Climate Change Mitigation in scope 3

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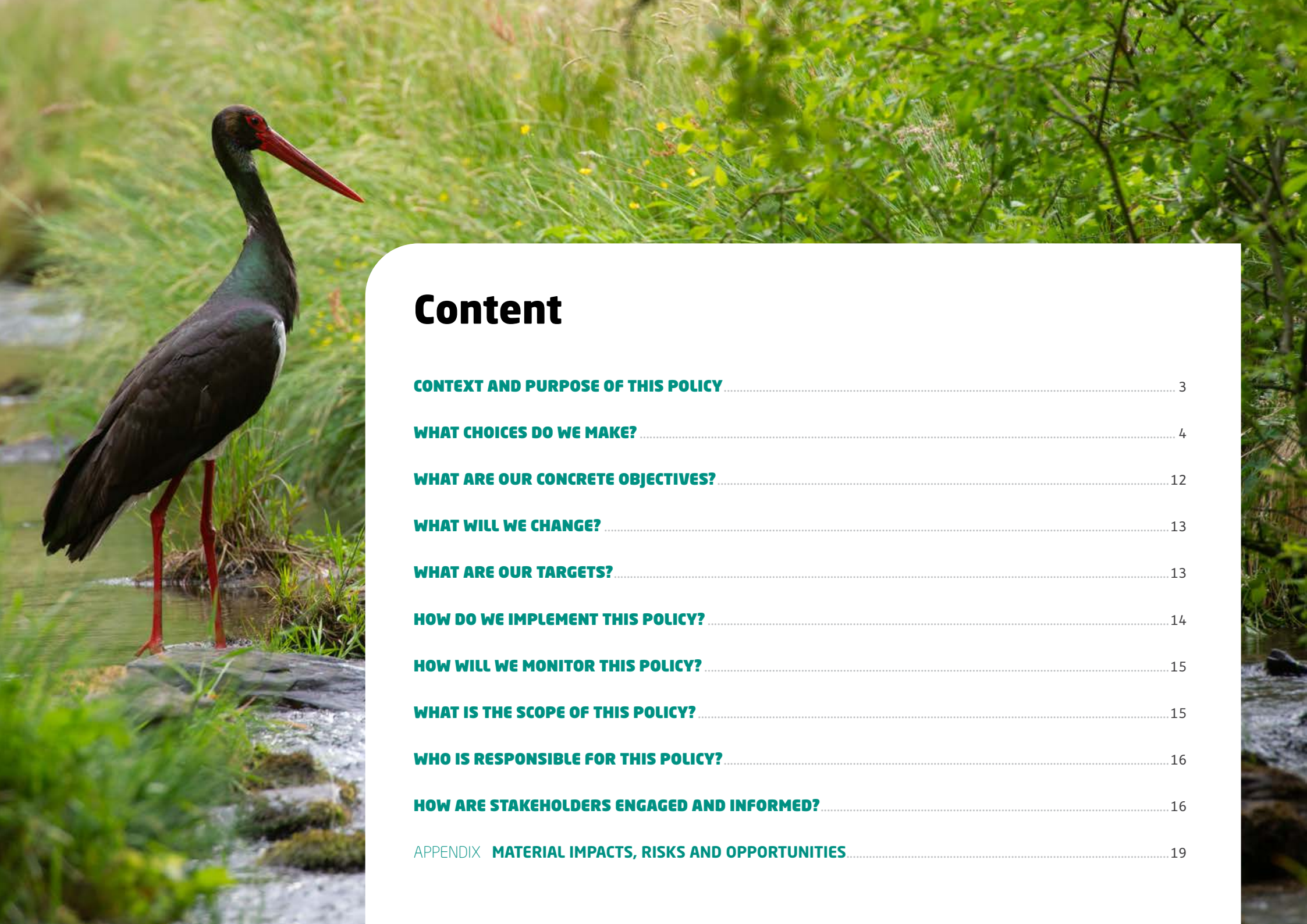
COLRUYTGROUP



Content

CONTEXT AND PURPOSE OF THIS POLICY

Climate change is one of the biggest challenges of our time. As a company, we have to adjust to it (climate change adaptation), but climate change mitigation is even more important.

