

An aerial photograph of a lush tropical forest. A river flows through the center, with a concrete bridge crossing it. The surrounding area shows signs of human activity, including a small building with a blue roof and a dirt road. The forest is dense and green, with some areas appearing to be cleared or under construction.

Our policy on deforestation-free products

Version: March 2026

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1 CONTEXT AND PURPOSE OF THIS POLICY

We want to guarantee to customers that the products we sell are not (partly) produced on recently deforested land (after 2020).

Deforestation is the destruction of forests in order to apply other forms of land use on the freed land, such as agriculture and livestock farming. Global deforestation has a negative impact on climate change and thus also on the availability of products from certain regions.

The destruction of increasingly scarce ecosystems (natural areas) is one of the main causes of biodiversity loss. Our food supply depends directly on this (pollination, soil, water, genetic diversity, etc.).

Focusing on protecting and restoring ecosystems therefore contributes to reducing the environmental impact of our products and fits within our overall sustainability policy.

At the same time, this policy describes how we will comply with the provisions of the [European Deforestation Regulation \(EUDR\)](#).



The destruction of increasingly scarce ecosystems is one of the main causes of biodiversity loss.

2 WHAT CHOICES DO WE MAKE?

1 **Guaranteeing that the products we sell are deforestation-free is part of a broader framework: making the value chain of the products we (sell and) purchase more sustainable.**

For our product criteria, we take a holistic view of environmental impact and also consider other themes such as health, human rights, local anchoring and animal welfare. In this way, we avoid secondary negative effects on other important themes due to an overly one-sided focus.

We address this structurally by:

- **applying our due diligence policy;**
- **further developing our sustainable sourcing policy;**
- **making the relationships with our business partners more sustainable.**

2 **We focus on smart partnerships that create a win-win for Colruyt Group and its business partners.**

To ensure that we do not sell products originating from deforested areas, we also need our business partners. Where relevant, we therefore focus on smart partnerships across the sector with various stakeholders, such as purchasing alliances, knowledge institutions, multi-stakeholder platforms, etc. By moving together with the sector, we ensure a uniform, broadly supported and efficient approach for the various chain partners. Economies of scale help limit costs and ensure the best price for the customer.



3 We apply a mix of measures to prevent the potential negative impact of deforestation in our supply chains.

At Colruyt Group, we use the following types of measures to mitigate negative environmental and/or social impacts in our supply chains: product-level measures, business partner-level measures, measures linked to commercial practices and measures linked to our customer offering.

In the coming years, we will develop and combine these measures depending on the type of business partner, the type of supply chain, the type of negative impact and the magnitude of the risk. We apply a phased, action-oriented approach with the aim of prioritising the mitigation of the largest negative impacts in our value chain.

To guarantee that our products are deforestation-free, we start with:

• Product-level measures

- o Due diligence statements for the import of products within the scope of the European Deforestation Regulation.
- o Certifications with guarantees by third parties for specific private label products.

Raw material and derived private label products	Third-party certification
Wood, paper	FSC, PEFC
Coffee, cocoa	Rainforest Alliance
Palm oil	RSPO
Soy	RTRS

• Business partner-level measures

- o We expect suppliers to provide us with the information we need regarding traceability, risk assessments and verification.



- 100% of our private label products in wood or paper are certified. Click on the image above to read more about our certified wood and paper products.

3 WHAT IS OUR CONCRETE OBJECTIVE?

By 2030, we eliminate deforestation and land-use conversion for products from high-risk supply chains.

In a first phase, we focus only on deforestation and the products within the scope of the European Deforestation Regulation.

In a second phase, we will define and identify other high-risk supply chains (combination of product risk and origin risk) that involve land-use conversion and have a negative impact on the protection of ecosystems.

To monitor our progress in achieving this objective, we have inventoried the products within the scope of the European Deforestation Regulation and their suppliers. We are now further investigating which indicators at product and/or supplier level are relevant and available to measure our progress more concretely in the future.

4 WHAT ARE WE GOING TO CHANGE?

The necessary changes in our organisation to realise this policy and our objectives are thematic derivatives of the changes needed to implement our due diligence policy:

- **overarching impact analysis: identifying, assessing and prioritising impacts;**
- **creating, managing and verifying EUDR-specific due diligence statements, including the necessary information systems, integration with the European platform and training of employees to work with them;**
- **planning and implementing mitigating actions;**
- **collecting data and information regarding products and business partners;**
- **adapted selection of products and business partners;**
- **setting up monitoring to track and report progress.**



➤ Or raw materials such as cocoa, coffee, wood, palm oil and soy, we rely on third-party certification.

5 HOW DO WE IMPLEMENT THIS POLICY?

When implementing our policy, we ensure compliance with the provisions of the **European Deforestation Regulation (EUDR)**.

To determine which obligations we must meet and what the potential impact of the regulation is on our organisation, we conducted an impact analysis last year as a starting point for an implementation roadmap.

- Where Colruyt Group acts as 'operator' – in the case of **imports** – we make every effort to deliver reliable EUDR-specific due diligence statements. We treat this as a priority.
- Where Colruyt Group acts as 'trader', we limit the administrative burden for all parties. At the same time, we always ensure that our B2B customers can meet their legal obligations.

