



ENSEIGNE
Coopérative

Extra-
financial
performance
declaration
2020

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Contents

Editop	3
 Our business modelp.....	5
<i>The U Group</i>	p.6
Our identity.....	p.6
Our story	p.7
Our organization.....	p.7
Our values as a merchant differently.....	p.7
 The Cooperative U Sign within the U Group	p.8
The perimeter.....	p.8
The role of U Enseigne	p.9
The value chain.....	p.9
The business model	p.10
Our major CSR challenges p.....	13
<i>Risks and opportunities.....</i>	p.14
<i>The pillars5 of our CSR commitments.....</i>	p.15
 The policies carried out with regard to of our major CSR issues	p.17
<i>Environmental</i>	<i>issues</i>
.....	p.18
<i>Social issues.....</i>	<i>2.</i>
.....	p.37
<i>3. Societal issues.....</i>	<i>p.52</i>
Conclusion.....	p.67
Methodological note p.....	67
Independent third party report p.....	68

Contents

2/ Non-financial performance statement 2020

Edito



More than ever, it has 2020 been a year of struggle.

All Groupement U employees have mobilized and adapted with courage and success to ensure the continuity of our supplies with our partners, in particular our suppliers, whether they are producers, very small businesses or SMEs. In solidarity with our day-to-day partners, we have acted to continue to serve our customers by ensuring their safety and that of our employees, and to continue, despite everything, our societal and environmental responsibility initiatives in this deteriorated context.

Our cooperative model allows us to respond to economic and social expectations, as close as possible to the concerns of our customers.

We are moving forward in a new context: no longer just that of measuring economic performance, but also that of the impact of our activity. Behind the health, social and economic crisis that is mobilizing us, a much more important wave is taking shape. The new climate and the ecological crisis necessarily imply more sustainable development, a societal change that we must anticipate and in which we play a full part. This is already the world we live in today, and it will become even more concrete tomorrow. Every day, it pushes us to pave the way for an ever more responsible consumption, anchored in the ultra-local founding of our Group.

Challenges remain, notably that of access to this responsible consumption.

We have long worked on the subject of improving nutrition, including the continued removal of controversial substances from our U-brand products, but consumption must also contribute on its own scale to environmental preservation, on which our work has begun and must continue to go further.

Our ambition is to market responsible and accessible products in stores that are also responsible and accessible. This is why we are working hard, as this report proves, on the way we build our stores, with respect for the land and in harmony with their environment; on the way we operate them, with a concern for energy sobriety and performance; on the way we supply them, thanks to ever more economical and less noisy logistics; and finally on the way we offer consumers the possibility of using them, whether it be through successful bulk concepts, committed solutions against waste or initiatives that give a very We are also pursuing the objective of more inclusive growth, with a social dimension that is not forgotten. At the same time, we are pursuing the objective of more inclusive growth, with a social dimension that is not forgotten.

In the face of these future challenges, we will find our strengths in our cooperative model, in our DNA as merchants rooted in the territories, in the commitment and collective strength of our associates and employees for a more responsible consumption.

2020 has been a year of constant commitment to the supply of French people. For the years to come, it will require us to be equally optimistic, resolutely committed and focused on the challenges facing us.

Dominique Schelcher

Chairman and Chief
Executive Officer of

Coopérative U Enseigne



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Coopérative





1

Our business model

The U Group

Our identity Our
history Our
organization

Our values as a different kind of organization

The Cooperative U Group

within the Group

U

The perimeter

The role of

Enseigne

changes in the business

model

Year ending 12/31/2020/5

The U Group

OUR IDENTITY

Système U is a **cooperative grouping of independent retail traders**, the Associés U, who have chosen to unite their strengths within cooperative companies of retail traders while pursuing the development of their activities in complete independence.
An evolving group

At the initiative of the Associates, our Group has continued to evolve: the U Associates have progressively wished to strengthen the cohesion between people and the convergence of means and organizations by grouping a certain number of activities within regional and national cooperative entities. This unification of the Group's resources has led to the creation of companies dedicated to certain activities upstream of U stores, such as IT services (GIE Iris), brands (GIE U), assistance with the development of the network (Expan U) and 2016, logistics (U Logistique).

