



Taking action to protect the forests and protect biodiversity

Context

Our planet's forests form the basis of a chain of ecological, economic and social values which humankind enjoys, simply because of the natural way in which they function. Forests are home to 80% of the Earth's biodiversity and support the livelihoods of 1.6 billion people. Yet thirteen million hectares of forests disappear each year, especially in tropical areas.

Several types of production have an impact on forests, such as palm oil, wood and paper, beef and soy. These crops are gaining ground in existing ecosystems and contributing to illegal logging, which can also affect territories belonging to indigenous peoples and encourage the exploitation of workers.

Carrefour's aim is to provide customers with food that is produced using ways and means that do not damage the planet's biodiversity or its forests. We have arrived at a watershed moment in consumer behaviour. Consumers' expectations are constantly changing: they rightly demand more information, better quality products and greater transparency. Carrefour's role is to offer them products that meet their expectations, by improving farming practices and forestry methods, as well as manufacturing processes. To preserve biodiversity, protect local populations and counter climate change, Carrefour is committed to combatting supply-chain-related deforestation.

Risks and materiality for Carrefour

Retail activity is closely linked to the world's forests. Although this link is not immediately apparent, forest protection is a major challenge for the Carrefour Group. Forest health has a direct impact on the Group's ability to make sustainable use of agricultural and forestry raw materials.

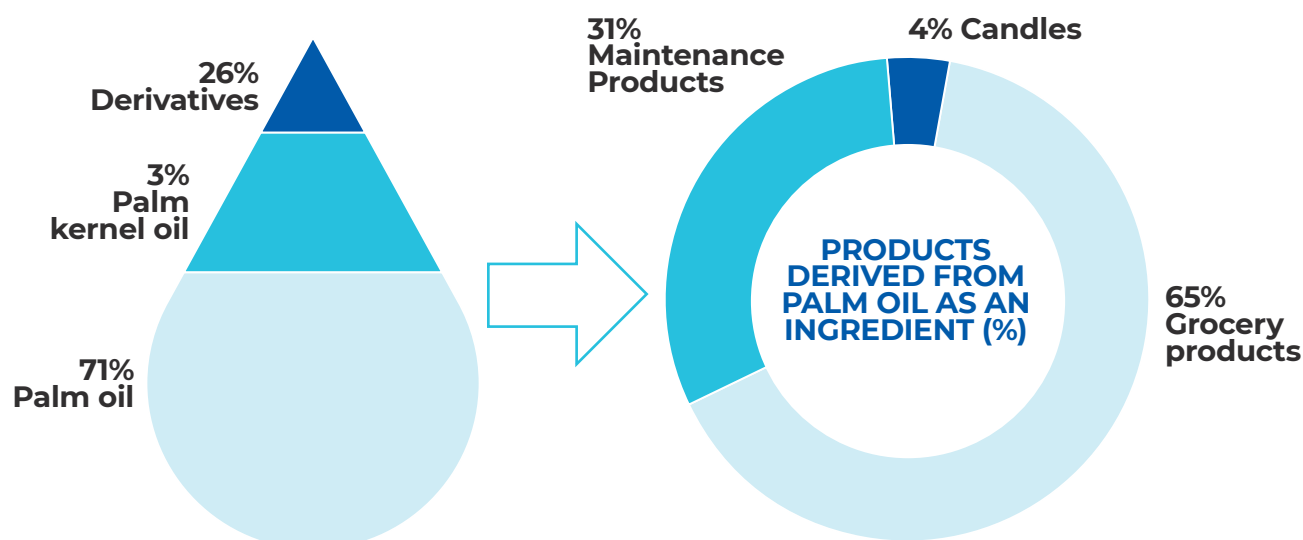
The law on the duty of care, includes implementation of a risk management plan for suppliers with an established business relationship with the order originator. This management plan must cover health, safety, human rights and environmental risks. In this context, Carrefour has mapped risks regarding its tier 1 suppliers and established social and environmental compliance rules for its purchases of controlled market and non-market products (See Carrefour.com & CSR Report: "The Carrefour Group's duty of care").