Climate change mitigation means taking measures to limit the extent or speed of climate change, especially by reducing greenhouse gas emissions. In addition, mitigation is also possible by increasing the so-called natural 'carbon sinks' that absorb a lot of CO_2 from the atmosphere, for example by means of reforestation or carbon farming.

This approach helps to ensure that global warming is limited to 1.5 °C.[1] If the temperature rises by more than 2°C compared to the pre-industrial era, scientists say this may lead to dangerous and even disastrous changes to the environment across the globe.

As a large company, we take our responsibility to contribute to the global efforts to reduce greenhouse gas emissions. We took this path years ago for the emissions under our direct control.

In our upstream and downstream value chains, we also want to (start) playing an active role to promote climate change mitigation and sustainable practices.
This Colruyt Group policy is aimed at limiting the greenhouse gas emissions in our upstream and downstream value chain (scope 3), and thus limit or mitigate the negative impact on climate change. Because it is mainly in our value chain that our largest greenhouse gas emission and therefore negative climate impact is situated: up to 99% of Colruyt Group's total emissions is realised in scope 3.[2]

For effective reductions of the emission in scope 3, we can look in two directions.

- **Upstream**, in front of us in the chain, our business partners can be found. With them, we want to and will engage in more explicit dialogue about sustainability, and more specifically the environment and climate impact. Starting up projects together, sharing our ambitions with each other, examining how we can make a bigger impact from an ecosystem. And also defining product criteria per product category to structurally reduce the impact both for our private labels and for national brands. The aim is to really reduce the footprint of the products in our stores.

- **Downstream**, after us in the chain, our customers can be found. Today, we've already entered into a dialogue about sustainability with them as well. By shifting the sale of products with high greenhouse gas emissions to products with a lower emission, we can have a huge positive impact and significantly reduce our emissions. Working on purchasing behaviour is also the most efficient way *(because you don't have to work in hundreds of supply chains)* and at the same time the most difficult way *(because it requires a system shift)* to reduce greenhouse gas emissions.

[1] The European Union has set the target to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990. This target is legally binding through the European climate law. An ambitious and sizeable legislative package must ensure that Member States achieve this ambition and thus pave the way for climate neutrality by 2050. This last target is one of the pillars of the European Green Deal.

[2] Companies measure their greenhouse gas emissions according to the 3 scopes of the Greenhouse Gas Protocol. Scope 3 includes all the emissions for which Colruyt Group is indirectly responsible throughout the entire value chain. These emissions are the result of Colruyt Group's activities, but are not emitted under the control of Colruyt Group. For example, transport by external partners, emissions related to the production and consumption of the products in our stores, waste processing, business trips, etc.

This group policy is the next step in formalising our climate policy and continuing to work towards a climate-neutral business operations. Because that is the aim: to work towards a maximum reduction of greenhouse gas emissions by 2050, as close to zero as possible.

Click on the image below to read the policy that specifically relates to the reduction of greenhouse gas emissions in scope 1 and 2.

WHAT CHOICES DO WE MAKE?

1 With the Green-score and the sustainable savings programme, we stimulate customers to make sustainable choices.

To reduce the emissions in scope 3, it's very high-impact and even necessary to convince customers of a different eating and consumption pattern, the so-called 'Planetary Health Diet'[3][4]. This eating pattern is healthier and better for the environment.

Market research shows that customers look at us to help them in making these sustainable choices: more and more people are aware of the importance of sustainability and are looking for ways to live and consume more sustainably.

In other words, our reason for being is sustainable entrepreneurship to enable conscious consumption. We want to make it as easy as possible for our customers to meet their needs and unburden them.

We want to help create the right context so that they can make the right choices by themselves. In this case, this means: realising a *'demand-driven'* change in behaviour and thus shift the sale of products with a high CO_2 emission to products with lower emissions.

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[3] The Planetary Health Diet - EAT

[4] "The indicative potential of demand-side strategies to reduce emissions of direct and indirect CO_2 and non-CO_2 GHG emissions in three end-use sectors (buildings, land transport, and food) is 40-70% globally by 2050 (high confidence). (...) The greatest 'shift' potential would come from switching to plant-based diets." (IPCC, 6th assessment, chapter 5).

The Green-score and our sustainable savings programme already give us two levers to steer customer behaviour in the direction of those low(er)-carbon products. We chose the Green-score for its feasibility, affordability and scalability to make the environmental impact of a product available. The Green-score is a clear and simple way to show a product's impact on the environment. It can be used on the packaging and/or digitally.

