

2020

DUTY OF CARE PLAN

CASINO GROUP



1. Action principles

Casino Group's duty of care plan is built on the undertakings it has made to stakeholders and the initiatives it has been involved in since the early 2000s.

DUTY OF CARE COMMITTEE

In 2017, Casino Group set up a Duty of Care Committee, whose members include the Secretary of the Board of Directors, the Group General Secretary, the Director of Production, Innovation, Quality and Mediation at the AMC purchasing unit, the Group Risk and Compliance Director, the Group CSR Director, the Group Insurance Director and the Group Internal Control Director.

Its role is to :

- ensure implementation of French law No. 2017-399 of 27 March 2017 on the Duty of Care of Parent Companies and Ordering Parties, which is designed to identify risks and prevent serious violations of human rights and fundamental freedoms, serious harm to the health and safety of persons, and serious damage to the environment resulting from the operations of the company; the companies it controls; or subcontractors or suppliers with which the company has an ongoing business relationship, when such operations are part of said relationship;
- define the risk mapping methodology and effectively map the risks involved in the operations of the Group and its suppliers; ;
- analyse the findings of the risk mapping exercise ;
- ensure that an alert mechanism is in place to report potential violations ;
- ensure that an alert mechanism is in place to report potential violations

The risk mapping exercise is tracked and reviewed annually, to reflect the Group's action plans and input from stakeholders.

RISK MAPPING AND REGULAR ASSESSMENT PROCEDURES

To analyse in more detail the risks involved in the Group's business operations ⁽¹⁾, in 2017, the Duty of Care Committee defined the methodology for mapping the specific risks of causing serious violations of human rights and fundamental freedoms, serious harm to employee health and safety, or serious damage to the environment:

- due to the direct operations of the Group, in light of the procedures in place. Existing procedures intended to prevent these risks were assessed in light of the human resources, quality, purchasing, CSR and environmental policies in place;
- due to the operations of suppliers. The risk map identifies the risks related to the purchase of national-brand and private-label goods for resale and of goods and services for general and administrative purposes.

Each risk was weighted to reflect the relative seriousness of each one in relation to the Group's business operations.



(1) section 4.3 Main risk factors, 2020 Universal Registration Document

Given the Group's business operations, **12 major risks were addressed**

Human rights and fundamental freedoms	Personal health and safety	Environment
1 Forced or child labour	5 Respect for employee health and safety	8 Water and soil pollution (pesticides, chemicals, etc.)
2 Respect for labour rights (unreported work, discrimination, freedom of association, working hours, etc.)	6 Employee handling of hazardous products	9 Greenhouse gas emissions (polluting processes, energy-intensive processes)
3 Respect for fundamental rights (women's rights, harassment, etc.)	7 Consumer risks	10 Deforestation
4 Armed conflicts (conflict zones or resources, border disputes, etc.)		11 Harm to biodiversity
		12 Sustainable management of resources and waste

SUPPLIER RISK MAP

Supplier risks were mapped using the following methodology:

- Assess the risks related to products sold: for each substance contained in a marketed product, the level of risk in the 12 categories defined above was systematically analysed using documentary sources (international studies, NGO reports, surveys, media reports) and in-house assessments. In this way, 200 substances at risk were identified, assessed and classified according to their level of criticality in each of the 12 risk categories (risk severity). Then, the level of risk in products sold was defined based on the amount of the substances in question in each one (risk probability).

- Assess the risks related to the country of supply or production of the product and any assessed substance content: in recent years, the Group has analysed risks in the countries where its private-label products are manufactured, enabling it to assess and address, for each product, the risks stemming from its country of manufacture or known origin.

This country risk analysis measures and combines a number of indicators, such as:

- the number of fundamental ILO conventions ratified by the country;
- the Human Development Index (HDI) of the United Nations Development Programme (UNDP);
- the percentage of child labour in the country, according to UNICEF;
- the prevalence of forced labour, as measured by the ILO;
- the Worldwide Governance Indicators (WGI) issued by the World Bank;
- the Environmental Performance Index (EPI) developed by Yale University and Columbia University.

This analysis was reviewed and compared with the country risk analysis developed by the ICS in 2019, which draws on all the indicators included in the country risk analysis led by Casino Group, in addition to the following indicators:

- the SDG Index of the United Nations Sustainable Development Solutions Network;
- the Global Rights Index of the International Trade Union Confederation (ITUC);
- the Freedom in the World Index of the US NGO Freedom House;
- the Trafficking in Persons Report of the US Department of State;
- the results of ICS social audits performed in each country;

● **determine product purchasing volumes:**

the likelihood that the Group will incur the risk increases with volume;

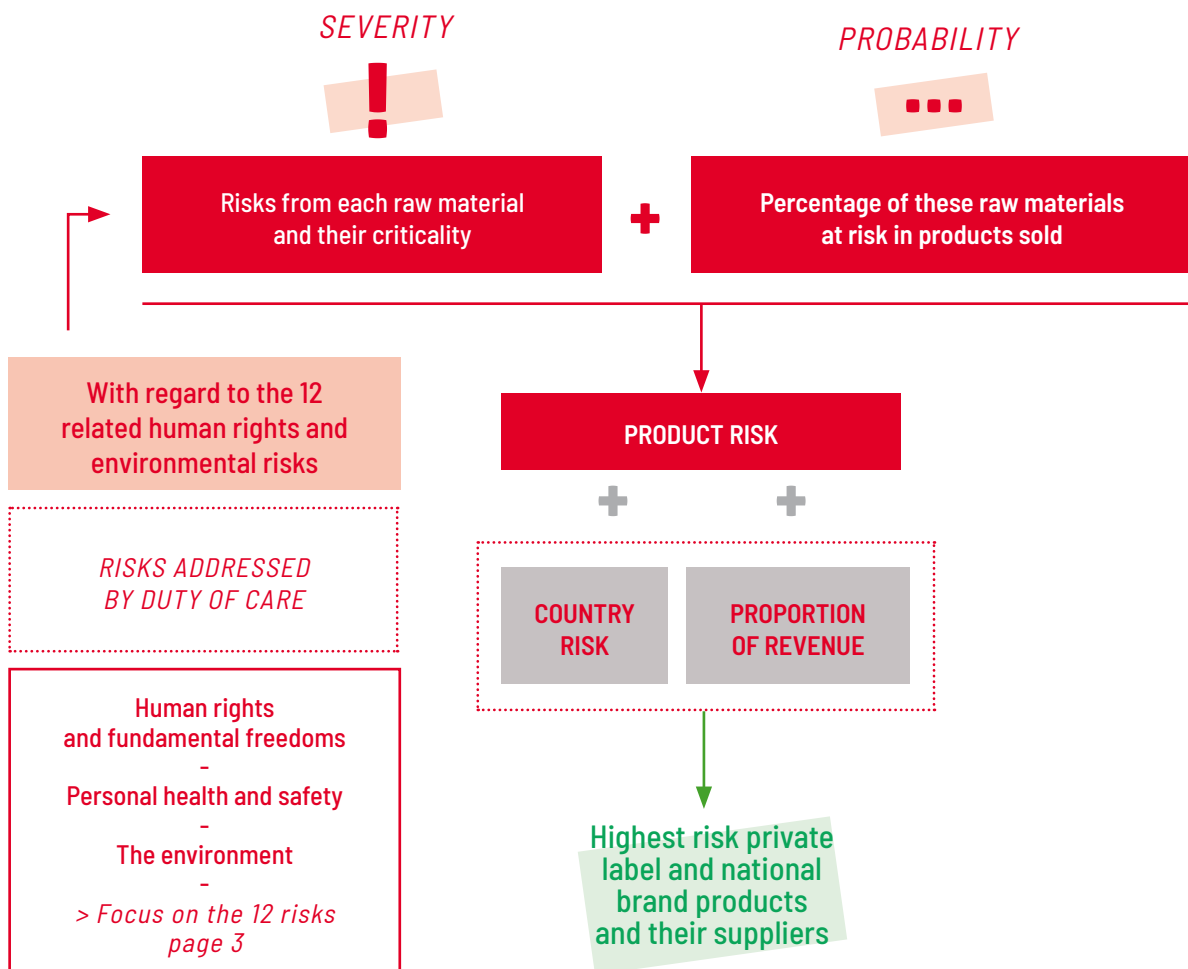
● **identify the number of vendors per product category:**

a larger number of small suppliers makes auditing the upstream production chains a more complex process;

To assess the overall sourced product risk from the standpoint of duty of care, the risk criteria described above were weighted according to the following criteria, in descending order of importance: product criticality based on its content, country of supply, purchase volumes and number of potential vendors..

