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1. The Carrefour Group’s Biodiversity Strategy

1.1 Background and challenges

Food sectors are highly dependent on biodiversity and protecting it is essential. However, biodiversity is experiencing an unprecedented global decline that can be attributed to five main factors, and to which food sectors also contribute:

- Changes in land use, mainly due to intensification and extension of farmland, leading to the destruction, degradation and fragmentation of habitats or deterioration of soil and its functions.
- Water, soil and air pollution and the resulting deterioration of water quality.
- The direct exploitation of certain organisms leads to overexploitation of biological resources. This happens when too many of those organisms are removed from the natural environment (overfishing, unmanaged hunting, etc.).
- Climate change, by changing the distribution of animal and plant species.
- The proliferation of invasive alien species, which pose a threat to nearly one third of terrestrial species and the functioning of ecosystems.

The current food system is contributing to the erosion of biodiversity, and Carrefour, as a major food player, has a role to play in protecting our planet’s biodiversity. Carrefour has set itself the goal of providing its customers with food, products and services that do not damage biodiversity. While actions can be implemented at Carrefour sites and its operations can be modified, solutions to promote biodiversity must also be developed collectively along the entire length of supply and production chains, and must involve all stakeholders. Carrefour is taking action to preserve biodiversity in its operations and its business, as well as upstream in partnership with its suppliers, and downstream with its customers. These actions fall into five main areas:

Supporting the transition to sustainable agriculture

Agriculture is a key component of our food system, and it is inextricably intertwined with biodiversity. Agriculture depends very much on the services provided to it by biodiversity (domestic or wild), and certain agricultural practices significantly affect biodiversity. The food systems of industrialised countries have enabled agricultural productivity to soar. However, these systems, which are often intensive, are not sustainable: indeed, they create multiple pressures on the environment in general, and on biodiversity in particular. These can be direct – reduction of varietal diversity for cultivated species, reduction of pollinator populations, pesticides and neonicotinoids, biological resources used too quickly (overfishing, deforestation, etc.) and indirect – pollution of rivers and environments, contribution to climate change, degradation and fragmentation of habitats, etc. In addition to the environmental implication is, these intensive practices also pose dangers to people’s health (deterioration in air quality, for example).

In the face of these findings, consumers are increasingly changing their consumption habits, looking for more environmentally friendly products and ones that are processed closer to home. In order to meet consumer requirements, producers must adapt their production methods by moving towards technologies and practices that are more virtuous and sustainable. Such practices include agroecology, organic farming and conservation farming.

It is therefore essential to promote virtuous practices for biodiversity in farming, and that is why Carrefour is working with its suppliers on developing more sustainable and biodiversity-friendly production methods. With more than 80% of its revenue generated by food sales, Carrefour is committed to supporting the transition to sustainable agriculture.
Maintaining biodiversity for the supply of sensitive raw materials

The production of certain raw materials can have consequences for biodiversity (deforestation, environmental pollution, overexploitation of species, etc.), and the globalisation of supply chains makes it difficult to control and trace them. However, everybody involved in these supply chains has a share of responsibility and can act to improve the practices used to produce these raw materials. We are regularly reminded of this responsibility by people in civil society, who are increasingly sensitive to and informed about such issues.

So Carrefour, as a retailer, has a role to play. Certain raw materials have thus been classified as “sensitive” by the company and are the focus of particular attention. These sensitive raw materials are the focus of a programme which seeks to create action plans between now and 2025. In 2021, several raw materials were the focus of a specific action plan. These included palm oil, wood and paper, fish and seafood, Brazilian beef, soy, cocoa and cotton.

To this end, and to ensure that the actions taken are effective, Carrefour works closely alongside other stakeholders, such as NGOs and recognised certification bodies, putting in place mechanisms to improve traceability for certain products.

Developing ecodesign and a circular economy for packaging

The distribution of goods in general and food products in particular both require large quantities of packaging. Such packaging, and plastic packaging in particular, has direct or indirect impacts on biodiversity. This is the case during its production (extracting materials and manufacturing packaging can generate various types of pollution) and at its end-of-life (pollution of aquatic environments in particular). Poor collection infrastructure in several countries and poor consumer behaviour, among others, are causing plastic waste to “leak” and then go untreated. They can thus be carried away, by winds and currents, and end up in our marine environments. Worldwide, it is estimated that about 250 kilograms of plastics are dumped into the oceans every second. This plastic waste will have various impacts on biodiversity: ingestion, component-related pollution (pesticides, lead, heavy metals, etc.), transport of invasive species that attach themselves to this waste, etc.

Much of the plastic produced today is used to make packaging. Its use is strongly linked to the boom in mass merchandising: it addresses transport, conservation and health security issues. Retail therefore has a key role to play in changing practices and meeting the expectations of its consumers, who are increasingly sensitive to and informed about environmental issues.

In this context, Carrefour therefore wishes to spearhead the retail sector’s transition over towards a more sober, measured and thoughtful consumption of packaging in its stores and the packaging used for its products.

Limiting the impact of our sites on biodiversity

Habitat degradation, including land-based degradation, is the leading cause of biodiversity loss globally. Carrefour’s sites can contribute to this artificialisation through their footprint on the ground. In addition to the artificialisation of soils, mass merchandising sites (shops, warehouses) exert a variety of both direct and indirect pressures on biodiversity – in particular through the emission of greenhouse gases, the exploitation of resources and the production of waste. Furthermore, mass merchandising can result in pollution to soils and groundwater, in particular through the operation of petrol stations, the storage of hydrocarbons and the use of hazardous products in different processes.

Food wastage is a key challenge for the mass merchandising sector, and is indirectly responsible for significant pressures on biodiversity. When a food product is wasted, all the environmental impacts at each of the upstream stages (agricultural production, storage, processing, packaging and transport) have been for nothing. More generally, and beyond food waste, which is a priority issue for ethical, environmental and economic reasons, waste generation and management is important, both for the preservation of natural resources and for limiting the pollution associated with its treatment. These areas in which mass merchandising sites can take action in order to limit the impact that they have on biodiversity.

These are all issues that need to be taken into account at each location, through discussions initiated at local authority and local economic fabric level, or even on a more global political scale. To achieve lasting reductions in the impact that they have on biodiversity, stores and warehouses must act at various levels and at all life cycle stages, from initial design through to everyday operation: eco-friendly construction, operation and renovation; waste reduction and recycling; optimised water consumption; minimum discharge of pollutants into air, water and soil; preservation and restoration of biodiversity.
Carrefour is taking action to reduce these direct and indirect impacts by following the principles of eco-design for its sites, promoting biodiversity at its sites and combating food wastage and waste generation. Each site can therefore – at its own level and in collaboration with the stakeholders operating across its region – implement virtuous actions to protect biodiversity tailored for its own specific geographical location and the activities in which it engages.

The actions put in place are adjusted according to the type of activity carried out at the site in question (distribution, logistics, tertiary, service station), and based on the mapping of risks and environmental issues undertaken by the Risk Department. However, for each of the activities carried out by Carrefour’s sites, these actions are structured around the management of the risks of soil and groundwater pollution, water management, waste optimisation and management, and energy issues (eco-design, more sustainable renovation, etc.).

Tackling and preparing for climate change

Climate change is a major cause of biodiversity loss globally, and its impact on biodiversity could worsen in the coming decades. The main underlying mechanism is the change in the distribution of animal and plant species as a result of these climate changes. On the other hand, the increase in frequency and intensity of one-off weather events, particularly droughts, contributes locally to biodiversity loss.

This topic is addressed in a report dedicated to the Carrefour Group’s climate plan.

1.2 Risks and opportunities

Biodiversity issues are inextricably intertwined with food sectors and with farming in particular. Its erosion threatens food production in the long term, against a background of a growing global population. Protecting our planet’s biodiversity is also an opportunity to improve the quality of Carrefour products and so better meet consumer expectations.
Carrefour updated its materiality analysis in 2021 (see Section 1.3.1.4. of Chapter 1 of the Declaration of Non-Financial Performance). Of the ten priority issues, three biodiversity-related ones are identified as “major” by stakeholders in the Group's food transition strategy:

- Developing sustainable agriculture, particularly in the form of organic farming and agroecology (at the top of the ranking);
- Responsible sourcing of seafood and aquaculture products (in second place);
- Combatting deforestation resulting from the supply of sensitive raw materials (in eighth place).

Finally, customer expectations are particularly high regarding the following two issues: “Eco-design of products, packaging and circular economy” (first place for customers) and “Offering a customer experience and a store/online route that facilitates zero waste, zero plastics for organic products, healthier products” (second place for customers).

## 1.3 The Carrefour Group's aims

Carrefour wants to be committed to protecting the planet's biodiversity, taking action both at its sites and on the value chain alongside its partners. Carrefour’s strategy is based on four main areas:

**Promoting and developing sustainable farming:** To this end, Carrefour is making organic and agroecology the strategic focus of its food supply overhaul and aims to ensure that 15% of its fresh food sales come from organic farming or agroecological practices by 2025. The Group wishes to accelerate the transition to agroecological farming by supporting the development of agroecological sectors and ensuring high-quality relationships with suppliers. Carrefour is also introducing financing systems to support the switch over to practices that are more respectful of health and nature. Finally, the Group wishes to make high-quality products made using sustainable farming methods accessible to everyone, whether through the various distribution channels or through affordability.

**Maintaining biodiversity for sensitive materials:** Carrefour aims to reduce the impact of its products on biodiversity by taking action in three main axes: combatting deforestation (palm oil, wood & paper, Brazilian beef, cocoa, soy, etc.), preserving fish stocks by deploying sustainable fishing methods and developing more sustainable textile sectors, particularly in risky production stages (agricultural production for example for cotton or viscose, dyeing, tanning, etc.).

**Developing ecodesign and a circular economy for packaging:** The Group's first aim is to reduce the amount of packaging placed on the market, in particular for plastic packaging, and to improve the use and end-of-life of those that remain necessary, by ensuring, for example, their reuse or recyclability.

**Limiting the impact of its sites on biodiversity:** Carrefour aims to limit the environmental impact of its sites as much as possible. Accordingly, each store, warehouse or logistics platform is required to monitor and optimise its water and energy consumption and waste management, and minimise its impact on ecosystems and surrounding biodiversity. In addition, the Group invests in renovations or the establishment of new stores by following specifications that respect biodiversity.