We not only position the Green-score as a tool to inform consumers or make them more aware, but above all to achieve an effective change in behaviour. That's why we linked it to the savings programme. Because we know by know that 'informing' alone is not enough to make customers change their purchasing behaviour.

A lot of factors on the shelves already play a role - consciously and unconsciously - in making the decision which product the customer will take home. With the sustainable savings programme, we are explicitly rewarding the customers who buy products with a lower environmental impact. And we want to involve our business partners in this story as well.

Colruyt Group's sustainable savings program: customers who buy products with a Green Score of A+ or A – products with a lower environmental impact – are rewarded with points. They can use these points to support good causes, get free products, or attend a free webinar. New results are published every month.

[5] The score is based on Agribalyse, a French database with PEF-based LCAs (incl. the CO_2 emissions of a product consumed in France of 2,500 product categories, completed with bonus/malus data (regarding transport, production method, recyclability of the packaging). We show the Eco-score on the entire food basked (10,000 A-brand products and 4,800 private-label products) in the stores on price labels, online (Xtra app, Colruyt.be, Bioplanet.be), on the packaging of 800 Boni products, in folders, in TV campaigns, on social media. More information: How is the Eco-score calculated? | Colruyt Group.

2 To contribute to a better planet and a healthier and balanced eating pattern, Colruyt Group focuses on the protein shift, in particular by selling more plant-based and alternative products.

The protein shift is a very concrete part of the behavioural change and sustainable consumption we want to help achieve. With great potential. As a producer of protein and retailer of food products, Colruyt Group will position itself pro-actively as a helping hand towards customers. We want to guide customers towards a balanced and sustainable eating pattern, but in the end they make the choice in the context of their own lifestyle.

To develop successful meat replacements and plant-based protein products, consumer acceptance is important. First of all, we choose to increase the accessibility of plant-based proteins, both for new and for existing products.

An accessible product is a product that is accessible in terms of price and flavour, and that is known and trusted by the consumer. Accessible also means: visible enough. Both in the physical and digital points of sale and in the marketing communication. This is how we want to increase the sale of plant-based proteins.

In addition, we want to focus on making our product range wider and deeper, and we will invest in new, flavourful, plant-based protein products. With co-creation and partnerships, we want to generate new business opportunities throughout the chain, that reinforce or accelerate the protein shift.

3 In our private labels, we are launching the sub-brand Boni Plan't and give Boni Eco a new, stronger interpretation.

By means of shifts in our product range, we can have an impact on the purchasing behaviour of our customers and thus have a positive influence on the total emissions of our product portfolio. We examine how we can give climate impact a place in the assortment management and determination of the product mix (Customer Offer).

For our private label Boni, we launched a new sub-brand, composed of plant-based and vegetarian references: Boni Plan't (also see strategic choice 2).

In addition, we will give the existing sub-brand Boni Eco, that offers non-food references in maintenance products and toilet paper for example, a new and up-to-date interpretation, in line with our sustainability objectives.

With both sub-brands, we want to offer a good alternative for carbon-intensive products. By focusing on various parameters (e.g. distribution level, promo intensity, marketing communication, etc.) with our different commerces, we want to convince even more customers to purchase these products.

With Boni Plan't, we bring all of Boni's plant-based products together under one label. This makes the affordable plant-based alternatives even easier to recognize.

4 We use transparent criteria, both for our products and for the composition of our range. Like this, we make it easier for our customers to make sustainable choices.

We want to make it as simple as possible for our customers to make sustainable choices and unburden them in this (cf. strategic choice 1). We want to do this for example by untangling the clew of claims, certificates and information labels for them, and developing a clear and transparent set of (climate) criteria that we consistently apply to our products and for the composition of our product ranges.

We already have experience in product criteria thanks to having made our private labels more sustainable for years (e.g. the nearly 100% certified cocoa, coffee, etc.), for example by means of specifications, company positions and by choosing certification.

We also want to give greenhouse gas emissions and CO_2 reduction a place in this. This is already the case indirectly, through the existing product criteria for defo-restation and packaging. We will use externally available and credible certificates and scores as much as possible. Of course, the different brand layers continue to play their role. Customers can still make conscious choices, but don't have to be an expert to know what to choose.