These analyses reflect a certain number of issues specific to Casino Group.

DUTY OF CARE RISK MAP



The Group carries a multitude of products, which means that it works with a very large number of suppliers from a wide variety of backgrounds, including:

- suppliers of leading or national brands, which represent a significant share of consolidated revenue. Often, these companies must also comply with French duty of care legislation;

- suppliers of private-label products, manufactured in accordance with specifications defined by the Group's purchasing organisations. While these suppliers may be based in our host countries, the product is often made in another country, including some that have been deemed at risk by the Group. They are a priority focus of the duty of care plan's mitigation initiatives (see below) and are subject to the Group's Supplier Compliance Programme (SCOP);

- a very large number of suppliers, most of whom are SME/VSEs, cooperatives and farmers who supply the Group's stores locally, especially with fruit, vegetables, meat and other fresh products. In Colombia, for example, Grupo Éxito sources more than 80% of its fruit and vegetables locally;

- suppliers of goods and services for general and administrative purposes and other purchases not for resale, including service providers (security, cleaning, etc.) that may involve specific risks, such as discrimination in hiring. Most of these goods and services are purchased locally.

A new analysis of the level of risk of the 200 substances already taken into account in the previous supplier risk map was carried out in 2019, based on an identical methodology. This resulted in an increased level of risk for most of the substances studied, mainly due to an increase in the environmental risks associated with these substances. However, between the two analyses, there was little change in the list of different substances assessed as having the highest risk.

The Group's initiatives made it possible to map the purchasing risks and rank them by criticality,

thereby revealing the product categories whose content presented the highest risk profiles, according to the 12 identified risks. These included;

- private-label apparel made in countries at risk, most notably Bangladesh;
- private-label food products containing palm oil, an ingredient found in some of the Group's own-brand items;
- products sourced from cattle ranches and sold in our stores in Brazil. In 2018, GPA performed a supplementary review with the support of a consultancy, which confirmed the Group's risk map while identifying specific risks related to products sold in Brazil.

Suppliers of these products are the focus of priority duty of care action plans.

In 2017, deployment of the supplier risk map was presented to TFT Earth – Earthworm Foundation, a specialist in the impact of supply chains and raw materials on the environment and deforestation.

Procedures for regularly assessing suppliers as part of the risk mapping exercise are described in section 3.5.3.4.3 (annual social audit campaign).

CONTINUOUS RISK ANALYSIS AND UPDATING THE SUPPLIER RISK MAP

In 2020, the CSR department initiated an updated review of NGO reports on food and non-food compounds and raw materials that may be present in products carried on Group shelves, in a commitment to identifying any new or emerging risks. The risk weighting of each compound is currently being diligently analysed by the Purchasing department using its proprietary "Responsible Together" application.

Casino Group remains constantly alert to identifying and preventing the serious risks of human rights violations or damage to the environment faced by the retail industry. As part of this commitment, it carefully tracks reports from local and international NGOs concerning retailing industry suppliers, the responses submitted by these suppliers, and any significant events reported by recognized media. This information is factored into the assessments of potential risk arising from direct suppliers.

In 2020, several significant retail industry events were analysed to identify serious new risks of human rights violations or environmental damage involving direct suppliers, including:

- Amnesty International's allegations that a leading Brazilian beef supplier may have committed human rights abuses;
- claims by several NGOs and other organisations that Brazilian cattle ranches working for three major national brand agri-foods suppliers were allegedly complicit in stripping local forests.

These events and allegations prompted Casino Group to address the related risks and to strengthen existing measures as necessary.

MAPPING SUBSIDIARY RISKS

Risks in the subsidiaries were mapped in 2018 using the following methodology: after validation by the Duty of Care Committee, a questionnaire covering the 12 risks mentioned above and two issues related more specifically to the management system and to purchasing and supplier management practices was sent to each of the international subsidiaries so that they could self-assess their risks. Each of the 118 questions was rated low-, medium- or high-risk, so that the answers could be used to determine a level of overall risk for each subsidiary. When necessary, additional information was requested to enable a more precise determination. The analysis was performed by the Group CSR department.

The following issues were addressed:

Social issues :

- Child labour and young workers;
- Forced labour;
- Discrimination;
- Violation of freedom of association;
- Violation of working hours;
- Non-payment of wages, violation of minimum wage and benefits legislation;
- Health and safety;
- Respecting local communities;
- Product safety;
- Right to information.

Environmental issues:

- Environmental policy;
- Combating climate change;
- Sustainable use of resources;
- Circular economy;
- Protection of ecosystems (natural habitats);
- Chemicals/hazardous substances.

Management system issues:

- Management system;
- Training;
- Incentives for buyers;
- Internal dissemination of the ethics policy;
- Supplier accreditation;
- Termination of a business relationship;
- Data management and security.

Purchasing practices and supplier management issues:

- Sourcing;
- Traceability;
- Subcontracting;
- Direct purchasing;
- Business intermediaries for suppliers;
- Franchisees;
- Business partners (projects);
- Service providers.

The assessment identified the following major risks:

- discrimination and harassment in three Group subsidiaries, where it was decided to strengthen existing prevention systems. The risk is now considered low in light of the monitoring initiatives put in place. The preventive measures will remain in effect throughout the Group and its subsidiaries;

- risks of non-compliance with supplier management procedures (accreditation rules and authorised subcontracting guidelines, etc.). In particular, given the type and complexity of the procedures in place and the number of people involved in their implementation, there was a risk of non-compliance with all of the requested measures in three subsidiaries.

CONTINUOUS RISK ANALYSIS AND UPDATING THE SUBSIDIARY RISK MAP

In the same way as for supplier risks, the Group tracks retail industry reports and significant events to measure the potential risk arising from its subsidiaries. In 2020, several retail industry events were analysed to identify emerging risks of seriously abusing human rights or fundamental freedoms, endangering people's health and safety or causing environmental damage. These included:

- the Covid-19 pandemic: Casino Group, through its subsidiaries in France and South America and its suppliers, was directly impacted by this crisis, which posed a potential risk to the health and safety of its employees. Throughout the year, the Group's over-

riding priority was to safeguard employees and customers, based on prevailing scientific knowledge, WHO recommendations, and government guidelines;

- the death of a customer at the hands of a security guard in a competitor's store in Brazil underscored the risk of serious human rights violations and discrimination. In addition, several high-profile cases of discrimination and racism based on skin colour were reported in the retail and hospitality sector in Brazil and many other countries during the year.

These events led Casino Group to address the related risks and to strengthen existing measures as necessary.

ALERT AND REPORT COMPILATION MECHANISMS

After consultations with employee representatives, Casino Group simultaneously set up two alert mechanisms, one for reporting Sapin II Act violations and the other for reporting and compiling accusations of alleged or actual risk of causing the serious violations, harm or damage described in French law No. 2017-399 of 27 March 2017.

The second mechanism is open to any employee, or any other person, who wishes to report, anonymously and in any language, possible infringements of the above-mentioned law, simply by writing to: contact75vgl@deontologue.com. The address may also be accessed on the Commitments/Produce better page of the Group's corporate website (www.groupe-casino.fr).

Reports are received and processed by the Group Compliance Officer. Anonymised reports are also discussed during Duty of Care Committee meetings.

In responding to alerts and reports, the Compliance Officer is expected to consistently demonstrate independence, objectivity and impartiality. He/she must keep all such reports strictly confidential and inform anyone involved in the investigation and verification procedures initiated following an alert that such confidentiality extends to them as well.

The Group Compliance Officer must take care that the identity of the whistle-blower remains confidential at all times.

Strict confidentiality is also ensured via the following procedures:

- a secure email address is used;
- a special electronic file is created on a secure server protected by a regularly changed password.

Casino Group has deployed a full range of systems and procedures to protect the whistle-blower's personal data.

In 2020, twenty messages were received at the above address. None of them concerned a breach of French duty of care legislation. This system, referred to in the Supplier Ethics Charter following its update in 2019, expands on the internal alert mechanism already available to employees (see section 3.4.4). Alert mechanisms and processes have also been deployed in the local operations. In South America, for example, whistle-blowing channels are in place at GPA in Brazil and Éxito in Colombia, which can be accessed by both employees and third parties. All of these alerts are treated confidentially, with procedures to protect the whistleblower's identity.

