

# DUTY OF CARE PLAN

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CASINO GROUP  
2022



## 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 Executive Director, Merchandise and Chairman of the AMC purchasing unit, the Non-Food Purchasing and Food Purchasing Directors, the Director of Production, Innovation, Quality and Mediation at the AMC purchasing unit, the Group Risk and Compliance Director, the Group CSR and Engagement Director, the Group Insurance Director, the Group Internal Control Director and the Group Employment Law 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 (i) the company; (ii) the companies it controls; or (iii) 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 action plans are in place to mitigate risks and prevent serious violations or harm**, that these plans are implemented and that their effectiveness is assessed;
- **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.

The Committee met twice in 2022.

### RISK MAPPING AND REGULAR ASSESSMENT PROCEDURES

To analyse in more detail the risks involved in the Group's business operations (see section 4.3 "Main risk factors"), 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;
- **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.



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

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

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

## SUPPLIER RISK MAP

Supplier risks were mapped using the following methodology:

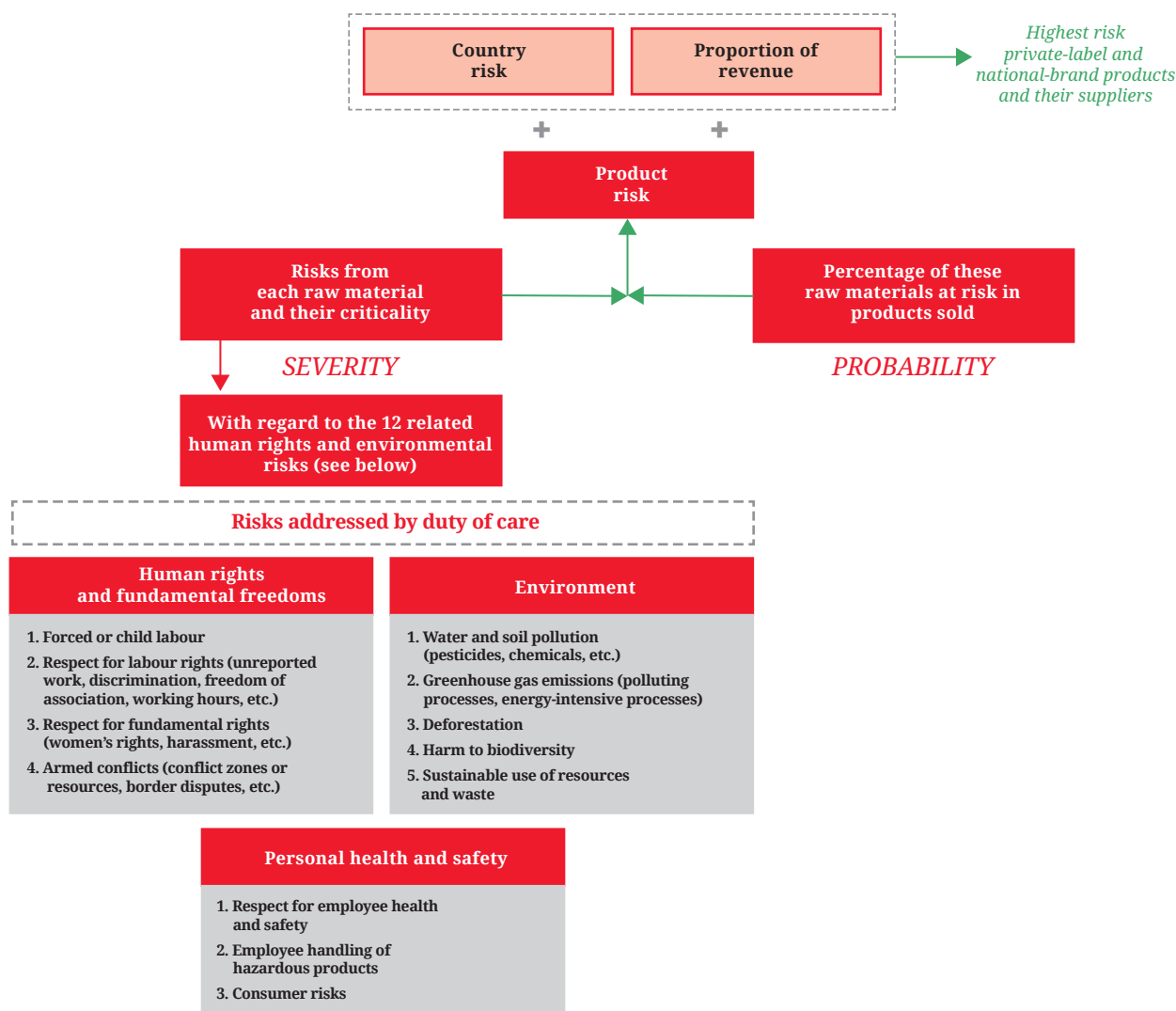
- **Assess the risks related to products sold:** for each substance contained in a marketed product, the level of risk in the 12 categories defined above was systematically analysed using documentary sources (international studies, NGO reports, surveys, media reports) and in-house assessments. In this 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;
- product purchasing volumes: the likelihood that the Group will incur the risk increases with volume;
- 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.

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 almost 90% 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.

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

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.

In 2020, the CSR and Engagement 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 was 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 recognised 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-food 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.

In 2021, the CSR and Engagement department updated its weighting system applied to the 12 risk criteria taken into account in its map, and finished updating the analysis of each compound based on information available in its “Responsible Together” application. The updated map determines gross and net risk for the main compounds, in line with action plans implemented with suppliers. The list of compounds/products with the highest risk was shared with the Group's main subsidiaries in Latin America so that they could better adapt their risk analysis to their respective markets and add more specific local risks. This updated map was presented to the Duty of Care Committee at the end of 2021.

As in 2020 and 2021, with a view to keeping its risk analysis up to date, Casino Group continued to survey press articles and reports from organisations and experts on risks of human

rights and environmental violations involving products sold in its stores and the suppliers associated with them. Lastly, purchasing department employees learnt about the importance of reporting any instance or information that could implicate its suppliers.

## 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 carried out by the Group CSR and Engagement 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 analyses input such as retail industry reports and significant events to gauge the potential risk related to its subsidiaries' activities.

In 2020, 2021 and 2022, 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 in 2020 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 condemned in the retail and hospitality sector in Brazil and many other countries;
- **alerts raised in several stakeholder reports** regarding the risk of deforestation linked to the production of raw materials in various countries, notably in the beef supply chain in Brazil.

These events led Casino Group to strengthen existing measures as necessary.

In 2022, the CSR and Engagement department asked the Group's main subsidiaries to update the monitoring of defined action plans and update the risks related to its subsidiaries' activities.

## STAKEHOLDER DIALOGUE

Casino Group and its subsidiaries regularly engage with stakeholders, including non-governmental organisations and public authorities, to continue improving the identification of serious risks of human rights and environmental violations in the supply chain. It also participates in several collaborative platforms on environmental and human rights issues. This dialogue takes the form of bilateral or multilateral exchange within working groups made up of multiple stakeholders. The Group also answers questionnaires sent by associations.