Market developments will make it easier for business partners and producers to adopt certain criteria. Moreover, some products may disappear from our product range after a while, not just because of our set of criteria but also because of changing regulations and market mechanics, other consumer preferences and not in the least due to lower availability and higher prices as a result of climate change. This also fits in our general approach of Customer Offer: we only want to offer relevant products and services, for which the customer is prepared to pay.

5 For the food commodities with the highest impact and their derived products, we want to work towards a sector-wide approach for CO_2 reduction, which we test, scale up and roll out step by step.

Throughout all our products, a number of food commodities come back regularly that have high emissions, mainly in the farming phase. Examples are milk, beef or coffee beans.

For every directly derived product (e.g. yoghurt, minced meat or coffee capsules), the challenge is often the same: reduce the CO_2 emissions of the commodity. In this case, we choose to elaborate one coherent and clear approach at the level of this commodity, instead of per product or product group, or per business partner.

We reduce the climate impact of such a food commodity preferably at sector level, to develop a clear approach that is supported by the various chain partners and pays sufficient attention to the variety of the producer landscape (large-scale agricultural holdings, cooperatives, smallholders, etc.).

Working at sector level also implies participating in multi-stakeholder initiatives and sector organisations, and collaborating pre-competitively to create a level playing field. We do this in our role as retailer, but often also as producer (Fine Food).

An example of our work at the sector level is our collaboration with the dairy company Inex. Together with their roughly 300 dairy farmers, we are exploring ways to reduce the greenhouse gas emissions from their milk production. Read more about it in our press release.

Thanks to our experience with international chain projects and Belgian projects with farmers, we know that it is often more effective to start small (e.g. through pilot projects) to acquire experience and create support and then scale up later if possible.

As soon as enough maturity has developed throughout the chain, ideally this results in a standard set of product criteria (cf. strategic choice 4). The roll-out of that can still proceed in stages per (product) group or per (type of) business partner.

We assume that this strategic choice will also contribute to risk mitigation thanks to better contacts throughout the sector and a better reputation by taking an active role and to further opportunities linked to vertical integration (e.g. stable supply chains, better collaboration, transparent price structure).

6 For our product criteria, we look holistically at the environmental impact and other themes such as health, human rights, local anchoring and animal welfare. This allows us to avoid secondary negative effects on other important themes due to a one-sided focus on CO_2 reduction.

Our products have an impact on the environment as a whole, not just on climate change. Moreover, social factors are also inherently related to a product's production method, as is animal welfare. Health is linked to the composition of a product and the choice of (the ratio of) certain ingredients. In short, a positive measure for CO_2 reduction may have negative effects on animal welfare or nitrogen pollution for example.

The other way round is also possible: sometimes, social themes such as a living income can be a lever or even a condition to achieve climate targets. The same goes for the reduction of food loss or the use of materials.

We choose to look at all these elements holistically when making decisions.

7 With our private brand Boni, we want to focus on reducing the environmental impact, including CO_2 reduction. We will make this explicit in a concrete reduction plan.

As for most products, the climate impact also weighs most for our private-label products in terms of impact on the environment. We believe that our private brand Boni especially has to play a role when it comes to climate mitigation.

The choice to give Boni a preferred role is obvious: with this brand, we pay extra attention to sustainability, in addition to flavour, health and quality. In parallel with how we often worked in the past, we follow the market evolutions per brand layer for other private brands and home brands (and especially Everyday).

We intend to draw up a specific reduction plan for Boni, complementary to the strategic choices made. We apply the existing processes regarding product quality and composition, and customer offer, combined with the higher reach we have for our private labels, to have maximum impact and implement sustainable innovations. Within this reduction plan, we also want to make the most of the sub-brands Boni Plan't and Boni Eco.

Boni Eco is our range of ecological household and care products.

8 We challenge our business partners for A brands to take further steps with us in the reduction of CO_2, by making our expectations explicit and working together in a targeted manner.

Like for our sales figures, A brand products make up the majority of our scope 3 emissions as well. We also want to enter into structural dialogue with our business partners for A brands, regarding climate mitigation and CO_2 reduction.

Two points are important in this: on the one hand, we have a long-term collaboration with most of them *de facto*. On the other hand, they are the ones who push the market forward in terms of product innovation. That's why it's an excellent opportunity to introduce the climate impact topic to our dialogue with them.

