Promoting responsible water use
Carrefour Group 2022

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1 Context and materiality

The impact of supermarkets on the environment occurs not only at shop level (water consumption, energy consumption for lighting, air-conditioning, heating, etc.) but also throughout the supply chain, from the point of production of the goods, which are increasingly imported, to the customer’s home, and even in ecosystems after use. The Group’s action plans therefore cover our sourcing strategy and our operations in order to take full account of these challenges.

The impact of our supply chains on water quality and consumption is a major issue in the context of our social responsibility and a risk to be taken into account, particularly in countries subject to water stress or countries with low water quality standards. More directly, controlling our shops’ water consumption and discharges is a matter of setting an example and reducing fixed costs for Carrefour.

In 2013, Carrefour carried out an analysis of issues related to water consumption: direct and indirect depletion, direct and indirect discharges of organic matter, pesticides, industrial discharges, sealing and changes in land use, deforestation, etc. In 2019, the Group has decided to relaunch an extended study on the subject integrating the direct and indirect impacts linked to the Group’s operations and activity. This analysis has led to an initial prioritisation of topics, including the main water consumption items:

- the impacts associated with the production, consumption and end-of-life of products sold in shops: of the impact indicators commonly used in water life cycle analysis, those considered most relevant for risk analysis are eutrophication of marine waters and water consumption. These two indicators therefore make it possible to quantify Carrefour’s impact on both the quality and quantity of water on food, non-food and fuel products. The analysis carried out in 2019 is based on Ecoinvent and Agribalyse v1.3 data. From 2021, the Aqueduct Food tool will be used to assess current and future water-related risks in food production, in order to refine the risks by commodity and country;
- the water footprint and risks of our operations: Carrefour Group sites are located in 9 countries around the world (Argentina, Belgium, Brazil, Spain, France, Italy, Poland, Romania and Taiwan). Due to the activity of the shops, the waste water leaving the site is not very polluted. In some countries, however, systems are in place to treat and recycle this grey water. In 2019, the Group used the Aqueduct Water tool developed by the World Resources Institute to ensure that water-related risks are taken into account at sites in water stress zones.
2 Our ambition

Carrefour’s policy is focused on promoting responsible water use with the ambition of reducing water consumption and impacts upstream, in its operations and downstream. Carrefour’s approach focuses on the direct impacts of its activities as well as the indirect impacts associated with the products sold in its shops.

2.1 Limiting the water footprint and impact of our operations

Following an analysis of the problems associated with water consumption, the main objectives are to limit the impact of its operations on water consumption and quality:

- reducing water consumption per m² of sales area: Carrefour has deployed precise monitoring (dedicated meters) and new solutions (rainwater recovery and water-saving taps) at various Group sites;
- BREEAM Construction certification for shopping centre creation and extension projects: as part of Carrefour Property and Carmila’s property business, the Group has introduced a sustainable construction policy in France, Italy and Spain, under the “BREEAM Construction” certification scheme, which aims to create buildings that respect the environment, the health and safety of occupants and the preservation of biodiversity;
- Combating food waste: Carrefour shares the Consumer Goods Forum (CGF) objective of reducing food waste by 50% by 2025 compared to 2016. Carrefour’s overall food waste reduction policy is based on three levers: in-store actions, working with suppliers and raising consumer awareness. The Group’s ambition is to be irreplaceable in its activities but also to play a leading role in the fight against waste within its ecosystem, by involving all other stakeholders (suppliers and consumers).

2.2 Limiting the water footprint and impact of our products

Following the identification of priority product categories, Carrefour has set itself the following objectives:

- increase its supply of responsibly sourced products: Carrefour is developing sustainably sourced food products through the promotion of organic farming, Carrefour Quality Lines products, which are based on agroecology-inspired production methods (limiting the use of pesticides, antibiotics, etc.), and the implementation of its zero deforestation policy (with priority given to the following raw materials: palm oil, soya, Brazilian beef, wood and paper, cocoa). Among the labels for non-food products, the “European Ecolabel” covers many categories of products sold by Carrefour, such as detergents, all-purpose cleaners, textiles, cosmetics, electronic products (screens) and tourist accommodation and campsites;
- develop a responsible sourcing and purchasing policy for suppliers: Carrefour promotes and develops low environmental impact practices, guarantees specific supplier management for at-risk sectors or geographies (Clean Water Project in Asia, project with IPE in China, certification of tanneries via the Leather Working Group) and includes an environmental section in its supplier audit processes.
3 Our objectives and performance

At Group level, Carrefour has set up objectives and action plans to limit its direct or indirect impact on the quality and quantity of water resources, from upstream to downstream for the Group’s direct and indirect operations.