In 2021 and 2022, Casino Group and its subsidiaries concerned have interacted with several associations, namely on issues involving:

- **raw materials in their supply chain.** The Group engages in dialogue with its peers and associations by participating in working groups on soy, charcoal, tuna, shrimp and pesticides led by its partner NGO the Earthworm Foundation, and by joining the French Soy Manifesto, the French Sustainable Cocoa Initiative, the Soy Transparency Coalition, the Palm Oil Transparency Coalition and the Retailer Cocoa Collaboration. For example, it responded to the WWF questionnaire on palm oil (in 2021), the Changing Markets Foundation questionnaire on aquaculture (in 2021), and the *Réseau Action Climat* questionnaire on responsible products (in 2022);
- **cattle farming in Brazil** with Imaflora, Proforest and the National Wildlife Federation (NWF), the Beef Working Group under the Forest Positive Coalition of Action backed by the Consumer Goods Forum, of which Casino Group is a member, as well as in 2020 and early 2021 with Amnesty International regarding its report on a leading Brazilian beef supplier;
- **human rights issues** through the Initiative for Compliance and Sustainability (ICS), Businesses for Human Rights (EDH), Accord for Health and Safety in the Textile and Garment Industry in Bangladesh and, for living wage issues, Platform Living Wage Financials;
- **plastics** as a signatory to the National Pact on Plastic Packaging.

Casino Group's 2020 duty of care plan was presented to the Group's union delegates in April 2021. This presentation provided an opportunity to explain and discuss its implementation and the action plans deployed. In addition, as part of the Group's CSR Agreement, signed in 2014 and renewed every three years since, the Group presented the duty of care plan at the annual meeting of the agreement monitoring committee, held in December 2021 and November 2022. At this meeting, the Group CSR and Engagement department was able to present further details on the plan to the Group's union delegates and answer any questions.

Group subsidiaries engage in this type of dialogue with local associations in the countries where they operate.

## ALERT AND REPORT COMPILATION MECHANISMS

After consultations with employee representatives, Casino Group simultaneously set up two alert mechanisms, one for reporting Sapin II law 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](mailto:contact75vgl@deontologue.com). The address may also be accessed on the "CSR Commitments/Produce better/Improving the supply chain" page of the Group's corporate website ([www.groupe-casino.fr](http://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. The Officer 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 2022, 16 messages were received at the above address, as opposed to three in 2021. Each of these messages received a response.

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 and Assaí 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](mailto:ouvidoria@gpabr.com)
- Assaí: 0800 777 3377 – [ouvidoria@assaí.com.br](mailto:ouvidoria@assaí.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](mailto:etica@grupo-exito.com)
- Online form: <https://lineatransparencia.com/exito/reportesembedded?form#/>

These channels are also accessible on [www.gpabr.com/pt/ouvidoria](http://www.gpabr.com/pt/ouvidoria) and [www.grupoexito.com.co](http://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 Statement (NFS)).

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 2022 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 ;
- community outreach, procurement and quality policies ;
- environmental policies.

### 2.1 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 an e-learning course, and others face-to-face, to understand what to do in response to a report. 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. In 2022, a reminder on this system was sent to the HR directors of all Group subsidiaries in France, and a new poster presenting the network of correspondents was produced, for greater visibility. Four workshops were held in partnership with the *Balance ton stage* initiative to raise awareness of sexism issues, attended by a total of 140 work-study interns and supervisors. In addition, a specific programme on harassment and sexism was run at the end of the year, addressing all managers at the head office and warehouses of the Easydis subsidiary.

In Latin America, policies, procedures and dedicated organisational structures have been set up to receive, follow up on and handle reports and complaints of workplace and sexual harassment. GPA, Assaí and Grupo Éxito employees received training on these matters. To detect possible violations of the companies' policies and values, whistleblowing systems are publicly accessible (by telephone, website and e-mail), enabling anyone to report any situation of harassment or any infringement of current legislation, the Code of Ethics, or applicable policies and procedures. GPA and Assaí have their own specific departments for receiving and investigating complaints of sexual harassment. In

## DUTY PLAN CARE

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

each instance, GPA investigates the complaint and where applicable takes appropriate disciplinary or other corrective action provided for in the Code of Ethics and its rules. All complaints can be made anonymously and are treated confidentially. Assaí runs a training course on workplace discrimination and harassment through its internal university, *Universidade Assaí*.

## 2.2 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 (i) by including additional requirements in certain subsidiaries' supplier contracts and marketing agreements, and (ii) 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 and Engagement 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.

In 2021, Casino Group updated its Supplier Ethics Charter to enforce stricter requirements on its suppliers concerning human rights and the environment. In 2022, this Charter was issued to purchasing teams and suppliers, along with a reminder of the procedures to be followed. The Group CSR and Engagement department renewed instructions to Purchasing and Merchandise department teams regarding French duty of care law, to ensure proper reporting of any serious infringement of human or environmental rights in suppliers' supply chains.

## 2.3 EMPLOYEE HEALTH AND SAFETY RISK IN VIEW OF THE COVID-19 EPIDEMIC

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

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 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.

The banners obtained several certifications to attest to the effectiveness of these measures, namely Monoprix, which received Health Risk Management certification in 2020. This policy helps to guarantee that health risks will be managed appropriately over a sustained period by ensuring that all the banner's stakeholders – customers, suppliers, buyers, delivery staff and of course all Monoprix employees – comply with best practices. Casino banners obtained the label "COVID-19 Hygiene Measures verified by Afnor Group", a certification based on good practices available to prevent the risk of spreading the virus. In South America, Éxito implemented numerous measures to continue protecting its employees and customers. All of these actions were recognised by the independent institute *Monitor Empresarial de Reputación Corporativa*, which placed Éxito among the three most responsible companies in managing the Covid-19 crisis. In its Annual Report, GPA presents all the measures taken to protect customers and employees.

## 2.4 RISK OF HUMAN RIGHTS VIOLATIONS RELATED TO STORE SECURITY IN BRAZIL

A specific questionnaire was drawn up in 2020 by the Group CSR and Engagement 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. Calls for tender;
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 section "Continuous risk analysis and updating the subsidiary risk map"), 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 service providers, including ensuring that officers are registered with the federal police;
- organising an annual workshop with all service providers 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.

- In 2021, the action plan continued to be deployed in order to:
- review procedures for in-store security, selection and accreditation of security service providers;
- deploy training/awareness workshops for security guards and store personnel on respect for human rights and the fight against discrimination and stereotypes.

For example, in 2021, GPA updated the contracts it signs with its security service providers to include stricter clauses in the event of discrimination committed in-store by a security guard. GPA is also working with its security service providers to employ more women security guards in its stores. Also, as part of its fifth Diversity Week, GPA partnered with an outside expert to design a training programme for its security service providers, security guards and staff from various GPA departments (Security and Loss Prevention, Report Collection, Compliance, Diversity and Inclusion). In Colombia, Éxito conducted a human rights risk analysis with the support of a consultancy firm. It involved interviewing security service providers to assess their crisis management protocols in handling human rights violations.