First, we will make our expectations explicit, for example regarding targets, ambition level, reduction paths, reporting of product emissions. We already do this today partly by asking our business partners to define climate objectives according to the methodology of the Science-based Targets initiative.

Secondly, we want to check for which high-impact product (groups) and with which business partners it may be interesting to enter into a collaboration and look at concrete projects and opportunities together to achieve reductions together in our joint value chains.

Not only will this give us knowledge and experience, it also allows us to make the relationship with our business partners deeper and richer. And this on top of the potential impact we can have together.

9 We ensure that we can make the necessary progress on CO_2 reduction with our Belgian producers. In our role in the Belgian retail landscape, we support them to be able to achieve this progress together.

It's one of our strategic choices to offer as many Belgian products as possible in our stores as the only Belgian retailer. Therefore, we buy as many Belgian products as possible, work (directly) with Belgian farmers, and commit to vertical integration to keep production in Belgium.

We therefore find it important to focus on this Belgian context first for our climate efforts, especially when we want to collaborate more intensively.

At the same time, we realise that not every Belgian SME today is ready to calculate their CO_2 emissions, let alone to concretely start a CO_2 reduction plan. We want to do what we can to stimulate and facilitate them in this, and create a fertile and stable context to make demonstrable progress. This is possible in various ways, depending on everyone's needs.

A first in Belgium: locally grown edamame beans, in collaboration with the Aardappelhoeve in Tielt.

10 We are aware of the efforts and investments that will come with CO_2 reduction in the short term for the entire sector. We creatively and proactively look for smart partnerships and innovations that can be a win-win-win for Colruyt Group, its business partners and its customers.

There are big challenges regarding CO_2 reduction in various sectors, that will probably entail significant investments in the short term. Especially the agricultural sector, but the transport sector as well, for example. At the same time, we know that decarbonisation in the long run will or may also yield money thanks to simplification and efficiency, and that it mitigates risks that may potentially lead to exponentially higher costs.

In a standard scenario, we will not simply bear these additional costs. However, we will help look for alternative solutions and opportunities to make these investments possible. For example, through smart partnerships, collaboration modalities, or by jumping on the bandwagon of certain innovations. Based on entrepreneurship and always with an eye for the 'win-win'. Therefore, we do acknowledge that decarbonisation is a shared responsibility.

A good example are our agricultural projects, where we bring partners together in a clever manner, and thus ensure a logistic optimisation or fewer intermediate partners. Based on our zero-emission transport projects and together with Virya Energy, we also position partnerships to our business partners and transport partners as a solution to make investments bearable. But we also pay attention to new business partner services, additional value generation thanks to carbon credits in the agricultural sector, interesting financing formats, bundling volumes, etc.

The shorter the supply chain, the better. The Magic Star apples from fruit grower Steve Neven go almost directly from harvest to our cooling facilities.

WHAT ARE OUR CONCRETE OBJECTIVES

By 2027, 77% of our suppliers (by purchase figures) will have science-based climate objectives.[6]

The target was drawn up according to the method of the Science-based Targets initiative (SBTi) and subsequently also validated successfully by this organisation. This means that the ambition level of our target is compatible with limiting global warming to 1.5°C, in line with the Paris Agreement.

To monitor this target, we define which suppliers have CO_2 reduction targets approved by the Science-based Targets initiative (SBTi), i.e. with the status "Targets set'.

In addition, other targets also directly or indirectly contribute to the reduction of climate impact:

- **Deforestation**: by 2030, we will eliminate deforestation and land use conversion for products from high-risk chains.
- **Packaging**: by 2030, all packaging in our stores will be recyclable or reusable.
- **Zero-emission transport**: by 2035, all the freight transport, carried out by and for Colruyt Group, will be zero-emission across the whole value chain.
- **Protein shift**: by 2028, 60% of the proteins in our sold products will come from plant sources and 40% from animal sources.
- **Use of sold products**: Colruyt Group commits to reduce the absolute scope 3 greenhouse gas emissions due to the use of sold goods by 42% compared to the basic year 2021 by 2030. This target is also 'science-based'.

[6] Colruyt Group commits that by 2027, 77% of its suppliers, based on the expenditure for purchased goods and services, will have science-based targets."

[7] Read our policy for smarter packaging.

WHAT WILL WE CHANGE?