As part of its corporate social responsibility, Carrefour has chosen to extend its risk analysis approach to its entire value chain, particularly to sensitive raw materials and production stages (See Carrefour.com & CSR Report: "Sourcing raw materials at risk"). In addition to analysing the risks associated with its duty of care, Carrefour conducts risk analyses of sensitive raw materials used in its products. These analyses assess the societal issues associated with each raw material on the basis of requests from stakeholders (investors, rating agencies, NGOs and the media, customers and public authorities) and bibliographical feedback. The importance of these issues is then cross-referenced with Carrefour's sales volumes for each raw material. This information is updated on a regular basis. Five raw materials have thus been identified as priorities in terms of their impact on forests and their materiality in Carrefour supplies: specific action plans have been developed for palm oil, soy, wood and paper, Brazilian beef and cocoa.

PALM OIL: Palm oil and its derivatives are used as ingredients in Carrefour brand products, including foods such as cereals and cakes, hygiene products such as toothpaste and shower gels and other products such as candles.

More than
20
product categories
are involved, covering

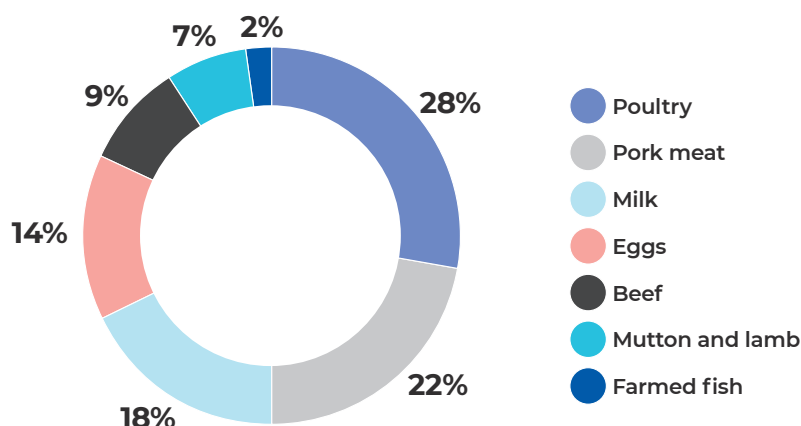
more than
800
Carrefour brand
products.



SOY: Soy, in all its forms (sprouted soy seeds, broad beans, soy oil, etc.) is a common ingredient in many foods today. However, nearly three-quarters of the world's soy is used as a source of protein in animal feed. Soy is therefore used indirectly for the production of dairy products, as well as for poultry, eggs, pork and beef and farmed fish.

Approximately
200,000
tonnes per year used for
our Carrefour products in France.

EQUIVALENCE IN VOLUME OF SOY INDIRECTLY PRESENT IN CARREFOUR FRANCE PRODUCTS



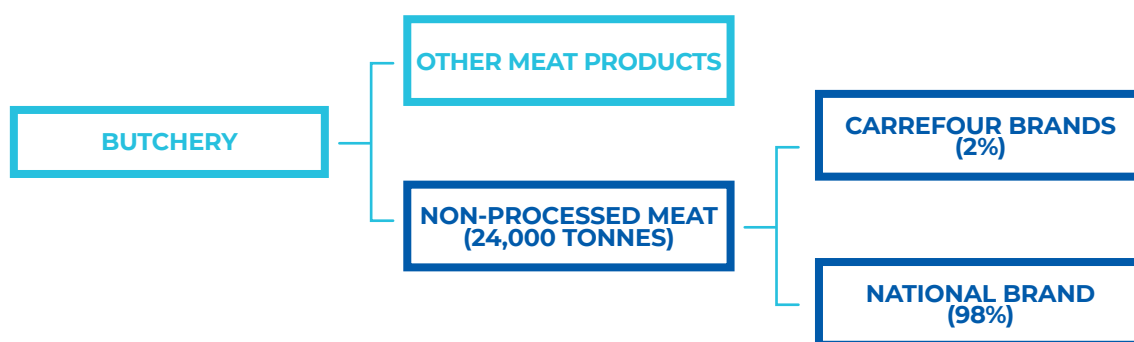
WOOD AND PAPER: Wood and paper are used in products sold by Carrefour, commercial publications and for internal use. Packaging also represents a significant share of our consumption of wood resources.

