

Environmental policy

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1 Our view on the environment

Colruyt Group wants to make a positive difference in everything it does. Our group mission and values are the crucial guidelines in this process. Every day, we work on a common goal: Together, we create sustainable added value through value-driven craftsmanship in retail. From an economic impulse, this goal leads us to creating a social and ecological added value.

As a retailer, we're aware of the impact on the environment of our activities and by extension those of stakeholders in our value chain. That's why it goes without saying that we undertake to strictly respect all environmental legislation applicable to our company at all times. We also develop strategies and mitigation plans to stop, prevent or limit any negative effects on the environment, but also to maximise positive effects.

Colruyt Group has been a pioneer in sustainable entrepreneurship for a long time. As a retailer, we want to take responsibility and, from our special place in the value chain, be a lever for transparency and sustainable positive change. We do this by joining forces with various stakeholders.

Important **environmental treaties, frameworks and standards** our commitment aligns with include the following:

The Universal Declaration of Human Rights (UDHR);

- The UN Sustainable Development Goals;
- The UN Global Compact;
- The OECD Guidelines for Multinationals;
- The OECD-FAO Guidance for Responsible Agricultural Supply Chains;
- The European Green Deal;
- The 'Planetary Boundaries' concept.

We've defined a number of '**aspirations**' with regard to environment-related themes. They are considered to be valuable principles against which we test our day-to-day decisions, i.e.:

Creating an ecological added value means: generating the lowest possible footprint across the entire value chain.

We reason according to circular economy principles. We consume as few resources as possible.

The complexity of sustainability processes requires an integrated and joint approach, from both one's own and a shared responsibility.

We make long-term decisions. Where possible, we take on a pioneering role, even though in the short term this will not result in any economic added value. We improve gradually and continuously.

We also innovate consciously, often in co-creation, testing new ingredients, materials or technologies, and

launching new business models to remain future-proof.

In our commitment, the focus is on the following **material environmental themes**:

Greenhouse gas emissions: Colruyt Group wants to take its responsibility in the fight against climate change. We commit ourselves to reduce greenhouse gas emissions generated by our own activities and in our supply chain in accordance with [science-based reduction pathways](#) and a maximum global warming of 1.5 °C. In addition, we're also committed to climate adaptation and CO₂ capture (e.g. via an afforestation project in Congo by planting 12 million trees).

Deforestation and conversion of valuable ecosystems: Preventing further deforestation and conversion of other valuable ecosystems is crucial both in the fight against climate change and protecting biodiversity to ensure the ecosystem services we all depend on. We therefore commit ourselves to purchase deforestation- and conversion-free raw materials or products for those chains where this risk is highest. Moreover, in some of our supply chains, such as cocoa and coffee for example, we actively encourage cultivation in agroforestry systems and tree planting.

Waste and food loss: Our retail activities require many ingredients and materials. However, they're in danger of becoming increasingly scarce. That's why we are focused on avoiding and reducing waste and food loss, as well as integrating the principles of the circular economy more generally. With regard to products, we examine whether we can leave out packaging or look for packaging with a low(er) environmental footprint. And with regard to infrastructure, the principle of using our materials as carefully as possible also applies. Where possible and relevant, new circular business models are introduced.

Water: Water is irreplaceable, both for people and for nature. We protect the quality of ground water and surface water by complying with discharge standards and replenish water resources by enabling infiltration of rainwater. We reduce our water consumption and reuse water after treatment as long as the water quality can be guaranteed. Finally, water is also a focal point in our value chain. For example, we want to ensure that the production of the products we sell does not cause irresponsible water pollution or scarcity in the countries of origin.

This policy text **applies to Colruyt Group**. Colruyt Group is understood to mean all entities controlled by Colruyt Group, or in other words Etn. Franz Colruyt NV, and all its subsidiaries.

2 Colruyt Group's Environmental policy

Three pillars can be distinguished in Colruyt Group's environmental policy, i.e.: 1. Our producers and suppliers, 2. Our own activities and sites, and 3. Our customers. Before discussing these three pillars in more detail, we would like to take a moment to reflect on the importance of gaining sufficient understanding of the positive or negative impacts we generate directly or more indirectly. For this, we use internationally recognised and scientifically founded methodologies, which look at the various facets of sustainability, across the entire value chain and life cycle. Examples include the Product Environmental Footprint (PEF) and the Organisation Environmental Footprint (OEF). These insights are combined with the necessary risk analyses to determine the relevance and urgency. This is the only way to make the actual impact of our organisation, products and services more transparent in order to subsequently do something about it.

2.1 Our Producers and Suppliers

As a retailer, Colruyt Group sells many items that are produced in a long and complex supply chain. This applies to private-label products and (inter)national brands. We work closely with numerous producers and suppliers to meet the day-to-day needs of our customers. We seek a professional and responsible long-term relationship with these partners and we therefore expect a commitment from them to reduce their impact on the environment to an acceptable level, in proportion to the planet's ecological capacity (see Planetary boundaries). From our position in the chain, we want to act as a lever. This particularly refers to smaller suppliers and we undertake to support them as much as possible in this ambition.