In the meantime, we are implementing the necessary processes and systems to realise our **due diligence policy**. Afterwards, we refine and enrich our action plans and measures.

We focus on (pre-competitive) **collaborations** that create a win-win for Colruyt Group and its business partners, particularly with regard to:

- the use of shared global standards for exchanging information;
- sharing information on supply chain mapping and traceability;
- sharing risk assessment methods and results;
- sharing information on supplier non-compliance;
- supporting efforts to identify compliance by indirect suppliers and to pool investments in supply chain mapping, monitoring and verification for/by indirect suppliers.

6 HOW DO WE MONITOR THIS POLICY?

The policy was drawn up by the **Steering Group Sustainability Product Policy** under the leadership of the **Business Lead** within Colruyt Group, **Geert Roels, CPO Colruyt Group**. The Service Center Sustainability facilitates and prepares the Steering Group with a working group of experts.

The Steering Group periodically monitors the objectives formulated in this policy and the associated indicators and targets. The Service Center Sustainability prepares the necessary reporting each time. The involved project managers also report on the progress and effectiveness of the relevant changes and actions.

Each year, we go through the following process:

- We closely monitor our **material IROs** and perform at least a light annual update of the double materiality analysis, including biodiversity and ecosystems. Any changes are integrated into our sustainability strategy.
- We evaluate **progress on our objectives** regarding deforestation-free products via yet-to-be-defined indicators and targets.
- Based on this, we determine what needs to be adjusted or added to the existing policy. If necessary, strategic choices are revised and additional **objectives and indicators** are formulated. These new objectives are validated by the Executive Committee. Finally, the related **roadmaps** are also adjusted.

7 WHAT IS THE SCOPE OF THIS POLICY?

Organisational scope

All operating units of Colruyt Group in Belgium, Luxembourg and France that trade the products in scope, and their upstream value chain, are in scope.

We prioritise those activities that first place products on the European market or export them: import, export and food production. Followed by foodservice and B2B activities..

Product scope

At this stage, we focus only on the products within the scope of the European Deforestation Regulation: soy, palm, wood (including paper), cocoa, coffee, rubber, cattle (including leather) and their derived products.

These are the most important high-risk (food) raw materials, known to require extensive land use in countries/regions where the risks of deforestation and ecosystem conversion are high.

The policy applies to both A-brands and private label products.

8 WHO IS RESPONSIBLE FOR THE VALIDATION AND IMPLEMENTATION OF THIS POLICY?

Responsibility for implementing the deforestation-free products policy has been assigned to the Business Lead within Colruyt Group, **Geert Roels, CPO Colruyt Group**.

The Business Lead takes ownership of the implementation of the policy, as well as the corresponding objectives, and determines the necessary changes and actions. It is the responsibility of the Service Center Sustainability, under the leadership of the **Corporate Sustainability Officer**, to provide the necessary reporting and thereby help safeguard the effectiveness of policy implementation.

Ultimate responsibility for the implementation of the overarching sustainability policy of Colruyt Group lies with the **Executive Committee** under the leadership of the CEO.



Geert Roels
Business Lead
Deforestation-free products

9 HOW ARE STAKEHOLDERS INVOLVED AND INFORMED?

All stakeholders can consult the [website](#) for further information on our approach and concrete achievements. The Colruyt Group [annual report](#) also contains information on the policy, objectives and actions we take to make our value chains more sustainable.

We work with our suppliers both proactively and operationally.

- **Proactively: we engage in dialogue on trends and developments to make value chains in the sector more sustainable and we explore the usefulness and necessity of (pre-competitive) collaborations.**
- **Operationally: suppliers are informed via communication of quality requirements, internal company positions, conditions in tenders, etc.**

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.



The Public Affairs department defends our vision with sector federations and consistently incorporates the basic principles in lobbying around sustainable products.

Colruyt Group fully supports Europe's ambition to tackle deforestation and emphasise the importance of forests for the climate. However, we advocate for a pragmatic and workable approach for companies that takes into account the complexity of our value chains. We aim to contribute constructively to the development of new legislation and are happy to act as a sounding board.

Annex: **Material impacts, risks and opportunities (IROs)**

Our **material impacts, risks and opportunities** were determined based on a **double materiality analysis** carried out in spring 2024.

This exercise focuses on two dimensions: financial materiality and impact materiality. **Financial materiality** focuses on themes that directly affect 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 the activities of Colruyt Group affect society, the environment and the economy.

By integrating both perspectives, we gain a **broader and deeper understanding of the relevant sustainability themes** that affect both the financial performance of Colruyt Group and its impact on society and the environment.

This helps us to:

- further integrate sustainability into **strategy and decision-making processes** and underpin sustainability objectives;
- mitigate **sustainability risks** and seize **opportunities** with financial impact;
- provide a more complete picture to investors and other stakeholders through **reporting and communication** on relevant sustainability themes. The materiality analysis forms the basis of sustainability reporting, as defined in the Corporate Sustainability Reporting Directive (CSRD).

Biodiversity and ecosystems are impact-material for Colruyt Group, as is climate mitigation.

Material impacts: **impact of land-use conversion in agriculture on vulnerable nature and forests** (soy, palm, wood (including paper), cocoa, coffee, rubber, cattle (including leather)).