In Brazil, the line is open from Monday to Saturday from 8:00 am to 8:00 pm local time::

- GPA :
08000 55 57 11 – ouvidoria@gpabr.com
- GPA Malls :
08000 55 57 11 – ouvidoria@gpamalls.com
- Multivarejo :
08000 55 57 11 – ouvidoria@multivarejogpa.com.br
- Compre Bem :
08000 777 3377 – ouvidoria@comprebem.com.br
- Assaí :
08000 777 3377 – ouvidoria@Assai.com.br

In Colombia, employees can access three reporting channels, managed by an independent outside company:

- Telephone hotline: 018000-522526
- Email: etica@grupo-exito.com
- Online form:
<https://lineatransparencia.com/exito/reportesembedded?form#/>

These channels are also accessible on :
www.gpabr.com/pt/ouvidoria
and www.grupoexito.com.co.

2. Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent Group business activities from causing any serious violations, harm or damage, and implementation outcomes

Through its CSR policy, Casino Group has for many years been implementing the prevention plans and risk mitigation programmes mandated by the French duty of care law. These plans and programmes are presented in Chapter 3 of this Universal Registration Document ("Corporate Social Responsibility (CSR) and Non-Financial Information Statement (NFIS)").

Among the prevention programmes introduced and strengthened over this period to address the identified internal risks arising from the Group's operations, many are designed to avoid the risk of abusing human rights, harming employee health and safety or seriously damaging the environment.

The programmes and the outcomes of the various initiatives in 2020 and other years are described in the sections of this chapter dealing with:

- the Group's human resources policies, social dialogue and workplace health and safety, and the Group's diversity and gender equality policies ⁽¹⁾;
- community outreach, procurement and quality policies ⁽²⁾;
- environmental policies ⁽³⁾.

Harassment risk

In order to address the risk related to harassment identified in the subsidiary risk mapping exercise, procedures to be followed in the event of reports of sexual harassment or sexist behaviour have been defined and communicated. In France, anti-sexual harassment «watchdogs» have been appointed. They have a dedicated email address at which employees who are victims or witnesses of sexual harassment can alert them. These correspondents were trained in 2020, some through a e-learning course, and others face-to-face. These procedures, as well as the network of correspondents put in place, were presented to the Duty of Care Committee in December 2019 by Casino Group's Director of Employee Relations and Innovation.

(1) section 3.5.1, 2020 Universal Registration Document

(2) section 3.5.2 and 3.5.3, 2020 Universal Registration Document

(3) section 3.5.4, 2020 Universal Registration Document

Risk of non-compliance with supplier approval procedures

In the questionnaire used for the 2018 risk mapping exercise, the subsidiaries were asked to verify the proper application of all the management guidelines defined in the Group's Supplier Compliance Programme (SCOP) Manual. Analysis of the questionnaires highlighted the need to strengthen procedures in certain areas and to plan additional initiatives for the international subsidiaries, in particular concerning supplier management: more resources have to be allocated to combating unreported subcontracting and accreditation procedures need to be improved, notably by including additional requirements in certain subsidiaries' supplier contracts and marketing agreements, and by expanding training for buyers, accreditation employees and other people in contact with suppliers.

As a result, in October 2018, a report summarising the main areas of improvement identified was sent to all of the international subsidiaries, so that they could undertake any required remedial action and perform additional risk audits of their processes.

The findings of these subsidiary audits were reported to the Group CSR department along with the related corrective action plans, the rollout of which was monitored in 2019. Lastly, digital training courses have been introduced, particularly in the purchasing unit in France, to ensure that the Group's social and environmental supplier compliance programme is properly distributed and understood.

Employee Health and Safety risk in view of the Covid-19 pandemic

To prevent the risk of serious harm to the health and safety of employees in view of the Covid-19 pandemic, Casino Group and its banners implemented an evolving action plan to protect their employees and customers in 2020. Implemented by each Human Resources department, the plan was based primarily



REGULAR RISK ASSESSMENT PROCEDURES, RISK MITIGATION PROGRAMMES AND INITIATIVES TO PREVENT GROUP BUSINESS ACTIVITIES FROM CAUSING ANY SERIOUS VIOLATIONS, HARM OR DAMAGE, AND IMPLEMENTATION OUTCOMES



on government recommendations and applicable measures, as well as the recommendations of the World Health Organization.

Casino Group's banners and entities played a pivotal role in ensuring the continuity of the supply chain and the supply of food to all people, as well as in protecting employees and customers in the face of a pandemic whose modes of transmission and severity were unknown.

The Group's actions consisted in particular in:

- providing employees with masks, gloves and hand sanitiser;
- promoting and enforcing the adoption of protective measures;
- putting up signs to enforce social distancing in stores;
- installing plexiglass partitions to protect cashiers;
- implementing telecommuting on a large scale for staff at administrative sites.

Depending on local recommendations and the period of the pandemic, other measures were implemented, including:

- taking the temperature of staff and implementing rapid tests in some stores in Brazil;
- limiting the number of customers in stores;
- cleaning of the store or relevant areas if an employee tested positive for Covid-19.

Each Human Resources department now routinely monitors the number of employees testing positive for Covid-19 in order to verify the effectiveness of measures, without forgetting that contamination may occur at other times and places.

Risk of human rights violations related to store security in Brazil

A specific questionnaire has been drawn up by the Group's CSR department to provide a more precise analysis of the risk of human rights violations by its security service providers. It enables each subsidiary to conduct a self-assessment, to obtain a diagnosis of its exposure to the risks generated by the use of security service providers and to implement appropriate corrective action plans.

The questionnaire is based on recommendations contained in international references in terms of private security, namely the:

- International Code of Conduct for Private Security Service Providers (ICoC) ;
- "Sarajevo Client Guidelines for the Procurement of Private Security Companies" (SEESAC, 2006) ;
- "Voluntary Principles on Security and Human Rights: Implementation Guidance Tools" (ICMM, ICRC, IFC, IPIECA: 2011).

The questionnaire, consisting of 61 questions, evaluates procedures concerning:

1. Risk and impact assessment
2. Risk and impact assessment
3. Contracts
4. Work standards
5. Background checks
6. Training
7. Security equipment and use of force
8. Control and accountability
9. Human rights violations
10. Relations between public and private security

Rolled out as a priority in Brazil and Colombia, the analysis of the responses to the questionnaire identified areas for improvement.

In addition, to address the growing risk of the use of force by security guards and store personnel to combat theft in stores in Brazil (see paragraph on the updating of supplier risk mapping in 2020), GPA has adopted an action plan for these personnel, which was presented to the GPA Governance and CSR Committee in 2020. It consists of:

- reviewing the procedures and guidelines for people in charge of tracking thefts in stores, and the alert system in case of customer complaints;
- re-evaluating the procedure for selecting security companies, including ensuring that officers are registered with the federal police;
- organising an annual workshop with all security companies and online training in procedures for cashiers, managers and other staff, as well as training to combat unconscious stereotypes and respect human rights;
- carrying out several initiatives to raise employee awareness, such as the introduction of diversity ambassadors in shops and the promotion of good practices to ensure the safety of everyone in a benevolent manner.

GPA monitors the number of alerts and complaints.

3. Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent suppliers from causing any serious violations, harm or damage, and implementation outcomes

3.1 SUPPLIERS OF PRIVATE-LABEL PRODUCTS MADE IN COUNTRIES AT RISK

Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent serious violations, harm or damage

Casino Group has had risk prevention and mitigation plans in place for several years within its supply chain, notably among private-label suppliers, and particularly apparel. These initiatives have been regularly reviewed and upgraded since 2015.

Supplier Ethics Charter

The Supplier Ethics Charter, which is applicable across the entire supply chain, reaffirms the Group's commitment to promoting responsible retailing and, more specifically, to:

- banning all illegal practices in business relations and requiring compliance with applicable laws, principles, international and national standards and regulations in force, as well as the Group's anti-corruption policies;
- upholding human rights (prohibiting child and forced labour, combating discrimination and abuse, respecting freedom of association, offering at least the legal minimum wage, etc.), and occupational health and safety ;
- taking constant care to protect the environment, particularly by optimising the use of natural resources, diligently managing waste and abating pollution.

The distribution and signing of the Supplier Ethics Charter is a key step in the process of approving the production facilities that manufacture the Group's private-label products. By signing the Charter, suppliers

recognise the primacy of the principles contained in the following documents:

- the Universal Declaration of Human Rights;
- international conventions on fundamental human rights;
- fundamental international labour standards, as defined by the ILO Declaration;
- other applicable international labour standards (ILO conventions).

By endorsing the Charter, suppliers embrace the Group's commitments and may not subcontract without the Group's formal agreement. Suppliers also agree to undergo audits to make sure that they comply with their commitments in accordance with the conditions set out in Casino's Supplier Compliance Programme Manual (SCOP). The manual was updated and expanded in 2019 to incorporate recent changes in the Compliance Programme, in particular concerning the monitoring of corrective action plans and the implementation of ICS environmental audits.