## 1.4 Summary of objectives

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<thead>
<tr>
<th>Theme</th>
<th>Target</th>
<th>Deadline</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable farming</td>
<td>15% of fresh food sales to be for products made using organic or agroecological farming methods by 2025</td>
<td>2025</td>
<td>Fresh controlled products and national brands in the Group's nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>Carrefour Quality Lines: 10% market penetration rate for Carrefour Quality Lines in fresh products by 2025</td>
<td>2025</td>
<td>CQL brand products (controlled products) compared with sales of all brands of fresh products (controlled products and domestic brands) in the Group’s nine integrated countries.</td>
</tr>
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<td></td>
<td>Agroecology: 100% of Carrefour Quality Line products to carry a differentiating agroecological message or be integrated into an agroecological approach by 2025</td>
<td>2025</td>
<td>CQL brand products (controlled products) in the Group’s nine integrated countries.</td>
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<tr>
<td>Theme</td>
<td>Target</td>
<td>Deadline</td>
<td>Scope</td>
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<tr>
<td>Sensitive raw materials</td>
<td>100% of sensitive raw materials to be covered by a risk reduction plan by 2025</td>
<td>2025</td>
<td>Nine integrated Group countries, for priority raw materials that are at risk, according to the Group’s risk analysis.</td>
</tr>
<tr>
<td></td>
<td>Responsible fishing: 50% of sales of fishery and aquaculture products, Carrefour branded products and national brands to be farmed using a responsible approach by 2025</td>
<td>2025</td>
<td>Controlled products and national brands, at all counters (fresh, frozen, canned, grocery, etc.) in the Group’s nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>Sustainable forest: 100% of priority raw materials to be integrated into a risk reduction plan by 2025</td>
<td>2025</td>
<td>Nine integrated Group countries, for priority raw materials that are at risk, according to the Group’s risk analysis. In 2021: palm oil, wood and paper, wood fiber in textile products and packaging, cocoa, soy, Brazilian beef.</td>
</tr>
<tr>
<td></td>
<td>Palm oil: 100% of palm oil and palm kernel oil used as an ingredient in Carrefour own-brand products to be RSPO Segregated certified by the end of 2022</td>
<td>2022</td>
<td>Controlled products excluding low-price products in the Group’s nine integrated countries.</td>
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<td></td>
<td>Wood and paper: 100% of paper and cardboard packaging used with controlled products to comply with our forest policy by 2025</td>
<td>2025</td>
<td>Controlled products in the Group’s nine integrated countries.</td>
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<tr>
<td></td>
<td>Brazilian beef: 100% of suppliers to be geo-monitored and in line with our forest policy or committed to an ambitious policy to combat deforestation by 2025</td>
<td>2025</td>
<td>Direct suppliers of fresh, frozen and processed meat, retailer suppliers and “meatpackers” from Carrefour Brazil and Atacadao</td>
</tr>
<tr>
<td></td>
<td>Soy: 100% of Carrefour Quality Line and Carrefour own-brand products to use soy that are is derived from deforestation for animal feed by 2025</td>
<td>2025</td>
<td>Carrefour Quality Line products and key Carrefour-brand products (excluding low-price and no name products): frozen and fresh raw products (excluding cooked meats): chicken, turkey, pork, beef, veal, lamb, salmon, eggs, milk, minced meat.</td>
</tr>
<tr>
<td></td>
<td>Cocoa (G4): 100% of cocoa paste to be of sustainable origin in Carrefour brand tablets by 2023</td>
<td>2023</td>
<td>Carrefour-brand chocolate tablets (excluding low-price and no-name products). Countries concerned: France, Belgium, Spain, Italy.</td>
</tr>
<tr>
<td></td>
<td>Trader traceability and assessment: 100% of key traders – upstream players trading agricultural raw materials – to be assessed and on their way to complying with our policy by 2025</td>
<td>2025</td>
<td>Market traders, a collective initiative under the CGF. The Group's nine integrated countries.</td>
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<tr>
<td></td>
<td>Textile: 100% of natural textile raw materials to comply with our responsible TEX policy by 2025 (cotton, wood fibers, wool, cashmere)</td>
<td>2025</td>
<td>TEX brand products in the Group’s nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>Cotton: 50% of cotton TEX products to be organic by 2025;</td>
<td>2025</td>
<td>TEX brand products in the Group’s nine integrated countries.</td>
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<tr>
<td></td>
<td>Cashmere: 100% of Cashmere to guarantee the welfare of goats and to be from soils which prevent desertification in our TEX products by 2021</td>
<td>2021</td>
<td>TEX brand products in the Group’s nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>Wool: 100% of the wool in our TEX products to guarantee the welfare of sheep and ensure the protection of soils and ecosystems by 2023,</td>
<td>2023</td>
<td>TEX brand products in the Group’s nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>Wood fibre: 100% of wood fibre (viscose, lyocell, modal) to be produced without deforestation in our TEX products by 2022.</td>
<td>2022</td>
<td>TEX brand products in the Group’s nine integrated countries.</td>
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<tr>
<td>Theme</td>
<td>Target</td>
<td>Deadline</td>
<td>Scope</td>
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<tr>
<td>Limiting the environmental impact of our sites</td>
<td>Reclaim 100% of waste from our stores by 2025</td>
<td>2025</td>
<td>Integrated stores in the Group's nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>Reduce food waste from stores by 50% by 2025 (compared with 2016)</td>
<td>2025</td>
<td>Integrated stores in the Group's nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>100% of shopping centres and expansions to be BREEAM (Building Research Establishment Environmental Assessment Method) certified, 75% of existing shopping centres to be BREEAM In-Use certified</td>
<td>-</td>
<td>Stores managed by Carmila in France, Spain, Italy.</td>
</tr>
<tr>
<td>Developing ecodesign and a circular economy for packaging (plastic)</td>
<td>100% reusable, recyclable or biodegradable packaging in 2025</td>
<td>2025</td>
<td>Carrefour branded products (excluding low price and no name products) in the Group’s nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>20,000 tonnes of packaging, of which 15,000 tonnes of plastic packaging, to be saved by 2025 (total since 2017);</td>
<td>2025</td>
<td>Controlled products and national brands in the Group's nine integrated countries.</td>
</tr>
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<td></td>
<td>30% of recycled plastic to be integrated into packaging by 2025;</td>
<td>2025</td>
<td>Carrefour branded products (excluding low price and no name products) in the Group’s nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>1000 reusable packaging solutions available in stores;</td>
<td>2025</td>
<td>Stores in the Group's nine integrated countries.</td>
</tr>
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<td></td>
<td>500 stores to be equipped with a packaging reuse system by 2025;</td>
<td>2025</td>
<td>Stores in the Group's nine integrated countries.</td>
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<tr>
<td></td>
<td>50 new “Loose” experiments</td>
<td>2025</td>
<td>Stores in the Group's nine integrated countries.</td>
</tr>
<tr>
<td>Water management</td>
<td>Reduce water consumption per square metre of sales area.</td>
<td></td>
<td>Stores in the Group's nine integrated countries.</td>
</tr>
<tr>
<td>Climate</td>
<td>Scopes 1 &amp; 2 Contribute to stores achieving net zero by 2040. Reduce GHG emissions by 50% by 2030 (vs. 2019) and 70% by 2040 (vs. 2019) – target aligned with the 1.5°C scenario.</td>
<td>2040</td>
<td>Stores in the Group's nine integrated countries.</td>
</tr>
<tr>
<td></td>
<td>Scope 3: Reduce GHG emissions by 29% by 2030, compared with 2019, including purchases of products and services, product use and downstream transportation.</td>
<td>2030</td>
<td>The Group's nine integrated countries.</td>
</tr>
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</table>

### 1.5 Coalitions and partnerships

Carrefour is involved in several international coalitions and specific working groups which focus on biodiversity and natural capital. The aim is to define an ambitious global strategy at Group level in partnership with key stakeholders.

- Act For Nature International
- Companies committed to nature
- Science Based Targets engagement programme
- Natural Capital Lab (WWF)
- Forest positive coalition (Consumer Goods Forum)

Interactions with stakeholders are encouraged, in order to accurately identify the various issues associated with Carrefour’s activities. The Group has therefore built up relationships with NGOs, associations, suppliers, customers, investors, trade unions, stakeholder coalitions, public authorities and a wide range of other various relevant interested parties. It engages in bilateral dialogue with them within the framework of working sessions.

For example, Carrefour maintains ongoing dialogue with the WWF within the framework of a historic partnership. The topics covered in 2021 were sustainable fisheries, a policy to combat deforestation (mainly...
Carrefour Group’s biodiversity strategy

Carrefour Group’s biodiversity strategy includes initiatives such as the participation in the Natural Capital Lab and the Science Based Targets for Nature commitment programme.

Carrefour is a member of the Consumer Goods Forum. In this context, the Group is actively involved in the coalitions on soy, wood and paper, palm oil, beef and plastic. Alexandre Bompard, for example, has become joint leader of the coalition to combat deforestation. In France, as part of the Soja Manifesto of French stakeholders mobilised against deforestation, Carrefour has joined the French retailers’ working group coordinated by Earthworm Foundation. Carrefour holds regular meetings with representatives of the National Strategy to Combat Imported Deforestation on forest-related issues (soy, cocoa, beef).

Carrefour meets bimonthly with NGOs Canopy and Mighty Earth to discuss beef and soy supply issues.

1.6 Our organisational structure

The Group’s governance bodies:

A number of bodies have been set up to investigate the issue of biodiversity, as follows:

- The Group Executive Committee defines strategy, policies and objectives, and measures performance. Each country’s executive committee rolls the strategy out at local level;
- Carrefour’s Board of Directors approved the strategy drawn up by the Group Executive Committee and evaluates its implementation. Operating within the dedicated CSR committee, in 2021 it formulated commitments to reducing packaging, developing the organic market, etc.
- The Procurement Rules Committee for the Food Transition meets bimonthly and is chaired by the Group’s merchandise director. It brings together representatives from the Merchandise Department, the Quality Department, the CSR Department, the International Partnerships Department, the Communications Department and the Global Sourcing Department. The Procurement Rules Committee coordinates the updating and deployment of these rules. This committee also deals with alerts identified within the framework of the duty of care, of which 27.4% were to do with deforestation, 16.1% with sustainable fishing, 8.1% with plastic and 1.6% with climate in 2021.

The Group Management’s Tools

CSR and Food Transition Index. Carrefour has implemented a CSR and Food Transition Index to monitor the achievement of its targets and assess performance, and motivate its in-house teams. Designed as a fully-fledged management tool for the various business lines, the CSR index is a means to report externally on deployment of the Group’s strategies, particularly regarding biodiversity, climate, health and the commitment of partners and employees. The biodiversity strategy is reviewed annually by the Board of Director’s CSR Committee. In 2019, the Group’s performance in reaching these targets was incorporated into the criteria used to calculate managers’ pay: 25% of managers’ pay is based on these criteria within the framework of a long-term incentive plan, while 20% of the CEO’s pay is based on them. Since 2021, the CSR index has been incorporated into the variable remuneration of all integrated country managers. The objectives of the CSR index regarding biodiversity are detailed in the table in section 2.4.

Procurement rules for the food transition. Across the Group, procurement rules specific to biodiversity and food transition issues have been drafted in consultation with stakeholders (experts, NGOs, customers, suppliers, public authorities, etc.). The Procurement Rules for the Food Transition include criteria and requirements concerning respect for marine resources, protection of forests, eco-design of packaging and agroecology. Comprehensive objectives and action plans have been defined and deployed, and are monitored by a dedicated project management team. The procurement rules for the food transition were updated in 2021. They have been distributed to...
all countries and training has been given to the Merchandise and Quality Departments. The actions implemented on products are then showcased among consumers.

**Performance evaluation**

Quarterly reporting is implemented in all of the Group’s nine integrated countries to ensure that the situation is properly assessed with regard to the environmental issues identified. The Group’s CSR, merchandise and quality teams regularly review the performance of the Group’s countries in order to ensure that the procurement rules for the food transition are properly implemented. Audits are conducted by an independent third-party organisation twice a year to confirm the reliability of the consolidated data for the Group. The key performance indicators are published within the CSR and food transition index and the Universal Registration Document, and are detailed in Sections 2, 3, 4 and 5 of this document.

Carrefour fills in questionnaires from rating agencies in order to assess its economic, social and governance performance. In 2021, the Group received an “A” rating from the Carbon Disclosure Project (CDP) for its commitment to combating global warming.

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<td>CDP – Carbon Disclosure Project</td>
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<td>CDP Forest</td>
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<td>Palm oil</td>
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<td>Wood and paper</td>
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<td>CDP Water</td>
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(1) Change in the assessment system in 2016.

As part of its stakeholder inclusion process, the Carrefour Group responded publicly and transparently in 2021 to various NGO questionnaires on topics such as:

- The Bovine supply chain in Brazil (questionnaires from NGOs Envol Vert, Notre Affaires à tous, Mighty Earth, Canopy, Commission Pastorale de la Terre),
- assessments of zero deforestation commitments made by companies (questionnaire from the European Forest Institute),
- environmental assessment of the paper policy (questionnaire from Riposte Verte),
- assessment of palm oil supply policies (questionnaire from WWF)
- the feeding of aquaculture fish (questionnaire from Changing Markets Foundation)
- MSC-sustainable fishing certified seafood products (questionnaire from Bloom / Foodwatch)

**Scope**

The Carrefour Group’s objectives concern its nine integrated countries: France, Spain, Italy, Belgium, Poland, Romania, Argentina, Brazil and Taiwan. Our policy’s priority initiatives are incorporated by the Group’s integrated countries, which deploy their own Group policy actions. The detailed perimeters for all the Group’s objectives are specified in section 1.4 above.
Find out more.

The Group’s reports and assessments.
- Climate report. CDP climate.
- Forest report. CDP forest.
- Water report. CDP water.

Initiatives and coalitions.
- France: soybean manifesto, cocoa manifest,
- Forest positive coalition (publications, website).

Group policies
- CSR and Food Transition Index.
- Sustainable fishing policy.
- Climate policy.
- Procurement rules for the food transition.
- Soy kit.
- Sustainable cocoa charter.
2. Supporting the transition to sustainable agriculture

2.1 Introduction

Food has a major impact on the environment. This is why consumers do not simply want to consume products grown in an environmentally friendly manner... they also want them to be processed as close to where they live as possible. The food transition thus involves conversion to organic, agroecological or soil conservation farming practices, thus promoting agriculture that is healthier for humans and less damaging to the planet. To meet these expectations, Carrefour – for which food products account for more than 80% of total sales – is investing in the development and promotion of sustainable agricultural practices that combine better-tasting food with better economic and CSR performance.

The Carrefour Group wishes to make high-quality products made using sustainable farming methods accessible to everyone, whether through the various distribution channels or through affordability. Carrefour is securing its organic and Carrefour Quality Lines in order to facilitate implementation of sustainable, environmentally friendly farming practices. Carrefour is promoting the sustainable agricultural transition through fairer contractual conditions with suppliers, through the development and optimisation of a responsible product offering, the implementation of financing solutions and, finally, by establishing relationships based on trust with consumers. The Group has thus developed a strategy based on various levers:

1. **Supporting the development of product lines and to guarantee quality relations with suppliers:** Carrefour has expertise and knowledge of the agricultural sectors that it wishes to employ in developing sustainable relationships with suppliers and producers. Through fairer contractual terms, including long-term commitments, price and volume commitments, Carrefour prioritises securing organic lines and Carrefour Quality Lines in order to facilitate the implementation of best practice as regards the environment and flavour.

2. **Developing the range of organic products and agroecological product lines:** in line with the “Carrefour 2022” transformation plan, the Group has made organic products a strategic focus for overhauling its food offering. Carrefour aims to lead the field in making organic produce accessible to all in all the countries in which it operates. Carrefour also wants to expand its Carrefour Quality Lines: these raw or slightly processed products, guaranteeing full traceability and multi-annual contracts with a fair price for producers, are a laboratory for the Group’s agroecological endeavours.

3. **Developing financing solutions to ease the transition:** Carrefour has set up various financing systems to support producers in their transition over to practices that are less damaging to people’s health and the environment. Carrefour’s aim is to facilitate the food transition through win-win partnerships with its suppliers.
2.2 Objectives and performance

Carrefour’s ambition is to be a committed player in the farming regions where the Group is present and a leading partner in farming sector for the development of sustainable agricultural practices. The Group promotes the sustainable agricultural transition through action in three key areas: fairer contract terms with suppliers (including long-term price and volume commitments), the development and showcasing of a responsible product offering, and implementation of financing solutions.

To this end, and in order to facilitate implementation of sustainable agricultural practices that are less harmful to the environment, Carrefour is securing its organic product lines and Quality Lines, and is providing financial support to those involved in the agricultural transition.