160,000
tonnes of paper
used for commercial
publications.

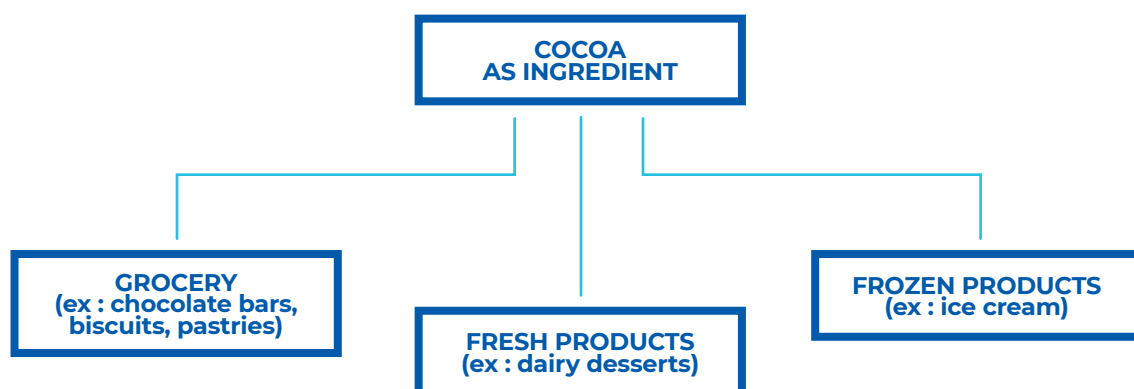
197,000
tonnes per year in our
Carrefour products
in France (2017 estimate).

Essentially present in
10
key product families.
For example, present in:
toilet paper and paper
towelling, nappies, garden
furniture and paper products.

BRAZILIAN BEEF: Brazilian beef is sold only in our stores in Brazil; more than half is sold in unprocessed form, in the form of fresh or frozen meat (steaks, minced meat, etc.). Carrefour Brazil sells approximately 24,000 tonnes of raw beef each year, 2% of which is marketed to Carrefour brands, with the remainder sold under national brands.



COCOA: Carrefour uses cocoa in many product categories, including grocery counters (chocolate bars, biscuits, etc.), as well as in pastries and ice cream, and fresh products such as milk desserts.



Our aim

Carrefour has been engaged for several years and takes action within the framework of its own activities, as well as through collective initiatives, in order to facilitate and drive the transformation of the market.

In 2010, Carrefour made a commitment to zero deforestation by 2020 as part of the Consumer Goods Forum (CGF). In order to bolster this aim and get systemic changes under way involving all stakeholders in the market, in 2020 the Group took over joint management of the Consumer Goods Forum Forest Coalition. The aim of this initiative is to speed up efforts to eliminate deforestation in individual company supply chains. Solutions already deployed to combat deforestation in individual supply chains need to be supplemented in order to bring about the necessary market transformations. The aim of this coalition is to collectively define the strictest requirements, undertake transformational change in key regions and to report on progress in a transparent manner. The Group is involved in many collective initiatives, particularly in Brazil, establishing synergies with all stakeholders (suppliers, competing distributors, commodity traders, regional and national governments, scientists, NGOs and data and service providers).

Carrefour's vision of sustainable forest management is based on the following principles:

- 1 protecting high-conservation-value (HCV) forests, peat bogs, high-carbon-stock (HCS) areas and remarkable ecosystems;
- 2 banning forest clearance by fire and implementing best practices to reduce greenhouse gas emissions in existing plantations;
- 3 observing human rights and workers' rights;
- 4 respecting local populations' rights, particularly through a policy of free and informed consent and by preventing land-use conflicts;
- 5 supporting small-scale producers through inclusion in sustainable supply chains;
- 6 banning GMOs where possible (especially palm oil and wood) and the use of threatened and endangered species on the International Union for Conservation of Nature (IUCN) red list or listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- 7 reducing the quantity of pesticides, encouraging their responsible use and banning the most dangerous of them.