To achieve the target and the group policy, we have identified a number of necessary changes. These will be expanded more.

- **Complete Business Partner structure**: management of the structure of all business partners of all OUs of the group, to allow to obtain a consolidated overview at group level and make it possible to measure and steer the target.
- **Business Partner Data**: keep data and information on the climate ambitions and commitments of business partners, to be integrated with Sustainability.
- **Product Data**: request, keep and manage product carbon footprint data of Business Partners, to be integrated with Sustainability.
- **Product and Business Partner Selection**: include climate criteria in the product and Business Partner selection process. Adjust contract terms and agreements with business partners.
- **Sustainability Business Partner Advice**: elaborate and implement support mechanisms (from information, over coaching, to possibly consultancy) for Belgian business partners to support them in their climate trajectory and our expectations regarding this.
- **Colruyt Group Sustainability Cockpit**: integration of climate plans and SBTi commitment of business partners and measurement of scope 3 emissions in line with GHG Protocol, with integration of primary data of business partners. Not only to monitor the target, but also to prepare us for an absolute reduction target.

WHAT ARE OUR TARGETS

The targets are our intermediate targets per financial year, specifically for the climate mitigation topic in scope 3 and the target linked to the climate targets of our suppliers. From the 2024/25 financial year, achieving them is linked to a part of the profit bonus, a component of the collective variable pay of the middle and senior management.

	Target purchase figure of suppliers with SBTi status 'Targets set' (%)
24/25 financial year	35 %
25/26 financial year	40 %
26/27 financial year	TBC
27/28 financial year	77 %

HOW DO WE IMPLEMENT THIS POLICY?

For the implementation of our strategic choices and objectives, we selected a number of decarbonisation levers that should allow to mitigate the impact of Colruyt Group on climate change. These levers are a part of our **climate transition plan**. In the future, we will also quantify, fine-tune and substantiate them in the form of a plan of action.

- Green-score and the sustainable savings programme
- protein shift
- assortment mix
- supplier criteria
- product criteria
- zero-emission transport

For the 'supplier criteria' and 'zero-emission transport' lever, we already have concrete tracks. The purchasing department is already actively adding the required to science-based climate targets on the agenda with existing and new business partners. The transport department is working closely together with transport partners as well as business partners to make the first transport flows zero-emission in the short term.

Simultaneously and to support:

- we follow legislative initiatives regarding climate change mitigation in scope 3;
- we observe trends and evolutions in the (wide) retail sector;
- we examine the use and necessity of (pre-competitive) collaborations;
- we initiate pilot projects to learn by doing and anticipate future challenges by already focusing; on innovation
- we evaluate and update our policy and our plans of action.

HOW WILL WE MONITOR THIS POLICY?

The policy linked to Sustainable Sourcing was drawn up by the **Sustainability targets Product Steering Committee** led by the **Business Lead** for Climate change mitigation (scope 3) appointed at Colruyt Group, Geert Roels, Chief Purchasing Officer. The Sustainability Service Centre ensures the facilitation and preparation of this Steering Committee with a **working group composed of experts**.

The policy linked to Customer behaviour and Offer was copied from existing and validated policy texts, that have their own governance and decision-making process. In the Steering Committee, the objectives formulated in this policy and the indicators and targets linked to them are monitored periodically. The Sustainability Service Centre always prepares the necessary reporting for this. The project managers involved also report on the progress and effectiveness of the changes and actions.

Every year, we go through the following **process**:

- We closely monitor our **material IROs** and slightly update the double materiality assessment at least once a year, including for Climate change mitigation. Any changes are integrated in our sustainability strategy.

- We evaluate the **progress of our objectives** regarding Climate change mitigation by means of the linked indicators and targets.[8]

- Based on this, we determine what has to be adjusted or added to the existing **Climate change mitigation policy**. If necessary, strategic choices are adjusted and additional **objectives and indicators** are formulated. These new objectives are validated by the Management Committee. Finally, the related **roadmaps** are also adjusted.

WHAT IS THE SCOPE OF THIS POLICY?

The policy applies to the entire Colruyt Group, in Belgium, Luxembourg and France (as main geographical dimensions) and applies to all our activities and consolidated legal entities. Each operating unit follows the principles from this climate policy, but has the freedom to add its own accents based on its own strategy.

This policy relates to the reduction of greenhouse gases in scope 3 and mainly relates to the upstream and downstream value chain that is linked to our activities.