Similarly, in 2022, Assaí maintained its previous contracts and called in new service providers, contractually bound to complying with clauses on non-discrimination and human rights. Assaí also promotes gender equality in security functions, and encourages service providers to employ more women as security guards in stores. All suppliers sign the Supplier Ethics Charter, which specifies the standards to be met and provides a list of internal documents to which the supplier must comply, such as the Diversity and Human Rights Policy. Assaí also held two workshops run by companies specialised in diversity issues, addressing service providers whose employees work in its stores and are in contact with Assaí's employees and customers. The subjects covered included promoting inclusion, respect for diversity and human rights, and combating discrimination, unconscious biases, and discrimination-related violence.

As part of GPA's sixth Diversity Week programme, on-site training was provided to GPA's security service providers. Taught by directors and managers responsible for the security of goods and from the Compliance and Customer Service departments, the training addressed the promotion of respect and human rights as well as GPA's security policies and protocols.

Finally, the whistleblowing system for reporting potential discrimination has been enhanced and expanded.

| Entity | Number of service providers |      | Number of security guards |       | Number of service providers that participated in company-led training activities |      |
|--------|-----------------------------|------|---------------------------|-------|--|------|
|        | 2021                        | 2022 | 2021                      | 2022  | 2021   | 2022 |
| GPA    | 10                          | 10   | 1,973                     | 1,383 | 10   | 10   |
| Assaí  | 20                          | 74   | 1,883                     | 2,001 | 20   | 74   |
| Éxito  | 5                           | 6    | 1,974                     | 2,000 | 5  | 6    |

## DUTY PLAN CARE

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

### 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 deforestation and 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 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 Group entities are manufactured. Managed by the Group CSR and Engagement 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 and Engagement department updates the country risk analysis (see the section 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 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 CSR and Engagement 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 Supplier 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 resolution to eradicate forced labour internationally led by the Consumer Goods Forum (CGF). In Brazil, GPA is a member of the national textile 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 endorsed the Accord on Fire and Building Safety in 2013 in a commitment to supporting the drive to improve safety conditions in factories in Bangladesh.

Every year, an audit campaign is conducted with a priority focus on (i) 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 (ii) 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 the 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 amfori

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 and Engagement 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 have been deployed since 2018. 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.

## DUTY PLAN CARE

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

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

As part of the reporting process, the CSR and Engagement 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 108 countries where sourcing is authorised by the Group, 67 are subject to stricter procedures, of which 41 were home to plants working for the Group in 2022. 95% of the private-label production facilities are located in ten countries.

More than 90% of the buyers concerned were trained over the 2018-2022 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         | 2021             | 2022             |
|---|--------------|--------------|--------------|--------------|------------------|------------------|
| <b>Number of active plants(*) based in countries at risk and producing private-label products for the Group</b>                                     | <b>1,578</b> | <b>1,510</b> | <b>1,566</b> | <b>1,289</b> | <b>1,150</b>     | <b>984</b>       |
| of which in China   | 1,009        | 946          | 957          | 773          | 688              | 568              |
| of which in India   | 150          | 174          | 189          | 164          | 139              | 133              |
| of which in Turkey  | 77           | 64           | 67           | 55           | 49               | 40               |
| of which in Bangladesh  | 35           | 44           | 57           | 52           | 32               | 29               |
| of which in other countries at risk   | 307          | 282          | 296          | 245          | 242              | 214              |
| <b>Number of social audits carried out in plants involved in the production of private-label products for the Group</b>                             | <b>1,245</b> | <b>1,460</b> | <b>1,126</b> | <b>1,188</b> | <b>1,187(**)</b> | <b>1,196(**)</b> |
| of which directly commissioned by the Group   | 885          | 1,042        | 837          | 895          | 876              | 891              |
| of which converted from an eligible amfori – BSCI audit   | 11           | 39           | 53           | 81           | 106              | 93               |
| of which commissioned by another ICS member   | 360          | 418          | 236          | 212          | 205              | 212              |
| of which initial audits   | 62%          | 52%          | 47%          | 58%          | 58%              | 55%              |
| of which follow-up audits   | 16%          | 21%          | 18%          | 8%           | 9%               | 9%               |
| of which re-audits  | 22%          | 27%          | 35%          | 34%          | 33%              | 36%              |
| <b>Breakdown by purchasing category of ICS social audits performed in plants involved in the production of private-label products for the Group</b> |              |              |              |              |                  |                  |
| Food  | 20%          | 22%          | 21%          | 32%          | 25%              | 40%              |
| Apparel   | 41%          | 46%          | 42%          | 36%          | 41%              | 32%              |
| Other non-food  | 39%          | 32%          | 37%          | 32%          | 34%              | 28%              |
| <b>Breakdown by country of plants audited by the Group in countries at risk</b>   |              |              |              |              |                  |                  |
| China   | 61%          | 59%          | 63%          | 58%          | 62%              | 54%              |
| India   | 14%          | 11%          | 12%          | 13%          | 11%              | 15%              |
| Turkey  | 5%           | 5%           | 3%           | 4%           | 4%               | 4%               |
| Bangladesh  | 7%           | 5%           | 6%           | 6%           | 4%               | 4%               |
| Other high-risk countries   | 13%          | 20%          | 16%          | 19%          | 19%              | 23%              |

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

(\*\*) 204 of the 1,196 social audits carried out in factories involved in the production of private-label products for the Group were commissioned by GPA and Assai in accordance with ICS standards in factories located in Brazil, and 280 were commissioned by Grupo Éxito and carried out according to its internal social audit standard in Colombian production sites.



## 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       | 2021      | 2022      |
|---|------------|------------|------------|-----------|-----------|
| <b>Number of ICS social audits commissioned by the Group in plants located in countries at risk and flagged with at least one alert<sup>(*)</sup></b> | <b>207</b> | <b>148</b> | <b>111</b> | <b>71</b> | <b>58</b> |
| % of alerts notified during plant audits in China   | 61%        | 61%        | 52%        | 58%       | 40%       |
| % of alerts notified during plant audits in India   | 11%        | 14%        | 8%         | 5%        | 17%       |
| % of alerts notified during plant audits in Turkey  | 4%         | 1%         | 10%        | 10%       | 5%        |
| % of alerts notified during plant audits in Bangladesh  | 2%         | 5%         | 7%         | 7%        | 9%        |
| % of alerts notified during plant audits in another country at risk   | 22%        | 19%        | 23%        | 20%       | 29%       |

<sup>(\*)</sup> 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.