Carrefour focuses on the raw materials that are most present in its supplies, such as wood and paper, palm oil, Brazilian beef, soy and cocoa. Through its procurement policies, certification, innovative traceability systems, or by setting up the necessary collaborations, Carrefour has codeveloped action plans targeting its priority raw materials with its stakeholders. It does this by testing such solutions as they are developed and sharing progress, as well as best practices to be applied across the board and/or obstacles that it has identified. Carrefour was one of the first companies in the sector to report on its performance in forest conservation through the Carbon Disclosure Project (CDP).

Our objectives and performance

SUMMARY OF OUR OBJECTIVES:

Implementation of a sustainable forests action plan for products linked to deforestation by 2020

Palm oil: ensure that none of the Carrefour brand products containing palm oil contribute to deforestation by the end of 2020. Palm oil supplies comply with legislation and promote sustainable production in accordance with the principles and criteria of the Roundtable for Sustainable Palm Oil (RSPO).

→ **Objective:** **100%** of palm oil used as an ingredient in Carrefour own-brand products must be certified RSPO Mass Balance or 'Segregated' by the end of 2020.

Soy: Draw on a range of solutions to reduce the adverse impact of soy production on ecosystems making up Carrefour's purchasing supply chain by 2020:

→ **Objective:** "Zero-Deforestation" animal product lines must be developed in all countries by the end of 2020 using, for example, locally-produced soy for which no deforestation is required.

Wood and paper:

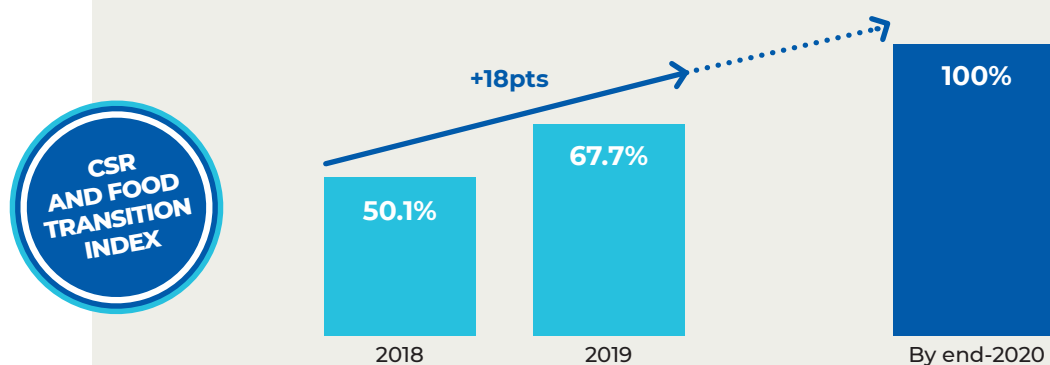
→ **Objective:** **100%** of commercial publications FSC® (Forest Stewardship Council®) or PEFC® (Programme for the Endorsement of Forest Certifications®) certified, or manufactured using recycled fibres.

→ **Objective:** **100%** compliance with Carrefour sustainable forest policy by 2020 for ten priority product categories. These product categories are defined as those using the largest volumes of wood and paper: toilet paper, printing paper and garden furniture, for example.

Brazilian beef: ensure that Brazilian beef sold in Carrefour stores in Brazil meets the five key criteria set out in the Group's purchasing policy.

→ **Objective:** **100%** of Brazilian beef suppliers must be geomonitored by the end of 2020.

ROLL-OUT OF A SUSTAINABLE FORESTS ACTION PLAN ON DEFORESTATION-LINKED PRODUCTS BY THE END OF 2020⁽¹⁾



(1) This composite indicator covers raw materials considered a priority in the fight against deforestation: palm oil, wood and paper, Brazilian beef and soy.

KPI	2018	2019	Change (2018/2019)	Target
Key performance indicator ⁽¹⁾				
Roll-out of a Sustainable Forests action plan on deforestation-linked products by the end of 2020 (in %)	50.1	67.7	+18pts	By end-2020
Indicator – Palm oil ⁽²⁾				
% of palm oil from RSPO-certified suppliers (segregated and mass-balance)	75.0	82.0	+7pts	100% by end-2020
• Proportion of palm oil certified sustainable and wholly monitored (RSPO segregated) (in %)	40.7	51.8	+11pts	100% by end-2020
Indicator – Wood and paper ⁽³⁾				
Sales of Carrefour PEFC and FSC products (in millions of euros)	176	205	+17pts	-
Proportion of Carrefour own-brand products in the ten priority categories sourced from sustainable forests (in %)	20.0	48.6	+29pts	100% by end-2020
Indicator – Brazilian beef ⁽⁴⁾				
% of geo-referenced Brazilian beef suppliers	83.3	96.7	+12%	100% by end-2020
Indicator – Soy ⁽⁴⁾				
Number of Carrefour Quality Lines products using zero deforestation livestock feed	15	20	+33%	Development in all countries by the end of 2020