This movement was completed in 2017 with the creation of U Enseigne, a cooperative union company.

As an operational tool of Groupement U, the U Enseigne

now provides a unified service for the central retailer and logistics tool for the U associates' business.

The U network in a few figures

The Groupement U brings together associated retailers operating under different banners, vocations and store formats. Main banners :



Via a range of online services offered by certain stores, the company is also present in the field of e-commerce.

The Hypermarket market and French Supermarkets in 2020 (including e-commerce)

- A market of 148 billion €.
- up +4.9% compared to 2019
- the health crisis has disrupted all elements of the brands' performance (restrictions on displacement, social distancing, shelf closures, disruption of supply chains, pressure on purchasing power...)
- all channels are growing, except for large hypermarkets of more than 7,500 m², with a strong contribution from e-commerce and stores of between 1 and 1000 m²
- the FMCG-FLS market is the most important contributor to market growth. As a result of the health crisis, its dynamism was driven by volumes (compared to the valuation of the previous years). The Textile market remains in decline.



France's leading generalist food retailer

1615 stores
+ stores 14vs. 2019

Discount Network (65 HU / SU756)

51%

Proximity Network (794 U Express, Utile, Marché U)

49%

of which 96 stores
outside metropolitan France

73000 employees

22,5 Billion €
in revenues, including VAT, excluding fuel (+8.3% vs. 2019)

11,1% of market share
(+0.3 pt vs 2019)

In the midst of a year of upheaval, Groupement U has seen its convenience stores and drive-through service grow. In 2020, while a decline in store traffic (-10%) affected a number of traditional departments, the Group's sales were down by more than 10%, e-commerce saw its sales increase sharply to millions 955 of euros.

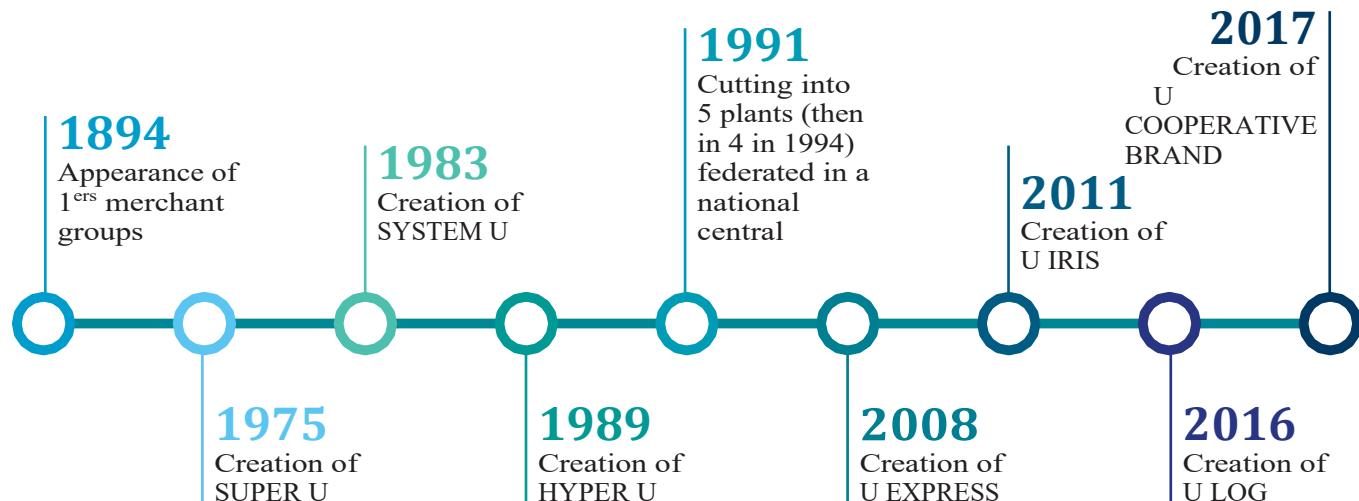
The proportion of the drive carried out via the CoursesU.com sites of the stores reaches 5,1% of the sales turnover (837 U Drive).

