, while reducing transaction costs for both the stores and ICA Gruppen.

ICA Real Estate

ICA Real Estate is one of the Nordic region's largest real estate companies in the retail sector. The overarching mission is to meet the Group's long-term need for the right properties at the right locations in Sweden. The business concept is to build, manage and lease out both store and logistics properties for the Group's operations in Sweden at suitable and strategic commercial locations. The property portfolio includes stores, warehouses, buildings and land for future potential sites.



Sustainability at ICA Gruppen

Sustainability efforts form a natural and integral part of ICA Gruppen's operations and strategies. They help enhance the Group's long-term competitiveness and aim to create long-term value for both ICA Gruppen and the company's stakeholders.

ICA Gruppen's operations extend across grocery retail, medicines and other pharmacy products, property development and management, as well as banking and insurance services. The breadth of the business means the Group has an impact – both positive and negative – in many areas.

By virtue of its size, ICA Gruppen has a great responsibility – but also the capacity and plenty of opportunity – to positively contribute to and influence developments. A strong local presence combined with global value chains enables the Group to contribute both to the positive development of local communities and to solve shared global challenges.

ICA Gruppen's sustainability framework

ICA Gruppen's sustainability work is broad and covers many different areas – the environment, health, inclu-

sion and diversity, social responsibility, and quality. Extensive efforts are made in all areas – at Group level, within the operating companies and among the independent ICA retailers. The overall aim is to reduce adverse impacts while increasing the positive contributions that become possible when sustainability aspects are integrated into the business. Through collaboration and partnership, the strength of the Group structure is leveraged to create the greatest possible effects.

ICA Gruppen's sustainability efforts are based on a materiality analysis which starts with the UN Sustainable Development Goals, the Ten Principles of the UN Global Compact, ICA Gruppen's policies and structured dialogues with stakeholders. The materiality analysis was defined for the first time in 2008 and is revised each year, and the model used is continuously updated to meet requirements such as double materiality.



Sustainability ambitions, objectives and focus areas

ICA Gruppen's ambition is to be a leader in corporate responsibility. The sustainability work is wide-ranging and includes numerous activities and initiatives. These ambitions come together in the

concept For a Good Tomorrow, which consists of five defined areas. These are complemented by targets set by each respective company and those set for specific issues.

AMBITION	FOCUS AREAS AND OBJECTIVES (EXAMPLES)
<p>Local</p> <p>Taking the ICA Idea and the unique local circumstances as our starting point, together with our customers, partners and suppliers, we will contribute to positive development in communities and a stronger food system throughout the grocery chain.</p>	<ul style="list-style-type: none"> • Contribute to positive community development • Strengthen local and domestic production of Swedish foods to increase employment and security of supply • Enable local suppliers to reach the market and the shelves of ICA stores • Strengthen the food system through research and innovation
<p>Environment</p> <p>We will minimise our environmental impact, move towards net zero climate impact and help our customers make more sustainable choices.</p>	<ul style="list-style-type: none"> • Net zero emissions in own operations no later than 2030 • 30% lower climate impact from customers' purchases of food by 2030 • 70% of sales from suppliers with science-based climate targets 2025 • Cut food waste from warehouses and stores in half by 2025 • Reduced climate impact from properties by choosing building materials with a lower climate impact
<p>Health</p> <p>We will actively contribute to improved public health by leveraging the strength of our entire organisation.</p>	<ul style="list-style-type: none"> • Make it easier to live a healthier life every day • Development of a sustainable and attractive assortment with a lower climate and environmental impact • Support physical and mental wellbeing • Promote the healthy and safe use of antibiotics
<p>Inclusion & diversity</p> <p>We work proactively on transparency, diversity and equality in order to be one of the most inclusive workplaces and help to build a more inclusive society.</p>	<ul style="list-style-type: none"> • 50/50 gender balance in key positions • A work environment free from harassment and discrimination • Raise awareness of diversity to enable positive change • Create the conditions to respect everyone's equal rights and opportunities to participate on equal terms
<p>Quality</p> <p>By being open and transparent, we will actively take responsibility for quality and the impact of production on people, animals and the environment.</p>	<ul style="list-style-type: none"> • Increase digital traceability and transparency in our supply chain • Work according to Human rights due diligence • Certified risk raw materials in ICA Gruppen's own products by 2025