3.1 Limiting the water footprint and impact of our operations

Objectives:
- reduce water consumption per m² of sales area,
- 100% of gallery creation and extension projects certified BREEAM Construction,
- 100% of our sites in France will be BREEAM In-Use certified by 2025,
- Reduce food waste by 50% by 2025 compared with 2016.

<table>
<thead>
<tr>
<th>Performance indicators</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Evolution 2022/2021</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumption per m² of sales area (m³/m²)</td>
<td>m³</td>
<td>1,4</td>
<td>1,3</td>
<td>1,2</td>
<td>1,3</td>
<td>10%</td>
<td>-</td>
</tr>
<tr>
<td>Quantity of water consumed (in millions of m³)</td>
<td>m³</td>
<td>12,5</td>
<td>12,9</td>
<td>11,5</td>
<td>12,2</td>
<td>5,7%</td>
<td>-</td>
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<tr>
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<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2020/2021 trend</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>BREEAM New construction certified projects (in %)(1)</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>-</td>
<td>100%</td>
</tr>
<tr>
<td>BREEAM In-Use certified sites (% by value)(1)</td>
<td>%</td>
<td>60%</td>
<td>86%</td>
<td>90,6%</td>
<td>94,2%</td>
<td>3.6 pts</td>
<td>-</td>
</tr>
<tr>
<td>of which very good (%)</td>
<td>87%</td>
<td>75%</td>
<td>57%</td>
<td>33%</td>
<td>(24) pts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which good (%)</td>
<td>13%</td>
<td>25%</td>
<td>30%</td>
<td>59%</td>
<td>29 pts</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Scope: Carmila real estate company operating in France, Spain and Italy.

<table>
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<th>2020/2021 trend</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>% reduction in food waste (compared to 2016)(1)</td>
<td>%</td>
<td>(9,74)</td>
<td>(28,7)</td>
<td>(28)</td>
<td>(40)</td>
<td>12 pts</td>
<td>(50)% by 2025</td>
</tr>
<tr>
<td>% of food waste recycled (by weight)(1)</td>
<td>%</td>
<td>54,2</td>
<td>57,4</td>
<td>53,2</td>
<td>57,8</td>
<td>(4,6) pts</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Scope: excluding ES (SM, C&C), IT (CO, C&C), BE (HM, SM), BRAT (HM, C&C). Non-comparable BUs (70.9% of consolidated sales (incl. VAT) in 2022 vs. 90.2% in 2021).

¹ The target level for shopping centre extensions is Very Good.
3.2 Limiting the water footprint and impact of our products

**Objectives:**
- **Textiles:** development of the “Clean Water Project” to reduce the water impact of the textile industries, including environmental actions in China (IPE), certification of tanneries (Leather Working Group), and management of chemical audits of integrated factories.
- **Sustainable agriculture:**
  - 15% of fresh food sales to be organic or agro-ecological by 2025,
  - 10% penetration of Carrefour Quality Lines in fresh produce by 2025,
  - 100% of products from Carrefour Quality Lines will carry a differentiating agro-ecology message or be integrated into an agro-ecological approach by 2025.

<table>
<thead>
<tr>
<th>KPI</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2020/2021 trend</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of organic products(1)</td>
<td>Euros</td>
<td>2.3 billion</td>
<td>2.7 billion</td>
<td>2.7 billion</td>
<td>2.6 billion</td>
<td>+0.4%</td>
<td>8 billion in 2026</td>
</tr>
<tr>
<td>Number of partner producers in organic farming (supported through contractualisation in the supply chain)</td>
<td>Number</td>
<td>1,776</td>
<td>2,150</td>
<td>3,538</td>
<td>3,637</td>
<td>2.8%</td>
<td>-</td>
</tr>
<tr>
<td>Penetration rate of Carrefour Quality Lines in fresh produce (%)</td>
<td>6.6%</td>
<td>7.4%</td>
<td>7.2%</td>
<td>6.9</td>
<td>(0.3) pts</td>
<td>10% by 2025</td>
<td>10% by 2025</td>
</tr>
</tbody>
</table>

(1) Sales of food, drugstore, perfume and hygiene departments

The performance indicators relating to direct or indirect water management are shop water consumption, those linked to the promotion and development of sustainable agriculture (sales of organic products and penetration of Carrefour Quality Lines), supplies of raw materials at risk (sustainable forestry action plan), the fight against food waste (reduction of food waste) and pollution on our sites (reduction of CO2 emissions, waste recovered, packaging saved). These indicators are reported monthly at Group level. These indicators (excluding water consumption) are included in the CSR and Food Transition index. 25% of this index is included as a criterion in a long-term management remuneration plan, and 20% in the remuneration of the Chairman and CEO.