In this unprecedented crisis, the U stores and the 73,000 employees of the Group have reaffirmed their full commitment to ensuring the continuity of the Group's activities.

of supply. During the year, the activity incurred an increase in costs of around millions 115 of euros, linked to the additional resources deployed to adapt stores to the new health context.

Despite this context, investments in the cooperative's structures amounted to millions 89 of euros in 2020.

OUR HISTORY



OUR ORGANIZATION



1 male voice

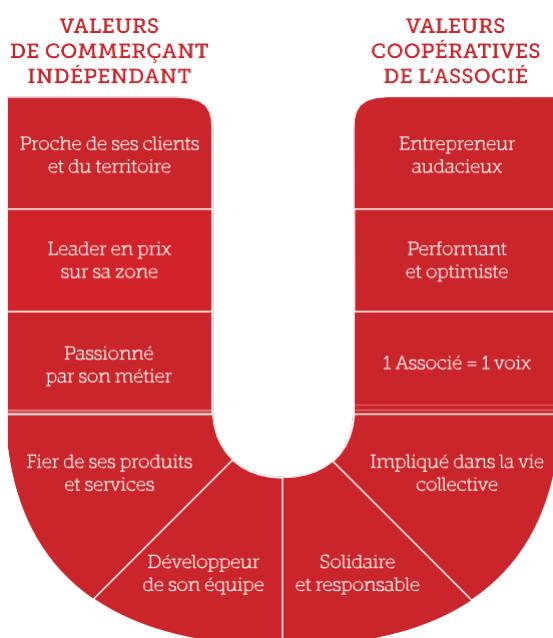
U is a cooperative structure.

- This modern organization mode allows to reconcile :
 - power, through the grouping.
 - proximity, thanks to the very nature of independent contractors.

It is a democratic mode of organization since it is based on a principle of equality:

- Each Associate, regardless of the size of his or her outlet, carries the same weight in the votes that decide the Group's strategy.

OUR VALUES OF MERCHANTS OTHERWISE



OUR MODE OF OPERATION: THE "BINOMIAL" SYSTEM

Operationally, the Group's governance is carried out via a network of working bodies, each of which is led by a "binomial" combining a Partner involved and a salaried employee of the U Enseigne (the "Permanent"), each selected for

their respective know-how, and in charge of implementing and enhancing the Group's strategy in their field of expertise for the benefit of the community.

Indeed, the purpose of the cooperative is to pool resources and develop skills to serve the activity of its members. The particular organization of the cooperative implies that the Member participates in a close and permanent way in the life of the cooperative.