Green Bonds at ICA Gruppen

ICA Gruppen's Green Bond Framework was established in 2023. The framework is developed to align with the International Capital Market Association's (ICMA) Green Bond Principles (as of 2021 with June 2022 Appendix 1) and the Green Loan Principles (as of February 2023) administered by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA).

The framework lists the possibilities and limitations of the project categories that ICA Gruppen has defined as eligible for green funding. Proceeds from Green Bonds are used solely to finance or refinance projects and activities defined under the Eligible Categories. New financing is defined as allocated amounts to Green Projects financed within the reporting year, and refinancing is defined as allocated amounts to Green Projects financed prior to the reporting year.

The overarching goal of the Green Projects is to contribute to climate change mitigation and reduced environmental impact from food production and consumption. Projects may take the form of capital expenditures and operating expenditures, which together form a portfolio of assets eligible for financing and refinancing with Green Debt.

The relevant use of proceeds is outlined for each Eligible Category and is comprised of individual projects or a portfolio of projects that has been selected based on ICA Gruppen's policies and governance structure.

Operating expenditures qualify for refinancing with a maximum look-back period of three years prior to the issuance date of the Green Debt instrument. Purchasing costs for products defined under the 'Eco-efficient and/or circular economy adapted products' category is considered as an annual cost, with no potential to aggregate from year to year, and a look-back period of one year is applied on a rolling basis for this category.

Eligible Green Project categories

1. GREEN BUILDINGS



The construction and real estate sector accounts for more than 20% of Sweden's total GHG emissions. The sector also contributes to large emissions abroad through imported goods. As one of the Nordic region's largest real estate actors in the retail sector, ICA Gruppen has a significant responsibility. The framework defines criteria for financing related to new buildings, existing buildings, major renovations and direct energy efficiency measures.

2. RENEWABLE ENERGY



To achieve business- and emissions-related targets and to reduce operational and financial risk, ICA Gruppen has adopted an energy strategy for its Swedish operations. Overall targets include reducing energy use by 20% by 2030. All energy used by then is to be renewable. This vision will be reached through a combination of both ongoing optimisation work and major change projects, including larger solar parks on retail, office and logistic properties. Electricity produced on site is to be present in 25% of store properties and constitute 10% of energy use at logistic properties.

3. CLEAN TRANSPORTATION¹



At the end of 2023, goods transport accounted for just over 69% of the Group's remaining greenhouse gas (GHG) emissions. Efforts to reduce these emissions involve the optimisation of flows between warehouses and stores, and a gradual transition to renewable fuels and electrification of transport. By 2030, all goods transport by road within ICA Gruppen's Swedish companies is to be fossil-free. In Sweden's metropolitan regions (Stockholm, Gothenburg and Malmö) this will be the case by 2025. Eligible Green Project categories include purchase/lease of passenger cars operated on electricity or biogas, of light- and heavy-duty vehicles powered by electricity/hydrogen or biogas and installation of charging points for electric vehicles.

4. ECO-EFFICIENT AND/OR CIRCULAR ECONOMY ADAPTED PRODUCTS



Global food production is highlighted by the UN climate panel as one of the biggest causes of the changes taking place in climate, biodiversity and the health of the planet and people. ICA Gruppen's ambition is to reduce the climate impact from customers' purchases of food with 30% by 2030, compared with the base year 2020. However, as much as 60% of the climate footprint from Swedish food consumption occurs abroad. To reduce the customers' impact, changes are therefore required in the entire value chain, from production to consumption. Here, ICA Gruppen wants to be a driving force that contributes to reducing the negative impact, all the way from farm to table. Eligible Green Project categories include expenditures related to the purchase of products included in ICA Gruppen's private label products and certified according to defined sustainability certification schemes.