Overall objective

15% of fresh food sales to be for products made using organic or agroecological farming methods by 2025

Development of organic product lines

| Targets: | 50,000 partner producers by 2026, including organic partner producers |

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2020/2021)</th>
<th>2022 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover from sales of organic products (1)</td>
<td>€2.7 billion</td>
<td>€2.7 billion</td>
<td>€2.3 billion</td>
<td>+0.2%</td>
<td>€4.8 billion</td>
</tr>
</tbody>
</table>

(1) Food, pharmacy, perfume and hygiene product sales.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2020/2021)</th>
<th>2022 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Carrefour own-brand organic products (2)</td>
<td>1200</td>
<td>1100</td>
<td>920</td>
<td>19.6%</td>
<td>-</td>
</tr>
<tr>
<td>In France: number of organic partner producers or producers in the process of switching over to organic farming methods (supported by contractual undertakings regarding product volumes)</td>
<td>3538, of which 188 in the process of switching</td>
<td>More than 2150, of which 188 in the process of switching</td>
<td>1776, of which 173 in the process of switching</td>
<td>21%</td>
<td>3000</td>
</tr>
</tbody>
</table>

(2) Counter sales of pharmacy, perfume and hygiene products.
(3) France perimeter.

In France, Carrefour had the goal of supporting 3000 French farmers with their organic farming practices and in switching over to organic farming practices by 2022. That goal was reached one year early and brings the number of French farmers using organic farming practices or in the process of making the switch up to 3400 as of the end of 2021.

In the other G6 countries (Belgium, Italy, Poland, Romania and Spain), almost 2300 producers are receiving support.

1200 Carrefour Bio brand products (Carrefour Bio, Nectar of Bio, Baby Bio, etc.) are sold in France, including the new Carrefour Bio brand grocery products (pasta and compotes).
Growth of Carrefour Quality Lines

Objectives

- 10% penetration of Carrefour Quality Line products in fresh produce by 2025;
- All Carrefour Quality Line products to carry a differentiating agroecological message or to be committed to an agroecological approach by 2025 (e.g. “fed GMO-free”, “fed without antibiotics”, “grown without chemicals” etc.).
- 50,000 partner producers by 2026, comprising Carrefour Quality Line partner producers

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2020/2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Penetration rate of Carrefour Quality Lines in fresh products (in %)</td>
<td>7.2%</td>
<td>7.4%</td>
<td>6.6%</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2020/2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Carrefour Quality Line products</td>
<td>651</td>
<td>753</td>
<td>726</td>
<td>(14%)</td>
</tr>
<tr>
<td>Number of Carrefour Quality Line partner producers</td>
<td>25,173</td>
<td>25,843</td>
<td>27,758</td>
<td>(3) %</td>
</tr>
<tr>
<td>Total sales (incl. VAT) of Carrefour Quality Line products (in thousands of euros)</td>
<td>€1.14 billion</td>
<td>€1,049,406</td>
<td>€950,459</td>
<td>10.4%</td>
</tr>
<tr>
<td>Number of Carrefour Quality Lines on which blockchain technology has been deployed</td>
<td>55</td>
<td>34</td>
<td>-</td>
<td>62%</td>
</tr>
<tr>
<td>Number of Carrefour Quality Line products that use with blockchain technology</td>
<td>478</td>
<td>New</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Deploying financing solutions

Carrefour provides financial support to farmers and stakeholders committed to sustainable farming, through various mechanisms including:

- A crowdfunding platform – JeParticipe.carrefour.com – launched in partnership with MiiMOSA: as of the end of 2021, Carrefour had financed 172 projects with the support of around 18,000 contributors (twice as many as in 2019). Carrefour has invested €1,500,000 in 14 shortlisted projects and over €5 million have been raised in total.
- An investment structure dedicated to the food transition: five projects were funded in 2021 for a total of €1 million. This structure will be provided with €3 million over 3 years;
- The Carrefour Foundation: in 2021, 24 sustainable farming projects were funded by the Foundation for a total amount of €2,715,450 (51.3 % of the overall budget).
Since 2019, 155 projects have been funded by the “Act For Food” investment structure and the #JeParticipe platform. A total of €5.2 million was raised to finance these projects, of which €1,650,000 million was invested directly by Carrefour (and €400,000 was allocated by the Carrefour Foundation). For this project, Carrefour is partnering with MiiMOSA, the leader in agricultural crowdfunding. As part of this operation, Carrefour is making its Act For Food Investment Fund available to its partner, which thus becomes the MiiMOSA Fund. Through this debt fund, Carrefour is investing in supporting large-scale projects and is MiiMOSA’s first private partner.

More broadly, the Group is implementing responsible sourcing policies with respect to raw materials at risk from a social or environmental point of view (see “Supplies of raw materials at risk”). Animal welfare is also a strategic focus for the development of sustainable practices (see ‘Ensuring animal welfare’), as well as the development of local products (see ‘Exercising our territorial responsibility’).

2.3 Action plans

The action plans to help us deliver on our aims and achieve our objectives are as follows:

- (1.3.1) Develop an offer of organic products accessible to all
  - Lever #1: Develop organic production channels by supporting producers
  - Lever #2: Develop organic ranges in line with consumer expectations.
  - Lever #3: Increase in-store and online access to organic products for everyone
- (1.3.2) Promote agroecology through Carrefour’s Quality Lines
- (1.3.3) Finance the food transition

2.3.1 Developing a range of organic products that everyone can afford

Supply shortages are a characteristic of today’s organic produce market. Our production of organic products is currently insufficient to meet consumer demand. In 2018, in France, for example, 31% of the organic products consumed were imported.
Supporting the transition to sustainable agriculture

Lever #1: Develop organic production channels by supporting producers

To develop the French organic sector, Carrefour has decided to engage with the French agricultural world by developing French organic product lines.

Dedicated teams are working to establish partnerships with the organic farming world and secure producers through more favourable contractual arrangements. Carrefour offers organic farming suppliers three to five-year contracts, with commitments on volume and purchase price, allowing them to take into account production requirements and constraints. Teams from the Organic Department travel throughout the country to meet with local agricultural organisations in order to develop local supply chains as close as possible to production and the field. This enables the Group to make its needs known in order to guide farmers’ farming endeavours, as well as identify opportunities for offers proposed by farmers in the field.

Through its network of manufacturers and processors, Carrefour can also play a networking role: putting producers in touch with processors, and entering into tripartite agreements to gradually create networks throughout the country that cover consumers’ needs.

In addition to the partnerships established with organic farming suppliers, Carrefour assists producers with their conversion process in order to accelerate the transition to organic farming. Thus, in the period during which they are converting their practices to organic farming ones, a long-term contract (three to five years) provides farmers with security, giving them visibility and enabling them to invest in their farm with more peace of mind. A commitment to a purchase volume and intermediate pricing procedures between conventional and organic farming makes it possible to compensate for the impact of the drop in productivity on farmers’ incomes. When the regulations allow it, the products are then identified by a specific label visible in the store to enhance the value of the approach in the eyes of the consumer. These contracts are offered in France, Belgium, Romania and Taiwan. In France, this contract was developed in partnership with the WWF®. In France, the Carrefour Group financial services company, Finifac, pre-finances French and European aid for conversion to organic farming.

Case Studies:

**INDIA:** by 2030, Carrefour wants all of the natural raw materials used with its TEX brand to be sustainable and traceable. Since 2019, Carrefour has been working with more than 8000 small cotton farmers in Madhya Pradesh on an original project that involves producing high-quality organic cotton, paying producers fairly and ensuring that the product can be traced – right from the seed. Carrefour ensures that producers in its Indian organic cotton supply line receive an increase in remuneration compared with those working on conventional cotton lines via its Cotton Connect partner. The first 100% “sustainable cotton” collection resulting from this initiative includes household linen, underwear and clothing for babies and children sold under the TEX BIO brand. These products have been on sale since spring-summer 2019 in all Carrefour hypermarkets in France and Spain. All of the various stages between sowing and the finished product are traced and recorded, ensuring complete traceability from the seed right up to the organic Tex product. Blockchain technology, which was introduced for clothing in 2020, now offers consumers the opportunity to see the whole route that the cotton has taken, from the field to the store – simply by scanning a QR Code on the label of their product.

**FRANCE:** Carrefour and its Foundation have signed a partnership agreement with WWF® France, the Saint-Denis-de-l’Hôtel Dairy (LSDH) and cattle farmers in the APLBC collective. This unique project involves a retail group, a corporate foundation, a mid-sized company, a group of farmers and an NGO joining forces to help dairy producers through the process of switching over to organic farming. The 66 dairy producers each receive a supplement of €50 per 1000 litres of milk. This financial support will run for two years, covering the transition period, and will help to finance the production of 10 million litres of milk. At the end of the transition period, Carrefour will offer the dairy producers three-year contracts. The first cartons of organic milk from this partnership were sold in Carrefour stores in 2020.
Lever #2: Develop organic ranges in line with consumer expectations.

Carrefour aims to offer a selection of organic products that is closely aligned with consumer demand. Regarding Carrefour brand and national brand products, Carrefour is constantly adjusting its ranges to meet consumer demand with, – for example – more vegan or raw products.

Since 2018, Carrefour France has been expanding its lines of French-grown organic fruit and vegetables. 80% of Carrefour Bio products are made in France, including nearly 450 products made from French ingredients. This means that our fruit and vegetables (except exotic ones), meat (beef, veal, lamb, poultry), milk (cow’s) and eggs are all of French origin. Carrefour also gives preference as much as possible to regional products for its organic fruit and vegetables.

In Belgium, in 2020, more than 90 products of Belgian origin were listed in organic grocery stores. This assortment is showcased in specialist organic areas (Bio experiences). More than 60 organic products of Polish origin have been added to the assortment in Poland.

Carrefour goes further by developing other product categories at national level. In 2020, a Carrefour Organic product range was developed to implement all the partnership work undertaken with the French organic farming community. It involves three-year commitments with producers for grocery products. Two types of whole pasta and a number of jams have been launched under it.

Lever #3: Increase in-store and online access to organic products for everyone

Carrefour’s expertise and its role in support for supply chains enables it to offer affordable prices for its own-brand products. The distribution of value across product lines is ensured by the contractual conditions detailed above and initiatives to enhance the product’s value in consumers’ eyes. To raise consumer awareness of these issues, a pilot project was set up in Poland covering 25 products, with packaging showing the distribution of the end price among the various production intermediaries.

The margin policy on organic is identical to other products in order to guarantee affordable prices: the relative margin rate is the same as on conventional products. However, it can include compensation for higher scrapping rates, particularly on costs. The logistical constraints relating to organic products have increased: adapting the Group’s operational organisation to these products with a shorter lifespan remains a challenge to limit scrapping and offer a more accessible price to consumers.

Carrefour is particularly vigilant with regard to the promotions applied to organic products in order to guarantee a fair distribution of value. Indeed, a loyalty premium system gives consumers a 10% discount on their loyalty account on all Carrefour Bio products. This applies every day in France. As of the end of 2021, 3.7 million consumers were members of the Prime Bio scheme.

Carrefour uses all its formats to help it achieve its ambition. This involves developing its speciality stores (So.bio, Biomonde), promoting organic products in its general stores (Bio Expérience in hypermarkets, shops-in-shops in supermarkets, organic corners in its convenience stores, etc.) and creating a leading omnichannel organic model (Carrefour.fr, Greenweez, Planeta Huerto, etc.). In 2020, Carrefour bolstered its network with the acquisition of BioAzur and Bio C’ Bon. In 2021, the Group had 168 organic speciality stores in France. New organic areas were also opened in shops, bringing their number up to 60 Bio Expérience corners in hypermarkets and 166 shops-in-shops in Carrefour Market stores in late 2021.

2.3.2 Promoting agroecology through Carrefour's Quality Lines

Carrefour is involved in developing agroecological practices, which includes deploying its Carrefour Quality Line range.

Agroecology for Carrefour

As well as developing the concept of accessible organically farmed produce for all, Carrefour also wishes to transform non-organic production along agroecological lines. This involves applying an agroecology model and improving the environmental performance of non-organic production. Agroecology is based on the principle of harnessing natural processes to improve production. Carrefour sees this as a powerful force behind the sorts of innovations and improvements expected by customers, agricultural partners and society at large.

Specific aims are to reduce or eliminate the use of chemical pesticides and antibiotics, reduce plough-
Supporting the transition to sustainable agriculture

Carrefour has identified ten key focus areas for the development of agroecological practices, the aim being to field a long-term offering of quality products while protecting biodiversity. Since 1992, Carrefour has taken a cooperative approach in encouraging its partners to manufacture goods using innovative practices that protect the environment and biodiversity.

**Carrefour’s 10 key agroecology focus areas**

1. **Increase biodiversity**
   - Planting hedges and trees
   - Providing habitats for insects
   - Installing hives and apicultural areas

2. **Protect pollinators**
   - Installing hives and apicultural areas
   - Eliminating substances that are harmful to bees

3. **Reduce or eliminate chemical pesticides**
   - Cultivating without using chemical treatments
   - Using natural products to bolster plant immunity

4. **Local animal feed**
   - 100% local plant matter
   - Livestock grazing throughout the season

5. **Improve soil quality**
   - Soil enriched using natural substances and organic enrichments
   - Rotation, plant cover crops and ploughing kept to a minimum
   - Products grown in the ground

6. **Encourage sharing of best practices between producers**
   - Drafting collaborative specifications
   - Supplier network

7. **Support suppliers’ innovation and performance through special contract conditions**
   - Certainty regarding volumes
   - Long-term commitment

8. **Offer tasty quality products**
   - Guaranteed sugar content
   - Products picked when perfectly ripe

9. **Reduce the use of antibiotics**
   - Animals reared without antibiotics
   - Alternative phytotherapy-based treatments

10. **Respect animal welfare**
    - Chickens reared out in the open
    - Non-castrated pigs

**Carrefour Quality Lines: the mainstay of agroecological development for Carrefour**

Carrefour possesses a unique tool for developing agroecology: its Carrefour Quality Lines (CQL). There are 651 CQL products throughout the world involving a total of 25,173 producers. They are fresh, core-market products that meet strict requirements in terms of traceability, quality and flavour.

