

Promoting the responsible use of water



1. Context and current situation
2. Aims of the Carrefour Group
3. Targets and performance
4. Governance
5. Action plans



1. Background and current situation

Mass merchandising has an impact on the environment that is not only due to the stores themselves (water consumption, consumption of energy for lighting, air conditioning, heating, etc.) but also the entire logistics chain, from the place at which the goods are produced - more and more often outside the country - to the customer's home and even in ecosystems after the use of the product. Therefore, the action plans launched by the Carrefour Group cover its supply strategy and logistics operations in an endeavour to address the issues in their entirety.

The impact of our supply chains on water quality and consumption is one of these issues, and a factor that particularly has to be taken into account in countries subject to water stress or with low water quality standards. Managing water consumption and discharge by our stores is therefore an area in which Carrefour can set an example, while reducing its fixed costs at the same time.

In 2013, Carrefour conducted a survey of the issues connected with water consumption: direct and indirect sources of depletion, direct and indirect discharge of organic matter, pesticides, industrial waste, soil sealing and changes in soil usage, deforestation etc.

In 2019, the Group decided to undertake an expanded study on the topic, integrating the direct and indirect impacts related to the Group's operations and

activities. The findings of this analysis allowed us to order the issues identified by priority, particularly the main points at which water is consumed:

- Impacts associated with the production, consumption and final disposal of products sold in stores: among the impact indicators currently used in water life cycle assessment, those considered to be most relevant for risk assessment purposes are the eutrophication of sea water and water consumption. These two indicators make it enable us to quantify Carrefour's impact on the quality and quantity of water in food and non-food products as well as fuel. The 2019 analysis was based on EcolInvent and Agribalyse v1.3 data. The Aqueduct Food tool was launched in 2021 to assess current and future water-related risks during food production and identify risks for each foodstuff and country;
- Water footprint and water-related operational risks: the Carrefour Group has stores in 8 countries around the world (Argentina, Belgium, Brazil, Spain, France, Italy, Poland and Romania). 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. In 2019, the Group used the Aqueduct Water tool developed by the World Resources Institute to identify water-related risks in stores located in water-stressed regions.

2. Aims of the Carrefour Group

Carrefour's policy is focused on promoting responsible water use with the ambition to reduce water consumption and impacts upstream, in its operations and downstream. Carrefour's approach focuses on the direct impacts of its activities but also the indirect impacts associated with the products sold in its stores.

2.1 Reducing the water footprint and impact of our operations

Following its assessment of issues relating to its water consumption, Carrefour identified the following key objectives in its endeavours to reduce the impact of its operations on water consumption and quality:

- Reduced water consumption per m² of sales area: Carrefour has deployed precision monitoring technology (dedicated meters) and new solutions (rainwater harvesting and water-saving taps) at various Group sites (franchisers are not included).
- BREEAM certification for shopping mall construction and expansion projects: as part of the real estate operations of Carrefour Property and Carmila, the Group has launched a sustainable construction policy in France, Italy and Spain. It is based on the BREEAM (Building Research Establishment Environmental Assessment Method) certification scheme for construction, which aims to ensure that new buildings respect the environment and

the health and safety of their occupants, and protect the planet's biodiversity.

- Tackling food waste: Carrefour shares the Consumer Goods Forum's goal of reducing food waste by 50% by 2025 (compared with 2016). Carrefour's overall food waste reduction policy is based on three levers: in-store actions, collaboration with suppliers and raising consumer awareness. Global food waste also results in thousands of m3 of water being used unnecessarily.

In 2023, Carrefour committed to reducing the water consumption of its stores in France by 10% by 2025.

To achieve this goal, it has introduced a series of new initiatives designed to tackle water waste.

- Producing just the right amount of ice and installing units with white walls at fish counters;
- Installing water-saving guns across the cold water circuit so volumes can be adjusted to suit needs;
- Replacing end-of-life ovens with ovens with steam cleaning systems;
- Investing to improve the efficiency of internal circuits and adopting best practices in this regard (diagnostics tools for water leaks etc.)

2.2 Reducing the water footprint and impact of our products

After identifying the priority product categories, Carrefour set itself the following objectives:

- Increasing the supply of products originating from responsible production processes: Carrefour promotes sustainably-sourced food products through:
 - Promoting organic farming;
 - Carrefour Quality Line products, whose production methods are based on the principles of agroecology: suppliers who commit to the CQL philosophy must sign up to a collective approach to water management;
 - Implementing the zero deforestation policy (primarily addressing the following raw materials: palm oil, soybean, Brazilian beef, pulp and paper, cocoa);
 - Special labels for non-food products such as the European Ecolabel, which covers various product categories sold by Carrefour including detergents, all-purpose cleaners, textiles, cosmetics, electronics (monitors), as well as tourist accommodation and camping services.