¹) All figures so far includes transports between warehouses and from warehouses to stores. Inbound transports will soon be included in the reporting.

Allocated Green Bond categories

as of 31 Dec 2023



- Green buildings, 42.3%
- Eco-efficient and/or circular economy adapted products, 38.9%
- Renewable energy, 0.6%
- Clean transportation, 18.2%

3.5

In 2023 ICA Gruppen issued four green bonds, with total nominal amount of about SEK 3.5 billion.

Outstanding green debt

	NB	ISIN	Currency	Amount	Issue date	Maturity date
Green Bonds	124	SE0013884137	SEK	400,000,000	2023-05-26	2026-05-26
	123	SE0013884129	SEK	850,000,000	2023-05-26	2026-05-26
	126	SE0013884152	SEK	1,250,000,000	2023-05-26	2028-05-26
	125	SE0013884145	SEK	1,000,000,000	2023-05-26	2028-05-26
		Total SEK		3,500,000,000		

Allocated proceeds and impact reporting

Green project category	Total value of Green project portfolio (SEK)	Allocated total volume 2023 (SEK)	Allocated total Impact calculation (tonnes CO ₂ e/Y)
Green buildings	3,265,372,760	1,480,139,622	
Eco-efficient and/or circular economy adapted products	3,006,823,387	1,362,943,455	
Renewable energy	44,238,780	20,052,709	
Clean transportation	1,405,001,951	636,864,214	
Total	7,721,436,878	3,500,000,000	16,997¹

1) Of which 16 848 originates from the clean transportation category.

Definitions

Green Buildings

- New buildings with a primary energy number at least 10% lower than the level required by the national building regulation in combination with an environmental building certification (at least Miljöbyggnad 'Silver', BREEAM 'Excellent' or LEED 'Gold').
- Existing buildings with either (i) an Energy Performance Certificate (EPC) of class A, (ii) qualifying within the top 15% most energy efficient buildings within the national building stock, or (iii) environmental building certification (Miljöbyggnad 'Silver', BREEAM 'Excellent' or LEED 'Gold').
- Major renovations that (i) meet the minimum energy performance requirements of the national building regulation for major renovations, or (ii) leads to a reduction in energy use of at least 30%.
- Direct energy efficiency measures in existing buildings, i.e. direct energy efficiency measures installation, maintenance and repair of energy efficiency equipment, instruments and devices such as energy efficient refrigeration display cases and cold rooms, lighting, heat pumps and energy control.

Eco-efficient and/or circular economy adapted products

Expenditures related to the purchase of products included in ICA Gruppen's private label products and certified according to the following sustainability certification schemes: KRAV, the EU organic logo, MSC, ASC, Rainforest Alliance, UTZ, FSC, PEFC, Bra Miljöval, Nordic Swan Ecolabel and GOTS, or certification schemes with equivalent environmental requirements.

Renewable energy

Installation and operation of on-site solar power and its related infrastructure.

Clean transportation

- Purchase/lease of passenger cars operated on electricity or biogas.
- Purchase/lease of light- and heavy-duty vehicles powered by electricity/hydrogen or biogas.
- Expenditures related to the procurement of goods transport services using electric/biogas/hydrogen vehicles.
- Installation of charging points for electric vehicles.

Explanation to Impact calculation

Emissions from properties

New and existing buildings

The energy data is taken from a valid energy declaration or documentation from Miljöbyggnad for the respective building. Energy performance has been recalculated to current building regulations (BBR29) for cases where the energy declarations were made before 2020-09-01. Primary energy figure 75 kWh/m² Atemp and year (according to trade association Fastighetsägarnas top 15 criterion) is used as a reference figure to estimate energy savings per building for both new and existing buildings. GHG emissions avoided are calculated in accordance with ICA Gruppen's accounting principles².

