



Tackling food waste Carrefour 2022

1. Tackling food waste at Carrefour
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1. Tackling food waste at Carrefour

1.1 Background and challenges

According to a report published by the NGO WWF and Tesco, the largest supermarket chain in England, 2.5 billion tonnes of food are thrown away every year globally. This is double the UN estimate in its latest report on food waste (2011)¹. Of those 2.5 billion tonnes, 1.2 billion tonnes of food is wasted on farms, particularly in Europe and the US. And 931 million tonnes are discarded by retailers and consumers. The rest is lost during transportation, storage, manufacturing and processing. Food waste accounts for 10% of all greenhouse gas emissions, up from the previous estimate of 8%. That is almost double the annual emissions resulting from all cars driven in the US and Europe.

This waste has a number of causes: overproduction, calibration criteria, disruptions to the cold chain, poor stock management, supply-demand mismatching, etc. In France, 32% of food waste is generated by agricultural production, 21% by processing, 14% by distribution, 14% by catering (collective and commercial) and 19% by home consumption. Each link in the food chain therefore has its own role to play in preventing wastage².

In 2018, Carrefour assessed food waste throughout the value chain, from the farm to the consumer's table, for five of its best-selling fresh products: avocados, cod, carrots, bread and chicken. This assessment served to identify a number of solutions throughout the value chain: crop growing & harvesting, sorting, packaging & transport, quality control, distribution and consumption. These solutions could eventually be rolled out across all the products sold by Carrefour.

For Carrefour, food waste is a major issue, closely linked to the operational efficiency of its activities. Markdown management (unsold goods generated in stores related to inventory management, product preservation, etc.) is essential to limit the loss of sales due to scrapping, while the recovery of unsold food and rejected products provides an opportunity for reducing the associated losses.

1.2 Summary of objectives and performance

Carrefour shares the Consumer Goods Forum's goal of reducing food waste by 50% by 2025 (compared with 2016). With a view to achieving its goal, Carrefour has been measuring the quantity of food wastage produced in its stores since 2016. This calculation is based on the methods proposed by the Food Loss and Waste (FLW) protocol convened by the World Resources Institute (WRI) and UNEP. Our work is shared within the Consumers Goods Forum (CGF), and with Tesco, among others. The Group's objective is to reduce the amount of food wastage that is effectively not recovered. The Group's goal is not only to be exemplary in its activities, but also to play a driving role in combating waste within its ecosystem by involving all other stakeholders (suppliers, associations and consumers).

¹ "40% of the food produced each year is not consumed, according to the WWF", 22 July 2021, <https://www.lesechos.fr/monde/enjeux-internationaux/40-de-la-nourriture-produite-chaque-annee-nest-pas-consommee-selon-le-wwf-1334043>

² 'Food waste: definition, issues and figures', 23 September 2019, <https://fne.asso.fr/dossiers/gaspillage-alimentaire-definition-enjeux-et-chiffres>

Performance indicators	2019	2020	2021	2022	Change (2021/2022)	Target
Percentage reduction in food wastage (vs 2016) ³	-9.74	-28.7	-30.7	-39.9	+11.9 pts	50% in 2025
Percentage of food wastage recovered ⁴	54.2	57.4	53.2	57.8	4.6 pts	-
Number of meal equivalents distributed as unsold food to charitable organisations (in millions of meals) ⁵	105.3	77	44.1	45.6	3.4%	-
Weight of unsold products recovered through the sale of food baskets in partnership with Too Good To Go® (in tonnes) ⁶	2,374	3,885	3,440	3,437	(0.1)%	-

1.3 Organisational structure and governance

- **Scope**
The anti-food wastage policy is applied to our operations at stores of all formats and at our warehouses. All the Group's integrated countries must put in place actions to limit food markdown and waste as much as possible. The measures implemented will vary depending on the existing infrastructure and regulations in force in each of the Group's integrated countries.
- **Governance**
Tackling food wastage is one of the priorities identified in the strategy for the food transition for everyone. Performance is monitored at Group level. In the Group's various countries, national committees meet on a monthly basis to monitor the evolution of in-store markdowns. These committees bring together Supply Chain, executive management, financial departments and the organisational divisions of the various store formats.
- **Coalitions, partnerships and stakeholder dialogue**
 - Consumer Goods Forum:
 - Too Good to Go pact, bringing together industry, retail, NGOs, trade organisations and digital operators in the fight against food wastage
 - Sandrine Saveurs
 - Eco slow wasting (Monte Carlo equivalent of Too Good To Go)

³ 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, excluding tax). Inclusion of warehouse data for Atacadao.