All products and services included in the European Ecolabel scheme are produced with reduced water and energy consumption and reduced emission of waste.

- Develop supplier listing and responsible procurement policies for suppliers: Carrefour promotes and develops practices with low environmental impact, guarantees special management of suppliers in risk sectors or regions (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. Targets and performance

At Group level, Carrefour has set targets and implemented action plans to limit its direct and indirect impacts on the quality and quantity of water resources, both upstream and downstream of its processes.

3.1 Reducing the water footprint and water impact of our operations

Targets:

- Reduced water consumption per m² of sales area.
- All projects for the construction or expansion of shopping centres to be BREEAM-certified.
- 100% of sites in France to hold BREEAM In-Use certification by 2025.
- 50% reduction in food waste by 2025 (compared with 2016).

Performance indicators	Unit	2019	2020	2021	2022	2023	Change (2022/2021)	Target
Quantity of water consumed per m ² of sales area (in m ³ /m ²)	m ³	1.4	1.3	1.2	1.3	1.27	10%	-
Quantity of water consumed (in millions of m ³) ¹	m ³	12.5	12.9	11.5	12.2	11.9	(0,3) pts	-

Performance indicators	Unit	2019	2020	2021	2022	2023	Change (2020/2021)	Target
BREEAM New Construction certified projects (as a percentage)	%	100	100	100	100	0 ²	-	100%
Sites certified to BREEAM In-Use standards (percentage by value)	%	60%	86%	90.6%	94.2%	95.8%	3.6 pts	
- Sites holding Very Good rating (%)		87%	75%	57%	33%	31%	(24) pts	

Performance indicators	Unit	2019	2020	2021	2022	2023	Change (2022/2023)	Target
% reduction in food waste (compared with 2016) (1) (kg/m ²)	%	(9.74)	(28.7)	(28)	(40)	(35.7)	-4.2 pts	(50)% by 2025
% of food waste recovered (by weight)	%	54.2	57.4	53.2	57.8		(4.6) pts	-

⁽¹⁾ Scope: 72% of consolidated sales 2023. non-comparable BUs (BE, BR AT, BR SAMS excluded in 2023; ES (SM, CO) excluded in 2022). The scope of baseline 2016 excludes BE, BR AT and BR SAMS. Warehouses are included for RO. Grupo BIG stores were included in 2023.

¹ Scope: 68% of consolidated sales 2023. Non-comparable BUs (BR excluded in 2023).

² No new shopping centre projects in 2023.

3.2 Reducing the water footprint and impact of our products

Targets:

- Textiles: development of the Clean Water Project to reduce the impact of textile industries on water resources, including environmental measures in China (IPE), certification of tanneries (Leather Working Group) and the management of chemical audits in integrated plants.
- Sustainable agriculture:
 - Products made using organic or agro-ecological farming methods to account for 15% of fresh food sales by 2025;
 - Carrefour Quality Line products to account for 10% of sales of fresh produce by 2025;
 - All Carrefour Quality Line products to carry a differentiating agro-ecological message or be included in an agro-ecological approach by 2025.

KPI	Unit	2019	2020	2021	2022	2023	Change (2022/2023)	Target
Turnover from sales of organic products ⁽¹⁾	Euros	€2.3 billion	€2.7 billion	2,7Mds	2,6Mds	2,5Mds	-0.1%	8 billion in 2026
Number of organic partner producers (supported by contractual undertakings on product volumes) ⁽²⁾	Number	1,776	2,150	3,538	3637	4997	+37.4%	-
Penetration rate of Carrefour Quality Lines in sales of fresh products (%) ⁽³⁾		6.6%	7.4%	7.2%	6.9	7%	+0.1 pts	10% in 2025

⁽¹⁾ Scope: 100% of consolidated sales 2023. non-comparable BUs (BR Sams excluded in 2023, BR AT & Sams excluded in 2022)

⁽²⁾ Scope: 86% of consolidated sales 2023. non-comparable BUs (ES, IT, BE, BR excluded in 2023)

⁽³⁾ Scope: 86% of consolidated sales 2023. non-comparable BUs (ES excluded in 2023, AR excluded in 2022)

The performance indicators relating to the direct and indirect management of water are: water consumption by stores, the promotion and development of sustainable farming (sales of organic products and Carrefour Quality Lines penetration), supplies of ingredients at risk (sustainable forest action plan), the fight against food waste (reducing food waste) and pollution at our sites (reducing CO² emissions, waste recovery, savings in packaging). These are the subject of a monthly report at Group level. These indicators (except for water consumption) are included in the CSR and Food Transition index. This index is given a 25% weighting as a criterion in long-term executive compensation plans for managers and a 20% weighting as a criterion in compensation plans for the Chairman and Chief Executive Officer.