Production plant approval policies in countries at risk

Since 2002, Casino Group has deployed a social ethics initiative with its apparel and other private-label suppliers in an effort to monitor and help to improve the working and environmental conditions in which these products sold by the Group are manufactured. Managed by the Corporate CSR department in liaison with the purchasing departments, the initiative has been rolled out in the business units with the support of specially appointed social ethics representatives.

It is based on a strict supplier selection and approval procedure, covering endorsement of the Supplier Ethics Charter, outside inspections performed by independent audit firms, and, when necessary, the implementation of corrective action plans.

The CSR department updates the country risk analysis (see the paragraph on risk mapping) and the production facility selection and approval guidelines, in line with the degree of risk for the relevant country and industry. The country risk analysis defines the list

REGULAR RISK ASSESSMENT PROCEDURES, RISK MITIGATION PROGRAMMES AND INITIATIVES TO PREVENT SUPPLIERS FROM CAUSING ANY SERIOUS VIOLATIONS, HARM OR DAMAGE, AND IMPLEMENTATION OUTCOMES

of countries where sourcing is authorised, prohibited or subject to tighter audit procedures, such as Bangladesh, India and China. As part of the update to Casino Group's country risk analysis carried out in 2019, the ranking of each country was compared to the ranking system developed by the ICS in order to identify the countries for which there was a difference in the assessment of the risk level. Following the comparison, and an analysis of the results of the ICS social audits performed in the manufacturing sites located in each country, a proposal was put forward to the Duty of Care Committee to change the sourcing status for certain countries. This resulted in new countries being placed on the list of countries where control procedures have been strengthened, due to an increase in their country risk level. In 2019, the Group's CSR department performed a risk analysis for Eastern European companies following on-site visits and social audits at plants located there.

The inspection and audit procedure, as well as the undertakings to be upheld by the supplier and the manufacturing facilities, are specified in the Group's SCOP Manual, given to every accredited supplier.

Annual social audit campaign

The Group supports compliance with consistent, strict standards at both the national and international levels. Involved since 2000 in the Initiative for Compliance and Sustainability (ICS), it joined the Business Social Compliance Initiative (amfori BSCI) in 2017. It also supports the international initiatives being led by the Consumer Goods Forum (CGF), particularly its resolution calling for the eradication of forced labour. In Brazil, GPA is a member of the national apparel retailers association, Associação Brasileira do Varejo Têxtil (ABVTEX), which certifies national suppliers and subcontractors based on 18 criteria for ethical conduct, including the prohibition of child labour and forced labour. Lastly, the Group has endorsed the Accord on Fire and Building Safety in a commitment to supporting the drive to improve safety conditions in factories in Bangladesh. In 2020, the Group's CSR department took part in the meetings organised by the Accord.

Every year, an audit campaign is conducted with a priority focus on plants based in countries most likely at risk of violating human rights (child labour, forced labour, employee health and safety abuses) and working standards; and the highest risk product categories based on the duty of care risk map.

Recurring audits are performed in China, India and Bangladesh.

These audits, which may be semi-announced or unannounced, are carried out by specialised independent firms in accordance with ICS standards. Based on the resulting audit score, the Group may decide to terminate its relationship with a production facility.

The audit process comprises:

○ a preliminary analysis of the plant: the Casino Global Sourcing teams or the subsidiary Ethics Coordinators use an internal grid to assess the risk that the facility will fail to comply with the Group's standards and therefore the probability that the findings of the ICS audit will not be satisfactory. To measure the risks of approving a given facility, the teams conduct on-site visits and/or desktop reviews of the certifications, social, technical or quality audit reports and other documents provided by the plant, agent or importer;

○ an initial audit: an independent audit firm, selected by the Group from among the nine that have been accredited by ICS, performs a semi-announced or unannounced ICS social audit over a period of at least three weeks. If the audit conclusion is sufficient, the plant may be approved. When the audit is completed, a corrective action plan is systematically submitted to the plant as well as to the agent or importer working with the plant, so that they can assist the facility in correcting the notified cases of non-compliance within a time frame depending on their criticality. If the audit report contains an ICS critical alert, such as a risk of forced or child labour, disproportionate discipline, attempted bribery or forgery, the plant may not work with the Group under any circumstances;

○ follow-up audits: depending on the number and criticality of the remedial actions that the facility has to implement, the Group may commission unannounced or semi-announced follow-up audits from independent ICS-accredited audit firms. Their frequency depends on the criticality of the instances of non-compliance reported during the previous audits. In the event that a factory does not implement the requested corrective action plans, the Group will initiate proceedings to terminate the business relationship.

○ **special audits** : special audits may be performed by the Group, in particular to inspect building structures and verify compliance with fire safety rules (by organising employee fire drills, for example).

Audit findings are inputted into the ICS database, which enables the Group and other member companies to share all of the findings and track the corrective action plans of audits performed in plants they use in common. Pooling the findings helps to reduce the number of audits conducted in the plants, attenuates audit fatigue and facilitates the on-site implementation of corrective action plans. In the same spirit, social audits performed in line with the BSCI standard may be accepted instead of ICS audits, via an equivalency procedure and under certain conditions defined by the Group.

→ The Group's goal is for all of the facilities producing private-label products in countries at risk to be covered by a valid ICS social audit performed within the previous two years.

Support for suppliers

Audit reports are issued following audits of production facilities and, when necessary, corrective action plans are prepared that the non-compliant plants undertake to implement within a given time frame.

The Group's local offices and subsidiary Ethics Coordinators play an essential role in helping suppliers and their factories to properly understand the Group's expectations and the implementation of any corrective action plans.

Internal and external follow-up audits are performed to ensure that the plan's remedial actions are effectively implemented.

The main cases of non-compliance concern working hours, remuneration and employee health and safety. Given the Group's relatively small contribution to the revenue stream of its partner production facilities, it support ICS initiatives involving joint remedial actions in plants shared with other ICS members.

To improve their ability to report the outcomes of these remedial actions, in 2018 the Group and other ICS members requested that accredited audit firms be able to monitor the action plans directly in the ICS database using an automated, consolidated system. This process enables participants to track, on a real-

time, Group-wide, consolidated basis, the number of remedial actions remaining to be implemented in each plant, the number already under way and the number whose effective implementation must be verified during the next follow-up audit or a further full audit. This centralised tracking, carried out by each team concerned under the supervision of the Group Social Ethics Officer, enables enhanced monitoring of the corrective action plans required of the plants and thereby improves the working conditions of their employees. Progress can therefore be made as the corrective action plans are being implemented, before the follow-up audit is performed.

Educating and training buyers

The CSR department regularly organises awareness-building initiatives for purchasing teams and local offices to ensure that the Group's social and environmental supplier compliance programme is properly understood and implemented.



Implementation outcomes

All of the prevention measures described above were deployed in 2018, 2019 and 2020. The name and location of each private-label production facility are systematically identified. When the facility was located in a country at risk, an ICS audit was commissioned according to the procedure described above, so as to prevent the risk of serious human rights violations, particularly in the areas of child labour, forced labour and excessive working hours. Corrective action plans were tracked to support the plants in deploying best practices and attenuating the risks.

The following indicators are used to report the outcomes of the remedial actions, which are tracked and coordinated by the Group CSR department in liaison with the audit plan leaders in the subsidiaries concerned.

As part of the reporting process, the CSR department tracks:

- the number and location of active plants based in countries at risk and producing private-label products for one of the Group's banners;
- the social audits performed in these facilities (number, country where performed, type of product, type of audit, etc.);
- the alerts reported after the audits (type, number, severity, etc.);
- the corrective action plans (number of actions, implementation, etc.);
- the plants' degree of compliance and changes over time.

Since 2019, the Group's goal has been for all of its plants to be covered by an ICS audit performed within the previous two years. The following indicators show the outcomes from the actions undertaken.

Of the 107 countries where sourcing is authorised by the Group, 66 are subject to stricter procedures, of which 39 that were home to plants working for the Group in 2020. 94% of the private-label production facilities are located in 10 countries.

→ More than 90% of the buyers concerned were trained over the 2018-2020 period. Digital training courses have been introduced in France both for current employees, as needed, and for all new hires.