⁴ Ditto

⁵ Scope: this figure includes food donations by stores in all of the Group's integrated countries as well as donations made by the Group's warehouses in France.

⁶ Scope: BE, SP, FR, IT, PO.

2. The Group's action plans

2.1 Reducing the quantity of markdown in stores

In a drive to reduce in-store markdown – the quantity of products that are withdrawn from sale – solutions are implemented to improve inventory and order management, promote short expiry dates and sell products beyond their minimum best-before date, as well as promoting damaged products.

Improve inventory and order management

Store managers are issued daily information on their scrapping rate. The TOP 40 products are ranked according to their value or scrapping rate. Fresh produce line managers use sale and production forecast charts, adjusting them to allow for weather and other external factors. In this way, in order to meet demand, stores adapt their orders as best as possible, with the least amount of markdown possible. This reduces the amount of potentially spoiled unsold food;

Promote short expiry dates and sell products until at least beyond their best-before date

In-store, Carrefour offers -30% to -60% off products nearing their use-by dates. A specific process using a ZEBRA enables labels to be printed in the warehouse and promotes stock flow. Carrefour also sells, in a special marked end-aisle display, a list of products whose best-before dates have passed. The project was rolled out to all hypermarkets and supermarkets in France in 2020. Internal tools make it possible to go even further: "stock at risk of scrapping" alerts are sent weekly to all store managers to prevent the risk of scrapping and to trigger in-store sell-off initiatives. These alerts exist for both ultra-fresh products and grocery and liquid departments; In-store employees are trained on anti-waste issues and daily initiative to be implemented are available from Cap Formation (the internal training tool for Group employees).

Promote damaged products

In 2021, Carrefour France installed "zero waste challenge" furniture units in 30 of its stores: they are used to display unbroken eggs from damaged or soiled boxes, sold loose at low prices. In order not to lose healthy fruit and/or vegetables, packed in trays, nets or sachets, and withdrawn from sale due to just one or two products going off, products in all stores can now be repackaged in zero waste baskets.

Similarly, Carrefour Spain is offering a 25% discount on the price of healthy but ugly vegetables. The initiative minimises waste, while enabling customers to enjoy quality products at a lower cost. In 2022, Carrefour Belgium launched its own Zero-Waste baskets. Sold at a fixed price of €2.50, these cardboard boxes are made up of fruit and vegetables which may be very ripe or slightly damaged, but which are still perfectly edible.

In Italy, the Group aims to reduce food waste by 50% by 2025 by implementing a strategy underpinned by four main pillars: waste prevention, surplus redistribution, recycling and recovery of still edible waste.

2.2 Find innovative solutions to reduce unsold food

Suppliers

To go further in reducing food waste, the Carrefour Group is getting its suppliers collectively involved in finding innovative solutions:

In 2017, the Group and its suppliers initiated a joint programme to extend or do away with use-by dates. So far, more than 400 Carrefour own-brand products have had their use-by date and best-before date extended, while the latter has been removed from over 100 products.⁷ Use-by dates and best-before dates are extended in accordance with a testing protocol including organoleptic assessments to ensure that the taste is not altered. Carrefour has also decided to remove the non-mandatory best-before dates (BBD) on its products (sugar, salt, vinegar, alcohol, sweets).

Thanks to our partnerships

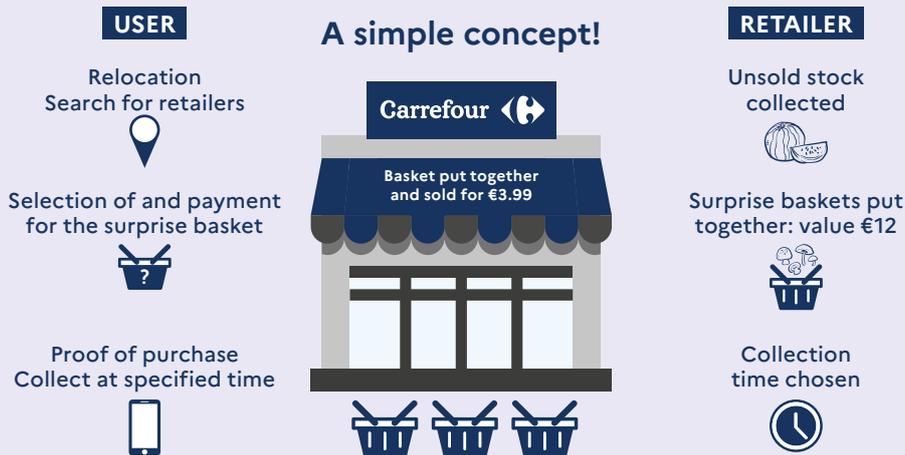
Stores are responsible for finding solutions suited to their environments for selling products rather than marking them down. Examples of solutions include cutting pineapples whose leaves are dry, misting leafy vegetables, selling croissants with almonds or bread-crumbs from dry bread.