Year ended 12/31/2020/7



The Cooperative U Sign

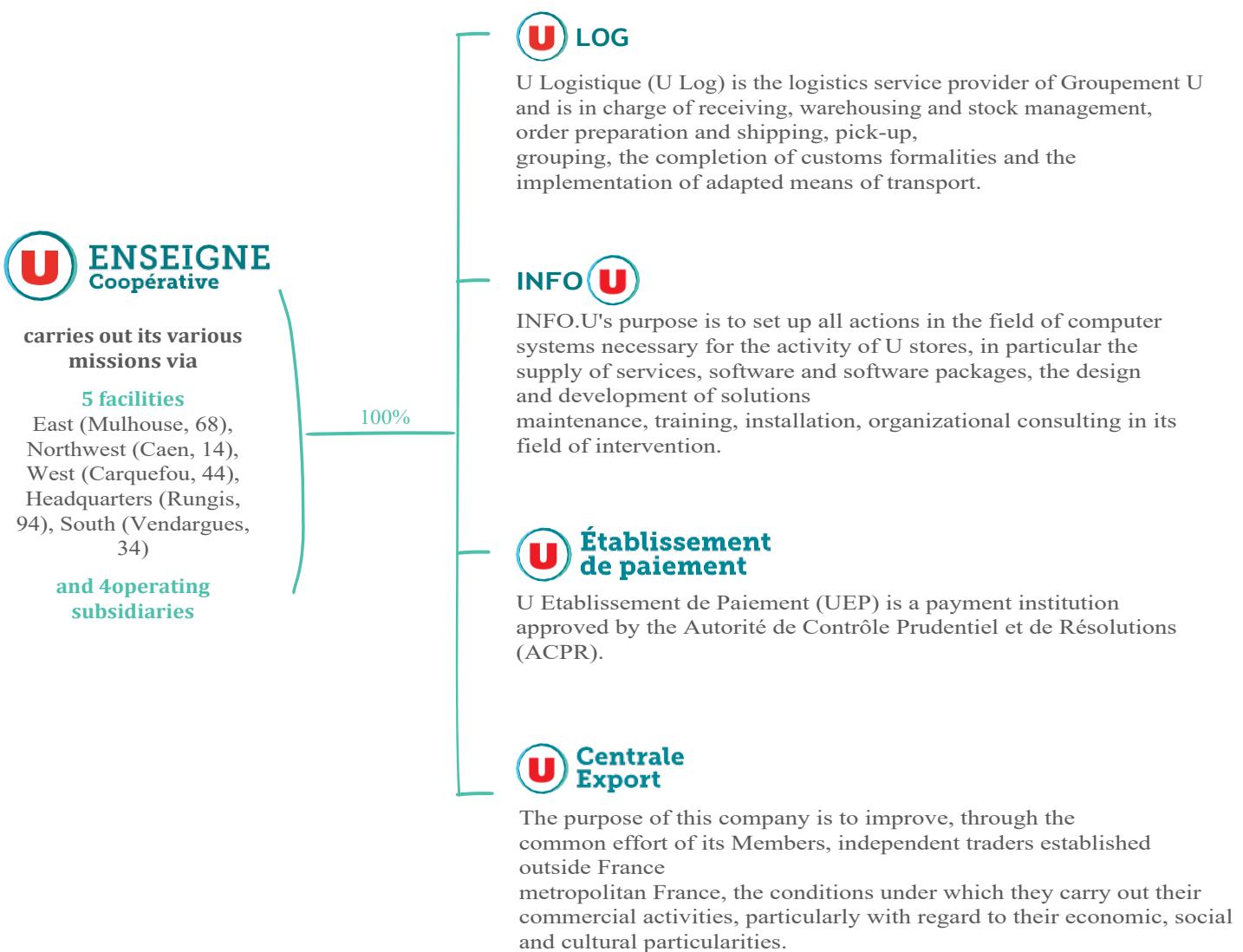
within the Groupement U

SCOPE OF REPORTING

As an operational tool of the U Group, the U Enseigne cooperative is in charge of services for the U Members' activity concerning :

- > the creation, ownership and protection of the brand and its derivatives
- > central purchasing activities for national and regional purchases
- > ownership of merchandise inventories
- > Support services for the commercial development of the U Associates: marketing, communication, training, implementation of the development of the retailer network, logistics, etc.

The non-financial performance report covers all of the following companies for which the company prepares consolidated financial statements:



In the remainder of the statement, this assembly is referred to as "U Sign".

On 31/12/2020, the U Enseigne group will have a staff 7700 of € billion 12,4

THE ROLE OF U SIGN WITHIN THE GROUP U



Commerçants
autrement

A COOPERATIVE OF INDEPENDENT MERCHANTS

Vision: The real proximity business is the one that leads to a proximity of attentions, interests and values with its customers.

Mission: To propose an alternative to the traditional practices of mass distribution by privileging the human aspect, the local link and a more responsible value system.

Ambition: To be the French people's favorite retailer, anchored in local life.

Values: The primacy of the human being. Hyper-proximity. The sense of the collective. Responsibility. Entrepreneurship.