Plants in countries at risk and outcomes of the social audit campaigns

	2017	2018	2019	2020
Number of active plants* based in countries at risk and producing private-label products for the Group	1,578	1,510	1,566	1,289
of which in China	1,009	946	957	773
of which in India	150	174	189	164
of which in Turkey	77	64	67	55
of which in Bangladesh	35	44	57	52
of which in other countries at risk	307	282	296	245

Number of ICS social audits carried out in plants involved in the production of private-label products for the Group	1,245	1,460	1,126	1,188
of which directly commissioned by the Group	885	1,042	837	895
of which converted from an eligible BSCI audit	11	39	53	81
of which commissioned by another ICS member	360	418	236	212
of which initial audits	62 %	52 %	47 %	58 %
of which follow-up audits	16 %	21 %	18 %	8 %
of which re-audits	22 %	27 %	35 %	34 %

Breakdown by purchasing category of ICS social audits

performed in plants involved in the production of private-label products for the Group

Food	20 %	22 %	21 %	32 %
Apparel	41 %	46 %	42 %	36 %
Other non-food	39 %	32 %	37 %	32 %

Breakdown by country of plants audited by the Group in countries at risk

China	61 %	59 %	63 %	58 %
India	14 %	11 %	12 %	13 %
Turkey	5 %	5 %	3 %	4 %
Bangladesh	7 %	5 %	6 %	6 %
Other high-risk countries	13 %	20 %	16 %	19 %

* Active plants work either for Group suppliers, agents or importers or else for Casino Global Sourcing, the Group sourcing subsidiary.

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Outcomes of the alerts notified during ICS social audits

ICS alerts help to prevent the risk of serious violations, damage or harm by proactively identifying potential risks, which are addressed with carefully tracked remedial actions.

	2018	2019	2020
Number of ICS social audits commissioned by the Group in plants located in countries at risk and flagged with at least one alert*	207	148	111
% of alerts notified during plant audits in China	61 %	61 %	52 %
% of alerts notified during plant audits in India	11 %	14 %	8 %
% of alerts notified during plant audits in Turkey	4 %	1 %	10 %
% of alerts notified during plant audits in Bangladesh	2 %	5 %	7 %
% of alerts notified during plant audits in another country at risk	22 %	19 %	23 %

Breakdown of alerts by ICS chapter

(as a % of total alerts notified during ICS social audits commissioned by the Group)

Management system	17 %	16 %	16 %
Child labour	2 %	3 %	1 %
Forced labour	1 %	2 %	2 %
Discrimination and disciplinary practices	6 %	4 %	5 %
Working hours and overtime	3 %	4 %	6 %
Remuneration, benefits and working conditions	35 %	35 %	30 %
Health and safety	36 %	36 %	40 %

* An alert notification is raised when an audit finds potentially very critical non-compliances, which are addressed and tracked in post-audit corrective action plans.

For example, an alert notification of a risk of child labour may be raised when the auditor finds documentary evidence or hears employee testimony that plant management does not verify employee ages when hiring or does not keep a copy of the employees' identity papers, making it impossible to confirm that the plant only hires people at or above the legal working age.

Tracking and support mechanism for plants

Based on the findings of the ICS audits, each plant is assigned a rating that reflects its level of risk and supports the deployment of remedial actions. Corrective action plans are tracked to ensure that the appropriate measures have been taken and that the risks are being effectively addressed.

In 2018, to improve its ability to track proper implementation of the corrective action plans, Casino Group supported the deployment of an automated action plan monitoring system using the ICS database. Since 2019, action plans have been prepared directly on the ICS platform, which makes it easier to track and properly report the corrective actions undertaken. The 1,289 audited factories are displayed on a map and the corporate and subsidiary Ethics Officers have real-time access to all of their data (location, facilities information, audit reports, corrective action plans, photos, etc.).

The following table shows the effectiveness of the actions undertaken

	2017	2018	2019	2020
% of audited active plants located in a country at risk that are rated:				
Acceptable*	61 %	68 %	63 %	65 %
Acceptable with issues (level 1)*	17 %	20 %	31 %	30 %
Acceptable with issues(niveau 2)*	18 %	10 %	5 %	5 %
Probationary*	4 %	2 %	1 %	0 %
Number of plants removed from the supplier list for ethical reasons	40	70	37	24
% of plants removed from the supplier list for ethical reasons	3,2 %	4,8 %	3,3 %	2 %

* A plant's rating is assigned by the Ethics Coordinator of the subsidiary working with the plant, according to the procedures described in the SCOP and depending on the plant's latest ICS social audit score.

It is important to mention that the ICS social audit questionnaire underwent a major change in 2018 with respect to its rating system. The decision was taken to adjust and tighten the ICS rating scale for working hours. As a plant's rating is assigned largely according to its latest ICS audit score, many plants that were previously given an "Acceptable" status have been downgraded to a score of "Acceptable with issues (level 1)" following their ICS social re-audit due to the change in the rating scale.

Preventive measures are primarily undertaken in factories rated Probationary and Acceptable with issues. However, given the Group's relatively small contribution to a plant's order book (less than 3% on average for apparel-makers), the requested remedial actions can only be deployed through joint initiatives undertaken in collaboration with other plant customers. This is why the Group cooperates with other companies as part of the ICS. When a plant fails to implement the requested actions, it is removed from the Group's list of approved suppliers.

In addition to monitoring working conditions through ICS social audits, the Group has also paid particular attention to training and support for plants, in particular by encouraging them to take part in the training programmes offered throughout the year by ICS, such as those offered in China and Vietnam on health and safety in the workplace in partnership with the ILO, as part of their SCORE (Sustaining Competitive and Responsible Enterprises) programme..

→ In 2019, the Group decided to set up a specific remediation programme on the topic of working hours in China, called the "Working Hours Program", developed in partnership with an external consulting firm.

The programme is divided into two parts: in an initial phase, a plenary training session for plant representatives given in Mandarin and, in a subsequent phase, a minimum of three days of audit and on-site intervention by external consultants. The on-site intervention allows for solutions to be recommended that are particularly suited to the context of the plant and inspired by lean management. This method helps to reduce production costs and the use of overtime by optimising the plant's production management. In all, 77 factories in the Guangzhou and Shanghai regions producing private-label products for Group subsidiaries were invited to participate in this programme in 2019. A total of 64 people from 49 different companies attended the two plenary training sessions organised in early December 2019 in Guangzhou and Shanghai. The consultants' first on-site assignments were planned for 2020 but had to be postponed until 2021 due to the global pandemic, which complicates the work of external consultants at production sites.

The measures taken in 2019 and 2020 helped to ease human rights and other risks, with a reduction in the percentage of facilities flagged with the most instances of non-compliance.

→ In 2020, the Group CSR department visited several subsidiaries to remind them of the Group's CSR policy and to train their teams.

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Focus on ready-made garment factories

Given the level of risk of the apparel suppliers identified in the duty of care risk map, private-label garment factories are subject to particularly strict oversight, notably when they are in Bangladesh. These factories are covered by the working and environmental conditions monitoring programme described above.

Specific measures have been put in place for factories located in:

- Bangladesh

No ready-made garment factory may be approved as a Group supplier unless it has been disclosed to the Accord on Fire and Building Safety. Accordingly, Group subsidiaries Distribution Casino France, Casino Global Sourcing and Monoprix have disclosed the factories in Bangladesh to the Accord, which the Group pledged to uphold in July 2013 to support the ongoing collective and collaborative process and improve safety conditions in local factories: all of the disclosed factories have been audited by the Accord. In order to ensure that Accord initiatives continue in Bangladesh, Casino Group is supporting the project led by the Accord Steering Committee and the Bangladesh Garment Manufacturers and Exporters

Association (BGMEA) to replace the Accord on Fire and Building Safety in 2020 with a new entity, the Ready-made Garment Sustainability Council (RSC). In 2020, the Group took part in the various meetings organised by the Accord.

→ All new local factories working for the Group's private-label apparel brands were systematically inspected with unannounced ICS audits prior to accreditation.

- Brazil

Private-label garment factories in Brazil are covered by an inspection and certification programme conducted with the Brazilian Garment Retailers Association (ABVText), which was founded in 1999. Based on the findings of independent audits, this initiative certifies the Brazilian garment factories, so as to ensure decent working conditions for their employees and the spread of best labour practices across the supply chain.

→ In 2020, 100% of GPA's 58 garment, footwear and accessories plants had been certified by ABVText.