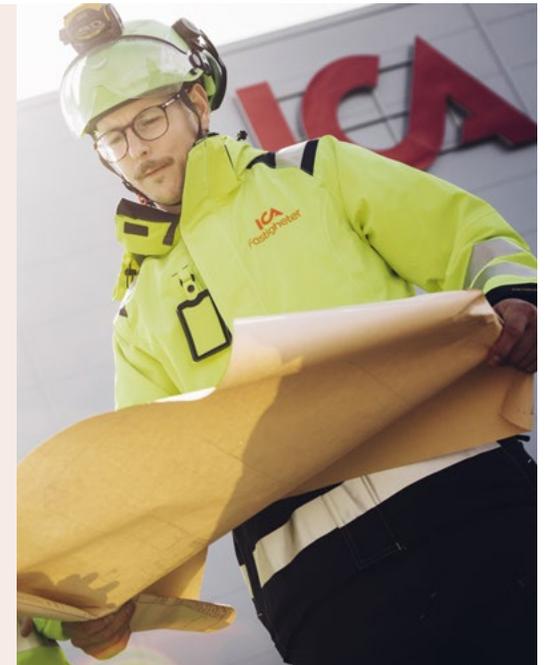
Energy projects and solar cells

The effect of completed energy projects is based on stated annual savings when deciding on the execution of energy projects. The effect of solar cells is based on the stated expected annual production of electricity. Installed power, energy savings and GHG emissions avoided for energy projects and solar cells are included at 50% for the properties that are part of jointly owned companies (JV companies). GHG emissions avoided are calculated in accordance with ICA Gruppen's accounting principles².

Emissions from transport

The proportion of transport carried out in line with the framework has been identified based on fuel reporting from ICA Sweden's transportation partners. The emission reduction has been calculated by comparing the emissions that the transports would have generated if they had been run on Swedish standard diesel (taking into account varying statutory reduction obligations per year) versus the fuel they were actually run on (electricity, biogas, hydrogen). For details, see ICA Gruppen's Annual Report 2023 under Accounting principles for sustainability.

2) See ICA Gruppen's Annual Report 2023.



Headroom in the portfolio of Eligible Green Projects	4,221,436,878
Share of new financing ³ vs. Refinancing	56%

3) Allocated amounts to Green projects financed in 2023.

4.86

tonnes avoided CO₂-emission per million invested SEK in Green Bond.

Governance

Project evaluation and selection process

ICA Gruppen's overall management of environmental, social, corporate governance and financial risks is a core component of the decision-making processes. The process for Green Project evaluation and selection is based on the same standard due diligence procedures and decision-making.

The evaluation and selection process for eligible Green Projects is a key component in ensuring that an amount equal to the Green Debt proceeds is allocated to Green Projects eligible under the Green Finance Framework. To oversee this process, ICA Gruppen has established a Green Finance Committee (GFC) chaired by the Chief Corporate Responsibility Officer.

The GFC also comprises the Chief Financial Officer, the Head of Treasury and Tax and, when needed, senior management from other relevant business areas. The GFC will convene annually or when otherwise considered necessary.

For the avoidance of doubt, the GFC holds the right to exclude any Green Project already funded by Green Debt proceeds. If a Green Project is paid back or amortised, or for other reasons is deemed by the GFC to not be eligible anymore, funds will follow the procedure under Management of Proceeds until reallocated to another Green Project.

Outline of the Green Bond evaluation and selection process

1. Nomination

From existing and new investments, sustainability experts and representatives within ICA Gruppen evaluate potential Green Projects' compliance with the Green Project categories presented in the Green Finance Framework. Based on the analysis, the experts can nominate investments as potential Green Projects.

2. Review, go-ahead and tracking

When potential Green Projects have been nominated, a list including their environmental and/or sustainability related details will be reviewed by the GFC. The GFC is solely responsible for the decision to acknowledge the investment as eligible in line with the Green Finance Framework. Eligible Green Projects will be tracked using a dedicated Green Register. A decision to allocate proceeds will require a consensus decision by the GFC, giving each committee member veto power. Decisions made by the GFC will be documented and filed.