TooGoodToGo: Carrefour has reaffirmed its commitment to the Too Good to Go® application, which offers baskets of unsold food at low cost. In 2020, Too Good To Go was rolled out to 4095 stores in France, Spain, Italy, Belgium and Poland. In 2022, 1,353,705 baskets were sold (that makes a total of 4,241,489 baskets since 2018).

Illustration: Focus on the Too Good To Go partnership® and Carrefour

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 2022, 2,212,039 baskets were sold in France. Since 2018, more than 4 million baskets have been sold in the European countries where the initiative is deployed.



⁷ Examples of best-before dates being extended on Carrefour products: brioche toast, best-before date extended from 6 to 9 months; frozen tuna steak, best-before date extended from 24 to 30 months; multifruit drink, best-before date extended from 6 to 8 months; Carrefour natural yogurt, use-by date extended from 33 to 40 days; chocolate mousse, use-by date extended from 32 to 35 days; raw smoked ham, use-by date extended from 25 to 33 days; veal blanquette, use-by date extended from 35 to 50 days.

NOUS ANTI GASPI: In France, Carrefour was keen to change the way the retail sector operates, by exclusively selling 30 “NOUS anti-gaspi” brand products in its Paris-region supermarkets. On sale at up to 20% cheaper, the NOUS anti-gaspi range features numerous everyday fresh products, including a number of organic ones. And all of them are made in France, or more specifically in their historical regions. Carrefour wants to bolster its customers' purchasing power, while at the same time changing the way things are done in retail.

Sandrine Saveurs: Since 2020, Sandrine Saveurs has been working with 30 hypermarkets in the Paris region to create a range of eco-responsible jams. Unsold fruit is used to make jams, which are then sold at the store.

2.3 Recover unsold food generated in stores

When products go unsold, solutions exist to make use of the food withdrawn from sale:

- **optimising donations to charities:**
In 2022, the Group's donations amounted to the equivalent of more than 45 million meals. Our stores work with charities to ensure regular and coordinated donations are made. Internationally, the Group also tackles waste by establishing partnerships between its stores and food aid charities (including Food banks and Restos du Cœur in France, Azione Contro la Fame in Italy, the Red Cross in Spain, Romania and Poland and Caritas in Argentina). Depending on the products withdrawn, stores sort the food, focusing on healthy products that can be given to charities, without breaking the cold chain. Furthermore, in late 2022, the Carrefour Foundation focused its attention on the increase in food aid recipients as a result of inflation in the countries in which the Group operates by ensuring that people are able to purchase basic foodstuffs.

Every morning, store teams sort the products they take from the shelves. This sorting process earmarks healthy unsold products that are authorised to be donated to local food aid charities.

- **conversion into biowaste**
When products cannot be donated, they are disposed of as biowaste, transformed into biomethane, which is used in our lorries to transport goods. 1 T of biomethane allows a lorry to cover 250 km. In 2022, almost 20 tonnes of biowaste were treated by the Group (14.1 tonnes for hypermarkets and 5 tonnes for supermarkets).

Illustration: Carrefour France renews its commitment to the restos du cœur

For the 15th year in a row, Carrefour is supporting the Restos du Cœur during its nationwide fundraising campaign, encouraging all of its employees to get involved by welcoming volunteers from the charity during the first weekend of March. Throughout France over this three-day nationwide campaign, more than 1200 Carrefour stores worked alongside Restos du Cœur volunteers, and customers were able to donate non-perishable food, alongside baby and hygiene products.

This major campaign involves the Group at a number of different levels: if they wish to, Carrefour employees can also volunteer for the charity and collect foodstuffs; and Carrefour provides volunteers with free utility vehicles so they can manage the logistics involved in transporting donations to the warehouses of the Restos du Cœur's local branches.



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