Since 2023, the "CSR index and Food Transition" criterion accounts for 20% of Carrefour France's annual variable remuneration (which represents between 20% and 60% of the employee bonus, depending on the employee's perimeter/level).

3.3 Reducing the water footprint and impact of ingredients

Carrefour identified the countries from which commodities sold under the Carrefour brand in France are sourced. The countries were then classified according to SBTN's Water Scarcity, which ranges from 1 (low stress) to 5 (high stress). This indicator is a combination of 3 sub-indices: Baseline water stress, water depletion and blue water scarcity.

Carrefour considers that at a score of 4 or above, the country is considered to be in a state of water stress.

Thus :

- 25% of cotton sold under the Carrefour brand in France comes from countries with a high level of water stress (Pakistan, Turkey, Uzbekistan).
- 31% of rice sold under the Carrefour brand in France comes from countries with a high level of water stress (Pakistan).

For other raw materials (beef, corn, soy, sugar and tobacco), none of the volumes sold come from water-stressed areas.

4. Governance

The Group Executive Committee, Board of Directors and CSR Committee are jointly responsible for the governance of the food transition and CSR. The Secretary General, the Strategy and Transformation department and country management are coordinating the roll-out of the food transition and CSR on a consistent basis throughout the entire Group. The Anti-Waste Committee (Group Investment Committee, Financial Consolidation, Strategy, Risks & Compliance and CSR departments) is responsible for the oversight of operations.

- Joint initiatives and partnerships

Business Alliance for Water and Climate: under the COP21 accords, Carrefour joined the Business Alliance for Water and Climate, which aims to ensure the sustainable management of water resources. Thirty-two of the Alliance's member companies are working to secure the inclusion of this issue in a global climate agreement. The Alliance is supported by public authorities and co-managed by the CDP, the

United Nations Global Compact (UNGC) and the World Business Council for Sustainable Development (WBCSD).

The Alliance has three levels of goals:

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

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

5. Action plans

Carrefour's commitment to the responsible use of water in its direct and indirect operations is demonstrated by its Anti-Waste plan, which aims to reduce the consumption of resources in stores, in customers' homes, and by suppliers. Carrefour is committed to

monitoring and reducing the amount of water consumed by its stores, while also addressing issues such as water consumption in supply chains and during the use of products.

5.1 Supplies and products

- Consumption in the supply chain (factories)

With mandatory or optional assessment tools: Carrefour is assisting its suppliers in their water management through initiatives such as the requirements imposed on the Carrefour Quality Line products and the provision of the "Valorise" CSR self-assessment tool.

With water-friendly products: Carrefour also offers a range of products designed to reduce pollution and water consumption: water-saving taps/valves and fittings, rainwater collectors, eco-certified cleaning products etc.

With follow-up and training projects: for its Textiles department, Carrefour has launched the Clean Water project, designed by the sustainable development teams of Carrefour Global Sourcing. It involves a global programme addressing the main environmental

risks worldwide along with regional risks in the textile, home textile and leather industries (regulations, cost of raw materials, maturity of the industry). It aims to raise awareness, and train and monitor suppliers on the management and efficiency of processes consuming water and chemicals (e.g. dyeing and finishing). The Global Sourcing teams have drawn up a risk map that uses an overall approach to identify the relevant processes, countries and associated risks.

In Bangladesh, the regional approach revealed an inefficient use of water and energy, along with certain critical instances of non-compliance in tanneries. Carrefour therefore decided to ban Bangladeshi leather in order to focus its work on the tanneries, all of which are fully certified by the Leather Working Group (LWG).

In addition to working directly with its suppliers, Carrefour has launched an initiative aimed at sharing

best practices and lessons learnt from pilot projects. The Clean Water project includes a training and audit programme relating to the management of chemicals, an environmental programme in China in collaboration with the Institute of Public & Environmental Affairs (IPE) and a tannery certification programme. The Clean Water project is primarily directed at textile industries using water and chemicals in their production processes. The goal is to reduce their impact on water resources and the environment, with all the production sites of key textile suppliers integrated, trained and working on corrective plans. This has already been achieved in India, Bangladesh and China.

Carrefour has also issued guidelines for handling chemicals in plants in Bangladesh and India: 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 by an external auditor addressing five areas: chemical management, chemical handling, wastewater treatment, sediment management and efficient water consumption management.

- Agricultural production

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.

