

Interview with Carrefour



How is Carrefour steering its activities towards an objective of keeping global temperature increases at “well-below 2°”? What are the key milestones in sight?

Carrefour’s GHG emissions linked to our stores (Scope 1 and 2): In 2021, Carrefour raised its targets and announced a “carbon neutral” target for our stores by 2040. Carbon neutrality and the use of renewable energies are strongly-held expectations among citizens and consumers. Conscious of our pioneering role in distribution, the Carrefour Group has set ourselves the goal of achieving carbon-neutral stores by 2040 (Scopes 1 and 2). Our action plan to achieve carbon neutrality aims to reduce CO2 emissions from our activities at source as much as possible. The Group aims to reduce emissions from our stores (Scopes 1 and 2) by 30% by 2025, by 50% by 2030 (compared to 2019) and by 70% by 2040 (compared to 2019), a target aligned with the Science Based Targets initiative (SBTi) 1.5°C scenario.



To achieve this, Carrefour is taking the following initiatives:



the use of 100% renewable electricity by 2030



a 27.5% reduction in energy consumption by 2030 (compared to 2019)



reducing emissions from the use of refrigerants by 50% by 2030 and by 80% by 2040.

Carrefour's indirect emissions linked to products and transport (Scope 3): Carrefour has set the goal of achieving a 29% reduction in our indirect GHG emissions (Scope 3) by 2030, compared with 2019. The Group's ambition has been approved by the Science Based Targets initiative for its alignment to a trajectory below 2°C. In view of our main indirect emissions drivers, Carrefour has structured its Scope 3 Climate Action Plan around the following emission items that together account for 90% of Scope 3 emissions:

- **purchases of goods and services:** reducing emissions from goods and services purchased by 30% by 2030, compared with 2019 (well below the 2°C scenario). This target implies cutting 20 megatonnes of CO₂ between 2030 and 2019;
- **product use:** reducing emissions from product use (especially for fuel and consumer electronics) by 27.5% by 2030, compared with 2019 (2°C scenario);
- **outbound transport:** reducing CO₂ emissions linked to outbound transport by 20% by 2030, compared with 2019 (2°C scenario).



To achieve these objectives, Carrefour has several means of promoting low-carbon consumption, such as selecting the products and packaging on the shelves, commitment from suppliers to reduce emissions, defining responsible purchasing criteria, promoting the circular economy and guiding customers in their consumption choices. Carrefour has set the following objectives:

- **supplier commitment:** 300 suppliers have committed to the Food Transition Pact by 2025;
- **local and national products:** 45,000 partner producers by 2025
- **responsible production:** 100% of products from Carrefour Quality Lines committed to an agro-ecological approach by 2025; 100% of sensitive raw materials covered by an action plan to combat deforestation by 2025 (palm oil, Brazilian beef, wood and paper, soy, cocoa).
- **packaging reduction and the circular economy:** 20,000 tonnes of packaging saved, including 15,000 tonnes of plastic packaging by 2025 (cumulative since 2017); 100% reusable, recyclable or biodegradable packaging by 2025; 30% integration of recycled plastic in packaging by 2025;
- **waste and food waste management:** 50% reduction in food waste by 2025 (compared to 2016); 100% recovery of store waste by 2025.



During the COP26, Carrefour signed the Race to Zero initiative and is therefore committed to define a 1.5°C scenario target for our Scope 3 emissions within two years. On 8 February this year we announced an objective to collect 20 megatonnes of CO2 from our suppliers, which corresponds to 30% of our Scope 3 product and service emissions. We have launched a platform to engage our suppliers and collect data about GHG emission reductions in our supply chains (website: www.20megatons.com/fr). In 2020 we launched our Food Transition Pact internationally, and implemented it locally in all European countries in 2021, in order to engage our suppliers. 114 suppliers joined the pact at end 2021.

The supermarket industry is facing a number of challenges (plastic use, food waste, health); how is Carrefour coping with these?

Carrefour strives to inform a wide audience about responsible consumption. Our global “Act For Food” programme highlights the concrete actions that Carrefour is committed to taking to accelerate the food transition. **In 2021, we reinforced our Act For Food programme around five priorities:**

In the same year, we defined five key challenges for our retail business: biodiversity, climate, health and nutrition, business ethics and human resources. For all those challenges, Carrefour works with our partners in setting specific, quantitative targets. The Group presents our short- and long-term goals in line with material issues identified with our stakeholders.

The Group’s objectives associated with CSR and the food transition are measured through a set of performance indicators. The most strategic objectives are integrated into the CSR & Food Transition Index. This index measures an achievement rate, which is also a criterion factored into management compensation. As an example, at Carrefour we have set ourselves the following objectives:

- **15% of fresh food product sales** generated by organic or agro-ecological products by 2025
- **20,000 tonnes of packaging saved** by 2025 (total since 2017)
- **100% reusable, recyclable or compostable packaging** in 2025
- **50% reduction in food waste** (vs. 2016)
- **80% of our customers believe that Carrefour helps them to eat healthier and more responsible food** that remains affordable by 2022



reducing packaging
and plastic



reducing
food waste



the development of
local products



the promotion of
healthy and quality
food



and the development
of organic farming

Carrefour is working to complete our action plans, particularly regarding biodiversity, health and safety. In 2022, Carrefour is working within the Science Based Target for Nature engagement programme in partnership with WWF France in order to define an ambition aligned with the planetary boundaries. Carrefour also organised at the beginning of 2022 a stakeholder panel on the issue of health and nutrition in the presence of the Group's strategic departments, food experts, suppliers, clients and investors.

