

**European Union's Code of Conduct for business and marketing practice
Component 2**

**Colruyt Group's individual company commitment
July 2021**

Our commitment

What and why?

Colruyt Group is constantly looking at improving its sustainable practices. This initiative is part of a long story about working on the environmental impact of the food supply chain and of food products. Colruyt Group was part of the OEF pilot and contributed from 2013-2017 to the development of the Organisational Environmental Footprint Sector Rules for retail together with the European Commission.

Colruyt Group was equally among the first signatories of the European Union's Green Consumption Pledge in January 2021 as to highlight its commitment as an environmental socially responsible company focusing on organisational environmental footprint, the promotion of sustainable practice and, last but not least, explaining and communicating the Groups' approach on sustainability towards stakeholders, including its customers. We indeed believe the latter fosters the dialogue with society and enables a common ground for further action and enhanced participation.

Colruyt Group is willing to be one of the frontrunners to take an ambitious individual company commitment in the frame of the Code of Conduct for business and marketing practice, committing this time on the environmental impact of food products.

As the environmental impact of products occurs 45% in sourcing, 10% in retail and 45% in consumption, we need to act upon the whole value chain.

After having successfully implemented the Nutri-Score as part of its strategy around more balanced and healthy lifestyles, Colruyt Group has taken a new and daring initiative this year (10/03/2021) by introducing the Eco-Score, an environmental indicator score for food products based on the Life Cycle Analysis methodology (including the 16 impact categories).

We are currently in the implementation phase of this scoring system that helps consumers make more informed and sustainable choices.

The Eco-Score is an innovative solution for showing the ecological footprint of a food product with a design and ranking system using a letter and colour code on a scale from A to E, quite similar to the Nutri-Score. Product scores are based on the lifecycle analysis of product categories (Agribalyse database) and a set of product specific additional indicators (bonus/malus system).

The Score informs consumers at a glance about the potential impact of a specific food product on the environment and thus, is the first step to guide consumers towards a more sustainable diet and consumption pattern. Eco-Score fits in Colruyt Group's strategic objective of making sustainable and conscious consumption possible and stimulate it by providing customers with trustworthy information so they can make more conscious and well informed choices.

The Eco-score is a key pillar in our sustainable consumption strategy enabling consumers to make better choices in our stores. More sustainable packaging materials, local sourcing and certification can make a difference and improve the score.

B2B reduction strategies in our supply chain require more profound analysis and strong collaboration models with our suppliers, from farm to fork. Our approach is to focus on hot spots and develop reduction strategies based on life cycle assessments. Relevant impact in diverse themes are on our radar (healthy, social, environmental, animal welfare) and balanced from a materiality perspective.

Our environmental reduction strategy for products will help Colruyt Group to achieve its overall reduction targets, as defined in our overall sustainability strategy.

It is expected that the impact of food products will eventually decrease on the one hand because of the fact that consumers change their eating behaviour, and that producers will feel motivated to improve the Eco-Score of their products, on the other hand.

The Eco-Score is a methodology developed by an independent French Consortium and supported by the French Agence de la Transition Ecologique, ADEME.

Colruyt Group is the first Belgian retailer group to successfully and widely market the Eco-Score, both online (on apps, websites) and offline (in store and Front-Of-Pack on private label products).

Our aim is to work with other retailers and Suppliers to set the Belgian standard and possibly, in due time, the European standard.

How will progress be monitored?

In the meantime, we are setting up reporting so that we can effectively measure the impact on consumers' consumption patterns.

In the first year, we will focus on informing customers and general public awareness.

Awareness and consideration

- We want to make consumers aware of the Eco-Score,
- Give the well informed consumers access to deeper information (what is behind the score).
- Make the score widely available and easy to use on digital touchpoints (product info on apps, websites), in store, on pack and on the e-store.

In the following years, we will start activation/motivation towards better scores and calculation of the positive impact on the consumer behaviour of consumers (by means of sales figures on A, B, C, D, E products).

And on improving the Eco-Score of products.

KPI's March 2021 – March 2022

Awareness of Eco-Score (% of the Belgian consumers: having heard of read about the Eco-Score – baseline 2021)

Knowledge of the Eco-Score (% of the Belgian consumers able to explain what the Eco-Score is about).

Annex: Approach on sustainability

Our approach

