



Promoting the responsible use of water

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. In recognition of this, the Group's action plans therefore cover our supply strategy and operations in order to encompass the issues in their entirety.

Our supply chains' impact on water quality and water consumption is a major factor when considering our social responsibility. It is an area that we must take into account, particularly in countries that are subject to water stress or have low water quality standards. More directly, managing the consumption and discharge of water in and by our stores is an area in which Carrefour can set an example and at the same time reduce its fixed costs.

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. In 2019, the Group decided to relaunch an expanded study on the topic including the direct and indirect impact of the Group's operations and activities. This analysis resulted in an initial prioritisation of the issues identified, particularly the main points at which water is consumed:

- **The impact associated with the production, consumption and end-of-life of products sold in stores:** Among the impact indicators currently used in analysing the lifecycle of water, those considered to be most relevant to the risk analysis 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 may be used from 2021 to assess current and future risks relating to water during food production and to refine the risks for each foodstuff and country.
- **The water footprint of, and water-related risks posed by, our operations:** Carrefour Group sites are located in nine countries around the world (Argentina, Belgium, Brazil, Spain, France, Italy, Poland, Romania and Taiwan). 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 at sites in water stress areas.

Our goal

Carrefour's policy is oriented towards promoting responsible water usage with the aim of reducing water consumption and the impact of its activities upstream, in its operations and downstream. Carrefour's approach focuses on the direct impact of its activities and also the indirect impact associated with the products sold in its stores.

1. LIMITING THE WATER FOOTPRINT OF OUR OPERATIONS AND THEIR IMPACT ON WATER:

Following the analysis of the issues relating to its water consumption, Carrefour's primary objectives in order to limit the impact of its operations on water consumption and quality are as follows:

- **Reduce water consumption per m² of sales area:** Carrefour has deployed precise monitoring (dedicated meters) and new solutions (harvesting rainwater and water-saving taps) at various Group sites.
- **Obtain BREEAM certification for shopping mall construction and expansion projects:** As part of the real-estate operations of Carrefour Property and Carmila, the Group has established a sustainable construction policy in France, Italy and Spain. It is based on BREEAM Construction certification, which aims to ensure that new buildings are beneficial to the environment and the health and safety of their occupants, and conserve biodiversity.
- **Combat 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 pillars: in-store action, constructive collaboration with suppliers and raising customer awareness. 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 and consumers).

2. LIMITING THE WATER FOOTPRINT OF OUR PRODUCTS AND THEIR IMPACT ON WATER

Once Carrefour had identified the priority product categories, it set itself the following objectives:

- **Increase the supply of products originating from a responsible production process:** Carrefour is developing food products from responsible production processes by promoting organic agriculture, Carrefour Quality Line products based on production methods inspired by agroecology (limiting the use of pesticides, antibiotics etc.), and implementing its zero deforestation policy (primarily for 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 product categories sold by Carrefour such as detergents, all-purpose cleaners, textiles, cosmetics and electronic products (screens), along with tourist accommodation and camping services.
- **Develop the supplier listing and responsible procurement policies for suppliers:** Carrefour promotes and develops practices with a low environmental impact, guarantees special management of suppliers in sectors or areas at risk (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.

Our objectives and performance

At Group level, Carrefour has set objectives and implemented action plans to limit the direct and indirect impact of its direct and indirect operations on the quality and quantity of water resources both upstream and downstream

1. LIMITING THE WATER FOOTPRINT OF OUR OPERATIONS AND THEIR IMPACT ON WATER

Objectives:

- Reduce water consumption per m² of sales area.
- All new shopping mall construction and expansion to be BREEAM Construction certified.
- **100 %** of sites will be BREEAM In-Use certified in France by 2025.
- Reduce Carrefour's food waste by 50% by 2025 (compared with 2016).