The following are some of the important measures we adopt:

- Analysis & prioritise: Thanks to the OEF, we know that more than 90% of Colruyt Group's environmental footprint is in our product portfolio. The main impact categories can be linked to climate change, use and depletion of (fossil) resources, biodiversity loss, and water consumption and contamination. Through risk analyses and PEF exercises on individual products, we gain an insight into the importance and priorities within product groups, as well as the type of impact. This should form the basis of an integrated sustainable sourcing policy. Actions mainly focus on 1) changing assortments and 2) reductions in the chain.
- Sustainability certification: For private-label products, we systematically opt for certifications for social and ecological aspects in the case of known, significant challenges. The raw materials and products we focus on are coffee (UTZ, Rainforest Alliance, BIO, Fairtrade), cocoa (UTZ, BIO, Fairtrade), palm (kernel) oil (RSPO), fish or shellfish (MSC, ILFO/ISSF, ASC, BIO), cotton (BCI, GOTS) and wood (FSC, PEFC). Despite the known limitations, certification remains the best way to contain certain

environmental risks on a large scale.

- Sector initiatives and (inter)national chain projects: For a range of high-risk raw materials and products, we commit ourselves to seek more collaboration with chain actors and to increase the transparency. In chain projects, we work closely with stakeholders in the chain to produce the most sustainable product possible. If the business model is feasible, we scale it up to the rest of the category. Sector initiatives in which Colruyt Group has assumed its commitment include Beyond Chocolate and SIFAV (Sustainable Initiative for Fruit and Vegetables). Ultimately, these initiatives aim to get an entire sector to change (cf. System change).
- Innovation: Colruyt Group consciously focuses on innovation. Innovation and sustainability go hand in hand in this. We try out new ingredients, materials and technologies, and develop new business models to be able to guarantee our relevance in the long-term. Often, this is in co-creation with various partners.

2.2 Our own activities and sites

Colruyt Group has been working on making its activities more sustainable for a long time and the ambitions go beyond what is legally required. For decades, we have worked on the prevention and reduction of our direct greenhouse gas emissions. To this end, we identified the biggest CO₂ hotspots: cooling, heating, energy and mobility. By investing in innovative solutions, we can avoid and reduce emissions. Such solutions could be battery-electric or hydrogen-electric vehicles to achieve our ambition of zero-emission freight transport by 2030. Sustainable use of energy is another spearhead. By using less energy, opting for renewable energy sources and using that energy intelligently, we can make a significant contribution.

As our 'aspirations' indicate, Colruyt Group aims to consume as few resources as possible and think as much as possible in terms of circular economy principles, i.e.:

- Refuse & rethink: Avoid using raw materials and rethink products so that fewer raw materials are needed.
- Reduce: Use only what is needed and reduce the amount of raw materials.
- Recircle: Make maximum use of raw materials by putting them back into circulation.
- Recycle: Recycle and reuse materials.
- Recover: Recover energy from materials.

This certainly also applies to our own activities, especially in our pursuit of a circular waste and water management. For our sites, we also place a strong focus on protecting our water supplies by keeping as much water as possible in the natural water cycle and out of the sewer system.

2.3 Our customers

Colruyt Group aims to increase our customers' knowledge and awareness of sustainability and activate them to take concrete action in this area.

In addition to the offer of various products and services, the roll-out of the Eco-Score scoring mechanism is also important. The Eco-Score informs customers and shows the environmental impact of food products via a simple colour and letter code. In this way, we want to actively guide customers towards a diet with a lower environmental impact.

In addition to informing, customers are also actively encouraged to buy products with a low Eco-Score via a points system. They can use these points for environmental restoration initiatives, such as planting trees, sowing flower meadows or protecting natural areas.

Finally, we would also like to refer to Colruyt Group Academy's wide range of workshops that provide inspiration to customers to live and consume more sustainably themselves.

3 Due diligence

Colruyt Group organises itself as much as possible according to the 'due diligence' principle for potential or actual environmental footprint. This may involve negative effects related to activities of Colruyt Group itself, partners or chain actors. The necessary processes should allow violations to be prevented, limited or stopped as much as possible.

For this, we base ourselves primarily on the *OECD Guidelines for Multinational enterprises*.¹ The OECD offers a frame of reference that is dynamic, preventive and risk-oriented. It allows processes of continuous improvement to be structured and greater transparency of risks to be created. In each case, this is driven by the individuality of the company and the broader context in which we find ourselves as a retailer. The following steps can be distinguished:

1. We determine & integrate the environment policy.
2. We identify & evaluate the principal risks and impacts.

¹ OECD Guidelines for Multinational Enterprises, [Guidelines - Organisation for Economic Co-operation and Development \(oecd.org\)](https://www.oecd.org/guidelines).

3. We adopt measures that stop, prevent or limit.
4. We monitor the effectiveness of our measures.
5. We report & communicate about what is going well and what is not going very well.
6. We provide or work towards repair, and raise awareness and craftsmanship.

4 General provisions

4.1 Governance & Monitoring

Our ambitions regarding the environment are monitored by the Sustainability department in close cooperation with the board members.

Of course, the management of each operating unit within Colruyt Group bears responsibility for endorsing and implementing our commitment to the environment. The operations of the operating units are in line with the applicable legislation and internal policy. Ultimate responsibility lies with the Sustainability Domain Board and the Management Committee led by the CEO.

It's important to mention that sustainability is part of Colruyt Group's overarching Enterprise Risk Management processes and has been formally identified as a group risk.

4.2 Stakeholder commitment

Colruyt Group has a strategic place in the chain. However, we are very aware that we are only one stakeholder within a broader system. To achieve our environmental policy, we therefore need to join forces. That's why we enter into a dialogue and collaborate with various stakeholders (business partners, sector federations, governments, NGOs, social and environmental organisations, etc.). In this way, we gather input to further shape our environment approach and to meet complex challenges effectively and with focus.