Breakdown of alerts by ICS chapter

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

|   | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------|------|------|------|------|
| Management system                             | 17%  | 16%  | 16%  | 14%  | 16%  |
| Child labour                                  | 2%   | 3%   | 1%   | 1%   | 1%   |
| Forced labour                                 | 1%   | 2%   | 2%   | 0%   | 4%   |
| Discrimination and disciplinary practices     | 6%   | 4%   | 5%   | 5%   | 1%   |
| Working hours and overtime                    | 3%   | 4%   | 6%   | 4%   | 4%   |
| Remuneration, benefits and working conditions | 35%  | 35%  | 30%  | 27%  | 33%  |
| Health and safety                             | 36%  | 36%  | 40%  | 49%  | 41%  |

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 984 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.).





## DUTY PLAN CARE

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

The following table shows the effectiveness of the actions undertaken.

| % of audited active plants located in a country at risk that are rated: | 2017 | 2018 | 2019  | 2020 | 2021 | 2022 |
|---|------|------|-------|------|------|------|
| Acceptable <sup>(*)</sup>   | 61%  | 68%  | 63%** | 65%  | 70%  | 75%  |
| Acceptable with issues (level 1) <sup>(*)</sup>                         | 17%  | 20%  | 31%   | 30%  | 25%  | 21%  |
| Acceptable with issues (level 2) <sup>(*)</sup>                         | 18%  | 10%  | 5%    | 5%   | 4%   | 4%   |
| Probationary <sup>(*)</sup>   | 4%   | 2%   | 1%    | 0%   | 1%   | 0%   |
| Number of plants removed from the supplier list for ethical reasons     | 40   | 70   | 37    | 24   | 9    | 13   |
| % of plants removed from the supplier list for ethical reasons          | 3.2% | 4.8% | 3.3%  | 2.0% | 0.8% | 1.1% |

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> 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 the 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. Factories working for the Group have also been invited to participate in the e-learning programme launched in October 2022 by the ICS in partnership with the ILO's International Training Centre (ITC), entitled "Working Time: Improving health, safety and productivity through working time schedules". This six-week course has four modules: "Basics of working time", "Rest periods and leave", "Managing working hours and work schedules for maximum effectiveness" and "Designing work time arrangements for your enterprise". A total of 668 participants attended the course, and certificates were awarded to those who completed all four modules and obtained a score of 85% or more in the final quiz. Also under the ICS partnership with the ILO, two factories in Madagascar producing private-label textile products for the Group participated in the "Better Work Programme in Madagascar" pilot programme launched in September 2021. This programme aims to train managers and workers in these factories on matters such as labour relations dialogue, complaint mechanisms, gender equality and harassment.

## 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 subsidiary Monoprix has 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. For the Accord to continue its operations in Bangladesh, Casino Group supported the project led in 2019 and 2020 by the Accord Steering Committee and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to replace the Accord on Fire and Building Safety with a new entity, the Ready-made Garment Sustainability Council (RSC). Group subsidiary Monoprix, which is mainly concerned with sourcing in Bangladesh, signed up to the International Accord for Health and Safety in the Textile and Garment Industry in October 2021. In 2022, the Group took part in the various meetings organised by the Accord and responded to consultations conducted by the Accord to examine the possibility of extending its work to other countries, which led to the launch of the Pakistan Accord on Health and Safety in the Textile and Garment Industry on 14 December 2022. All new local factories working for the Group's private-label apparel brands were systematically inspected with unannounced ICS audits prior to accreditation.

## Brazil

Textile factories in Brazil are covered by an inspection and certification programme with the Brazilian textile retail association ABVTEX, since 2007. 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.

## Apparel tracking indicators

|   | 2017 | 2018   | 2019    | 2020    | 2021   | 2022   |
|---|------|--------|---------|---------|--------|--------|
| Number of active garment factories producing private-label apparel for the Group in countries at risk                     | 652  | 631    | 662     | 535     | 424    | 440    |
| % of active garment factories producing private-label apparel in countries at risk covered by a valid ICS social audit    | 69%  | 94%    | 92%     | 89%     | 87%    | 89%    |
| <b>Bangladesh</b>   |      |        |         |         |        |        |
| Number of active RMG factories producing private-label apparel for the Group in Bangladesh                                | 31   | 36     | 52      | 50      | 30     | 26     |
| % of active RMG factories monitored by the International Accord for Health and Safety in the Textile and Garment Industry | 100% | 100%   | 100%    | 100%    | 100%   | 100%   |
| Number of employees working in RMG factories supplying the Group and tracked by the Accord                                | N/A  | 63,828 | 115,887 | 132,618 | 71,024 | 65,853 |
| Average compliance rate in the RMG factories supplying the Group and disclosed to the Accord (based on Accord standards)  | 80%  | 94%    | 93%     | 95%     | 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 or higher facilities whose processes pose the highest environmental risk in the manufacture of household linens, denim apparel and leather goods;
- **a handbook of best practices** for its suppliers 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.

In 2022, the Group took part in ICS working groups to develop the “environmental checklist”, a new tool enabling ICS members to collect environmental data from their subcontractor factories. This checklist focuses primarily on factory data related to energy consumption, water consumption, air emissions, wastewater and waste generation. This data can then be used by ICS members to prioritise their environmental audit campaigns, assess environmental risks in their supply chains, and integrate the data into environmental scoring tools for factories and/or products.



## DUTY PLAN CARE

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

### Environmental tracking indicators

|  | 2018      | 2019      | 2020      | 2021      | 2022      |
|--|-----------|-----------|-----------|-----------|-----------|
| <b>Number of ICS environmental audits carried out in plants involved in the production of private-label products for the Group</b>                         | <b>23</b> | <b>27</b> | <b>29</b> | <b>76</b> | <b>56</b> |
| of which directly commissioned by the Group  | 11        | 17        | 20        | 28        | 25        |
| of which commissioned by another ICS member  | 12        | 10        | 9         | 48        | 31        |
| <b>Breakdown by purchasing category of ICS environmental audits performed in plants involved in the production of private-label products for the Group</b> |           |           |           |           |           |
| Apparel  | 100%      | 93%       | 72%       | 33%       | 61%       |
| Other non-food and food  | 0%        | 7%        | 28%       | 67%       | 39%       |
| <b>Breakdown by tier of environmental audits performed in plants involved in the production of private-label products for the Group</b>                    |           |           |           |           |           |
| Tier 1 plants  | 57%       | 89%       | 79%       | 87%       | 70%       |
| Tier 2 or higher plants  | 43%       | 11%       | 21%       | 13%       | 30%       |

### Specific control measures

Lastly, in order to tighten controls within the supply chain, 34 ICS social audits were performed in 2022 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.

For several years now, the Group has supported the creation of an ICS social audit framework for farms and other production sites in the primary sector, due to the specific issues they face. The Group has been involved in all the work of the Primary Production working group since it was first set up. In March 2022, this working group put forward an initial version of its social audit framework for the primary sector, which the Group proceeded to test in four organic fruit and vegetable farms in Spain and in a citrus plantation in Brazil. These pilot social audits confirmed the relevance and utility of this type of specific audit framework.