Apparel tracking indicators

	2017	2018	2019	2020
Number of active garment factories producing private-label apparel for the Group in countries at risk	652	631	662	535
% of active garment factories producing private-label apparel in countries at risk covered by a valid ICS social audit	69 %	94 %	92 %	89 %
Bangladesh				
Number of active RMG factories producing private-label apparel for the Group in Bangladesh	31	36	52	50
% of active RMG factories tracked by the Accord on Fire and Building Safety	100 %	100 %	100 %	100 %
Number of employees working in RMG factories supplying the Group and tracked by the Accord	NC	63,828	115,887	132,618
Average compliance rate in the RMG factories supplying the Group and disclosed to the Accord (based on Accord standards)	80 %	94 %	93 %	95 %

Specific control measures concerning environmental risks

In 2018, the Group supported the introduction of a new ICS audit protocol for environmental issues, so that it could continue to share the findings of audits performed in plants used by several members and to pool the remedial action plans. This supplementary environmental audit campaign is being rolled out in tier 1 and 2 facilities whose processes pose the highest environmental risk in the manufacture of household linens, denim apparel and leather goods. So far, 21 environmental audits, including 15 commissioned by the Group, have been performed in garment factories using such processes as dyeing, washing and fading. By the end of 2020, 83% of tier 1 or 2 textile mills manufacturing denim products and using wet processes had undergone an environmental audit within the previous two years. In addition, eight environmental audits, five of which were commissioned by the Group, were carried out in television and large electrical appliance factories to assess the environmental risks potentially caused by the production processes of these product families. All of the mills audited as part of this process achieved satisfactory results, significantly above the average results obtained by textile mills using water-based manufacturing processes.

In order to support its plants in improving their environmental practices, the Group has encouraged them to take part in the training programmes offered throughout 2019 by the ICS in partnership with an external company, particularly on the topics of raising awareness about environmental issues, chemical product management, wastewater management and effluent treatment plants. In 2019, representatives from 12 factories producing private-label products attended one of these training programmes.

Since 2018, Casino Group has issued its apparel suppliers a handbook of best practices in the most widely used denim processing techniques. For each one, it describes the main risks involved and, on the facing page, the recommended safety guidelines and personal protective equipment. It also specifies best chemicals management practices, as well as the environmental issues to be addressed in managing the effluent and waste generated by denim wet processing. The handbook has been shared with the ICS so that it can be used by all of the member banners, their suppliers and the factories manufacturing denim products.

Lastly, in order to tighten controls within the supply chain, 12 ICS social audits were performed in factories located in countries where sourcing is allowed without tighter controls. These audits help to improve knowledge about the level of social and environmental compliance of factories located in countries not considered to be at risk, thus contributing to Casino Group's analysis of country risks, which in turn helps to make the Group's risk mapping and duty of care plan more robust.

Regarding the risks associated with Covid-19 for employees at production sites

In view of the pandemic-related risks for employees at production sites, Casino Group initiated the implementation of a specific questionnaire within the framework of the ICS in order to question plants on the respect of measures to protect employees from the risk of Covid-19 contamination in their workplace. For several weeks, auditors were unable to visit plants to monitor working conditions. The implementation of this questionnaire, sent to around 3,400 plants listed in the ICS database, had the dual prevention objective of reminding people of the measures to be observed and their importance, but also of facilitating self-assessment checks. The plants surveyed were asked to answer the questionnaire's 50 questions, broken down into 8 chapters, but also to provide visual or documentary evidence of the measures implemented on their production sites.

Casino Group sent the questionnaire to 689 plants in the countries most affected by the pandemic, and 289 of them shared the results of their self-assessments with the Group. That represents a response rate of 42%, nine points above the average response rate obtained by ICS members. The Group also benefited from the sharing of 61 additional self-assessments commissioned by other ICS members in some of its plants. Overall, the self-assessments showed that the plants had grasped the importance of implementing protective measures to limit the spread of Covid-19 and preserve the health of their employees. The physical separation of workspaces and the provision of Personal Protective Equipment (mainly masks) were among the measures most routinely applied by the responding plants.

In addition to these questionnaires, the ICS sought to set up a pilot project consisting of remote surveys of more than 21,000 employees in 159 plants, carried

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out directly on mobile phones (via voice calls, mobile apps or websites) using technology developed by two service providers. Given the difficulties in sending auditors to some plants at the height of the pandemic, these surveys chiefly served to ask employees directly about their working conditions and the health measures their employers had implemented to limit the spread of Covid-19, through 20 questions.

A total of 2,384 employees from 18 plants selected by Casino Group responded to the surveys as part of the pilot. The findings generally confirmed the lessons learned from the self-assessments completed by plants, namely that measures to control the spread of Covid-19 were indeed being implemented in the production sites surveyed.

3.2 SUPPLIERS OF PRIVATE-LABEL PRODUCTS CONTAINING PALM OIL

Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent serious violations, harm or damage

Several private-label products contain palm oil as an ingredient, which raises risks of deforestation, particularly in Indonesia and Malaysia, and of soil erosion, water pollution, the impact of single-species farming on biodiversity, and poor working conditions on palm oil plantations (risk of child labour, forced labour and workplace health and safety).

As palm oil is purchased from refiners or importers by the Group's direct suppliers, the Group requires them to guarantee that it complies with the No Deforestation, No Exploitation commitments defined by the Group's partner, the Earthworm Foundation (formerly TFT).

This means sourcing palm oil from plantations whose practices safeguard high conservation value ⁽¹⁾ and carbon-rich forests, and whose methods support the development of small producers and respect local communities and workers' rights.

In order to reduce these risks, Casino Group has curbed the use of palm oil in its food products since 2010, removing it from a large number of its organic and other private-label products. In 2011, it addressed a variety of stakeholder concerns by joining the Roundtable on Sustainable Palm Oil (RSPO), while in France it pledged to use only RSPO-certified palm oil by 2020, prioritising crops certified to Segregated or Identity Preserved standards, which offers the added advantage of being able to trace the palm oil to its source. The absence of forced labour and child labour are among the items checked by external auditors during the RSPO certification audit of a plantation.

Also, in addition to the RSPO, suppliers were informed of the Group's palm oil policy by letter from 2015 on, and working seminars have been organised in Brazil to raise their awareness of the policy. The Group asks its suppliers to trace the palm oil used in its private-label products by identifying and declaring the refiner or initial marketer, in order to obtain visibility throughout the supply chain.

The Group believes that close collaboration among stakeholders across the production chain – NGOs, refiners, growers and manufacturers – is the only way to achieve the common goal of using only palm oil produced without causing deforestation or exploitation. This is why it joined the Palm Oil Transparency Coalition (POTC) in 2019. The POTC conducts an assessment of refiners' policies and actions with regard to their zero deforestation commitments, which allows us to assess the level of risk and engage in constructive dialogue with our suppliers to encourage the refiners from which they purchase palm oil to tighten their controls and improve their supply chain.

(1) High conservation value areas are areas of high biological, social and cultural value that are important to conserve, and that contain rare species and habitats.

Implementation outcomes

In France, the Group calculates the palm oil footprint of its private-label food and non-food products and gathers information such as names and addresses to trace the palm oil content back to the initial importer and/or refiner. The method consists in sending a questionnaire to each direct supplier whose products contain palm oil. The questionnaire is designed to trace the palm oil content, so as to identify all of the stakeholders across the supply chain to the first importer from the producing countries.

Furthermore, the “zero deforestation” commitments of these initial importers were analysed in cooperation with the Earthworm Foundation, of which Casino Group is a member, between 2016 and 2018. The analysis focused on four fundamental criteria: the company’s palm oil policy and underlying commitments; the company’s reputation in connection with its palm oil operations; the transparency of its supply chain; and the initiatives undertaken to apply its policies or improve its sourcing.

Since 2019, this analysis has been carried out by the Palm Oil Transparency Coalition (POTC) as part of collective action with other retailers committed to the same approach. The POTC sends annual assessment questionnaires to palm oil importers to get a precise picture of their level of commitment to sustainable palm oil. The findings are shared in the form of a report with all POTC members. Casino Group informs its own direct suppliers of the findings so that they can take them into account in their purchasing policies. The report is also available on the POTC website.

→ In France, 100% of the palm oil used in private-label food and non-food products comes from Asia and is RSPO certified, and 90% to the “Segregated” or “Identity preserved” level, carrying the highest guarantees.

In South America, GPA and Éxito favour palm oil of local origin, both to promote local consumption and to reduce the social and environmental risks linked to palm oil cultivation. This reduces the risk of deforestation compared with the palm oil used in France, which is sourced from Asia. In Colombia, Grupo Éxito is supporting Tropical Forest Alliance (TFA) 2030, a multi-stakeholder initiative, whose objective is to reduce tropical deforestation related to palm oil, soy and cattle breeding. Éxito also signed the TFA’s Palm Oil National Agreement, which supports joint stakeholder efforts to eliminate deforestation in

the palm oil supply chain. Éxito favours Colombian RSPO palm oil for cooking. In Brazil, GPA has published a purchasing policy for palm oil products, with which suppliers must comply to supply its private labels. The policy reiterates their obligation to know the origin of the palm oil and whether it is locally sourced or imported.