[8] For more information on the measuring method of the greenhouse gas inventory and the indicators, we refer to the reporting principles as stated in our annual report, chapter 'Climate change'.

WHO IS RESPONSIBLE FOR THIS POLICY?

The responsibility for the implementation of the general policy for Climate change mitigation (scope 3) was assigned to the **Business Lead** appointed in Colruyt Group, Jo Willemyns, COO Food Retail.

For the policy specifically linked to Sustainable Sourcing and the product impact in the value chain, this responsibility was assigned to Geert Roels, Chief Purchasing Officer for the group.

The Business Lead takes ownership of the implementation of the policy, as well as the corresponding objectives, and decides on the necessary changes and actions. It's the responsibility of the Sustainability Service Centre, led by the **Colruyt Group Sustainability Officer**, to ensure the necessary reporting and thus help monitor the effectiveness of the implementation of the policy.

The final responsibility for the implementation of Colruyt Group's overarching sustainability policy lies with Colruyt Group's **Management Committee** led by the CEO.

Jo Willemyns
Business Lead Climate Mitigation (scope 3)

HOW ARE STAKEHOLDERS ENGAGED AND INFORMED?

In addition to setting up and implementing a policy regarding decarbonisation, a frequent, clear and open communication about the plan and the implementation is also important. Communication creates transparency and support, both internally and externally.

This communication is not an empty slogan for Colruyt Group but an active working point that creates added value for internal and external stakeholders. At Colruyt Group, we attach great importance to this, as a Belgian retailer and listed company. We use various channels and tools to share the content and progress of our decarbonisation policy.

External stakeholders are informed and consulted on this policy plan through various channels at frequent intervals.

- The policy is published on Colruyt Group's website and is referred to in the annual report. Moreover, all stakeholders can consult Colruyt Group's website for more information on our approach and concrete achievements.
- Colruyt Group's annual report also includes information on the policy, the objectives and the actions we take to reduce greenhouse gas emissions.
- Communication campaigns for our customers are aimed at informing customers and activating them to make the right choices. The 'impact on climate change' parameter is also included in the Green-score. This score can be seen in the Belgian food retail formats and in our communication campaigns.

In addition to merely informing, we also want to enter into dialogue regarding our policy plan and existing and future legislation. This is the task of our Public Affairs department. Public Affairs Colruyt Group propagates our vision on Climate change mitigation among policy makers on a European, federal and regional level. Depending on the topic, we follow the law correctly or pioneer and are even ahead of future legislation.

As the biggest Belgian retailer with a clear vision on decarbonisation (and wider: sustainability), we take steps to reduce our footprint every day. As a result, we can rely on solid knowledge of content and practical experience regarding the correct implementation.

We find it important to share these experiences with policy makers. In doing so, we indicate which existing policy measures to reduce greenhouse gas emissions work efficiently and effectively or where we see challenges in the implementation of this legislation. In this last case, we propose alternatives to the policy makers.

As explained before, we also pioneer when it comes to climate change mitigation. Pioneering means not being afraid, taking responsibility, being ahead and anticipating. In these cases, we are confronted with a non-existing or only partially existing legal framework or with a legal framework that hinders our innovation or makes it completely impossible. In these cases as well, we will enter into a dialogue with the policy makers, but especially to point out the lack of legislation or conflicting regulation that hinders us in our innovation regarding the reduction of greenhouse gas emissions.

In some cases, we enter into a *direct* dialogue with the policy makers. This is often the case for innovation. In other cases, it's better to join forces at sector level. In these scenarios, we enter into dialogue with the legislator through federations such as VOKA or the VBO. Often, the dialogue with the policy makers at a regional and federal level goes through the Belgian sector federation for retail, Comeos. Comeos represents all retailers active in Belgium and can in some cases act as Single Point of Contact for dialogue, about topics that concern all retailers.

Specifically for climate change adaptation, we also actively enter into dialogue with government institutions that shape the federal or regional climate policy. In Flanders, this is the VEKA. By actively sharing insights, concerns, ideas and proposals with them, we contribute to a feasible, affordable and targeted policy on climate change adaptation.