Since 2019, the Group has supported the partnership between the ITC (International Trade Centre) and the ICS in the Sustainability Map project supported by the European Commission, and the free online Sustainability Map platform (<https://www.sustainabilitymap.org/home>), which improves transparency of supply chains. This tool, which is currently being rolled out, can be used to ensure that the plants declared as suppliers (tier 2) to the Group's tier 1 plants have not been delisted for ethical reasons, are not located in sourcing regions banned by the Group, or are not accused of human rights violations (forced labour, child labour, discrimination, etc.) or environmental violations.

This platform increases transparency and traceability within the supply chains of ICS members and, as a result, enables the Group to more effectively monitor its plants involved in the production of private-label products.

For more information on the Sustainability Map project: <https://ics-asso.org/download/5034> and <https://ics-asso.org/download/5114>.

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

Since 2021, the correct application of sanitary measures to control the spread of Covid-19 has been included in the list of points checked by auditors under Chapter 8 "Health and Safety" of the ICS social audits. ICS members can still send factories the specific questionnaire created by the ICS in 2020 to question plants on compliance with measures to protect employees from the risk of Covid-19 contamination in the workplace and/or to launch remote surveys directly via employees' mobile phones (through voice calls, a mobile application or website), if required by changes in the Covid-19 health situation in certain countries. For more information on the Group's previous actions during the Covid-19 crisis, please refer to the 2021 duty of care plan.

### 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<sup>(1)</sup> 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.

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.

#### ***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. Palm oil volumes have been reported annually to the RSPO since 2012. Reports are available at: <https://rspo.org/>. The list of palm oil mills is compiled using the Global Forest Watch application: <https://data.globalforestwatch.org>.

The "zero deforestation" commitments of 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.

Since 2020, Casino Group has reported the POTC analysis to its private label suppliers in France to continue to raise awareness about the risks associated with palm oil according to importers.

In France, 100% of the palm oil used in private-label food and non-food products is RSPO certified, and 100% to the "Segregated" or "Identity Preserved" level, carrying the highest guarantees. The Segregated level (SG) is the second strictest RSPO certification. It means that certified palm oil is kept separate from conventional palm oil throughout the supply chain, from the palm plantation to the finished product of any processor and distributor. The Identity Preserved level (IP) is the strictest certification because the palm oil from a certified palm plantation must be isolated throughout the supply chain (as with the Segregated level), and its origin must also be traceable.

<sup>(1)</sup> 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.

## DUTY PLAN CARE

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

**Table showing the level of identification, certification and evaluation of Casino Group's palm oil supply chain in France**

| Rank in the supply chain  | Number |      | % identification |      | % RSPO certified IP or SG |          |
|---|--------|------|------------------|------|---------------------------|----------|
|   | 2022   | 2021 | 2022             | 2021 | 2022                      | 2021     |
| 0 – Private-label <b>products</b> containing palm oil                       | 164    | 160  | 100%             | 100% | 100%                      | 100% (*) |
| 1 - <b>Suppliers</b> of private-label finished products containing palm oil | 29     | 31   | 100%             | 100% | 100%                      | 97%      |

(\*) The palm oil in the product is RSPO-certified IP or SG.

Casino Group scored 15.75/24 in the WWF's 2021 Palm Oil Buyers Scorecard, ranking it second among French retailers.

In South America, GPA/Assaí 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. Having 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. Éxito is also working on the identification and traceability of suppliers of private-label products containing palm oil.

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: <https://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 17% of all the beef sold by GPA. The remaining 83% is sold under national brands or on fresh-food counters, by major Brazilian agri-food companies. Assaí does not sell private-label beef. GPA does not buy directly from ranches, unless necessary for private labels.

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 has been in place since March 2016 in partnership with The Forest Trust (TFT) Brazil (now the Earthworm Foundation), leverages the following procedures 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.



There are two principles behind GPA and Assaí's beef sourcing policy<sup>(1)</sup>, implemented to mitigate the risks of deforestation and human rights abuses across the supply chain:

- **Traceability and transparency:** All GPA and Assaí beef suppliers are required to declare information on the slaughterhouses (tier 1) and ranches (tier 2) they work with, and register this information in the GPA and Assaí traceability system.
- **Geo-monitoring:** As retailers, neither GPA nor Assaí are 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 non-compliance is found during the dual verification process operated by GPA and Assaí (see below), then the ranch in question is blacklisted and not allowed to sell products through GPA or Assaí.

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:

- encroaches on indigenous land;
- encroaches on environmental conservation areas;
- has been implicated for practices resembling forced labour or child labour;
- has been embargoed 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:

- has been involved in deforestation after August 2008 (illegal deforestation)/October 2009 (legal deforestation), as set out in the GPA and Assaí policy;
- does not have a CAR rural identification number or environmental licence if applicable.

To implement its policy, GPA and Assaí have:

- 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 its 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;

- updated their policy on the basis of discussions with stakeholders and the tools available to improve policy effectiveness.

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

Aware of the growing risk of deforestation in Brazil, and intent on further improving the efficacy of their policy, in 2019 and 2020 GPA and Assaí took part in joint work by the Imaflora NGO, the Brazilian Federal Prosecution Service and other civil society organisations on the Beef on Track project ([www.beefontrack.org](http://www.beefontrack.org)), supported by GPA and Assaí<sup>(2)</sup>.

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 12 May 2020, which came into force on 1 July 2020<sup>(3)</sup>. 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<sup>(4)</sup>. This update to the 2016 policy was submitted to the GPA Governance and Social Responsibility Committee on 29 July 2020 and published on 5 September 2020.

In line with the Imaflora protocol, the updated GPA and Assaí beef purchasing policy specifies the control criteria that supplier ranches are required to meet. It applies to all GPA and Assaí beef suppliers as from 5 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 and Assaí may discontinue business relationships with any supplier failing to apply these guidelines or to take any corrective measures required<sup>(5)</sup>."

GPA and Assaí thus require their direct suppliers to:

- **subscribe to their new policy** and commit to its implementation;
- **comply with the GPA/Assaí Code of Ethics** and all applicable regulations;
- **implement Imaflora's Beef on Track beef sourcing protocol** in the Amazon region, to inspect the ranches they work with and ensure that direct-supply ranches meet the criteria set by this protocol and the GPA and Assaí beef purchasing policy;

(1) Private-label and national brand meat (fresh and frozen) purchased from Brazilian beef suppliers who use their own slaughterhouses.

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

(3) [https://61b37262-1c70-4b1c-9bd4-d52a78d31afb.filesusr.com/ugd/c73ac5\\_1f727af24f4e4f2a8806e00ed7bccb3d.pdf](https://61b37262-1c70-4b1c-9bd4-d52a78d31afb.filesusr.com/ugd/c73ac5_1f727af24f4e4f2a8806e00ed7bccb3d.pdf)

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

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

## DUTY PLAN CARE

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

- **indicate direct ranch origin** and beef shipment data in the GPA and Assaí traceability system and accept new analysis of ranches by GPA and Assaí. In the event of suspected non-compliance, the supplier must either produce evidence of a false positive indication and/or blacklist the ranch;
- **subscribe to a geo-monitoring system** for ensuring that all cattle purchased complies with the socio-environmental criteria. Suppliers are required to refuse all cattle from any ranch found not to comply.