If the palm oil is imported, it must be RSPO certified. In addition, it must identify the country of origin and trace the palm oil back to the importer. This policy is available on the GPA website: <http://www.gpari.com.br/wp-content/uploads/sites/108/2020/12/Social-and-Environmental-Policy-for-Purchasing-Palm-Oil-Products.pdf>

3.3 BEEF SUPPLIERS IN BRAZIL

Regular risk assessment procedures, risk mitigation programmes and initiatives to prevent serious violations, harm or damage

Private-label beef accounts for about 15% of all the beef sold by GPA.

The remainder is sold under national brands or on fresh-food counters, by major Brazilian agri-food companies. GPA does not buy directly from ranches.

The review of the social and environmental risks in GPA’s supply chain, conducted in 2014 by GPA’s Risk Management department in conjunction with the CSR department, identified beef suppliers in Brazil as a possible source of serious human rights abuses (risks of child labour, forced labour and workplace health and safety abuses) and of serious harm to the environment (particularly the risk of deforestation in the Amazon). This finding was confirmed during the risk mapping exercise performed in compliance with the duty of care law. The responsible beef sourcing policy, which was introduced in March 2016 in partnership with The Forest Trust (TFT) Brazil (now the Earthworm



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Foundation), leverages traceability across the supply chain to ensure that the cattle sourced directly by our suppliers are not from ranches practising illegal deforestation, involved in forced labour or any illegal encroachment on indigenous lands.

Initially applied to purchases by Multivarejo, the policy has been extended to the Assaí banner, the first cash-and-carry retailer in Brazil to take a stand on this issue.

There are two principles behind GPA's beef sourcing policy, implemented to attenuate the risks of deforestation and human rights abuses across the supply chain:

- **Traceability and transparency:** : all GPA beef suppliers are required to declare information on the slaughterhouses (rank 1) and ranches (rank 2) they work with, and register this information in the GPA traceability system;
- **Geo-monitoring** : GPA is not in direct contact with the ranches. Suppliers use a satellite geo-monitoring system to verify that these ranches meet the zero-deforestation policy criteria, as listed below. If this verification process finds non-compliance, then the ranch in question is blacklisted and not allowed to sell products through GPA.

The policy is based on the social and environmental criteria specified in 2009 for cattle sourcing throughout the Brazilian territory.

Specifically, suppliers are required not to proceed with sourcing from any ranch that:

- 1 – encroaches on indigenous land;
- 2 – encroaches on conservation areas;
- 3 – has been implicated for practices resembling forced labour or child labour;
- 4 – has been embargoed by the Ministry of the Environment because of an environmental offence.

With regard to ranches in the Amazon region, Brazilian suppliers are also required to refrain from sourcing from any ranch that:

- 5 – has been involved in deforestation after August 2008/October 2009, as set out in the GPA policy;

- 6 – does not have a CAR rural identification number or environmental licence if applicable.

To implement its policy, GPA has:

- mapped the various links in the supply chain to identify the different types of industry suppliers;
- rolled-out dedicated action plans to address the risks identified in each indirect supply chain;
- trained suppliers so that they can deploy, in their own operations, the solutions needed to verify that ranches comply with the defined purchasing criteria;
- provided suppliers with a manual presenting GPA policies and procedures;
- identified the exact coordinates of the ranches that directly deliver cattle to GPA suppliers;
- collaborated with market stakeholders, public organisations and NGOs combating deforestation to converge best practices and work on developing systemic solutions.

Suppliers not subscribing to GPA's responsible beef sourcing policy had their contracts suspended pending proof of compliance and effective policy implementation.

Implementation outcomes in 2019

The main outcomes of the new policy are as follows:

- all of the suppliers have pledged to support GPA's policy and development programme. In 2019, four suppliers completed their action plan to achieve full compliance with the GPA policy. Since the policy launch in 2016, GPA has blacklisted 23 suppliers that refused to abide by the policy or run the action plan;
- a total of 19 slaughterhouses (100%) have a geo-monitoring system in place. 99.6% of the meat produced by these suppliers was of controlled origin in 2019. The remaining 0.4% corresponds to suppliers who either implemented the system this year, or were suspended for refusing to implement the action plan (2019);
- 22,150 direct ranches have been identified. These ranches provided cattle to GPA suppliers and have been inspected by our suppliers;
- more than 30 meetings have been organised to present the policy to the suppliers since its publication, and to assist in the implementation of specific action plans in 2019.



2020 update for GPA's beef purchasing policy

Aware of the growing risk of deforestation in Brazil, and intent on further improving the efficacy of its policy, in 2019 and 2020 GPA took part in joint work by the Imaflora NGO, the Brazilian Federal Prosecution Service and other civil society organizations on the Beefontrack.org project, supported by GPA ⁽¹⁾.

On this platform, an industry-wide protocol on control of cattle farming in Brazil was drawn up and approved by the Federal Prosecution Service on 12th May 2020, which came into force on 1st July 2020 ⁽²⁾. The protocol was included in the update to GPA's Social and Environmental Beef Purchasing Policy, drawn up with input from a 2018-2019 diagnostic by Proforest, an NGO specialising in responsible procurement of natural resources ⁽³⁾.

This update to the 2016 policy was submitted to the GPA Governance and Social Responsibility Committee on 29th July 2020 and published on 5th September 2020.

In line with the Imaflora protocol, the updated GPA policy specifies the control criteria that supplier ranches are required to meet. It applies to all GPA beef suppliers as from 5th September 2020. It explicitly states that compliance is "mandatory for all beef suppliers, and a prerequisite for supplying goods to GPA and for the continuation of long-term relationships with GPA business units. GPA may discontinue business relationships with any supplier failing to apply these guidelines or to take any corrective measures required ⁽⁴⁾.

GPA thus requires its direct suppliers to:

- take up its new policy (point 5.2.1 in the GPA policy);
- comply with the GPA Code of Ethics (point 5.2.2 in the GPA policy);
- implement the Imaflora beef sourcing protocol in the Amazon region, to inspect the ranches they work with (point 5.2.3 in the GPA policy): "Suppliers having one or more meat packaging facilities in the Amazonian biome or sourcing cattle from the Amazonian biome are required to apply the protocols of the Beef On Track project [...]" and guarantee that

the ranches they work with meet the 12 criteria specified in the sourcing process. GPA also requires that these suppliers take up a non-deforestation commitment in the Amazonian biome, in line with the GPA policy. GPA gives good-practice recognition to the signing of an environmental conduct adjustment agreement with the Federal Prosecution Service in the Brazilian states where the facilities are located ⁽⁵⁾. Under the Imaflora protocol, suppliers are required to audit the Brazilian cattle ranches (rank 2 in the GPA supply chain) according to the 12 socioenvironmental criteria on points including illegal deforestation, environmental embargoes, indigenous land and forced labour. With regard to the Amazonian biome in particular, suppliers are also required to refuse any cattle coming from ranches involved in deforestation after the cut-off date of October 2009 specified by the protocol;

- indicate direct origin and beef shipment data in the GPA traceability system (point 5.2.4 in the GPA policy);
- subscribe to a geo-monitoring system for ensuring that all cattle purchased complies with the socio-environmental criteria (point 5.2.5 in GPA policy). Suppliers are required to refuse all cattle from any ranch found not to comply.

Under its new policy, GPA:

- audits its suppliers to ensure they comply with its policy, by crosschecking the data reported by suppliers on the ranches they work with using satellite geo-monitoring systems different from that used by most suppliers ⁽⁶⁾;
- continues to train its internal teams and support its suppliers. All GPA group employees involved in the beef sourcing process are trained accordingly. For each new supplier, GPA provides and runs training to ensure effective take-up of GPA guidelines.

All potential suppliers are required to comply fully with the policy before they can begin or continue supplying GPA. Suppliers that refuse to meet these implementation or audit requirements are blacklisted and not allowed to supply any GPA group business entity. Suppliers off-listed for non-compliance with policy then wishing to re-apply for inclusion must provide full proof of compliance. Meat suppliers that have blacklisted ranches for non-compliance

(1) <https://www.beefontrack.org/who-is-who>

(2) https://61b37262-1c70-4b1c-9bd4-d52a78d31afb.filesusr.com/ugd/c73ac5_1f727af24f4e4f2a8806e00ed7bccb3d.pdf

(3) <https://proforest.net/en>

(4) <https://www.gpabr.com/wp-content/uploads/2021/03/Social-and-Environmental-Beef-Purchasing-Policy.pdf> (page 3 of the PDF).