(1) This composite indicator covers raw materials considered a priority in the fight against deforestation: palm oil, wood and paper, Brazilian beef and soy.

(2) Calculated based on weight of raw material contained in the products. Scope: Non-comparable BUs (100% of 2019 consolidated sales excl. VAT vs 83.64% of 2018 consolidated sales excl. VAT).

(3) Scope: excl. RO. Non-comparable BUs (96.7% of 2019 consolidated sales excl. VAT vs 100% of 2018 consolidated sales excl. VAT).

(4) Scope: comparable BUs (100% of 2019 consolidated sales excl. VAT).

Our action plans

1. PALM OIL

Since 2010, Carrefour's policy has been to replace palm oil in its own-brand products when this improves the product's nutritional quality. For Carrefour brand products containing palm oil, the Group guarantees that the oil used will not contribute to deforestation by 2020.

Carrefour applies RSPO (Roundtable on Sustainable Palm Oil) certification as a minimum standard for the palm oil used in Carrefour-brand products. Other certification such as Rainforest Alliance also corresponds with Carrefour's policy requirements.

Carrefour also endeavours to ensure that it sources from suppliers capable of providing physically traceable and sustainable palm oil. The Group is working with its main suppliers to map the supply chain through to the relevant guarantee point. This approach to traceability also enables Carrefour to ensure that its suppliers share its procurement policy.

Carrefour is involved in a number of joint initiatives with stakeholders on the production of more sustainable palm oil:

- Supporting organisations that promote standards consistent with Carrefour's policy on palm oil, such as the Palm Oil Innovation Group (POIG) and the French Alliance for Sustainable Palm Oil (Alliance Française pour une Huile de Palme Durable)
- Working with key supply-chain players to promote Carrefour's procurement rules;

2. SOY

Carrefour has set itself the goal of reducing the negative impacts of soy production on its supply chain ecosystems by 2020. The actions implemented to achieve this goal are based on collaboration among stakeholders, using sustainable livestock feed and developing alternatives to animal proteins.

It intends to do this through cooperation, sourcing sustainable livestock feed and developing alternatives to animal proteins.

- **Amazonian moratorium on soy:** Carrefour has supported the Amazonian soy moratorium since its inception in 2006. The moratorium has yielded positive results for the protection of the Amazon, and Carrefour is encouraging its extension to other biomes.
- **Grupo de Trabalho da Soja (GTS) and Grupo de Trabalho do Cerrado (GTC):** Carrefour supports the Soy Working Group in Brazil and supports the group dedicated to combating deforestation in the Cerrado biome.
- **Cerrado Manifesto support group (SoS Cerrado Manifesto):** Carrefour has supported this initiative since 2017 along with over 140 other companies and investors, and engages in discussions in Brazil with the government, NGOs and producers to protect this ecosystem.
- **Round table on responsible soy (RTRS):** multi-stakeholder platform in favour of certification for responsible soy.
- **Duralim:** Carrefour is a signatory of the French collaborative charter for sustainable animal nutrition.
- **National strategy to combat imported deforestation (SNDI):** Carrefour is part of the national platform to combat deforestation imported into France and is on the scientific and technical forestry committee for soy.
- **Consumer Goods Forum (CGF):** Carrefour is a member of the soy working group within the Consumer Goods Forum Forest Coalition.

Carrefour encourages the development of local vegetable proteins for use in livestock feed. In 2016, Carrefour and Avril announced the creation of Sojalim, a sustainable soy production line based in south-west France. This collaborative venture involves two cooperatives, Euralis and Fipso, and relies on pooling livestock farmers' common needs, Carrefour's long-term commitment to buy their produce and Avril's involvement in soy planting and processing. It allows farmers to feed their animals with locally produced fodder, for example Carrefour Quality Line chickens, eggs and pigs.