Producers who choose to embrace the “Carrefour Quality Line” approach demonstrate real commitment. Thanks to this mutual trust, Carrefour stores can sell products of guaranteed quality, produced using the best methods available, while producers are assured of having regular access to multiple markets for their products.

The Group has put in place three-year contracts under which Carrefour undertakes to honour a number of commitments in relation to its partner producers. These partner producers in turn undertake to use common production practices such as integrated pest control and crop rotation, and desist from spreading sludge from waste treatment plants, from using soil-less crop production and from applying post-harvest chemical treatment to fruit and vegetables.

Carrefour draws up strict product specifications with each producer, covering production methods as well as taste criteria and environmental protection obligations.

Carrefour also strives to ensure a fair price for everyone: producers are appropriately compensated for the quality practices they maintain, while Carre-
four customers enjoy excellent value for core-market products.

To further develop these virtuous practices, Carrefour supports its Carrefour Quality Line suppliers by developing pilot crops and implementing progress plans to expand agroecological practices across different sectors. The Group also promotes the sharing of good practices throughout the country through clubs and opportunities for producers to meet.

2.3.3 Financing the food transition

Carrefour also offers financing solutions for farmers and producers to support the food transition for all:

- Solution #1: Funding support structures
- Solution #2: An investment structure for the food transition
- Solution #3: Support from the Carrefour Foundation

Solution #1: Funding support structures

Carrefour’s financing entities offer financial services to small- and medium-sized businesses, farmers and producers. For example, the French financing entity, Finifac, provides loans to help European farmers transition to organic farming.

Solution #2: An investment structure for the food transition

In June 2019, Carrefour launched the first bank credit operation with a CSR component in the European retail sector, partnering with 21 partner banks to finance an investment facility dedicated to the food transition. Six themes are covered: reducing the use of chemical inputs in agriculture, increasing biodiversity on farms, transforming farming methods and ensuring animal welfare, developing sustainable fishing and farming, developing circular and sustainable solutions and promoting healthy eating. Since it was launched, six projects have been funded (in 2021), worth a total of €1.1 million. This structure will receive €3 million over 3 years.

Thanks to the crowdfunding platform JeParticipe.carrefour.com – launched in partnership with MiiMOSA – food transition farming projects are financed by the general public through donation matching or interest-bearing loans.

Solution #3: Support from the Carrefour Foundation

Funding through the Carrefour Foundation applies to projects of general interest that are therefore not directly related to Carrefour’s activities. On the other hand, this funding complements the Group’s approach by making it possible to provide broader support to stakeholders in the sectors and territories with a view to more sustainable agricultural practices. This is one of the funding priorities of the Foundation, which is committed to projects that promote organic or agroecological farming, enabling agricultural activities to be upgraded while preserving biodiversity.

For example, in Romania, the Carrefour Foundation supports three local associations – Synerb Venture Catalyze Association, CMSC and the Civitas Foundation, which support local farmers, helping them to develop their activities. In Brazil, the Sustainable Trade Initiative (IDH) supports calf producers in a manner that respects forest resources.

The projects supported by the Foundation concern all stages of the chain, from seed selection to the production, and then marketing of the products. The Foundation’s aim is to support the investment or training needs of stakeholders in the agricultural world and to promote the emergence of technical solutions. In 2021, 24 agriculture-related projects were financed by the Foundation amounting to a total of €2,715,450.

2.4 Joint initiatives and partnerships

- WWF® France
- CIRAD (the French agricultural research and international cooperation organisation)
- MiiMOSA
- Open Agri Food
3. Maintaining biodiversity for the supply of sensitive raw materials

3.1 Introduction

The challenges involved in the production of raw materials are global. They span the entire value chain and all of the various market players. Leading NGOs and civil society representatives regularly question retailers about them. Consumers want more information, better quality products and greater transparency.

In this context, Carrefour’s role is to offer its customers products that meet their expectations. It does this by improving farming practices and fishing and forestry methods, together with the manufacturing processes involved in the production of their products. Ensuring the compliance of the raw materials used for Carrefour products requires getting stakeholders involved upstream of our supply lines to transform the assessment of traders and working collectively on developing new market standards.

Certain raw materials have thus been classified as “sensitive” by the company and are the focus of particular attention. These include soy, palm oil, cotton and fish products. Carrefour’s goal is therefore to reduce the impact of its products on biodiversity, by actively participating in improving farming practices and fishing and land use methods, as well as manufacturing processes. To reduce its impact on biodiversity, Carrefour has a number of tools to ensure that raw materials are in compliance with requirements. These include certifications, geo-monitoring, geographical traceability, risk assessment by origin and raw materials and assessment of traders’ policies.

Carrefour is committed to:

- **Tackling deforestation for its high-risk supplies:** 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 co-developed 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).

- **Preserve fish stocks by ensuring sustainable fishing methods:** Carrefour introduced its responsible fishing range in 2005. Carrefour works closely with its producers, industry stakeholders, international NGOs and fishing organisations on biodiversity issues and seafood products to put together its action plan. Overfishing is a global problem requiring local responses. Solutions to protect resources must be adapted to each fishing area and put into practice jointly with local stakeholders. To preserve fish stocks, the Group uses a variety of tools, such as certification (MSC, AUC, Bio), fish caught using fishing techniques that have less of an impact on healthy stocks, and products from fisheries that have implemented local improvement initiatives.

- **Develop more responsible textile sectors by prioritising high-risk production steps,** such as agricultural production (e.g. cotton or viscose), dyeing or tanning. In 2019, Carrefour joined the Fashion Pact, a global coalition of 56 fashion and textile companies representing around 250 brands. The objectives of the Fashion Pact focus on three areas of action:
  - Halting global warming (reducing CO2 emissions).
  - Restoring ecosystems and preserving key species (promoting responsible supply lines: organic cotton, sustainable cellulose fibre, animal fibres ensuring respect for animal welfare and land conservation).
  - Protecting the oceans (phasing out single-use plastics, reducing pollution from microplastics).
3.2 Objectives and performance

In 2021, Carrefour’s objectives were bolstered to reassert the Group’s ambition to combat deforestation and protect terrestrial and marine biodiversity.

Target
100% of sensitive raw materials to be covered by a risk reduction plan by 2025

Key performance indicators

<table>
<thead>
<tr>
<th>Sensitive raw materials – Deployment of action plans for sensitive raw materials expressed as a percentage</th>
<th>2021 value</th>
<th>2020 value</th>
<th>Change (2020/2021)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53.6</td>
<td>New</td>
<td>-</td>
<td>100% by 2025</td>
</tr>
</tbody>
</table>

Combatting deforestation

Targets for the end of 2025

- Sustainable forest: 100% of priority raw materials to be integrated into a risk reduction plan by 2025
- Palm oil: 100% of palm oil and palm kernel oil used as an ingredient in Carrefour own-brand products to be RSPO Segregated certified by the end of 2022.
- Brazilian beef: 100% of suppliers to be geo-monitored and in line with our forest policy or committed to an ambitious policy to combat deforestation by 2025
- Soy: 100% of Carrefour Quality Line and Carrefour own-brand products to use soy that is not derived from deforestation for animal feed by 2025
- Cocoa (G4): 100% of Carrefour branded chocolate tablets to comply with our sustainable cocoa procurement policy by the end of 2023
- Wood and paper: 100% of paper and cardboard packaging used with controlled products to comply with our forest policy by 2025
- Trader traceability and assessment: 100% of key traders – upstream players trading agricultural raw materials – to be assessed and on their way to complying with our policy by 2025

Indicator – Palm oil*

<table>
<thead>
<tr>
<th>Share of palm oil used in certified sustainable and fully traced products (RSPO segregated)</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2020/2021)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>79.2%</td>
<td>54.6%</td>
<td>51.8%</td>
<td>+ 24.6 pts</td>
<td>100% by the end 2022</td>
</tr>
<tr>
<td>Share of palm oil used in RSPO certified or equivalent controlled products</td>
<td>99.4%</td>
<td>86.2%</td>
<td>82%</td>
<td>+ 13.2 pts</td>
<td>-</td>
</tr>
</tbody>
</table>

* Calculated based on weight of raw material contained in the products. Perimeter: 100% of consolidated 2021 revenue, incl. VAT Non-comparable BUs (RO excl. in 2020).

Substantial efforts were made in 2021 to ensure RSPO segregated or mass balance certification of almost all (99.4%) the palm oil contained in Carrefour-brand products. In addition, the 2021 target for certified sustainable and fully traced palm oil has almost been met, so the Group is on course to meet its final target of 100% in 2022.
Maintaining biodiversity for the supply of sensitive raw materials

<table>
<thead>
<tr>
<th>Indicator - Soy¹</th>
<th>2021 value</th>
<th>2020 value</th>
<th>Change</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Carrefour brand Carrefour Quality Lines and other key products using zero deforestation soy for animal feed</td>
<td>2.9%</td>
<td>New</td>
<td>-</td>
<td>100% by 2025</td>
</tr>
</tbody>
</table>

In 2021, Carrefour set criteria for a zero-deforestation soy. For the first time, Carrefour France published the share of its key products that use zero-deforestation soy. This measure will be extended to all Group countries in 2022.

<table>
<thead>
<tr>
<th>Indicator – Wood and paper</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2020/2021)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of paper and cardboard packaging used with controlled products in compliance with our zero deforestation forest policy</td>
<td>Reporting methodology currently being developed</td>
<td>-</td>
<td>-</td>
<td>100% by 2025</td>
<td></td>
</tr>
<tr>
<td>Sales of PEFC and FSC products (millions of euros)²</td>
<td>545</td>
<td>534</td>
<td>205</td>
<td>+2%</td>
<td>-</td>
</tr>
<tr>
<td>Share of Carrefour-brand products in ten priority categories sourced from sustainable forests (in %)³</td>
<td>79.5%</td>
<td>70.2%</td>
<td>48.6%</td>
<td>+9.3 pts</td>
<td>100%</td>
</tr>
</tbody>
</table>

The Group continues to roll out its sustainable forest policy for its ten priority product families containing wood and paper (e.g. toilet paper, wooden furniture, etc.) in all of the countries in which the Group operates. In addition, Carrefour is developing a methodology for reporting on the proportion of compliant cardboard packaging used with its products.

<table>
<thead>
<tr>
<th>Indicator – Brazilian beef⁴</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of Brazilian beef suppliers geo-monitored and compliant with our forest policy or committed to an ambitious policy to combat deforestation</td>
<td>86.9%</td>
<td>72%</td>
<td>-</td>
<td>+14.9%</td>
<td>100% by 2025</td>
</tr>
</tbody>
</table>

Carrefour Brazil achieved its goal in 2020, with 100% of suppliers of geo-monitored fresh and frozen meat. In 2021, Carrefour expanded the geo-monitoring of its Brazilian supply of biofuels for Atacadao in Brazil. Carrefour Brazil and Atacadao are thus managing more than 40,000 farms by geo-referencing them. The policy on sustainable beef has been strengthened by incorporating action plans on indirect suppliers.

<table>
<thead>
<tr>
<th>Indicator – Cocoa⁵</th>
<th>2021 value</th>
<th>2020 value</th>
<th>Change</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage Carrefour brand tablets of chocolate in compliance with our sustainable cocoa charter</td>
<td>30.8%</td>
<td>New</td>
<td>-</td>
<td>100% by 2023</td>
</tr>
</tbody>
</table>

In 2021, Carrefour defined a sustainable cocoa charter for its chocolate tablets. For the first time, the Group is also reporting the proportion of cocoa paste that is in compliance with the Sustainable Cocoa Charter for tablets sold in Belgium, Spain, France and Italy.

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¹ Carrefour Quality Line products and key Carrefour-brand products (excluding low-price and no name products): frozen and fresh raw products (excluding cooked meats): chicken, turkey, pork, beef, veal, lamb, salmon, eggs, milk, minced meat. Scope: France only. 54.1% of consolidated 2021 sales, incl. VAT.
² Perimeter: 90% of consolidated 2021 revenue, TTC. BU not comparable (RO FSC incl. in 2021 and IT & AR FSC excl. in 2021)
³ Perimeter: 100% of consolidated 2021 revenue, incl. VAT. Non-comparable BUs (RO incl. in 2021).
⁴ Scope: Brazil, Carrefour and Atacadao. Suppliers of fresh, frozen, processed meat, retailers and warehouses.
⁵ Scope: BE, ES, FR & IT. 83% of consolidated 2021 revenue, TTC.
Maintaining biodiversity for the supply of sensitive raw materials

<table>
<thead>
<tr>
<th>Indicator – Trader tracking and assessment</th>
<th>2021 value</th>
<th>2020 value</th>
<th>Change</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trader tracking and assessment: 100% of key traders assessed by 2025</td>
<td>100%</td>
<td>New</td>
<td>-</td>
<td>100% by 2025</td>
</tr>
<tr>
<td>Trader tracking and assessment: 100% of traders making progress to comply with our policy by 2025</td>
<td>Assessment based on 2021</td>
<td>-</td>
<td>100% by 2025</td>
<td></td>
</tr>
</tbody>
</table>

Traceability work is being undertaken to identify players trading in risky raw materials for the purpose of supplying the Group upstream. In collaboration with the Consumer Goods Forum, Carrefour has developed a methodology for assessing the policy to combat deforestation of traders in its supply chains. In 2021, 35 traders were assessed.

Preserving fish stocks

The target set by Carrefour at the end of 2020 was not met: responsible fishing practices to account for 50% of all Carrefour brand fish sold, with a total at Group level of about 43.8% of responsible products (Carrefour brand and national brand for fresh products). A slight decrease was observed in 2020 following the widening of the geographical scope to which the target was applied compared with 2019.

As a result, Carrefour decided to bolster its action plans and set itself a more ambitious objective, extending the initiative to cover all national brand products (fresh and consumer products).