KPI	2018	2019	2020	Change (2019-2020)	2022 target
Quantity of water consumed per m ² of sales area (in m ³)	1.42	1.43	1.38	-3.4%	-
Quantity of water consumed (in m ³) ⁽¹⁾	13.7	12.5	12.9	4.3%	-

KPI	2018	2019	2020	Change (2019/2020)	Target
Projects with BREEAM New Construction certification (in %) ⁽²⁾	100	100	100	-	100%
Sites with BREEAM In-Use certification (% in value) ⁽²⁾ :	15%	60%	86%	-	100% at end 2025
- very good (in %)	100%	87%	75%	-	
- good (in %)	0%	13%	25%	-	

KPI	2018	2019	2020	Change (2019/2020)	2025 target
% reduction in food waste (compared with 2016) ⁽³⁾	-	9,74%	28.7%	+19 pts	50%
% of unsold food bringing in value ⁽³⁾	-	54,2%	57.4%	+3.2 pts	-

(1) Scope: Non-comparable BUs (97% of consolidated 2019 sales excl. VAT vs 96.1% in 2019) - Excluding RO SM

(2) Scope: Carmila real estate in France, Spain and Italy

(3) Scope: Non-comparable BU (73.3% of 2020 consolidated sales excl. VAT vs. 75% in 2019) - excluding SP, BE, IT SM, TW. Inclusion of warehouse data for Atacadao, Romania and Brazil

2. LIMITING THE WATER FOOTPRINT OF OUR PRODUCTS AND THEIR IMPACT ON WATER

Objectives:

- Textiles: development of the Clean Water Project to reduce the impact of textile industries on water including environmental action in China (IPE), the certification of tanneries (Leather Working Group) and the management of chemical audits of integrated plants. See carrefour.com: "Mobilising our supply chains".
- Sustainable farming:
 - €4.8 billion turnover for the Group from sales of organic products by 2022. In France, Carrefour's objective was to support 500 farmers in their development - including their conversion - by 2020. This objective was achieved a year in advance, in 2019.
 - 10% Carrefour Quality Line penetration in fresh produce by 2025. The Carrefour Quality Lines are the Group's agro-ecology laboratory: Carrefour aims to ensure that all off its product lines have a message that sets the Group apart in terms of agro-ecology by 2025.

KPI	2018	2019	2020	Change (2019/2020)	2022 target
Sales of organic products ⁽¹⁾	€1.8 billion	€2.3 billion	€2.7 billion	+ 17.4%	€4.8 billion

KPI	2018	2019	2020	Change (2019/2020)	2022 target
Implementation of a sustainable forest action plan by 2020 for products linked to deforestation ⁽²⁾	50.1%	67.7%	88.3%	+20.6 pts	100%

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

(2) This composite indicator takes into account the Group's priority raw materials in terms of deforestation: palm oil, wood and paper, Brazilian beef and soy.

Our action plans

Carrefour's commitment to the responsible use of water in its direct and indirect operations is demonstrated particularly by the Anti-Gaspi plan, which aims to reduce the consumption of resources in stores and amongst customers and suppliers. Carrefour also undertakes to monitor and reduce the quantity of water consumed by its stores and is addressing the issue of water consumption in its supply chain and during the use of its products.

SUPPLIES AND PRODUCTS

Consumption in the supply chain (plants): Project Clean Water with suppliers (production processes, use of chemicals, water treatment).

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. Carrefour also offers a range of products that help to limit pollution and water consumption: water-saving taps/valves and fittings, rainwater collectors, eco-certified cleaning products etc.

Carrefour has launched the Clean Water project for the Textiles department. The project has been designed by the Carrefour Global Sourcing sustainable development teams. 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 is intended to raise awareness among suppliers, provide them with training and monitor the management and efficiency of processes consuming water and chemicals (for example 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 leather from Bangladesh in order to focus its work on the tanneries, 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 aim is to effectively reduce the impact of these plants on water and the environment, and to have all clothing supplier production sites trained and compliant in 2021.

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 checked in chemical audits undertaken by third-party companies. These check five aspects: the management of chemicals, the handling of chemicals, the treatment of wastewater, the management of sediment and the efficient management of water consumption.

Agricultural production: In the case of agricultural production, the accent is placed on the assessment of local conditions and the 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 instead of surface irrigation.