The agreement also aims to:

- Adopt an ambitious approach that combines the environmental, economic and social dimensions and make the French agricultural and agri-food sectors sustainable.
- Replace imported GMO-free soy with French GMO-free soy grown near the Sojalim plant.
- Develop other Carrefour Quality Line products that can use French soy.

Carrefour is also developing GMO-free animal feed traceable or certified to the Proterra standard. More than 350 Carrefour products sold in France, including those in the Carrefour Quality Lines, are produced using GMO-free feed based on traceable or certified soy.

3. WOOD AND PAPER

Carrefour has set itself two goals regarding supplies of products made from wood or wood fibres (including own-brand writing paper, furniture, wooden articles and charcoal):

- Ensure that 100% of the Group's commercial publications are certified by FSC® (Forest Stewardship Council®), PEFC® (Programme for the Endorsement of Forest Certifications®), or manufactured from recycled fibres.
- Reach 100% compliance with our sustainable forests policy by 2020 with regard to 10 priority categories of products. These priority product categories are defined as those using the largest volumes of wood and paper: toilet paper, printing paper and garden furniture, for example.

To hire its suppliers, Carrefour has produced a strict charter. This sets out the Group's commitment to sustainable forests, specifies supply criteria and makes clear recommendations to help suppliers comply with them. The charter has been signed by suppliers using wood and paper pulp to make Carrefour-brand products.

The Group has developed risk analysis tools to assess wood provided by its suppliers against three criteria:

- volume: number of product categories consuming the highest wood equivalent tonnages;
- species: type of wood used, to guarantee the absence of species at high risk or forbidden by the Carrefour Charter (such as those appearing on the IUCN red list of threatened species);
- origin: level of risk associated with the country or region of origin of the wood

On the basis of the findings, Carrefour guides its suppliers to help them set up audit and certification measures or opt to source their supplies from a different region.

Carrefour uses a number of certifications to ensure that its supplies comply with its policy and promote sustainable forest management: FSC® "100%", "Mixed" or "Recycled" certification for the most at-risk areas, and PEFC® certification for those at lower risk. Carrefour also uses the European Ecolabel to ensure best practices during product manufacture.

Details of the initiative:

- 100% of the wood charcoal sold in France is FSC®-certified or made from wood of French origin;
- 100% of tropical wood (acacia and eucalyptus) garden furniture from Carrefour's international purchasing centre is FSC®-certified;
- Since 2018, 100% of toilet paper for sale in France, Spain, Italy and Belgium has been FSC® "Mixed" certified;
- Carrefour has launched the EcoPlanet paper range: its products are made from 100% recycled paper.
- 95% of the printing paper used at head offices in France is certified and 90% is FSC®- or Blue Angel-certified.
- Since 2014, more than 99% of the paper used by the Carrefour Group for sales and marketing publications has been recycled or certified.
- All cardboard packaging used for TEX textile products is FSC® certified.

4. BRAZILIAN BEEF

In order to best meet the deforestation challenges associated with beef production, Carrefour Brazil has put in place a policy including 5 supply criteria for fresh beef sold in its stores. Supplies must not originate from regions:

- ❶ Affected by deforestation;
- ❷ Under environmental embargo;
- ❸ In conservation units;
- ❹ That constitute land belonging to indigenous populations;
- ❺ Where illegal work is practised.

The Group's objective is to ensure that 100% of the fresh Brazilian beef sold in Carrefour stores in Brazil complies with its five supply criteria by 2020.

Supplier satellite geo-referencing

The Group has deployed a satellite geo-referencing platform to ensure that fresh beef sold in stores meets the criteria set out in its policy. The geo-referencing platform is integrated into Carrefour Brazil's purchasing programme to guarantee fulfilment of the policy for all beef purchasing requests. It references data from thousands of farm suppliers. This makes it possible to identify non-compliance with the Group's procurement criteria and to block suppliers accordingly. In 2019, 95.7% of slaughterhouses supplying Carrefour Brazil set up a geo-referencing system for their supplier-producers.