Target before the end of 2025

50% of sales of fishery and aquaculture products, Carrefour branded products and national brands to be farmed using a responsible approach by 2025

PERCENTAGE OF OWN-BRAND PRODUCTS SOURCED USING SUSTAINABLE FISHING PRACTICES

28.1% 47.5% 43.8%

2018 2019 2020

-3.7%

50%

End of 2020

Traders: stakeholders involved upstream in negotiating raw agricultural materials.
TOTAL SALES – FISHERY/LIVESTOCK – CONTROLLED PRODUCTS
(IN MILLIONS OF EUROS) (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total sales of controlled fishery/livestock products (IN MILLIONS OF EUROS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>854</td>
</tr>
<tr>
<td>2020</td>
<td>1192</td>
</tr>
<tr>
<td>2021</td>
<td>1084</td>
</tr>
</tbody>
</table>

Key performance indicator

<table>
<thead>
<tr>
<th>Percentage of sales of fishery and aquaculture products, Carrefour branded products and national brands to be farmed using a responsible approach.</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>34.7</td>
<td>72</td>
<td>-</td>
<td>1.4 pts</td>
<td>50% by 2025</td>
<td></td>
</tr>
</tbody>
</table>

Percentage of sales of Carrefour branded fishery and aquaculture products farmed using a responsible approach: 52.9 47.9 47.5 5 pts

Developing more responsible textile sectors

Targets for the end of 2025:

100% of natural textile raw materials to comply with our responsible TEX policy by 2025 (cotton, wood fibers, wool, cashmere):

- Cotton: 50 % of cotton TEX products to be organic by 2025
- Cashmere: 100% of Cashmere to guarantee the welfare of goats and to be from soils which prevent desertification in our TEX products by 2021
- Wool: 100% of the wool in our TEX products to guarantee the welfare of sheep and ensure the protection of soils and ecosystems by 2025
- Wood fibre: 100% of wood fibre (viscose, lyocell, modal) to be produced without deforestation in our TEX products by 2023

Other responsible actions:
<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of natural textile materials in compliance with our responsible TEX policy</td>
<td>34.7%</td>
<td>New</td>
<td>-</td>
<td>-</td>
<td>100% by 2025</td>
</tr>
<tr>
<td>Percentage of organic cotton TEX products</td>
<td>18%</td>
<td>New</td>
<td>-</td>
<td>-</td>
<td>50% in 2025</td>
</tr>
<tr>
<td>Percentage of wood fiber produced without deforestation in our TEX products</td>
<td>40%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100% in 2023</td>
</tr>
<tr>
<td>All wool in our TEX products to guarantee the welfare of sheep and ensure the protection of soils and ecosystems</td>
<td>New</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100% in 2025</td>
</tr>
<tr>
<td>Percentage of Cashmere to guarantee the welfare of goats and to be from soils which prevent desertification in our products</td>
<td>100%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100% in 2021</td>
</tr>
</tbody>
</table>

### 3.3 Action plans

The action plans to help us deliver on our aims and achieve our objectives are as follows:

- (3.3.1) Combatting deforestation
- (3.3.2) Preserving fish stocks
- (3.3.3) Developing more responsible textile sectors
  - #Lever 1: Responsible production of agricultural raw materials.
  - #Lever 2: Supplier control, assessment and environmental performance plans.

#### 3.3.1 Combatting deforestation

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 across the market, in 2020 the Group took over joint management of the Consumer Goods Forum Forest Coalition. This is made up of 20 companies all committed to tackling deforestation in their supply lines through actionable initiatives, such as undertaking joint assessments of traders’ policies and their levels of implementation. On the basis of these assessments, the coalition is asking traders to implement measures to combat deforestation across their entire supply lines. These assessments also serve as a basis for dedicated dialogue and individual commercial measures. This approach is currently being adopted for soy and palm oil. Carrefour is currently adopting a similar approach to beef.

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:

- Protecting high-conservation-value (HCV) forests, peat bogs, high-carbon-stock (HCS) areas and remarkable ecosystems.
- Banning forest clearance by fire and implementing best practices to reduce greenhouse gas emissions in existing plantations.
- Observing human rights and workers’ rights. Respecting local populations’ rights, particularly through a policy of free and informed consent and by preventing land-use conflicts.
- Supporting small-scale producers through inclusion in sustainable supply chains.
- 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).
- 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. In 2020, Carrefour extended its commitment in relation to cocoa and non-food materials to include textiles, such as viscose.

Through its procurement policies, innovative traceability systems, or by setting up the necessary collaborations, Carrefour has codified 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.

**Palm oil:** Carrefour has implemented a phased action plan with its direct suppliers, based on RSPO certification, to secure this supply chain in all the Group’s integrated countries. First, by requiring its suppliers to produce a mass balance certified raw material in 2020, and then by raising the requirement to the segregated level in order to ensure full traceability from the plantation to the consumer by 2022. In addition, Carrefour substitutes palm oil in its Carrefour branded products when doing so improves the nutritional profile of the product or meets consumer expectations.

**Wood and paper:** Carrefour has implemented supply control based on a risk analysis of the countries in which its products are produced. Ten families of controlled products using the largest volumes of wood and paper are identified as priorities. For these ten families and depending on the origin of the products, different certifications or levels of guarantees are requested (recycled material, FSC certification, PEFC certification or specific audits).

**Beef in Brazil:** Carrefour has introduced systems to control its supplies of beef used with its Carrefour branded and national products via a geo-monitoring system (in the Amazon and in the Cerrado). The Group’s purchasing data is cross-referenced with official deforestation maps, and maps showing protected areas and indigenous territory. This way, Carrefour gets its suppliers committed to its policy of tackling deforestation while at the same time ensuring the compliance of the products it sells in its stores. Carrefour works with its suppliers on identifying issues of non-compliance among breeders and implements commercial decisions accordingly. It gets its suppliers to go one step further by signing a letter of commitment. This involves monitoring indirect suppliers and reporting on them in an action plan provided to the Group. To go still further, a pilot initiative to monitor indirect suppliers is gradually being deployed across suppliers. In addition, Carrefour is getting other retailers across the market involved in implementing the standardised protocol (link: https://www.boinalinha.org/) and regularly speaks at conferences in order to share examples of its best practice.

**Soy:** Soy is used in the animal feed of Carrefour branded products such as chicken or eggs. Carrefour has committed to ensuring that its core products are sourced from non-deforestation soy-fed animals by 2025. To ensure that this raw material has no part in the conversion of forests and ecosystems, Carrefour uses various levers: it develops local soy supply lines, it promotes organic and non-GMO animal product lines, it uses segregated certified soy and alternative proteins, it supports field projects and it gives preference to the most virtuous players upstream in its supply initiatives. In addition, the Group is behind the Manifeste soja (Soya Manifesto), which aims to get French stakeholders involved (governments, NGOs, retailers and players upstream) in taking action against imported deforestation associated with Brazilian soy. In this context, additional non-deforestation and ecosystem non-conversion criteria are included in the specifications for Carrefour-brand products in France. Direct suppliers are informed so as to communicate Group requirements across the supply chain. A joint project involving all French retailers, representatives of civil society and the ministry, all signatories of this manifesto, is being carried out in order to develop a nationwide warning mechanism and mobilise all stakeholders across the supply chain.

**Cocoa:** Carrefour has been a partner of the CÉMOI’s Cocoa Transparency programme since its inception. It has been applied to 20 Carrefour-branded tablets, including 8 products sold under the Bio brand. This programme helps to combat deforestation and improve 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. In 2021, the Group defined a cocoa commitment charter applicable to all suppliers of Carrefour brand chocolate tablets. The Charter is one of the mainstays underpinning the drive to tackle deforestation and child labour while contributing to better remuneration. Carrefour has also joined the French Initiative on Sustainable Cocoa, which brings together governments, NGOs, Chocolate Unions, retailers, traders and scientists to work collectively towards a sustainable cocoa sector.
CASE STUDY: 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.

In September 2021 the Carrefour Group in Brazil, the Carrefour Foundation and the Sustainable Trade Initiative (IDH) announced the launch of the first batch of 100% deforestation-free beef, traceable from the birth of the calf to the supermarket counter. This launch is the result of a partnership initiated in 2018 and whose objective is the socio-economic inclusion of 450 small calf producers, providing technical, financial and environmental assistance for the development of a stronger livestock supply chain. This assistance includes training for farmers on non-deforestation practices. In return, these suppliers must comply with the Group’s responsible procurement policy.

For more details, refer to the document on “Protecting forests”.

3.3.2 Limiting overfishing

Carrefour introduced its responsible fishing range in 2005. In 2018 the Group committed to fielding the widest range of sustainably sourced fish on the market by 2022. To achieve this target, it has committed to sustainably sourcing 50% of its fish by 2020.

With this in mind, Carrefour works closely with its producers and other players in the sector on the following points:

- Favouring the more abundant species, MSC-certified products from sustainable sources and fishing techniques having the least impact on ecosystems. Carrefour has also suspended sales of endangered species;
- Supporting the development of responsible aquaculture practices by promoting best practices (limiting industrial fishing, banning the use of antibiotics and, if applicable, practising GMO-free feeding) and placing greater emphasis on ASC-certified products;
- Supporting local sustainable fishing through local partnerships;
- Giving in-store prominence to a broad range of sustainably sourced seafood products, identified by a seagull logo;
- Promoting initiatives to combat illegal fishing.

Carrefour is committed to supporting its partners in this area. The Group’s action plan here benefits from regular input from international NGOs and fishery organisations on biodiversity issues and seafood products. Overfishing is a global problem requiring local responses. Solutions to protect resources must be adapted to each fishing area and put into practice jointly with local stakeholders. The approach is therefore being phased in progressively together with country-by-country initiatives.
In order to ensure a sustainable supply of seafood and aquaculture products, the Group uses the following tools:

- The Carrefour Quality Lines, selected lines that are traceable back to the boat or farm;
- The Aquaculture Stewardship Council (ASC) label for responsible aquaculture, which guarantees respect for the environment, ensures animal welfare and monitors working conditions;
- The Marine Stewardship Council (MSC) label for responsible fishing, which guarantees the commitment of fishing personnel, abstaining from overfishing and respect for the marine environment;
- The Bio label, which identifies products from environmentally friendly farms;
- The use of environmentally friendly sea fishing techniques, e.g. fishing without controversial fish aggregating devices liable to damage fish stocks;
- Fishery products that have implemented a robust local improvement project (FIP – the Fisheries Improvement Project).

Suspending sales of endangered species: Since 2007, Carrefour has been phasing out sales of endangered species. In France, for example, several endangered species have now been removed from the counters. These include emperor, blue ling, shark (except dogfish), sturgeon, forkbeard, pomegranate, grenadier, sabre fish, tusk, eel, red sea bream and skate. In 2018, fishing for bass was suspended during spawning season.

Fishing practices with lower environmental impact:
Carrefour favours applying the principle of precaution with regard to electric fishing. In 2020, Carrefour France confirmed its commitment to not selling species fished electrically. Carrefour France sells several types of tinned tuna caught using alternative methods, such as line fishing or methods that do not involve aggregating devices. Furthermore, the introduction of an “Exceptional product” approach has helped promote more artisan forms of fishing, identifying products that are derived from small-scale coastal fishing practices that are in compliance with certain specifications (type of vessel, duration of fishing operation and product freshness).

More responsible aquaculture: Carrefour works closely with its producers and the industry’s stakeholders to develop more responsible forms of aquaculture by using farms with good practices. As such, Carrefour:

- Prohibits the presence of ingredients derived from illegal, unreported or unregulated fishing in all its Carrefour branded products;
- Prohibits the presence of GMOs in its Carrefour Quality Line products;
- Is reducing or even phasing out the use of antibiotic treatments with its Carrefour Quality Line products;
- Is actively looking at how farmed fish are fed.

Actions are being implemented to reduce the share of farmed fish feed produced using industrial fishing techniques, which accounts for nearly 20% of the world’s wild marine catch, and is replacing it with fish trade byproducts.

Nowadays, there are many steps involved in transforming this food:

- Trials with partner suppliers (CQL salmon) are under way to reduce the share of marine feed derived from industrial fishing, and also to replace some of the fish oils with algae oils or incorporate insects into them;
- Trials are also under way in France (on the CQL trout line) in order to reduce the use of industrial fishing practices and to remove palm oil and imported soymeal from the ingredients used to make the aquaculture feed.

Furthermore, promoting sales of shellfish helps to reduce the impact on marine resources – no exogenous food is given to the shellfish, which feed exclusively on phytoplankton in the natural environment.

Carrefour Quality Line Deployment: At the same time, in order to guarantee an ever more responsible supply of fish and aquaculture products, the Carrefour Group is supported by the development of its Carrefour Quality Lines (CQLs) – products which are selected and tracked right up to the vessel and/or the breeding basin. A fully-fledged agroecological laboratory, these product lines adhere to more stringent specifications in partnership with suppliers.

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8 Intensive industrial fishing intended to feed the industrial lines with small fish of low commercial value, which will be transformed into fishmeal and fish oils for animal feed in aquaculture, livestock farming, etc.

9 In most cases, this involves, after the wholesale purchase of seafood, transforming the fish and other crustaceans so as to sell a processed finished product.
Below is the list of CQL fishery products currently sold across the Group:

- Spain: Vannamei Prawn, meagre, bass, sea bream, octopus, bonito, Atlantic cod, trout;
- France: ASC-certified Norwegian salmon, MSC-certified cod, ASC-certified Madagascar prawn, ASC-certified Ecuador prawns, fine fattened oysters / Marennes-Oleron IGP oysters, Brittany / Cancale / East or West Normandy / Bouzigues oysters, flat oysters, STG Bouchot mussels, PDO Bouchot mussels from the Bay of Mont-St-Michel, Rope-grown mussels, Rope bass and sea bream, Corsica Label Rouge meagre, trout, MSC-certified whelk, St Brieux scallops, Norman- dy Label Rouge scallops, crab;
- Belgium: Smoked omega bass, Vannamei prawn;
- Italy: Smoked salmon, Vannamei prawn;
- Argentina: Patagonian wild prawn;
- Brazil: Tilapia;
- Poland: Vannamei prawn;
- Romania: Vannamei Shrimp; Taiwan: Milk Fish.