In 2023, the “CSR and Food Transition Index” criterion will account for 20% of France’s annual variable remuneration (which represents between 20% and 60% of the bonus depending on the employee’s scope/level).
4 Governance

Governance of the food transition and CSR is provided jointly by the Group Executive Committee, the Board of Directors and the CSR Committee. The General Secretariat, the Strategy and Transformation Division and the Country Divisions coordinate the deployment of the food transition and CSR in a coherent manner throughout the Group. In operations, governance is provided by the Anti-Waste Committee (Group Investment Committee, Financial Consolidation, Strategy, Risk & Compliance and CSR Departments).

Collaborations and partnerships

Business Alliance for Water and Climate Change: as part of COP21, Carrefour committed to a Business Alliance for Water and Climate Change aimed at ensuring sustainable management of water resources. Thirty-two companies involved in the Alliance have worked to ensure that this issue is reflected in a global climate agreement. The Alliance is supported by public authorities and co-led by the CDP, the United Nations Global Compact (UNGC) and the World Business Council for Sustainable Development (WBCSD). The Alliance has three levels of ambition:

- Analyse and share water-related risks in order to implement concerted response strategies;
- Measuring the water footprint using existing standards;
- Reduce the impact on water availability and quality in direct operations and throughout the value chain.

Carrefour Banque launched a new unit of account in the Carrefour Horizons life insurance contract in June 2017. This allows customers to save in the BNPP Aqua unit of account and invest in companies active across the water value chain (water treatment and sanitation technologies, installation, maintenance and renovation of water supply networks).

5 Our action plans

Carrefour’s commitment to the responsible use of water in its direct and indirect operations is demonstrated, in particular, by the Anti-Gaspi plan, which aims to reduce the consumption of resources in its shops, as well as by its customers and suppliers. Carrefour is committed to monitoring and reducing the amount of water consumed by its shops, and is also addressing the issue of water consumption in its supply chain and during product use.

5.1 supplies and products

Consumption in the supply chain (factories)

Carrefour helps its suppliers to manage water through initiatives such as the requirements imposed on Filière Qualité Carrefour products and the “Valorise” CSR self-diagnosis tool.
Carrefour also offers a range of products that help to limit water pollution and consumption: energy-saving taps, rainwater collectors, eco-certified cleaning products, etc. Carrefour has launched the Clean Water project, designed by Carrefour Global Sourcing’s sustainable development teams, for the Textile department. This is a global programme to address the main global environmental risks and regional risks for the textile, home textile and leather industries (regulations, cost of raw materials, maturity of the industry). It aims to raise awareness, train and monitor suppliers in the management and efficiency of processes that consume water and chemicals (e.g. dyeing and finishing). The Global Sourcing teams have drawn up a risk map identifying the processes, countries and associated risks in a global approach.

The regional approach highlighted inefficient use of water and energy, as well as some critical non-compliances in tanneries in Bangladesh. With regard to leather, Carrefour decided to ban leather from Bangladesh in order to concentrate its work on tanneries which are 100% Leather Working Group (LWG) certified.

### Agricultural production

In addition to its desire to develop organic farming accessible to all, Carrefour wants to transform non-organic production by drawing inspiration from the agroecology model. Carrefour is using this model to drive forward its non-organic sectors and improve their environmental performance. Agroecology is based on the solutions provided by nature to improve production. For the Group, it is a driving force behind the innovations and improvements expected by customers, farming partners and society as a whole.

Carrefour has a unique tool for developing agroecology: the Carrefour Quality Lines (CQL). By the end of 2022, the Group will have more than 800 FQC products around the world, involving 22,176 producers and offering core market fresh products that meet strict requirements in terms of traceability, quality and flavour. Suppliers who sign up to the FQC scheme must adhere to a collective approach to water management. FQC suppliers must also carry out risk analyses of irrigation water and must be able to identify and prevent the risks of environmental pollution, loss of water resources and various types of contamination (chemical, organic, etc.). FQC suppliers also carry out physico-chemical and microbiological analyses of irrigation and treatment water, using risk-based criteria.

Within the FQC, gravity-fed irrigation is prohibited. If one of the suppliers uses this type of irrigation, a progress plan is put in place to change the practice.
Generally speaking, for agricultural production, the emphasis is on assessing local conditions and available resources. In addition to other actions to promote more sustainable agriculture, the focus is on water consumption and quality:

- Restoration plans take into account regulatory compliance and the water balance to adapt the water supply. Drip irrigation rather than surface irrigation is encouraged.
- Smart farming practices are encouraged, such as crop rotation (to avoid compaction and erosion), sprayer control, recording of agricultural treatment, storage cover, retention;
- The promotion of grazing land for livestock protects the soil from erosion and compaction. The water distribution network and potability are monitored;
- The selection of aquaculture suppliers takes into account the characteristics of the water basin and the local geographical context.