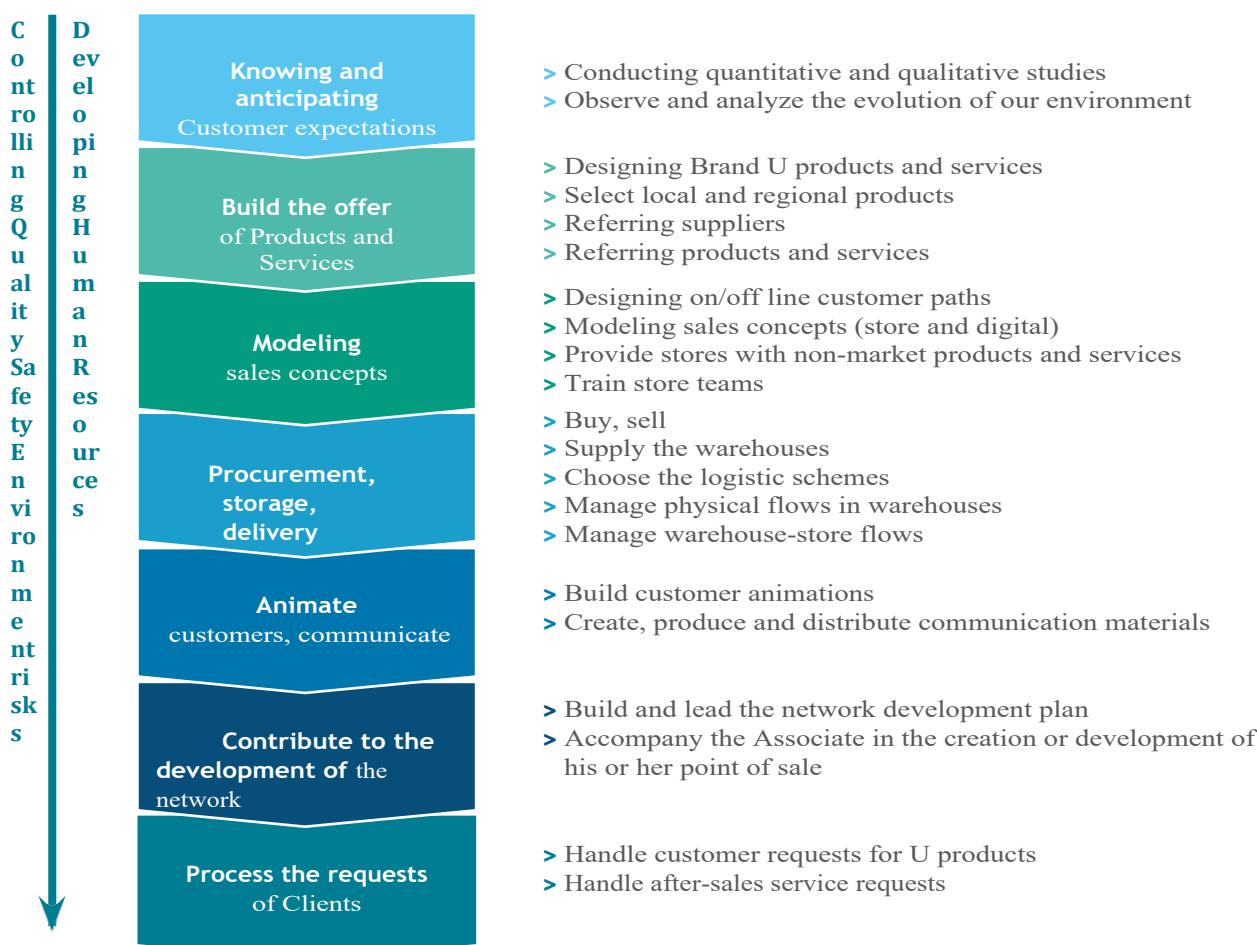


POOLED RESOURCES TO SERVE THE TRADE U

Mission: To provide the U Network Associates with the means and tools that allow each Associate to develop his or her business activity and to embody the vision of the U store.