For more details, please refer to the document “Working to ensure responsible fishing and aquaculture”.

3.3.3 Developing more responsible textile sectors

#Lever 1: Responsible production of agricultural raw materials.

Carrefour has established a list of production steps that are considered sensitive and may pose environmental risks. These phases may either occur during the manufacturing processes of Carrefour suppliers or further upstream in the value chain. The supplier commitment charter and procurement rules specific to sensitive production phases and raw materials are appended to the procurement rules that provide the framework for the social and environmental compliance of all certified products.

In 2018, Carrefour set out minimum procurement rules for cotton. These rules prohibit the purchase of cotton from Uzbekistan, Turkmenistan and Syria. In 2019, Carrefour signed the Fashion Pact. Catalysed by a mission entrusted by President Macron to the CEO of Kering, it was presented to the Heads of State at the G7 Summit in Biarritz. This global coalition brings together 56 fashion and clothing companies (ready-to-wear, sport, lifestyle and luxury goods) representing around 250 brands and more than 20% of the world’s clothing and fashion sector in terms of production volume.

The objectives of the Fashion Pact are based on scientific criteria (Science Based Targets) and focus on three areas of action:

- Halting global warming (reducing CO2 emissions).
- Restoring ecosystems and preserving key species (promoting responsible supply lines: organic cotton, sustainable cellulose fibre, animal fibres ensuring respect for animal welfare and land conservation).
- Protecting the oceans (phasing out single-use plastics, reducing pollution from microplastics).

Traceability and production of organic cotton: By 2030, Carrefour wants all of the natural raw materials used with its TEX brand to be sustainable and traceable. Since 2019, Carrefour has been working with more than 8000 small cotton farmers in Madhya Pradesh and the Maharashtra on a project that involves producing high-quality organic cotton, paying producers fairly and ensuring that the product can be traced – right from the seed. The Carrefour Foundation has supported the installation of two bio-pesticide production units, enabling 2000 local producers to obtain better yields and so increase their income. It has enabled 100 wells to be drilled, guaranteeing regular irrigation of the cotton fields. 1000 farmers in 18 villages have also received training in organic farming methods. Finally, Carrefour ensures that producers operating on its Indian organic cotton supply line receive an increase in pay compared with those involved in conventional cotton supply lines via its Cotton Connect partner. The first 100% “sustainable cotton” collection resulting from this initiative includes household linen, underwear and clothing for babies and children sold under the TEX BIO brand. These products have been on sale since spring-summer 2019 in all Carrefour hypermarkets in France and Spain. All of the various stages between sowing and the finished product are traced and recorded, ensuring complete traceability from the seed right up to the organic Tex product. Blockchain technology, which was introduced for clothing in 2020, now offers consumers the opportunity to see the whole route that the cotton has taken, from the field to the store – simply by scanning a QR Code on the label of their product.
Carrefour raises the awareness of its suppliers of these issues and asks them to implement inspection procedures if necessary. Rules have been put in place for leather, with the obligation to source only from LWG (Leather Working Group) certified tanneries, to ensure a good level of environmental respect.

For clothing, inspections are systematically conducted for all plants no more than once a year to ensure that quality procedures and plant standards are well maintained using the “Carrefour Good Factory Standard”. This standard developed by Carrefour comprises a set of basic requirements that must be met to maintain plant standards. The document has been adapted for different sectors and products. It sets forth good and bad practices in a simple and interesting way, such that they can be easily understood by our suppliers so that they can be more effectively trained.

Since 2016, a comprehensive programme has been in place to reduce the environmental impact of Carrefour supplier factories. This “Clean Water project” is primarily aimed at water-consuming clothing industries that use water and chemicals in their production process. It is designed by Carrefour Global Sourcing’s sustainable development teams and aims to raise awareness, train and monitor suppliers on the management and efficiency of water and chemical consuming processes (e.g. dyeing and finishing). In particular, the “Clean Water Project” includes a training and audit programme on chemical management, an environmental programme in China in collaboration with the Institute of Public & Environmental Affairs (IPE) and a tannery certification programme. The goal is to reduce their impact on water and on the environment, and to have all the production sites of key textile suppliers integrated, trained and working on corrective plans. This has already been achieved in India and Bangladesh, with the support of chemical audits, and in China with the support of IPE.

**Carrefour chemical guidebook:** In Bangladesh and India, Carrefour Global Sourcing has issued guidelines for handling chemicals in plants: purchasing, inventory, use and discharge. These guidelines, set out in the Carrefour Chemical Guidebook, involve training and annual unannounced inspections to check water quality at treatment plants, the management of chemicals and the correct application of the Business for Social Responsibility (BSR) standard. Suppliers are monitored on the basis of a chemical audit carried out by a third-party company to check five areas: chemical management, chemical handling, wastewater treatment, sediment management and efficient water consumption management. The suppliers monitored are the integrated suppliers involved in dyeing and washing operations (19 audited suppliers in Bangladesh, 8 audited suppliers in India). In 2021, this programme was extended to Pakistan with two suppliers audited. Suppliers are trained at least once a year. In 2021, 45 non-integrated suppliers were trained in Bangladesh, Pakistan and India.

We also ask all our textile suppliers not to use the banned chemicals included on the ZDHC-Zero Discharge of Hazardous Chemicals’ Manufacturing Restricted Substance List (MRSL).

**Institute of Public & Environmental Affairs (IPE):** in China, Carrefour has been working jointly with the IPE since 2015, a non-profit environmental and research organisation that collects data from more than 5000 factories. This project aims to address issues of non-compliance with Chinese environmental legal requirements by supply chains. Every year, Carrefour publishes the list of clothing suppliers on the IPE platform and collects the environmental data from its subcontractors to identify potential issues of environmental non-compliance. These are followed by corrective action plans. China’s largest clothing suppliers (34 “Very Important Suppliers”) were all trained at an environmental conference with the Institute of Public and Environmental Affairs of China (IPE) organised by Carrefour Global Sourcing in December 2019.

In 2021, 439 Carrefour supplier plants were verified in the IPE database for various sectors (clothing, bazaar and home appliances), including 314 tier 1 suppliers and 125 tier 2 suppliers. Carrefour is aiming to achieve 100% compliance in 2022, and has moved up in the IPE’s brand ranking from 33rd (in 2019) to 23rd position (all sectors combined). In particular, the publication of the production sites of key tier 1 and tier 2 textile suppliers, the PRTR (Pollutant Release and Transfer Register) environmental impact reports for 20 suppliers, shared with the IPE, and the preliminary assessments of tier 3 suppliers have enabled this improvement in the IPE ranking.

**Leather working group (LWG):** the Leather Working Group has been working since 2005 on developing common standards for all stakeholders in the leather industry value chain. The LWG has developed a protocol that assesses the compliance and environmental performance of leather manufacturers in order to promote sustainable business practices within the leather industry. All of Carrefour’s supplier tanneries are “Leather Working Group” certified in Asia (Tier 2 suppliers). In 2021, all Global Sourcing offices continued to select only audited and certified LWG tanneries. A small number of tanneries is maintained. In 2021, Carrefour continued to rationalise LWG tanneries, simplifying monitoring and ensuring the quality of their leather. All of our leather products’ eight tanneries are LWG certified, which guarantees good plant standards and environmental compliance.
3.4 Joint initiatives and partnerships

Combatting deforestation

At Group level:

- SNDI (National Strategy to Combat Imported Deforestation): Carrefour is part of the national platform to combat deforestation imported into France and is on the scientific and technical forestry committee for soy.
- Soy Manifesto: along with seven other major retailers, to mobilise French actors – governments, NGOs, retailers and upstream actors to take action against imported soy linked to deforestation or conversion, particularly from Brazil. In this context, Carrefour has committed to ensuring that imported soy linked to deforestation or conversion in the Cerrado region does not find its way into the French supply chain, by implementing specifications across its own-brand products – including deforestation and conversion-free criteria across it products (poultry, eggs, pork, beef, veal, fish, lamb, dairy and minced meat (fresh and frozen) sectors where animal feed typically contains soy). In addition, Carrefour engages its suppliers to share this ambition across their supply chain. Carrefour requests that its own-brand suppliers include a non-conversion/deforestation clause taking into account the January 1, 2020 cut-off date. The Group also supports the implementation of these commitments by national brands. This initiative has influenced the conception of the UK soy manifesto.
- Duralim: Carrefour is a signatory of the French collaborative charter for sustainable animal feed.
- Round Table on Responsible Soy (RTRS): multi-stakeholder platform in favour of certification for responsible soy.

In Brazil:

- 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. Via the CFA, Carrefour Brazil is involved in applying the CFA Operational Guidance, which helps companies implement deforestation and free conversion commitments (DCF) for beef and soy in the Amazon, Cerrado and Chaco biomes.
- 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 tackling deforestation in the Cerrado biome.
Internationally:

- Forest Positive Coalition of the CGF (Consumer Goods Forum)
- Cerrado Manifesto support group (SoS Cerrado Manifesto): Carrefour has been supporting 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.

Preserving fish stocks

- Marine Stewardship Council
- Aquaculture Stewardship Council
- WWF France
- International Seafood Sustainability Foundation (ISSF)

Developing more responsible textile sectors

- IPE
- Leather Working Group
- Fashion pact
4. Developing ecodesign and a circular economy for packaging

4.1 Introduction

Much of the plastic produced today is used to make packaging. Its use is strongly linked to the boom in mass merchandising: it addresses transport, conservation and health security issues. Retail therefore has a key role to play in changing practices and meeting the expectations of its consumers, who are increasingly sensitive to and informed about environmental issues.

To address this global and systemic challenge, Carrefour wishes to spearhead the retail sector’s transition over towards a more sober, measured and thoughtful consumption of packaging in its stores and the packaging used for its products. To do this, it is promoting its suppliers’ eco-innovations, as well as encouraging its customers and NGOs to come up with ideas. To involve its customers in this transformation and to identify the expectations of consumers, the top five packaging systems are identified every month, showcasing transformation proposals from committed consumers regarding Carrefour-brand product packaging.

An initial assessment was carried out targeting 800 suppliers in 2018 on Carrefour brand products. It highlighted certain orders of magnitude regarding the use of packaging for these products: 123,000 tonnes of Carrefour-branded packaging are marketed in France, Spain, Italy and Belgium, comprising 57,000 tonnes of plastic resins, 30,000 tonnes of glass, 18,000 tonnes of cardboard, 7,300 tonnes of metal and 4,500 tonnes of paper. Carrefour has decided to take action at all levels of its value chain to curb the use of plastic and promote the reduction, recyclability and reuse of packaging, and has no hesitation in mobilising its ecosystem of suppliers, customers and NGOs to do this.

Consumers support these efforts. According to a comparative study conducted by Alkemics OpinionWay[10], although the pandemic heralded a slight decline in their concerns regarding the issue, it remains relevant and topical. Despite the impact of the pandemic, customers continue to express a preference for the use, in the long term, of recyclable or even reusable packaging. This is the case for many categories of food products.

4.2 Objectives and performance

In 2021, to coincide with the publication of the National Pact on Plastic Packaging’s first activity report, the Carrefour Group reasserted its commitment to achieving the objectives it has set for itself for 2025:

**Objectives**

- All packaging for Carrefour brand products to be reusable, recyclable or biodegradable by 2025;
- 20,000 tonnes of packaging, of which 15,000 tonnes of plastic packaging, to be saved by 2025 (total since 2017);
- 30% of recycled plastic to be integrated into packaging by 2025;
- 1000 reusable packaging solutions to be available in stores;
- 500 stores to be equipped with a packaging reuse system by 2025;
- 50 new “Loose” experiments

---

[1] Source: Surfrider Foundation
## Key performance indicator

<table>
<thead>
<tr>
<th></th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tonnes of packaging placed on the market avoided, total since 2017</td>
<td>11,068</td>
<td>6,212</td>
<td>3,460</td>
<td>+78%</td>
<td>20,000 tonnes in 2025</td>
</tr>
<tr>
<td>Percentage of reusable, recyclable or biodegradable packaging for Carrefour brand products</td>
<td>46%</td>
<td>44%</td>
<td>-</td>
<td>2 pts</td>
<td>100% in 2025</td>
</tr>
<tr>
<td>Percentage of recycled plastics included in the packaging of Carrefour brand products</td>
<td>Reporting methodology currently being developed</td>
<td>-</td>
<td>-</td>
<td></td>
<td>30% in 2025</td>
</tr>
<tr>
<td>Number of reusable packaging solutions (e.g. Loop project)</td>
<td>43</td>
<td>25</td>
<td>-</td>
<td>+72%</td>
<td>1,000 in 2025</td>
</tr>
<tr>
<td>Number of stores with packaging reuse systems</td>
<td>Reporting methodology currently being developed</td>
<td>-</td>
<td>-</td>
<td></td>
<td>500 in 2025</td>
</tr>
<tr>
<td>Number of “loose” experiments</td>
<td>Reporting methodology currently being developed</td>
<td>-</td>
<td>-</td>
<td></td>
<td>50 in 2025</td>
</tr>
</tbody>
</table>

Carrefour is ahead of its targets for reducing the quantities of packaging placed on the market: the pace picked up significantly across the Group in 2021. Carrefour has also published for the first year the percentage of reusable, recyclable, biodegradable packaging for France. The reporting methodology will be extended to cover other Group countries.

The Group also reached its target of 80% recyclable Carrefour Bio packaging. Furthermore, a specific target was set for eliminating plastic (totally or partially) from 90% of all Carrefour Bio brand fruit and vegetables by the end of 2021.

