



Accounting principles ICA's Corporate Responsibility Report for 2009

This document is published exclusively on the Internet (www.ICA.se > About ICA) and is an annex to the "ICA's Annual Report including the Corporate Responsibility Report for 2009".

About ICA's Corporate Responsibility (CR) Report

Purpose and scope

ICA's CR report covers the Group's work in the areas of environment, society and economic development. The chapter on society presents the work on human rights, product safety, health, employees and community engagement.

The objective is to provide the Group's structured CR work in a comprehensive and representative manner. The aim is also to include all conditions that are relevant to get a good overall picture of ICA's work with these issues.

ICA's CR reporting is done according to the latest version of the Global Reporting Initiatives (GRI) guidelines G3. The report also covers all the essential principles of the UN Global Compact. ICA wishes to continue developing the report in line with the GRI guidelines, ICA's Good Business and the UN Global Compact.

The ICA Group's CR report 2009 fulfils the level of B+ according to GRI.

Number of CR reports, accounting period and frequency

In 1995 ICA published its first environmental report, which also included other issues in the CR area. This is ICA's fifteenth CR report. The accounting period follows the ICA Group's financial year.

The CR report is published annually and, from the 2006 edition, together with the ICA Group's annual report. The 2009 edition presents the period January 1, 2009 to December 31, 2009. The previous report was published in March 2009.

Definition of report content

Information and key indicators in the report are selected on the basis of the UN Global Compact and GRI's core indicators with the guidance of GRI's principles of definition of report content. Other indicators that are im-

portant to give a full picture of ICA's CR work are also included.

The report focuses on significant sustainability aspects from the Group's operative perspective. In the development of the report comments from ICA's stakeholders has been taken into consideration, for example comments made during the stakeholder dialogue in 2008 that focused on ICA's reporting of CR issues. ICA sees stakeholder views as a valuable contribution to the continuous improvement of the report.

A CR materiality analysis was conducted by ICA in 2008, where stakeholder requirements and expectations served as a basis. The materiality analysis is reviewed annually.

ICA has identified its most significant stakeholder groups from a CR perspective. These are reported on pages 35-38 of the ICA Annual Report including the Corporate Responsibility Report for 2009.

Boundaries

The CR report primarily includes the operations which have a significant impact from a CR perspective. These are the Group's transports, warehouses, business travels and the stores owned by ICA.

By agreements in Sweden and Norway, ICA cooperates with independent retailers and franchise holders. Details of these stores are presented when they are essential to mediate an overall picture of ICA's CR work. These are:

- Energy use in stores, which are of great importance to the group's climate work. Through central agreements and projects ICA have some influence in reducing electricity consumption and choice of energy source.
- Waste (cardboard and plastic), since used distribution packaging are returned from the stores when they get deliveries.
- Sales data from stores.

Activities outside ICA's direct control, such as suppliers and customers, are not included in the report. Data relating to ICA's own brand suppliers are, where relevant, included in the report.

Key figures and calculations

Method

Each of the operating companies reports information according to the group's definitions and procedures for CR reporting. Each key indicators owner has the responsibility to assess and approve the reported information.

The Group shares the same new IT system for the reporting of CR data. The system aims to ensure long-term quality of the indicators included in ICA's continuous follow-up and annual CR reporting.

The ICA Group's external auditors have reviewed the information in the CR report. The scope of their work is described in detail in the limited assurance report, see page 62 in the ICA Annual Report including the Corporate Responsibility Report for 2009.

Calculation and accounting principles

Energy and climate impact

- Electricity consumption includes all warehouses, stores and the offices of logistics services.
- For the calculation of energy consumption and average consumption per square meter in Swedish stores, a sample of stores per store profile was used. Their actual consumption was extrapolated with the number of stores at year-end. The same procedure is applied for the Norwegian stores, but when extrapolating the average number of stores is used.
- For calculation of energy use per square meter in warehouses and stores, the area of active warehouses and stores at year-end is used.
- For calculation of emissions of CO₂ from the use of conventional (not totally renewable) energy in Sweden and Norway, the Nordic electricity mix emission factor¹ in 2006 was used.
- For the Swedish and Norwegian warehouses connected to ICA's central electricity pool, CO₂ emissions were calculated with the supplier specific emission factor supplied.
- For the calculation of CO₂ emissions for the Baltic States, an average value for the years

2000-2005 for each country's electricity production according to the IEA² is used.

- All Swedish warehouses use Good Environmental Choice-labeled electricity. In the calculation of CO₂ emissions, the specific emission factor from the Swedish Society for Nature Conservation is used.
- When calculating the CO₂ emissions from district heating an average emission factor from the Swedish Energy Agency was used (in accordance with the recommendation in the GHG Protocol).
- Savings in CO₂ emissions, such as the installation of new lighting in the stores, are for calculated with the Swedish electricity mix in Sweden (which results in lower calculated savings of CO₂ emissions than the Nordic electricity mix). This, since the type of energy used is not known and the calculated savings will not be overestimated.

Freight transport and climate impact

- Includes freight transports to/from the stores and between the Group's warehouses.
- Suppliers' transports to the warehouses are not included.
- Diesel consumption in Sweden and the Baltic countries is calculated from the transport distance and average fuel consumption. Diesel consumption for owned transports in Norway is delivered directly from the diesel supplier.
- Outsourced transports between warehouses and stores in Norway, are estimated in relation to transport costs for owned transports between warehouses and stores and calculated diesel consumption for outsourced transports previous year.
- For the calculation of CO₂ emissions from diesel consumption the emission factor from NTM³ is used.