(5) <https://www.gpabr.com/wp-content/uploads/2021/03/Social-and-Environmental-Beef-Purchasing-Policy.pdf> (page 29 of the PDF).

(6) <https://www.gpabr.com/wp-content/uploads/2021/03/Social-and-Environmental-Beef-Purchasing-Policy.pdf> (pages 20 and 21 of the PDF).

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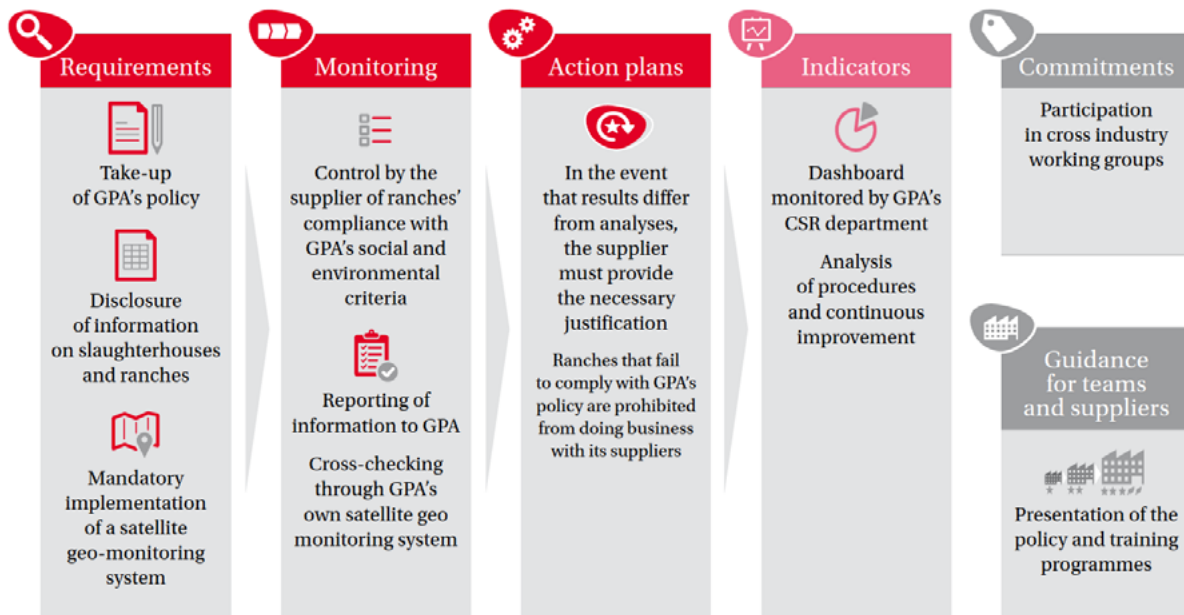
are encouraged to give clear explanations for the removal along with advice on the adaptations needed for meeting the reinstatement requirements⁽⁷⁾.

Given the difficulties suppliers have in the large-scale monitoring of indirect supplier ranches (rank 3 in the supply chain), and the illegal “cattle laundering” practices used by certain ranch owners, GPA supports and participates in the development of sustainable rank-3 monitoring solutions operable at wide scale and shared by all players. Specifically, it is a member of the Indirect Supplier Working Group (GTFI), alongside organizations such as the National Wildlife Federation (NWF), Earthworm and Amigos da Terra, and takes part in pilot projects with suppliers to improve the monitoring of indirect supplier ranches and thereby the sustainability of beef production⁽⁸⁾. GPA supports and is directly involved in the VISIPEC project⁽⁹⁾ (www.visipec.com/), which involves working back through the supply chain to indirect supplier ranches where applicable, and strengthening the monitoring process accordingly. This system enables GPA suppliers to monitor indirect supplier ranches by cross-checking CAR land registry information with

GTA documentation on transport from departure to arrival ranches. GPA is the first retailer to be involved in this project, currently at the experimentation phase with the National Wildlife Federation.

Full information of the GPA policy is available here: <https://www.gpabr.com/en/sustainability/transforming-the-value-chain/>.

Control policy for GPA's beef suppliers



(7) <https://www.gpabr.com/wp-content/uploads/2021/03/Social-and-Environmental-Beef-Purchasing-Policy.pdf> (page 19 of the PDF).

(8) <https://www.gpabr.com/wp-content/uploads/2021/03/Social-and-Environmental-Beef-Purchasing-Policy.pdf> (page 35 and 36 of the PDF).

(9) <http://www.visipec.com/>.

Given the scale of the challenges at hand, Casino Group, along with most stakeholders in Brazil, considers that effective action requires shared rules determined through constructive debate among all concerned, from suppliers and retailers through to civil society in general. For this reason, GPA supports initiatives on improving monitoring of the cattle supply chain in Brazil, and takes part in:

- the Indirect Supplier Working Group (GTFI), a platform for examining the challenges set by the indirect cattle farming chain;
- the annual process to monitor enforcement of the commitments of the National Pact to Eradicate Slave Labour (InPACTO), which GPA has upheld since 2005;
- the Brazilian Roundtable on Sustainable Livestock (GTPS) on sustainable cattle farming;
- the G6 working group formed by the main beef retailers and suppliers to improve control over the supply chain;

- the Brazilian Coalition on Climate, Forests and Agriculture, a multisector movement to promote a new economic development model based on zero-carbon principles.

Implementation outcomes in 2020

In 2020, the new policy was issued to all GPA suppliers, and 38 of these signed up. Each supplier checks ranch compliance with regard to the 12 criteria of the Imaflo protocol. 100% of direct supplier ranches are monitored for compliance using a satellite geo-monitoring system.

To ensure proper application of ranch monitoring procedures by its direct suppliers, GPA cross-checks the information received on ranches declared as compliant, using a geo-monitoring system different from that used by most suppliers. Suppliers are required to explain any differences between the GPA analysis and their own. If the GPA analysis is confirmed, then the ranch is blacklisted.

Monitoring indicators

Percentage of fresh and frozen beef sold under national brands and private labels in GPA stores in Brazil	
% national brands	85 %
% private labels	15 %
Number of beef suppliers in Brazil at 31 December 2020	
Number of national-brand suppliers	38
Number of private-label suppliers	2*
Indicators on beef suppliers with slaughterhouses buying directly from ranches	
% of suppliers subscribing to new policy	100 %
% of suppliers using satellite geo-monitoring system	100 %
Number of declared ranches supplying GPA direct suppliers	17,740
% of these ranches analysed and monitored by the satellite geo-monitoring system	100 %
% of these ranches analysed and monitored by the satellite geo-monitoring system, followed by supplier cross-checks using the GPA geo-monitoring system	100 %

* These two suppliers are also national-brand suppliers.

Actions taken by Éxito in Colombia are detailed in the section Combat deforestation caused by the production of commodities (page 234).

GPA has also:

- systematically questioned the suppliers identified in NGO reports in 2020, analysed the ranches concerned, and examined their responses with a view to taking whatever measures are deemed necessary;
- taken part in multi-stakeholder initiatives addressing the social and environmental issues posed by cattle farming in Brazil, to support the rollout of collaborative solutions, which Casino Group and GPA consider the most effective, given the complexity of the issues and the number of stakeholders. Casino Group co-chairs the working group on cattle farming set up by the Forest Positive Coalition of the Consumer Goods Forum, which seeks to mobilise all purchasers of meat in Brazil on collective improvements to systems and operations on oversight of Brazilian beef producers. As mentioned above, GPA teams took part in Imaflora's work on the Beef On Track project, GTFI, GTPS and the VISIPEC project;
- audited ten of its private-label (Rubia Gallega) direct suppliers' slaughterhouses according to the ICS social audit standard, to verify working conditions.

Note on the claim by an NGO collective under duty of care legislation

In 2020, NGOs reported that Brazilian ranches working for major Brazilian beef companies might be implicated in deforestation in Brazil. Though Casino Group's Brazilian subsidiary, GPA, was not incriminated by representatives of Brazilian indigenous communities or communities on the land farmed by these major supplier ranches, in June 2020, a French organisation published a report claiming "double standards" practised by Casino Group. Casino Group issued a detailed response addressing the many inaccuracies, incorrect extrapolations and errors contained in this report. In September 2020, Casino Group received formal notice on the claim by this organisation and a collective of other NGOs that the Group's duty of care plan failed to comply with the French duty of care law of 27 March 2017.

Casino Group refuted this accusation, and provided a detailed response to this formal notice.

Compliant with the provisions of this legislation, Casino Group publishes and implements the duty of care plan as outlined in this document, as from entry in force of the legislation in question.

Casino Group continues to engage in constructive dialogue with Brazilian organisations involved in the fight against deforestation.



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