### 4.3 Action plans

Carrefour’s commitments for in each country are formulated within the framework of an action plan based on three main areas of action: reusing, reducing and recycling.

#### 4.3.1 Encouraging reuse

Reusable packaging solutions are in use across all store formats, as well as in e-commerce:

- The “Bring your own bag” campaign was introduced in all European countries, enabling customers to use their own containers for products bought at traditional foodstuff counters: fish & seafood, meats, delicatessen, etc. Carrefour is now testing a system whereby customers who bring their own containers are rewarded with a discount of €0.05 to €0.10 on their customer loyalty card.
- Carrefour Poland has joined forces with Denuo and has launched the ‘Mission Zero Waste’ platform: participatory consultation to combat waste. The ‘Mission Zero Waste’ platform is designed to enable consumers to put forward ideas and vote for the company’s next initiatives on alternatives to packaging.
- A short circular economy loop for all home delivery bags has been set up (approximately 2 million bags per year): orders are placed on Carrefour.fr, the order is delivered to the customer, bags used for previous deliveries are recovered, bags are centralised at the warehouse, they are cleaned by a return-to-work institute, and then they are reused for a new order.
- Carrefour launched – with TerraCycle – Loop: a system of lockers and long-lasting containers. The initiative has been implemented in stores since October 2020, and is present as of the end of 2021 in 20 hypermarkets and supermarkets in Montesson and Boulogne, and 18 in convenience stores in the Paris region. Consumers can return containers of returnable products, which are then washed and returned to suppliers for reuse. As of the end of 2021, Carrefour was selling 40 such grocery, beverage and beauty products, helping to reduce single-use packaging.
CASE STUDIES: Making return and reuse easier with Loop

Under its commitment to reducing packaging consumption, Carrefour has a zero-waste alternative for customers of 20 Paris-region stores with Loop. Loop was launched with TerraCycle, world number-one in the recycling of waste considered difficult to recover. Customers use the platform to order from a selection of major brand items (Evian, Coca-Cola, Nutella, Nivea, etc.), including a choice of organic products (Maison Verte, Herbal Essences), sold in returnable packaging. Once the products are consumed, customers return their empty packages to the dedicated Loop terminals in stores that have their own Loop corner, and are then credited via their application for the corresponding amount.

Carrefour is the first retailer to introduce a packaging return system for its consumer products in France in partnership with Loop. It aims to sell 1000 products in reusable packaging by 2025, in 500 shops.

LOOP’S ROLE IN THE ECOSYSTEM

Supporting brands from single use to reuse
Loop helps brands develop reusable packaging and approves it.

Introduction of the reuse loop
Loop helps Carrefour and brands introduce the deposit-return model and manage the packaging return loop.

HOW DOES IT WORK?

Nutella sells Carrefour 1 €4 jar of Nutella (€3 for the Nutella spread itself + €1 deposit for the jar)

Carrefour sells the Nutella jar for €4 to a customer to the store.

The customer returns their empty jar to the store and Loop credits them €1.

* simplified scheme, does not take margin and VAT into account

Loop sends the clean jar to Nutella, and invoices it for the cost of the service.

Loop receives the jar, re-invoices Nutella €1, stores and cleans the jar.
Also with TerraCycle, and in partnership with Pampers, a system whereby used nappies are collected has been tested in the Île-de-France region. Under this innovative scheme, parents throughout the Île-de-France region wishing to do so can throw used baby nappies, irrespective of brand, into one of the connected bins located in five Carrefour stores. They will then be recycled, thus helping to reduce waste for the planet.

Both L’Oréal France and Carrefour have been committed to sustainable development for many years. They are now joining forces with TerraCycle to encourage and accelerate the recycling of cosmetics containers and packaging by introducing collection points in 331 Carrefour stores (235 of which are hypermarkets). This collaboration is part of the extended partnership between L’Oréal France and TerraCycle that was initiated in July 2020, and which has already enabled 600 collection points to be set up in France. Thanks to this partnership, Carrefour has won the CSR Educational SIRIUS Award. This is awarded in recognition of the best collaborative industrial-retail practices which meet societal needs and consumer expectations.

4.3.2 Reducing plastic packaging

Carrefour’s approach combines both comprehensive action plans to meet medium-term commitments and prioritising actions based on shorter-term customer impact. Accordingly, Carrefour conducted an analysis of the factors that irritate customers during their in-store experience in France and Spain. Based on the evaluation of customer expectations and the visual impact on the shelf, various priorities were established, such as, for example: the packaging used with organic products, plastic packaging used with fruit and vegetables, packaging used with bakery products and pastries, individual packaging.

Packaging of organic products (including organic fruits and vegetables)

The organic sections are a priority and specific packaging removal targets have been set for them. The key areas in which work is being undertaken are:

- **Introducing counters for organic grocery products sold loose (dry fruit, pasta, rice, etc.):** counters for grocery products sold loose are systematically installed in every new store regardless of the format. There are now more than a thousand stores in France with a section for grocery products sold loose. Products sold loose are being re-defined so as to create more direct supply channels with producers: reducing intermediaries and therefore establishing closer ties with producers makes it possible to secure supplies, improve traceability and ensure better income for partner producers. 149 products were available in France in 2021;

- **Introducing counters for organic fruit and vegetables sold loose:** Carrefour is introducing counters for fruit and vegetable sold loose in all formats. In Carrefour BIO stores, fruit and vegetable sections are 100% loose (except vacuum-cooked products - Beet and sweetcorn, sensitive products - red fruits - and the fourth line - plastic-bagged salads).

Plastic packaging for other fruits and vegetables

In order to reduce the plastic content of our packaging, we are working alongside our producers on developing more virtuous packaging solutions adapted to each fruit and vegetable. New packaging is therefore appearing in Carrefour stores. Since 2021, Carrefour has been offering two alternatives to non-recyclable bioplastic bags at fruit and vegetable counters: Kraft FSC-certified self-service paper bags, and reusable nets made of organic cotton, at a price of €0.99. This saves 2000 tonnes of plastic per year. These packaging substitutes enabled annual reductions of 32 tonnes of plastic for organic bananas (tape and label substitutes) in 2021.
Packaging for bakery, croissant and pastry products

This is used by in-store bakers to package products made on site. Since plastic packaging is strong and transparent, it is convenient. But we want to reduce the quantities of it used in this section.

- **Doing away with plastic boxes for galettes des rois**

For the 2021-2022 Epiphany, Carrefour decided to remove all the plastic boxes used for Carrefour Bio galettes des rois. They have been replaced by paper bags, with a transparent plastic window.

- **Reducing plastic boxes for pastries, tarts and pastries**

Carrefour began testing alternative packaging for this counter at the beginning of 2022: the plastic packaging has been replaced by cardboard boxes, with plastic windows through which the products can be seen.

In addition, we are introducing pastries in self-service display units in our hypermarkets: customers can help themselves to the desired quantities and place them in paper sachets.

**Individual packaging (overpackaging)**

Eco-designing Carrefour brand packaging is an important area for reducing the amount of plastic used at source and improving the overall recyclability of our product portfolio. Replacing plastic with cardboard solutions for packaging used for toys, batteries and light bulbs also resulted in more than 350 tonnes of plastic being avoided in 2021.

One of the primary customer irritants is “overpackaging” used with fast moving consumer goods, and so is an area that is being tackled as a priority. The sources of overpackaging are mainly multi-buy promotions and single servings.

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**Case study: Reduction in plastic packaging**

**Italy**: by the end of 2021, more than 64 tonnes of packaging had been saved on our Carrefour products in Italy. This reduction in packaging has led to concrete projects. By incorporating recycled plastic into its packaging, Carrefour Italy saves 14 tonnes of virgin plastic per year on CQL grapes. And replacing plastic trays reduces the quantities of plastic used for CQL carrots by 22 tonnes per year.

**Belgium**: Carrefour Belgium has done away with plastic bags and now offers a range of durable, eco-friendly and people-friendly bags, adapted to different shopping experiences. In line with the principles of the circular economy, Carrefour Belgium has developed a range of reusable bags made from recycled and recyclable materials.

**Poland**: Carrefour Poland successfully prevented 32.5 tonnes of plastic from being used in 2021. For example, removing plastic lids from tins saved 6g of plastic per tin. Removing plastic inserts from tissue boxes made the packaging 100% recyclable.
4.3.3 Facilitating collection and recycling

Eco-design initiatives are being implemented in all countries to increase the recyclability of packaging.

Regarding Carrefour organic products, the Group is continuing with its efforts to replace packaging with recyclable material: in France, these changes resulted in reductions of 19 tonnes for Carrefour Bio Potatoes and 34 tonnes for Bio, CQL, and Reflets de France apples, bringing the total amount of packaging saved for the fruit and vegetable section to 488 tonnes in 2020. In Belgium, some organic fruit such as avocado, mango, lime and ginger are laser-marked.

Carrefour is also working with its customers to improve collection and sorting. Carrefour Spain has introduced a mobile app for its customers that tells them how to sort and recycle the products they have purchased. Then to reward their efforts and for each recycling initiative, they get virtual points that can be exchanged for discounts on future purchases. In Poland, Coalicja 5 Frakcji ran a pilot scheme focusing on a single packaging labelling system to make sorting waste easier. Carrefour is the first company to offer this experience to its customers.

4.3.4 Incorporating more recycled material

Case Studies:

**BRAZIL**

A tool has been set up to monitor the recyclability of each of the components of:

- Primary and secondary packaging of Carrefour brand products;
- Carrefour-brand products made from non-recyclable materials (plastic straws, cotton buds, etc.).

This makes it possible to track the product recyclability index, which is adapted based on existing regional recycling facilities. In 2020, all Carrefour own-brand suppliers underwent a recyclability analysis. This analysis revealed that 43% of product components are recyclable. Action plans have been implemented to replace non-recyclable materials on all products identified. Initiatives implemented in 2019 have resulted in more than 11 million packaging and non-recyclable products being replaced.

Finally, a logo is affixed to all Carrefour-brand products that are recycled, recyclable, reusable or compostable to promote this initiative among consumers and raise customer awareness of the sorting process.

“Designed to have a second life, now it’s up to you.”

**SPAIN**

Carrefour Spain has developed a world-leading mobile app that helps customers recycle more and better. The application tells customers how to sort and recycle products they have purchased. Then to reward their efforts and for each recycling initiative, they get virtual points that can be exchanged for discounts on future purchases.

In addition to providing information on recycling, ReciclaYa also contributes to the food transition. With the active involvement of several suppliers who have signed the Food Transition Pact, ReciclaYa showcases certain products that contribute to the food transition.

Whenever customers purchase one of these products, ReciclaYa tells them how this product contributes to the food transition and also gives them two extra points for their purchase.

Carrefour wants recycled plastic to account for 30% of its packaging by 2025. And it wants 50% of the plastics used in its Carrefour brand beverage bottles to be made from recycled materials by 2022 in France.
4.4 Joint initiatives and partnerships

- **Global Declaration on Plastics & New Plastics Economy**: Carrefour also joined global competitors, major brands and NGOs in December 2018, in signing the Global Declaration on Plastics. This was set up by the Ellen MacArthur Foundation with the intention of making this goal a market standard. It is an opportunity for expertise on the ways in which plastics are used to be shared. Allocated budget: €75,000 over three years.

- **National Pact on Plastic Packaging for 2025**: in 2019, Carrefour was a founding signatory of the French national pact committed to phasing out plastic packaging by 2025, and is behind several concrete initiatives that will stop more than 140 tonnes of plastic being used every year. With a partnership and co-development ethos and a concrete action plan designed to help citizen-consumers and create a more sustainable future, this pact has also been signed by Auchan Retail France, Biscuits Bouvard, Coca-Cola European Partners, Danone, L’Oréal, LSDH, Nestlé France, Système-U, Unilever, the Tara Foundation and WWF® France.

- **RESET**: an innovation accelerator in partnership with retailers and suppliers of “RE(SET)” products to replace problematic packaging standards: non-recyclable plastics, on-the-go packaging, etc.
5. Limiting the impact of our sites on biodiversity

5.1 Introduction

Carrefour sites, shops and warehouses all have significant impacts on biodiversity throughout their lifecycle. These impacts include soil artificialisation, GHG emissions, water consumption, waste generation, food waste and transport-related pollution. To keep these impacts to a minimum, they need to be anticipated and initiatives should be implemented to reduce them – from the site design phase right through to when these sites are in operation.

With 1130 hypermarkets, 3754 supermarkets, 8644 convenience stores, 548 cash & carry and 125 warehouses and platforms around the world, Carrefour is committed to limiting the impact that its buildings have on their ecosystems, even going beyond existing regulations. Each site can therefore – at its own level and in collaboration with the stakeholders operating across its region – implement virtuous actions to protect biodiversity tailored for its own specific geographical location. This includes, among other things, eco-designing buildings and renovating them more sustainably, implementing actions to reduce waste and food wastage, properly managing water consumption, and implementing actions to reduce pollution associated with the building.

5.2 Objectives and performance

The objectives concerning the impacts that our sites have are mainly related to land management, waste and food wastage management, and water consumption management.

Objectives

- Recover 100% of waste from our stores by 2025;
- Reduce food waste from stores by 50% by 2025 (compared with 2016);
- 100% of shopping centres and expansions to be BREEAM (Building Research Establishment Environmental Assessment Method) certified, 75% of existing shopping centres to be BREEAM In-Use certified.
- Reduce water consumption per square metre of sales area.

Land management

All of its new shopping centre construction and expansion initiatives are now BREEAM-certified, and BREEAM In-Use certification will be deployed in France across all sites by 2025.