5.2 Operations

Carrefour monitors its water consumption and is rolling out action plans to save water. Stores are progressively adopting solutions to reduce water consumption:

- Precision monitoring: dedicated meters for better management of consumption;
- Water collectors: it is considered good practice to install water collectors outside stores to supply water for vegetable gardens;
- Water-saving devices: equipping our taps with water-saving devices;
- Cleaning system: this provides the appropriate quantity of water for cleaning the store. The Fish department is one of the largest consumers of water in stores due to the amount of ice it uses.

Carrefour's Quality Line products are a unique tool for the development of agroecology. By the end of 2023, the Group had 16,872 producers offering fresh, core-market products that meet strict requirements in terms of traceability, quality and flavour. As a reminder, suppliers that commit to the CQL philosophy must sign up to a collective approach to water management. CQL suppliers must also conduct risk assessments on irrigation water, and must be able to identify and prevent risks including environmental pollution, water resource loss, and various types of contamination (chemical, organic etc.). CQL suppliers also conduct physico-chemical and microbiological surveys of irrigation and treatment water using risk-based criteria.

Gravity irrigation, which distributes water through channels and ditches under the impulsion of gravity, is prohibited under Carrefour Quality Line rules. If a CQL supplier uses this type of irrigation, a progress plan is implemented to change the practice.

Generally speaking, in agricultural production the emphasis is on the assessment of local conditions and available resources. In addition to other action to promote more sustainable farming, focus is also brought to bear on water consumption and quality:

- Restoration plans factor in regulatory compliance and the water balance in order to achieve the necessary supply of water. Drip irrigation is encouraged in place of surface irrigation.
- "Smart" farming practices are encouraged, e.g. crop rotation (to prevent compaction and erosion), sprayer inspection, recording of agricultural treatments, covered storage and containment.
- Promoting pastures for livestock protects the soil from erosion and compaction.
- Water drinkability is monitored, as is the water distribution network.
- The selection of aquaculture suppliers takes the characteristics of the catchment area and the local geographic context into account.

A water-saving process does exist for this department, however:

- polypropylene ice buckets to reduce consumption of cooling energy and ice;
- stabilized refrigerated humidity control requiring small quantities of ice;
- de-icing system (drip system that accelerates the melting of the ice and reduces water consumption).

Given the nature of their business, stores do not produce heavily polluted wastewater. Wastewater treatment and recycling systems have been introduced in some countries. Carrefour also includes environmental and social clauses in its cleaning specifications,

and requires service providers to take action on limiting water consumption.

Furthermore, 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 lifecycle. This policy is based on BREEAM (Building Research Establishment Environmental Assessment Method) certification, which affords full and exacting coverage of factors including

energy, transport, water, materials, waste, ecology, soil use, pollution and innovation. During operating phases, a building management system monitors water and energy consumption at all of its sites.

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

Efficiency plan: Carrefour is committed to reducing its stores' water consumption in France by 10% between now and 2025.

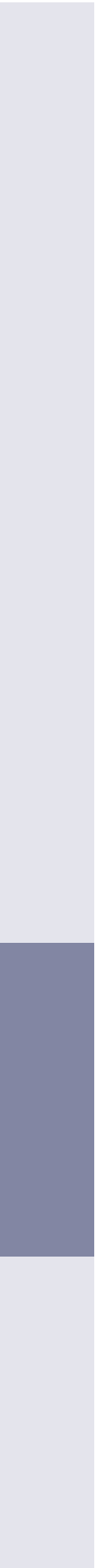
Carrefour stores in France consume over 1 million cubic metres of water: 739,000 m³ of water per year in hypermarkets and 421,000 m³ in supermarkets. Stores need water to operate on a day-to-day basis – in three areas in particular:

- Food production: bread and pastries, production of ice for the fish counter;
- Washing shopping trolleys, baskets and waste containers,
- Refrigeration production: operating vacuum pumps in closed refrigeration units, and cooling in the event of overheating of unit heaters.

Carrefour is now raising the bar and introducing new initiatives to further reduce the amount of waste it produces:

- producing just the right amount of ice and installing units with white walls at fish counters,
- Installing water-saving guns across the cold water circuit so volumes can be adjusted to suit needs,
- Replacing end-of-life ovens with ovens with steam cleaning systems,
- Investing to improve the efficiency of internal networks and adopting best practices in this regard (diagnostics tools for water leaks etc.)

This action plan also falls within the framework of the Carrefour Group's policy on biodiversity and the need to reduce water consumption. Also, in June 2023 Carrefour was selected by the Science Based Target for Nature (SBTN) initiative from 17 leading world companies to define new biodiversity standards.





www.carrefour.com
@GroupeCarrefour

Public limited company (société anonyme) with capital of
€2,018,163,760.00

Head office: 93, avenue de Paris — 91300 Massy
Évry Trade and Companies Register No. 652 014 051