Examples of projects



Towards fossil-free transports

At the end of 2023 goods transport accounted for 69% of the Group's remaining greenhouse gas emissions. Long-term efforts are under way to reduce these emissions. This involves the optimisation of flows between warehouses and stores, and a gradual transition to renewable fuels and electrification of transport. By 2030 all goods transport by road for ICA Gruppen's Swedish companies is to be fossil-free. In Sweden's

metropolitan regions (Stockholm, Gothenburg and Malmö) this transition is to take place as soon as 2025.

During 2023 one of the world's first electric articulated lorries, measuring more than 25 metres in length and weighing a total of 50 tonnes, was put into operation. The lorry, a Volvo FH Electric, delivers goods from ICA's warehouse in Helsingborg to ICA stores in Skåne and has a range of around 200 kilometres.

This is an important continuing step in the quest for fossil-free transport. Since 2021, 12 biogas-powered lorries and 3 electric articulated lorries have been purchased for ICA Gruppen's own transport company.

For European inbound transports large amount of transports are already allocated to railroad.

Working towards conversion of its entire transport system, ICA Gruppen is also collaborating on innovation in areas such as hydrogen-powered transport and fuel with a lower climate impact. In 2023 a contract was signed with Maersk to use biomethanol for long-range sea freight shipping. ICA has also signed an agreement with MaserFrakt for a pilot project involving a hydrogen-powered lorry. This makes ICA the first actor in Sweden (and among the first in the world) to have hydrogen-powered grocery transport.



Increased use of third party sustainability-certified raw materials

In order to reduce environmental and climate impact of customers' purchases, efforts throughout the Group are being made to develop the assortment and implement various initiatives aimed at inspiring and engaging customers to make climate-smart choices. These include increased use of raw materials and ingredients certified in accordance with third party sustainability certification schemes such as KRAV, the EU organic logo and MSC. In 2023, sales from certified products amounted to 12% out of total sales of private label products.



Installation of solar panels

One of ICA Gruppen's overall goals is to reduce energy use in the years up to 2030. Electricity produced by ICA Gruppen is to be used in 25% of the store properties and constitute 10% of the energy use at logistics properties. Key aspects include installation of solar panels and related infrastructure on buildings. In partnership with independent ICA retailers, the installation of solar panels on buildings continued during the year.

Auditor's Report on Limited Assurance

To ICA Gruppen AB (publ), org. nr 556048-2837

Introduction

We have been engaged by Group Management of ICA Gruppen to undertake a limited assurance engagement of parts of ICA Gruppen's Green Bond Report for the financial year 2023.

The scope of our review is limited to information regarding the total amount of green bonds issued by ICA Gruppen until December 31, 2023 on page 4 of the Green Bond Report, as well as the information regarding the assets being approved according to ICA Gruppen's Green Finance Framework and the respective allocation of the assets in ICA Gruppen's Green Bond Report 2023-12-31.

Responsibilities of the Group Management

The Group Management are responsible for the preparation of the Green Bond Report in accordance with the applicable criteria, which are ICA Gruppen's Green Finance Framework. This responsibility also includes the internal control relevant to the preparation of the Green Bond Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Green Bond Report based on the limited assurance procedures we have performed. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised), Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Green Bond Report, and applying analytical and other limited assurance procedures. A limited assurance engagement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of ICA Gruppen in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Executive Management as described above. We consider these criteria suitable for the preparation of the Green Bond Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the assets respective allocation is not prepared, in all material respects, in accordance with the criteria defined by the Group Management.

Stockholm, 22 March 2024

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant

Torbjörn Westman
Expert member of FAR





More information

Annual and Interim Reports

More information about ICA Gruppen's operations and sustainability work can be found in the Annual Report for 2023 and at icagruppen.se. Regular updates are also given in ICA Gruppen's interim reports.

Contact

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