More information is available in our reports:



[Food waste](#)



[Biodiversity and plastic use](#)



[Health and safety](#)



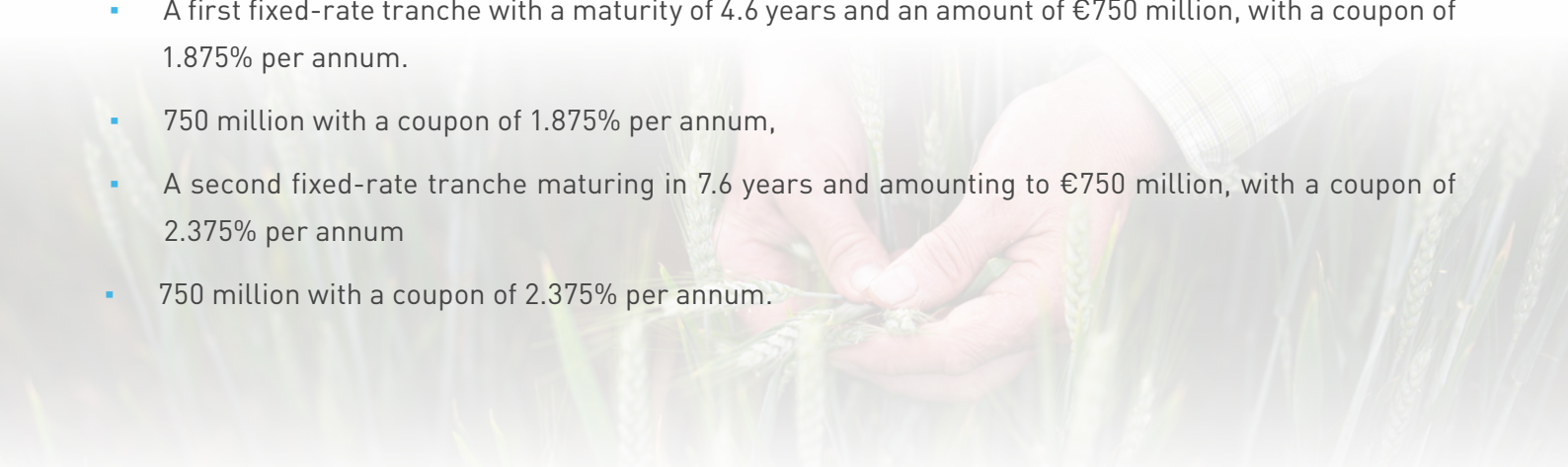
What are the opportunities for Carrefour when issuing its Sustainability-Linked Bond (SLB)? How did the market respond?

By issuing an SLB, Carrefour is taking the opportunity to anchor its CSR policy within its financial profile in a very concrete way: if targets are not met, the company will bear the financial cost. The transaction also increased visibility as

we were able to widen our investor community to 'green' investors. The market responded very well with a particularly strong feedback on the KPIs chosen, which were judged easy to read, relevant and showing a strong testimony of commitment.

Carrefour successfully placed a bond issue for a total amount of €1.5 billion. The bond consists of two so-called Sustainability-Linked tranches, indexed to the Group's sustainability objectives:

- A first fixed-rate tranche with a maturity of 4.6 years and an amount of €750 million, with a coupon of 1.875% per annum.
- 750 million with a coupon of 1.875% per annum,
- A second fixed-rate tranche maturing in 7.6 years and amounting to €750 million, with a coupon of 2.375% per annum
- 750 million with a coupon of 2.375% per annum.



These bonds are rated BBB by Standard & Poor's. The issue was exceptionally well received by the market, with a total demand of almost €8 billion. This allowed for a quick execution, attractive coupons and a final issue of €1.5 billion. Carrefour will report annually in its Universal Registration Document on the level of progress performance indicators, which will be assessed by an independent third party. The amounts raised will be used to finance the Group's general needs and to refinance our bonds.

The ESG objectives used for the SLB are the following:

- **Climate:**
 - **Scope 1 and Scope 2:** 30% reduction in our GHG emissions by 2030 and a 55% reduction by 2040, compared to 2019;
 - **Scope 3:** 29% reduction in our indirect GHG emissions (scope 3) by 2030, compared with 2019.
- **Food waste reduction:** 50% reduction in food waste (vs. 2016);
- **Packaging reduction:** 20,000 tonnes of packaging saved by 2025 (total since 2017).



Read about our
[Sustainability-Linked Bond framework](#)

How does Carrefour's financial planning supporting its sustainable strategy?

Our main capital expenditures on sustainability are related to the carbon neutrality of the shops and have already been planned. They mainly concern the installation of low-energy technologies (LED lamps, closing of cold cabinets, variable speed drives) and the transformation of commercial refrigeration systems to use natural fluids.

Our objectives do not necessarily require CAPEX. Most of the objectives involve a transformation of our operational management allowing a reduction of costs and an increase in shop revenues.

For example:

- Objectives related to waste recovery require field management to improve waste sorting and resale. They are linked to an improvement in shop performance.
- Reduction of energy consumption reduces costs (OPEX)
- Reduction of food waste helps reduce shrinkage, improves management of orders and markdowns, promotes short-dated products... this results in less waste, more products sold and a better performance for the stores.
- Reducing the amount of packaging can mean price reductions as less raw material is purchased.