Under its reviewed policy, GPA and Assaí:

- **audit their suppliers** to ensure they comply with its policy, by cross-checking the data reported by suppliers on the ranches they work with using satellite geo-monitoring systems different from that used by most suppliers<sup>(1)</sup>;
- **continue to train their internal teams** and support their suppliers. All GPA group employees involved in the beef sourcing process are trained accordingly. For each new supplier, GPA and Assaí provide and run training to ensure effective take-up of the guidelines.

All potential suppliers are required to comply fully with the policy before they can begin or continue supplying GPA and Assaí. Suppliers that refuse to meet these implementation or audit requirements are blacklisted and not allowed to supply any GPA or Assaí 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 are encouraged to give clear explanations for the removal along with advice on the adaptations needed for meeting the reinstatement requirements<sup>(2)</sup>.

Given the practical and institutional difficulties suppliers have in monitoring large indirect-supplier ranches (tier 3 in the supply chain), especially as regards the illegal “cattle laundering” practices of certain ranch owners, GPA and Assaí support and participate in the development of sustainable tier-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 organisations 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<sup>(3)</sup>. GPA and Assaí support and are directly involved in the VISIPEC project<sup>(4)</sup> ([www.visipec.com/](http://www.visipec.com/)), to obtain access, where applicable, to information on indirect ranches in the supply chain, enabling extension of the control processes to tier 3. The VISIPEC tool enables GPA and Assaí 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 on the GPA and Assaí policies is available here: <https://www.gpabr.com/en/sustainability/transforming-the-value-chain/> et <https://www.Assaí.com.br/en/transformation-in-the-value-chain>.

Given the scale of the challenges at hand and their position downstream in the supply chain, GPA and Assaí encourage multi-stakeholder initiatives with suppliers, other retailers and civil society, with a view to developing shared and harmonised monitoring rules between operators at different levels in the chain.

Casino Group considers, as do most of the players in Brazil, that these initiatives are absolutely essential if actions are to be effective, and that they also enable its subsidiaries to encourage their main beef suppliers to develop high standards of control and traceability.

For this reason, GPA and Assaí support initiatives on improving monitoring of the beef supply chain in Brazil, and take part in:

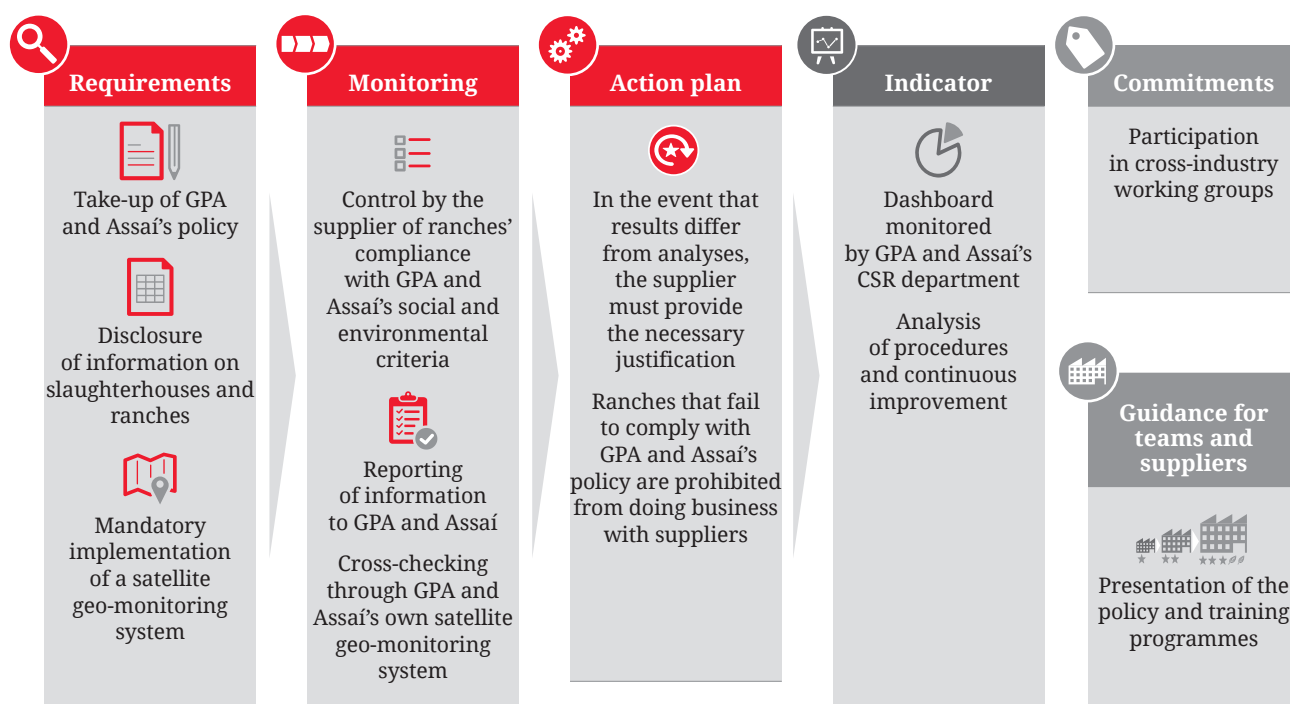
- Beef on Track, Imaflora's benchmark protocol to ensure that all companies that slaughter cattle produced in the Amazon region meet social and environmental commitments;
- the Indirect Supplier Working Group (GTFI), a platform for examining the challenges set by the indirect cattle farming chain;
- 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 Brazilian Coalition on Climate, Forests and Agriculture, a multi-sector movement to promote a new economic development model based on low-carbon principles;
- the Beef Working Group of the Forest Positive Coalition of Action backed by the Consumer Goods Forum (CGF);
- Deforestation & Conversion Free Supply Chains, a World Wildlife Fund (WWF) initiative to encourage our beef suppliers to adopt more sustainable practices.

(1) <https://www.gpabr.com/wp-content/uploads/2021/03/Social-and-Environmental-Beef-Purchasing-Policy.pdf>.

(2) <https://www.gpabr.com/wp-content/uploads/2021/03/Social-and-Environmental-Beef-Purchasing-Policy.pdf>.

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

(4) [https://www.visipec.com/](http://www.visipec.com/).



### Implementation outcomes in 2019

The main outcomes of the new policy are as follows:

- all of the suppliers have pledged to support GPA and Assaí'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.

### 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 Imaflores 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.

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;
- **participated in multi-stakeholder initiatives** addressing the social and environmental issues posed by cattle farming in Brazil. In this way, it can help to deploy collaborative solutions, which Casino Group and GPA feel are 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 Imaflores' 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.

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

## DUTY PLAN CARE

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

### Implementation outcomes in 2021

Casino Group continued to implement its actions to reduce the risk related to the social and environmental impacts of suppliers of beef sold under national brands and private labels in Brazil.