- “Smart” farming practices are encouraged, e.g. crop rotation (to prevent compaction and erosion), sprayer inspection, recording of agricultural processing, 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.

OPÉRATIONS

- Carrefour monitors its water consumption and is rolling out action plans to save water. Stores are progressively adopting solutions to reduce water consumption:
 - Precise monitoring: dedicated meters enabling 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. A water-saving process does exist for this department, however:
 - Polypropylene ice buckets are used to reduce the amount of ice required to keep fish/products cold
 - Stabilised refrigerated humidity control requires a lesser quantity 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 site.
- 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.

CASE STUDIES:



Spain: An action plan has been launched to anticipate the consequences of regulations that might be introduced to combat potential water shortages. This action plan has been rolled out in all hypermarkets and is currently being applied to supermarkets (297 sites, i.e. 51% of all Spanish sites).



Brazil: Carrefour Brazil conducts online monitoring of water consumption at all of its stores and has started work on upgrading its water supply lines to improve the management of water consumption under the current conditions of growing water scarcity in the country.

Joint initiatives and partnerships

→ Business Alliance for Water and Climate: As part of COP21, Carrefour has joined the Business Alliance for Water and Climate, which aims to ensure the sustainable management of water resources. 32 of the Alliance's member companies have ensured that this issue will be reflected in a global climate agreement. The Alliance is supported by the 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:

- ❶ To analyse and share water-related risks in order to implement concerted response strategies;
 - ❷ To measure the water footprint using existing standards;
 - ❸ To reduce the impact of direct operations on the availability and quality of water throughout the value chain
- In June 2017, Carrefour Banque launched 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).

Our organisation



SCOPE

The water policy is applied in every Carrefour format and warehouse, along with all own brand products sold under our banners. All countries in the Group must take action to minimise the degradation of local water resources. The measures implemented will vary depending on the existing infrastructure and regulations in force in each country.



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 governance of operations.



METHODS OF PERFORMANCE EVALUATION

The performance indicators relating to the direct and indirect management of water are: water consumption by stores, the promotion and development of sustainable farming (turnover of organic products and penetration of Carrefour Quality Lines), supplies of raw materials at risk (sustainable forest action plan), combating food waste (reduction in food waste) and pollution on our sites (reduction of CO₂ emissions, waste recovered, packaging saved). 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 Executive Officer.



JOINT INITIATIVES AND PARTNERSHIPS

Trade alliance for water and climate change: in the framework of COP21, Carrefour has committed to a Water and Climate Change Business Alliance to ensure sustainable management of water resources. Thirty-two companies involved in the in the Alliance have ensured that this issue is reflected in a global climate agreement.

The Alliance is supported by governments 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:

- ➊ Analysing and sharing water-related risks to implement concerted response strategies;
- ➋ Measuring the water footprint with existing standards;
- ➌ Reducing impacts on water availability and quality in direct operations and along the value chain.

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



FOR MORE INFORMATION

- Limiting pollution on our sites and restoring biodiversity: <https://www.carrefour.com/sites/default/files/2020-07/Limiter%20les%20pollutions%20sur%20nos%20sites%20restaurer.pdf>
- Committing to eco-design and a circular economy for packaging: <https://www.carrefour.com/sites/default/files/2020-07/S%27engager%20pour%20l%27eco-conception%20et%20une%20%C3%A9conomie%20circulaire%20des%20emballages.pdf>
- Combating food waste: <https://www.carrefour.com/sites/default/files/2020-07/Lutter%20contre%20le%20gaspillage%20alimentaire.pdf>
- Promoting and developing sustainable agriculture: https://www.carrefour.com/sites/default/files/2020-07/Promouvoir%20et%20developper%20une%20agriculture%20durable_0.pdf
- Sustainable Forests 2020: https://www.carrefour.com/sites/default/files/2019-12/telecharger_le_leaflet_1503039423.pdf
- Action to protect forests: <https://www.carrefour.com/fr/rse/engagements/proteger-les-forets>