<table>
<thead>
<tr>
<th>Key performance indicators</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>BREEAM New Construction certified projects (as a percentage)</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td>Sites certified to BREEAM In-Use standards (percentage by value)</td>
<td>90.6%</td>
<td>86%</td>
<td>60%</td>
<td>4.6 pts</td>
<td></td>
</tr>
<tr>
<td>- of which Very Good level (percentage in value)</td>
<td>57%</td>
<td>75%</td>
<td>87%</td>
<td>(18) pts</td>
<td></td>
</tr>
<tr>
<td>- of which Level Good (percentage in value)</td>
<td>30%</td>
<td>25%</td>
<td>13%</td>
<td>5 pts</td>
<td>75% by end of 2021</td>
</tr>
</tbody>
</table>

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11 Scope: sites managed by Carmila in France, Italy and Spain.
Share of recovered store waste

<table>
<thead>
<tr>
<th>Year</th>
<th>Share of recovered store waste</th>
<th>Percentage of food wastage recovered</th>
<th>Reduction of food waste compared with 2016 (kg/m²)</th>
<th>Total amount of waste (thousands of tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>63.4%</td>
<td>53.2%</td>
<td>(30.7)%</td>
<td>672</td>
</tr>
<tr>
<td>2020</td>
<td>66.2%</td>
<td>57.4%</td>
<td>(28.7)%</td>
<td>729</td>
</tr>
<tr>
<td>2021</td>
<td>68.2%</td>
<td>54.2%</td>
<td>(9.74)%</td>
<td>696</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key performance indicator

<table>
<thead>
<tr>
<th>Share of recovered store waste</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2021/2020)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>68.2%</td>
<td>66.2%</td>
<td>63.4%</td>
<td>+ 2 pts</td>
<td>100% in 2025</td>
</tr>
</tbody>
</table>

Percentage of food wastage recovered

<table>
<thead>
<tr>
<th>Percentage of food wastage recovered</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2021/2020)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53.2%</td>
<td>57.4%</td>
<td>54.2%</td>
<td>(4.2 pts)</td>
<td>(50%) by 2025</td>
</tr>
</tbody>
</table>

Reduction of food waste compared with 2016 (kg/m²)

<table>
<thead>
<tr>
<th>Reduction of food waste compared with 2016 (kg/m²)</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2021/2020)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(30.7)%</td>
<td>(28.7)%</td>
<td>(9.74)%</td>
<td>(2) pts</td>
<td>(50%) by 2025</td>
</tr>
</tbody>
</table>

Total amount of waste (thousands of tonnes)

<table>
<thead>
<tr>
<th>Total amount of waste (thousands of tonnes)</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2021/2020)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>672</td>
<td>729</td>
<td>696</td>
<td>(7.8)%</td>
<td></td>
</tr>
</tbody>
</table>

Tackling food wastage

The Group’s goal is not only to be exemplary in its activities but also to play a driving role in combatting waste within its ecosystem by involving all other stakeholders (suppliers and consumers).

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2021/2020)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>percentage reduction in food waste (compared with 2016)</td>
<td>(30.7)%</td>
<td>(28.7)%</td>
<td>(2) pts</td>
<td>(2) pts</td>
<td>50%</td>
</tr>
<tr>
<td>percentage of unsold food recovered</td>
<td>53.2%</td>
<td>57.4%</td>
<td>54.2%</td>
<td>(4.2 pts)</td>
<td></td>
</tr>
<tr>
<td>Number of meal equivalents distributed as unsold food to charitable organisations (in thousands)</td>
<td>44,134</td>
<td>77,071</td>
<td>105,382</td>
<td>(42.7)%</td>
<td></td>
</tr>
<tr>
<td>Weight of unsold products recovered through sale of food baskets in partnership with Too Good To Go</td>
<td>3440 t</td>
<td>3885 t</td>
<td>2374 t</td>
<td>(11.4)%</td>
<td></td>
</tr>
</tbody>
</table>

---

12 Scope: Excluding ES (SM PRX, C&C), IT (C&C), BE (HM, SM) & TW (HM, SM). Non-comparable BUs (90.2% of consolidated 2021 revenue, incl. VAT). Inclusion of data for Atacadao.
13 Scope: Excluding ES (SM PRX, C&C), IT (C&C), BE (HM, SM) & TW (HM, SM). Non-comparable BUs (90.2% of consolidated 2021 revenue, incl. VAT). Inclusion of data for Atacadao.
14 Scope: Excluding IT. Non-comparable BUs (93.6% of consolidated 2021 revenue, incl. VAT, vs 96.1% in 2020)
15 Scope: Excluding ES (SM PRX, C&C), IT (C&C), BE (HM, SM) & TW (HM, SM). Non-comparable BUs (90.2% of consolidated 2021 revenue, incl. VAT). Inclusion of data for Atacadao.
### Managing water consumption

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>2021 value</th>
<th>2020 value</th>
<th>2019 value</th>
<th>Change (2021/2020)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity of water consumed per m² of sales area (in m³/m²)</td>
<td>1.39</td>
<td>1.38</td>
<td>1.43</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>Amount of water consumed (millions of m³)</td>
<td>13.9</td>
<td>12.9</td>
<td>12.4</td>
<td>7.8%</td>
<td></td>
</tr>
</tbody>
</table>

### 5.3 Action plans

#### 5.3.1 Integrating biodiversity into land management and site ecode-sign

For its real-estate activity in France, Italy and Spain, Carrefour Property has brought in a sustainable construction and building in-use policy specifying best environmental practices at each stage in the building life-cycle.

The sustainable building policy is based on BREEAM Construction certification. This requires buildings to be designed and built with respect for the environment and occupant health and safety.

During the design phase, store architecture is designed to optimise energy consumption. There is a systematic emphasis on natural, environment-friendly materials with low-carbon impact, and on renewable energies. Each project is designed to blend seamlessly into the natural or urban landscape with minimal environmental impact.

All projects submitted for planning permission for trading premises undergo a full life-cycle analysis. In particular, when Carrefour sets out to meet the BREEAM certification life-cycle analysis criterion, life-cycle analyses factor in two possible material solutions, in order to determine which would have the lower environmental impact.

To minimise the carbon impact of personal transport, shopping mall construction projects specify measures to encourage visitors and employees to use environment-friendly solutions, in particular, through additional service agreements with bus companies, carpool zones, charging points for electric vehicles and bikes, and dedicated bike lanes and shelters, etc.

Protecting biodiversity is also factored in from the initial building design stage. For each shopping mall construction or renovation project, a survey of the surrounding plant and animal life is conducted by an ecologist. Special provisions are made for local fauna, with habitats for insects, nesting boxes and beehives; ecological balance is sought for vegetation and green areas are managed following ecological principles.

During the building phase, all contractors on Carrefour store construction sites are required to sign the Green Construction Site Charter, which, in particular, covers matters such as soil and air contamination, waste sorting criteria, water consumption and vibration and noise levels.

The shopping mall renovation programme undertaken by the Carrefour Group with real-estate companies Carmila and Carrefour Property, specifies the use of environmentally sound solutions. In addition, landscaping improvements are incorporated into renovated sites with the planting of local species.

Lastly, service stations managed by Carrefour are equipped with facilities designed to prevent environmental risks and odours. The Group constantly monitors the regulatory compliance of its facilities and closely tracks fuel inputs and outputs to control the risk of leakage.

In 2020, Biodiversity certification was obtained in Nice for a particular project dealing with initiatives to increase biodiversity: beehives, nests and insect hotels were installed, a 3000 m² (approx.) vegetable garden was created by Merci Raymond and an olive harvest took place that involved making local olive oil using an old mill.
5.3.2 Reducing waste and food wastage

Waste management is based on the following approaches:

- Working with suppliers to cut down its stores’ production of waste packaging and point-of-sale advertising materials;
- Promoting sorting by providing suitable equipment for separating out different types of waste;
- Recovering waste and taking part in the development of sorting and recovery processes in countries where these are covered by official regulations. For example, Carrefour produces biomethane from recovered and methanised organic waste. The Group is involved in joint initiatives to recover cardboard, plastic, organic waste and wood, the aim being to transform the constraints posed by waste management into financial opportunities. In countries not subject to regulation, the Group is involved in structuring these processes.

Carrefour also tackles food wastage at three levels: in stores, with suppliers and finally with consumers.

At its stores, Carrefour implements initiatives to reduce the quantities of products withdrawn from sale:

- improving inventory and order management by tracking information about scrapping and using sales and production forecasting systems, which can be adapted based on weather or other external events, so as to best tailor orders to meet demand.
- By promoting products nearing their use-by dates and selling products that have passed their minimum best-before date at discounted prices so as to shift stocks of products with a high risk of scrapping.
- By offering tailor-made solutions to sell products rather than mark them down. For example, by processing or cutting up some fresh produce directly in store.

In addition to avoiding markdown in stores, Carrefour is implementing solutions to make use of store-generated unsold goods. These solutions include optimising donations to food charities, making use of unsold goods through “Too Good to Go” baskets in nearly 3000 stores, and offering unsold goods to processors so they can produce eco-responsible products (e.g. jams) that are then sold in stores. Finally, food products that cannot be donated or processed are converted into biomethane, which is used in trucks for the transport of goods.

Carrefour is working with its suppliers on joint solutions to reduce food wastage. For example, the Group sells products that are non-compliant (because of their size or shape) at reduced prices under the exclusive brand name “Tous Antigaspi”. And in 2017, Carrefour and its suppliers began a joint programme to extend or remove use-by dates. So far, some 400 Carrefour own-brand products have had their use-by dates and best-before dates extended, while the latter have been removed from over 100 products.

Finally, Carrefour involves its customers in the drive to tackle food wastage by introducing special anti-waste product ranges and programmes that make use of products with minor defects or that are near their use-by date. These include the “Tous Antigaspi” range, special promotions and in-store displays. In 2020, the Group introduced the Zero Waste Challenge, a cross-functional signage system designed to show customers all the waste-reduction initiatives that have been implemented.

EXAMPLE IN FRANCE

Carrefour France has set up a virtuous-circle system involving new biomethane delivery vehicles and service stations to locally convert stores’ organic waste into fuel.
**CASE STUDIES:**

**Anti-food waste partnership with Too good to go®**

To combat food wastage, in 2018, Carrefour entered into a partnership with Too Good To Go®, which has developed a smartphone application that customers can use to identify stores that offer low-price surprise food baskets made up of the day’s unsold products. In France, Belgium, Spain, Poland and Italy, Carrefour offers Too Good To Go® baskets comprising products with the day’s use-by dates along with fruit and vegetables that may have minor surface damage but are still perfectly safe to eat. In 2020, Too Good to Go® was rolled out to 2985 stores.

In 2021, 2,410,766 Too Good To Go baskets were sold in France, representing 3440 tonnes of unsold food.
CASE STUDIES:

1. All Group countries ran anti-food-wastage campaigns for World Food Day:

In France and Belgium, Carrefour reaffirmed its commitment to the Too Good to Go® application, which offers baskets of unsold food at low cost and pushes for better information on “minimum use-by” dates. To clarify how use-by dates are determined, Carrefour France appealed to consumers to sign and massively share the #changetadate petition. Carrefour is aiming to push for a review of European legislation and simplified wording along the lines of “better before” in place of “best before”;

Carrefour Spain signed a partnership agreement with the Universidad Autónoma de Madrid, the Spanish Ministry of Agriculture and three suppliers, on joint anti-food-wastage initiatives;

In Romania, a kitchen laboratory ran an awareness-raising campaign addressing students at Tartasesti University on different ways to cook products with defects in their appearance or approaching their use-by dates, but with no loss of taste;

2. Implementing the “Zero Waste” challenge

In September 2020, all the initiatives to reduce waste were highlighted in stores, in particular by introducing a cross-functional marking system. This logo needs to be featured when an actionable initiative is in use in the store. Depending on the space available on the sign, it will be accompanied by explanations so that our customers understand the particular initiative.

For example, in Spain, various initiatives have been implemented as part of this challenge:

- Creation, manufacture and in-store sale of a 1L vegetable cream and a 1L pumpkin cream soup made using very ripe products, as well as fish stock;
- Sale of toast (in the form of croutons) making use of excess bread on sale for €1;
- Recovery of unsold croissants by grilling them and selling them in €1 batches.

3. Introducing anti-waste baskets in France (all store types)

Since mid-December 2020, anti-waste baskets have been available made up of fruit and vegetables that are no longer intended for sale (because they are slightly less fresh, or dented), but still healthy and tasty. These downgraded fruit and vegetables are grouped into batches and sold at bargain prices in cardboard trays, in line with the Zero Plastic Challenge.

5.3.3 Managing water consumption at our sites

In 2013, Carrefour carried out an analysis of the issues connected with water consumption: direct and indirect limitations of supply, the direct and indirect discharge of organic matter, pesticides, industrial waste, soil sealing and changes in soil usage, deforestation etc. This enabled the Group to set priorities and draw up plans of action for its sites, under precise monitoring (with dedicated meters), and with new solutions for rainwater recovery and water-saving taps, for example.

Given the nature of their business, stores do not produce heavily polluted wastewater. Wastewater treatment and recycling systems have nevertheless been introduced in some countries.
EXAMPLES IN BRAZIL
To improve management of water consumption under current conditions of growing water scarcity in the country, Carrefour Brazil conducts online monitoring of water consumption at all its stores and has started work on upgrading its water supply lines.

5.4 Joint initiatives and partnerships

- Selling of “shared products” with the Noé association. Installation of urban vegetable gardens on the roofs of stores with Agripolis: Market supermarket in Paris’ 11th district, Villiers-en-Bière hypermarket in the Seine-et-Marne region.
- Inauguration of the Cestas biomethane station (south-western France) with Planète Végétal.
- The Carrefour at the Evreux shopping centre has introduced a policy that involves sustainably managing its green spaces. It is the first to have been awarded the BiodiverCity label, the leading international label awarded in recognition of initiatives to factor biodiversity into building and renovation projects.