Refrigerants

- Includes refill of refrigerants in all warehouses and Rimi Baltic's stores. The stores in Norway and Sweden are not included.
- Swedish data are based on statutory cold media reports.

¹ Source: Swedenergy (published 2007).

² International Energy Agency: Data Services, 2007, CO₂ Emissions from Fuel Combustion (2007 Edition).

³ The Network for Transport and Environment.



- Emissions of CO₂ have been calculated with the GWP (Global Warming Potential) for each type of refrigerants according to the Montreal Protocol⁴ and IPCC⁵.

Business travels

- Travel by air includes business travels made by employees in Norway and Sweden.
- From 2008 ICA climate offset its business travels by air for ICA Sweden and ICA Norway. The climate offset includes the air travels booked through the central travel agency.
- Emissions of CO₂ from business travels by air are provided by ICA's supplier of climate offset.
- Travel by train includes business travels made by employees in Sweden that are booked through the central travel agency or directly through SJ with ICA's customer number.
- Emissions of CO₂ from business travels by train are provided by ICA's travel agency.
- Emissions of CO₂ from business travels by car include trips made by employees in Sweden. CO₂ is calculated from distance travelled and the emission factor from GHG Protocol⁶.

Waste

- Includes all warehouses and ICAs stores in Norway.
- Soft plastic waste from stores is included from all stores in all countries, since they are returned with the delivery transports.
- National legislation and regional waste management systems define in detail what types of waste the fractions include.
- Data on waste management methods are provided from the waste contractor.
- Waste volumes in Norwegian stores are based on the amount collected during the year for approx. 70 percent of stores in each store profile. Their generated waste is extrapolated with the total number of stores at year-end.

4 Montreal Protocol: 2006 Report of the Refrigeration

5 Intergovernmental Panel on Climate Change: Climate Change 2007 - The Physical Science Basis.

6 GHG Protocol: Calculating CO₂ Emissions from Mobile Sources, v1.3, 2005.

- The waste reported for Rimi Baltic includes packaging waste for the products that Rimi Baltic puts on the market.
- Compostable waste refers to all easy degradable organic waste. The amount is calculated as the waste sorted as compostable and 90 percent of the fraction that consists of organic with packaging.
- Incinerated waste includes burnable waste and 10 percent of the fraction organic with packaging. For Norway, also 75 percent of the unsorted production waste is included.
- The fraction of material recycled waste includes glass, metal, wood, plastic and other waste that are not sent to landfill. For Norway recycled waste also includes 10 percent of unsorted production waste and landfill waste includes 15 percent of this unsorted waste.

Supplier related data

- Information regarding social audits concerns the number of active supplier that has been audited according to ICA Social audits and/or a third party audit within social responsibility that is valid according to each standard.

Sales development and number of products

- Includes sales from all relevant stores and for the products that are labeled as for example organic.
- Numbers of products correspond to the number of different products that the customer can find on the store shelf. This means that although a product can have several different suppliers during the year, depending on the season, it still counts as one product.
- Keyhole labeled products and products for people with special nutritional needs are found in Norwegian and Swedish stores.
- Fairtrade and organic products are available in Swedish and Norwegian stores and in limited extent in the Baltic countries. Therefore sales are not reported for the Baltic countries.

Recalls and quality in stores

- Recalls includes all withdrawals of products from warehouses and/or stores. The recalls that are assessed as posing a risk for health or the environment are public recalls, i.e.

when the public is informed of this recall through e.g. a press release.

- Certified stores in Sweden is stores that are approved and certified by a third party according to the Swedish standard for food safety

Employees

- Includes all personnel employed by the Group. This means that also store employees are included for the stores owned by the Group.
- Number of employees includes permanent employment, new recruits (normal practice six months trial period) and time limited employment for more than three months.
- Average number of employees (FTE) includes permanent employment, new recruits (normal practice six months trial period) and time limited employment for more than three months and is calculated on the Group's measure of standard working hours of 1800 hours per year.
- Employee turnover is calculated as the number of persons who left during the year in relation to the average number of permanent employees and new recruits (normal practice six months trial period).
- Sick leave is calculated as number of absent hours in relation to planned working hours.
- Number of male/female managers includes all management levels within the Group and is based on average number of employees.

Change of accounting and calculation principles

Compared with previous years, the below explained changes in accounting and calculation principles were made.

- For emissions of CO₂ from business travels by air during the period 2006-2008 ICA has started to use the emission calculations that are delivered by the supplier of climate offset. These calculations are more precise since they include type of aircraft etc.
- Waste data is reported I five different waste fractions (instead of eight as reported previously), these in order to more clearly show the waste streams and how the waste is handled.
- In 2009 the diesel consumption for outsourced transports in Norway is estimated

from transport costs and previous year calculation of diesel consumption.

- From 2009, recalls is reported in total and for corporate brand products, which includes all the products that ICA has product responsibility for. Earlier total number of recalls and recalls for private label products was reported.
- Since 2009 only actual electricity consumption from the supplier of electricity is used when calculating the total electricity consumption for Swedish ICA stores.

Revised data compared to previously reported

- Sales of Keyhole labelled products in Norway 2008 were wrongly reported for 2007 in previous CR report.
- Data for gasoline consumption and therefore also calculated CO₂ emissions from business travels by car in Sweden 2008, has been revised since the data for the last quarter was updated.
- Energy use in Swedish warehouses 2008 has been revised since the actual consumption has been supplied by the supplier. This means that also the calculated CO₂ emissions from energy in Swedish warehouses and the calculated average energy consumption per m² for Swedish warehouses has been revised.