The European counterpart of Comeos is Eurocommerce. Since long, Eurocommerce has been active in the domain of climate change mitigation and actively reducing the carbon footprint. In 2024, Eurocommerce started an elaborate study in the European retail sector to map out the carbon footprint. The study, in which Colruyt Group participated actively, was carried out in close collaboration with external consultant Olivier Wyman.

The results from the study were summarised in a report that clearly highlighted the crucial role of European retail in achieving the net zero objective. In a next phase, the findings from this report will be used to examine which concrete steps the European retail sector can take to continue to shape the "quest to reach net zero". We wish to work constructively on elaborating new legislation at a European level and love to be a sounding board.

In addition to direct discussions with policy makers and consultation of sector federations at various levels, we also discuss possible initiatives and policy regarding climate with other stakeholders. Organisations such as Embuild, OVAM, ODE are perfect discussion partners to share ideas and visions on the implementation of the climate change mitigation strategy. Our experience shows that these discussions are enlightening and constructive and yield a clear added value.

In our discussions with the policy makers at the various levels, we include two important messages:

- We ask a uniform legislation for all European member states and are opposed to scattered legislation per member state. As a retailer, we are active in one competitive European market and therefore, there should be a level playing field for all retailers at that level, also when it comes to measures regarding climate change mitigation. A scattered legislation that varies highly per member state as a result of *goldplating* by individual member states is counterproductive and detracts from the competitive strength of the companies situated there.

- If there are any initiatives for new climate legislation, we are requesting party for a feasible and affordable regulating framework. As a retailer, we are active in a highly competitive environment. This is translated in a cost-efficient and well-considered approach, also in terms of climate. Investments in climate change mitigation require time (think for example of investments in real estate with a long service life) and resources. As a result, we ask policy makers for a policy that facilitates innovation instead of hindering it, and sufficient time to implement the legislation.

Colruyt Group means Colruyt Group NV, including all entities in which a majority stake is held. Moreover, the directors who represent Colruyt Group in participations also propagate the values of this policy, and strive to apply this Colruyt Group Policy there as well as possible

APPENDIX

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES (IRO) THE POLICY RELATES TO

Our material impacts, risks and opportunities were defined by means of a double materiality assessment carried out in the spring of 2024. This assessment focuses on two dimensions: financial materiality and impact materiality.

Financial materiality focuses on the themes that directly influence the economic value and performance of Colruyt Group, such as risks and opportunities that may influence financial results. Impact materiality on the other hand, looks at how Colruyt Group's activities have social, environmental and economic consequences for the wider society and the planet.

By integrating both perspectives, we get a broader and deeper understanding of the relevant sustainability themes that influence both Colruyt Group's financial performance and the impact the company has on society and the environment.

This helps us to

- continue to integrate sustainability in Colruyt Group's strategy and decision-making processes and the further substantiation of the sustainability objectives;
- mitigate sustainability risks and seize opportunities that may have financial consequences for Colruyt Group;
- give investors and other stakeholders a completer image by reporting and communicating on the relevant sustainability themes. The materiality assessment is the foundation of the sustainability reporting, as defined in the Corporate Sustainability Reporting Directive (CSRD).

For the Climate change mitigation topic, these are our material impacts, risks and opportunities in the value chain (VC):

	Material IRO	Description	Field
Climate change mitigation			
Negative impact (VC)	Fertilizers and pesticides in agricultural activities	The impact of production and use of fertilizers and pesticides in agricultural activities on the product footprint and greenhouse gas emissions.	Nutrition; Non-Food Textiles
Negative impact (VC)	Cattle-breeding for meat and dairy	The impact of cattle-breeding (incl. animal feed) for meat and dairy on greenhouse gas emissions.	Nutrition
Negative impact (VC)	Production of plastics	Impact of the production of plastics for non-food, near-food and packaging on greenhouse gas emissions.	Nutrition
Negative impact (VC)	Fossil fuels for goods transport	The impact of the use of fossil fuels for goods transport on greenhouse gas emissions.	In general
Negative impact (VC)	Fossil fuels for customer travel	The impact of the use of fossil fuels for customer travel on greenhouse gas emissions.	In general
Negative impact (VC)	Fossil fuels for heating and industrial processes	The impact of the use of fossil fuels for heating and industrial processes.	In general
Negative impact (VC)	Use of products at the consumer's	The impact of the consumption phase of products sold by Colruyt Group (fossil fuels, electronics, charcoal) on climate change.	Nutrition