### Actions involving suppliers

The Brazilian suppliers whose fresh and frozen beef is sold in the Group stores in Brazil have adhered to the beef policy since it was updated in September 2020. This is a prerequisite to working with the banners as a supplier. Having been kept informed of the policy in place, GPA/Assaí's management and sales teams<sup>(1)</sup> have had several discussions with the main beef suppliers in Brazil to ensure that GPA/Assaí's policy is properly understood and implemented. The operations teams also engage regularly with suppliers following the second ranch inspection performed using the GPA/Assaí geo-monitoring system to define potential corrective actions and continue improving inspection procedures. GPA/Assaí's operations teams contacted suppliers as soon as they were informed of a report implicating ranches that could be involved in deforestation. The objective was to understand the supplier's position, whether there was any truth to the accusations, any actions taken, and to check that these ranches are not connected with products sold in stores.

### Monitoring of supplier ranches

Group banners in Brazil are not in direct contact with ranches in Brazil and therefore have no established relationship, except for certain private-label products, which account for 17% of GPA sales volumes. As a result, meat suppliers check that the ranches they source from meet the 12 criteria of Imaflora's Beef on Track protocol using a geo-monitoring system. These criteria are integrated into the GPA/Assaí policy. This information is reported to the Group's banners in Brazil and is again checked monthly by GPA/Assaí via a geo-monitoring system. If any discrepancies are detected, GPA/Assaí staff inform the supplier, which must provide evidence that the ranches meet the required criteria. Otherwise, the supplier must discontinue working with the ranches until the information is submitted and approved.

GPA and Assaí urge their suppliers to inform ranches of the rules applicable to them and identify indirect supplier ranches (acting as suppliers to direct ranches), which represent tier 3 in the supply chain. GPA and Assaí continued to support the Visipec project. This tool developed by NWF compares cadastral data from direct ranches (CAR) with animal transport documents between the indirect and direct ranches (GTA) to measure the risk of indirect supplier ranches. GPA and Assaí support the policy of the three major Brazilian meat suppliers to identify, by 2025, all tier-3 indirect supplier ranches that work with direct ranches and to support them in their efforts.

In 2022, GPA and Assaí continued their monthly monitoring of the ranches supplying national-brand and private-label beef suppliers<sup>(2)</sup>, requiring information and proof of ranch compliance at the time of purchase whenever their own analysis differed from that carried out by the suppliers. In their updated policy, GPA and Assaí reasserted the

requirement for suppliers to be able to report, by 2025, on indirect ranches supplying direct ranches.

### Participation in initiatives to define a common framework for monitoring ranches in Brazil

To improve monitoring practices and get all stakeholders involved, all suppliers in Brazil must apply the same ranch monitoring rules and use efficient tools. As such, Casino Group and its subsidiaries GPA/Assaí are working on several multi-stakeholder initiatives to define common rules for all actors in Brazil to monitor ranches, identify new approaches and technologies, and transform market practices. In 2021, GPA/Assaí continued to participate in the following initiatives:

- **Tropical Forest Alliance:** GPA/Assaí is participating in the discussion forum to advance the use of pragmatic solutions to improve traceability and tracking in cattle farming.
- **Indirect Supplier Working Group (GTFI):** GPA/Assaí are members of the GTFI, the main platform for monitoring indirect suppliers in the cattle farming chain in Brazil.
- **Brazilian Roundtable on Sustainable Livestock (GTPS):** GPA and Assaí are also members of the multi-sector organisation that works towards sustainable cattle farming.
- **Brazilian Coalition on Climate, Forests and Agriculture:** this multi-sector coalition addresses climate change issues with a view to developing a new, low-carbon economy through concrete solutions to end deforestation and illegal logging, by promoting competitive and sustainable production.
- **Visipec:** in partnership with NWF and a supplier, GPA/Assaí participated in a pilot project to test the social and environmental monitoring of the indirect supplier chain, using the VISIPEC traceability tool, which connects direct and indirect suppliers and provides a broader view of the supply chain of Brazilian slaughterhouses.

In 2021 and 2022, they were also actively involved in improving standards in Brazil, through:

- **the Beef Working Group of the Forest Positive Coalition of Action backed up by the Consumer Goods Forum:** Casino Group co-chairs this working group, which is supported by the association Proforest to develop a common set of guidelines that beef suppliers in Brazil can apply for all international customers to guarantee deforestation-free meat from Brazil. Casino Group participated and jointly led more than ten meetings in 2021 and 2022. As presented in the annual report of the Forest Positive Coalition of Action, the working group assessed the best practices of 20 Brazilian meatpacking companies, which together operate and source from more than 100 meatpacking plants in the Brazilian Amazon and Cerrado biomes. The beef farming working group published guidance in early 2022 for Brazilian beef suppliers to assure them that the ranches they work with are deforestation-free. These guidelines were defined after a broad consultation with external stakeholders (suppliers, NGOs, public authorities, etc.), which were given the opportunity to comment on the report in 2021. A Learning Journey webinar series

(1) Assaí was spun off from GPA in 2020 and now operates as a separate business unit.

(2) Percentage of fresh and frozen beef sold under national brands and private labels in GPA/Assaí stores.



was created in 2021 to raise awareness among Coalition members and meatpackers on key issues and solutions to improve ranch monitoring processes and support them in implementing better practices. The Learning Journey was developed in partnership with the Global Environment Facility (GEF)-funded Beef Toolkit programme. These guidelines are aligned with GPA and Assaí's beef monitoring policy and help to set a common standard for all players, especially with regard to ranch monitoring in Brazil;

- **Imaflora's Beef on Track (Boi na Linha) protocol: GPA/ Assaí actively participated in creating the "Guide for Retailers: Developing an Effective Beef Procurement Policy"**<sup>(1)</sup> published by Imaflora. This guide is part of the *Boi na Linha* programme, which GPA and Assaí also co-developed. It presents good practices for implementing a monitoring protocol for the beef supply chain, and to fight against sourcing from ranches connected with deforestation in the Amazon biome. GPA also participated in the webinar, organised by Proforest and Imaflora, on defining a voluntary monitoring protocol for livestock suppliers in the Cerrado. This action aims to improve social and environmental monitoring practices for beef purchases from the Cerrado biome.

### Implementation outcomes in 2022

## Actions involving suppliers and ranch monitoring

GPA and Assaí continued to:

- **implement the policy and measures for monitoring** the direct ranches supplying beef suppliers (slaughterhouses), in particular through the dual verification procedure;
- **verify that the ranches implicated by NGO reports** do not figure in the GPA/Assaí supply chain, and obtain all relevant information and evidence from suppliers;
- **encourage beef suppliers** (slaughterhouses) to improve their supply chain monitoring, especially as regards indirect ranches;
- **take part in working groups** to enhance monitoring methods and improve the cattle supply chain in Brazil.

Banners actively participated in the same working groups as those mentioned in the 2021 report, including the Consumer Goods Forum's working group on cattle farming, to promote guidelines for beef suppliers and engage other purchasers.