The Carrefour Quality Line for beef

Carrefour develops its own range of Carrefour Quality Line products, with full traceability from farm to store shelf, to ensure compliance with the Group's five supply criteria. All beef supplies for Carrefour Quality Lines are covered by this traceability requirement.

Cooperation with stakeholders

Carrefour Brazil is also part of several working groups to come up with pragmatic solutions for reducing the risks that cattle farming poses to forests.

- **GTPS** (working group on sustainable cattle): Carrefour Brazil has been a member of the sustainable beef production platform since its creation in 2007
- **GTFI** (Grupo de Trabalho de Fornecedores Indiretos): Carrefour has been supporting the indirect supplier practices monitoring working group in Brazil since 2017
- **CFA** (Collaboration for Forests and Agriculture): this initiative is a collaborative effort involving the World Wildlife Fund (WWF), The Nature Conservancy (TNC) and the National Wildlife Federation (NWF), funded by the Gordon & Betty Moore Foundation. Within the CFA, Carrefour Brazil is involved in applying the CFA Operational Guidance, which helps companies implement deforestation and conversion free commitments (DCF) for beef and soy in the Amazon, Cerrado and Chaco biomes.

Support for a field project for indirect suppliers in Mato Grosso

Alongside the IDH Foundation, the Carrefour Foundation and the Carrefour Group have committed to developing a "zero deforestation" beef sector by 2030, while making land available on which to grow soy responsibly. This is the first public-private investment in the Juruena Valley. The aim of the project is to support more than 450 farmers (calf suppliers) in the state of Mato Grosso, the country's leading beef producer, and to preserve 60% of the indigenous forest, while doubling economic production by 2030. At the same time, the support and training of these local producers in difficulty will increase their productivity. The Carrefour Foundation provided financial support worth €641,349 for the project in 2018, and the Group undertakes to provide technical assistance and access to loans for these producers.

5. COCOA

In order to combat deforestation resulting from Cocoa sourcing, Carrefour is implementing initiatives with its chocolate providers and working alongside its stakeholders to take collective action.

Carrefour has been a partner of the CÉMOI's Cocoa Transparency programme since its inception. It has now been applied to 20 Carrefour-branded tablets, including 8 products sold under the Bio brand. This programme contributes to combating deforestation and improving the living and working conditions of farmers involved in growing cocoa. The cocoa paste produced from cocoa beans can be completely traced from the planter to the consumer.

Carrefour also joined the Retailer Cocoa Collaboration (RCC) initiative in 2019. The purpose of this platform is to initiate dialogue between cocoa distributors and traders in order to promote transparency and progress towards sustainable cocoa production, both from an environmental and social point of view. Through this annual assessment programme, the RCC can be used to:

- Measure the progress of cocoa traders with respect to the 8 core principles of the Cocoa and Forestry Initiative (CFI)
- Ensure that distributors all use the same assessment method
- Make more informed decisions in relation to cocoa sourcing

Our organisation



SCOPE

The “Sustainable Forests” policy covers all Carrefour brand products in the countries in which the Group operates. Many products are derived from forestry operations, and priority is given to the raw materials that figure most prominently in Carrefour’s supplies and for which the levers of action are the most important. These priority raw materials are wood and paper, palm oil, Brazilian beef and soy and cocoa.



GOVERNANCE

A risk and sourcing committee has been set up. It analyses the risks related to Carrefour’s sourcing practices and devises strategies for dealing with them, including a strategy to tackle deforestation. It draws up and circulates the Group’s purchasing rules. It reports to the Group Secretary General. This committee brings together the following departments: Audit & Risk, CSR, Own-brand, Merchandise, Fresh Produce, Legal Affairs, Quality.

The procurement rules are defined in a cross-category manner by the Group and disseminated for application in all countries. The various departments represented on the risk and procurement committee are responsible for enforcing the rules in force in the countries in which the Carrefour Group operates.

The sustainable forestry policy performance indicators are incorporated into the CSR and Transition Index. This index is given a 25% weighting as a criterion in a long-term executive compensation plan and a 20% weighting in compensation for the Chairman and Chief Executive Officer.



FOR FURTHER INFORMATION

→ Consumer Goods Forum: <https://www.theconsumergoodsforum.com/environmental-sustainability/forest-positive/>