**Case study:**

**Belgium**

**Focus on Waterless jeans**

On 22 March 2022, to mark World Water Day, TEX invited its customers to take a fresh look at fashion by honouring one of the iconic products in its 40th anniversary collection: waterless jeans, made using a process that uses less water. An emblematic product in the TEX Responsable range, waterless jeans are part of the brand’s commitment to designing clothes in conditions that are more respectful of the environment. From the cotton field to the dyeing process, not forgetting the weaving of the threads, the manufacture of a pair of jeans requires several thousand litres of water. To reduce the environmental impact of this material, Tex has been testing an innovative and responsible technique for its jeans range since 2020, which optimises water consumption during the product washing stage. Thanks to this new process, Tex has saved 11 million litres of water by 2021 and has set itself the target of washing 100% of its jeans sustainably by 2025.

Waterless jeans are only available in Carrefour Belgium hypermarkets.

**Carrefour takes part in World Ocean Day**

World Ocean Day on 8 June is a US initiative to draw attention to the importance of ocean health. To celebrate and support this initiative, Flavour Eat is launching VUNA rolls in collaboration with Garden Gourmet and Carrefour. VUNA rolls, vegan sushi made with VUNA, are a new plant-based alternative to this popular Japanese dish. This alternative to tuna is made from just seven ingredients: pea proteins (from Europe), water, rapeseed oil, wheat gluten, flavourings, lemon fibre and salt. VUNA is also rich in protein, a source of Omega-3 fatty acids, and has a Nutri-Score B.

Tuna is one of the most widely consumed fish in Belgium. Canned tuna in particular is the product most often bought and consumed. In recent years, however, awareness of sustainable fishing has increased.

Plant-based alternatives for fish and seafood can reduce overfishing and protect biodiversity. World Oceans Day highlights the importance of our oceans for food security and health, the survival of all forms of life and climate resilience, which are essential to the biosphere.
5.2 Operations

Carrefour is monitoring its consumption and rolling out action plans to save water. **Shops are gradually adopting solutions to reduce water consumption:**

- Precise monitoring: dedicated meters for better control of consumption;
- Water collector: installing a water collector outside shops is considered good practice for supplying water to vegetable gardens;
- Water savers: fitting our taps with water savers;
- Cleaning system: this system provides the right amount of water when cleaning the shop. The ice in the fish section is one of the most water-intensive items in a shop. There is, for example, a water-saving process:
  - Polypropylene ice tray to preserve cold and lower ice consumption,
  - Refrigerated stabilisation of humidity control requiring a small amount of ice,
  - Defrosting system (drip system that speeds up ice melting and reduces water consumption).

Because of the shops’ activities, the waste water leaving the site is not very polluted. In some countries, grey water treatment and recycling systems have been set up. In addition, Carrefour has included environmental and social clauses in its cleaning specifications and asks service providers to take steps to limit water consumption.

In addition, as part of its Carrefour Property business, Carrefour has introduced a sustainable construction and operation policy in France, Italy and Spain, which provides a framework for the adoption of best environmental practices at every stage in the life of buildings. This policy is based on BREEAM (Building Research Establishment Environmental Assessment Method) certification for its high standards and the exhaustive range of issues covered, including energy, transport, water, materials, waste, ecology and land use, pollution and innovation. During the operating phase, a technical management system (GTC) is used to monitor water and energy consumption at all its sites.

During the construction phase, the companies working on Carrefour shop construction sites have signed the Green Worksite Charter, which covers such issues as soil and air pollution, waste sorting instructions, water consumption, vibrations and noise pollution.

Case study:

**Spain:** due to potential water shortages, an action plan has been launched to anticipate the consequences of potential regulations. This action plan has been deployed in all hypermarkets and is currently being implemented in supermarkets, representing 297 sites, or 51% of all Spanish sites.

**Brazil:** in order to control its consumption as effectively as possible and to deal with the crucial scarcity of water in the country, Carrefour Brazil monitors the actual consumption of 100% of its shops online and has set up a programme to overhaul the water network.

5.3 To find out more

Consult the RSE library ([https://www.carrefour.com/fr/bibliotheque-rse](https://www.carrefour.com/fr/bibliotheque-rse)) for more information on the following subjects:

- Protecting biodiversity
- Combating food waste
- Combating deforestation