In 2022, GPA and Assaí teams held several meetings with the main beef suppliers in Brazil, to continue to improve monitoring of the ranches that supply them and to hear their responses to reports implicating ranches from which they may be sourcing.

GPA and Assaí systematically seek explanations from suppliers in the event of alerts from NGO reports implicating their supply chains.

If the information in these reports so allows, GPA/Assaí and the supplier proceed with checks on the incriminated ranch to (i) verify whether it may have been associated with the GPA/Assaí supply chain, and (ii) where appropriate, assess the situation of the ranch with regard to the dual verification carried out by GPA/Assaí at the time of product purchase. Once the alert has been processed, GPA and Assaí may take any necessary remedial action.

(1) [https://www.beefontrack.org/public/media/arquivos/1634218585-002\\_-\\_14.10.2021\\_-\\_guide\\_for\\_retailers\\_-\\_developing\\_an\\_effective\\_beef\\_procurement\\_policy\\_-\\_beef\\_on\\_track\\_-\\_imaflora\\_-\\_alt9.pdf](https://www.beefontrack.org/public/media/arquivos/1634218585-002_-_14.10.2021_-_guide_for_retailers_-_developing_an_effective_beef_procurement_policy_-_beef_on_track_-_imaflora_-_alt9.pdf)

GPA and Assaí Senior Management has issued written reminders to its suppliers on the importance of complying with all the commitments they have taken up regarding responsible beef supply chains.

## Actions involving suppliers and indirect ranches in their supply chains

Aware of the risks involved with indirect ranches in beef suppliers' supply chains (tier 3), GPA and Assaí support and participate in collective Brazilian initiatives to facilitate the identification and monitoring of indirect ranches. They have updated their policies and mobilised major suppliers to present their objectives for the identification and monitoring of indirect ranches in their supply chains, and, by 2025, for verifying the compliance of these indirect ranches with the same socio-environmental criteria as those applicable to direct farms.

To support suppliers in the implementation of systems for identifying and monitoring indirect ranches, GPA took part in a pilot project on traceability and monitoring of indirect ranches, in partnership with a major meat supplier and the NGOs Amigos da Terra and National Wildlife Federation (NWF). This project aims to identify the tier-3 ranches linked to the tier-2 ranches involved in purchases made by GPA through a specific meatpacking company. NWF and Amigos da Terra will be harnessing experience from other projects to identify indirect suppliers. The project, which will be launched in 2023, will help identify the difficulties and obstacles involved in obtaining information on indirect ranches, and propose practical and workable large-scale solutions.

## Update to supplier monitoring policy

GPA and Assaí have updated their policies, which are available here: <https://www.gpabr.com/wp-content/uploads/2021/07/Social-and-Environmental-Beef-Purchasing-Policy.pdf> and <https://www.assaí.com.br/en/social-and-environmental-beef-purchasing-policy>.

## Actions with regard to suppliers purchasing beef in the Cerrado region

GPA and Assaí took part in the Deliberative Council of the Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado. In 2021, the NGOs Proforest and Imaflora formed a partnership to draw up a voluntary monitoring protocol for cattle suppliers in the Cerrado, with the aim of facilitating the implementation of best practices for the direct monitoring of cattle suppliers in this biome. Building on collaborative experience with major suppliers in Brazil, pilot projects were carried out throughout 2022 to implement the protocol and evaluate the proposed criteria, under the aegis of institutions such as the Brazilian public prosecutor and state environmental agencies, with the aim of validating these criteria. Publication of the Voluntary Monitoring Protocol for Cattle Suppliers in the Cerrado is set for 2023.

Working from this new protocol drafted by the Proforest and Imaflora NGOs, which lists 12 social and environmental



## DUTY PLAN CARE

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

criteria relevant to the responsible purchasing of cattle in this biome, GPA and Assaí conducted a pilot project with beef suppliers linked to the Cerrado biome, to assess ranches based on the legal and zero-deforestation criteria set out

in the protocol. This protocol, currently under validation by stakeholders, will strengthen the policies in place for monitoring the Cerrado ranches.

| Monitoring indicators   | 2020                 | 2021             | 2022             |
|---|----------------------|------------------|------------------|
| <b>Percentage of fresh and frozen beef sold under national brands and private labels in GPA/Assaí stores in Brazil</b>  |                      |                  |                  |
| % national brands   | 85%                  | 90%              | 85%              |
| % private labels  | 15%                  | 10%              | 15%              |
| <b>Number of beef suppliers in Brazil at 31 December</b>  | <b>38</b>            | <b>40</b>        | <b>37</b>        |
| Number of national-brand suppliers  | 38                   | 40               | 37               |
| Number of private-label suppliers   | 2 <sup>(*) (1)</sup> | 2 <sup>(1)</sup> | 2 <sup>(1)</sup> |
| <b>Indicators on beef suppliers with slaughterhouses buying directly from ranches</b>   |                      |                  |                  |
| % of suppliers subscribing to the policy updated in September 2020 <sup>(*)</sup>   | 100%                 | 100%             | 100%             |
| % of suppliers using satellite geo-monitoring system <sup>(*)</sup>   | 100%                 | 100%             | 100%             |
| Number of declared ranches supplying GPA/Assaí direct suppliers (slaughterhouses)   | 17,740               | 17,924           | 24,246           |
| % of these ranches analysed and monitored by the supplier satellite geo-monitoring system   | 100%                 | 100%             | 100%             |
| % of these ranches analysed and monitored by the supplier satellite geo-monitoring system, followed by cross-checks using the GPA/Assaí geo-monitoring system | 100%                 | 100%             | 100%             |

(\*) NFIS indicators.

(1) These two suppliers are also national-brand suppliers.

## Note on the claims under duty of care legislation

In 2020, Brazilian ranches working for major Brazilian beef companies were alleged to be implicated in deforestation in Brazil. Though Casino Group's Brazilian subsidiary, GPA, was never incriminated by representatives of Brazilian indigenous communities or communities on the ranches of these major suppliers, 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 into force of the legislation in question.

In 2021, Casino Group was summoned to appear before the Saint-Étienne court without any attempt from the associations concerned to engage in dialogue following the response provided to the abovementioned claim and before the Group's 2021 duty of care plan was published.

The case was referred to the Paris court, which in 2022 proposed mediation to the parties. After meeting with the two appointed mediators, as requested by the court, Casino Group confirmed its agreement to initiating a mediation process. The plaintiffs declined this mediation. The legal proceedings are still in progress.

In 2022, four NGOs issued formal notices to nine companies, including Casino Group, regarding compliance with legislation on duty of care with regard to the use of plastic. Casino Group responded to this formal notice within the legal timeframe of three months, by reaffirming (i) its commitments and actions to reduce the impact of plastic in the products sold, particularly by suppliers, taken since 2019 under the National Pact on Plastic Packaging signed by the Group, and (ii) its willingness to engage in dialogue, in accordance with the National Pact on Plastic Packaging, with NGOs on the commitments made and their relevance, the measures taken, and the solutions proposed by the NGOs.