THE VALUE CHAIN OF A BRAND

Functionally, U Enseigne ensures the missions of a central retailer and a logistic tool at the service of U stores:



The Cooperative U Sign

within the Groupement U

THE BUSINESS MODEL U BRAND

THE RESOURCES THAT WE MOBILIZE

FINANCIAL RESOURCES

- > U Enseigne turnover: €12.4 billion (sales to associates + services)
- > Gross value of fixed assets U Logistics: € million 696,7
- > U Enseigne's equity : million 773,3 €.

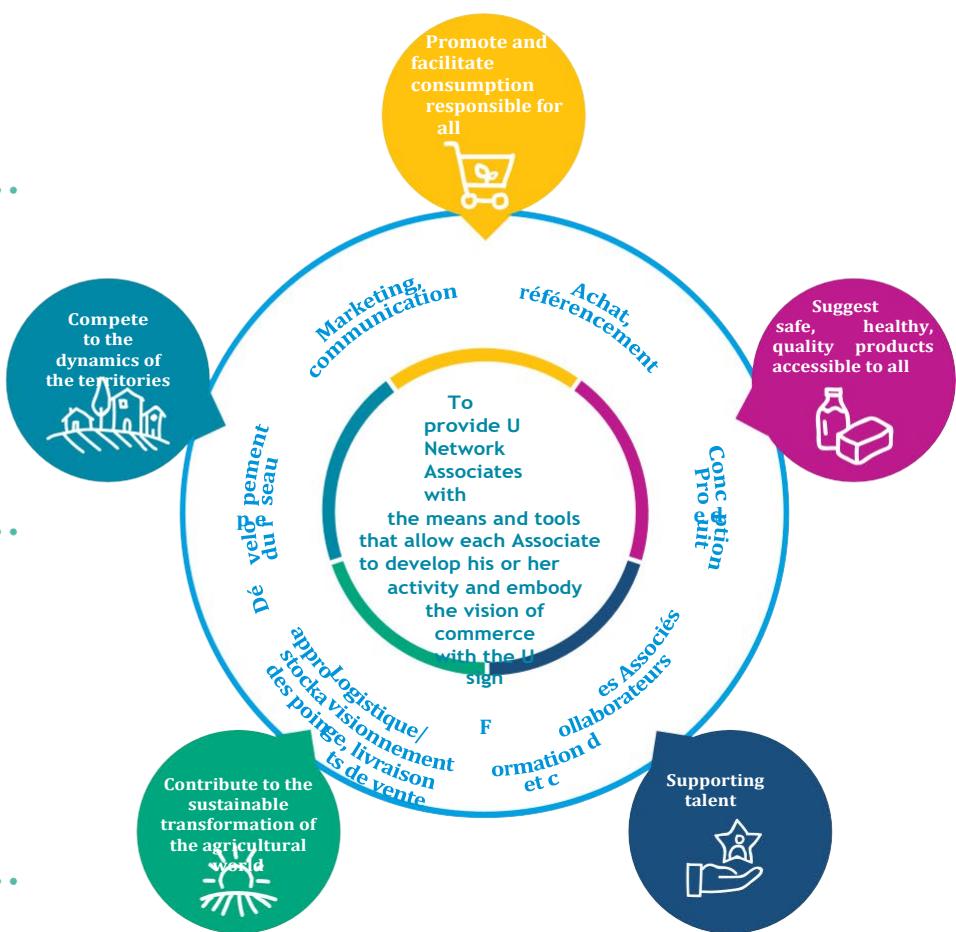
ENVIRONMENTAL RESOURCES

- > Energy consumed :
 - 115,7 GWh in electricity and natural gas
 - 112659 liters of heavy fuel oil
 - 0,753 ton of refrigerant gas

HUMAN AND INTELLECTUAL RESOURCES

- > 7700 employees
- > Payroll: € million 437,4
- > 2.49% of the payroll devoted to training
- > 11 U Products brands
- > Brands U sales: 22.9% of total sales

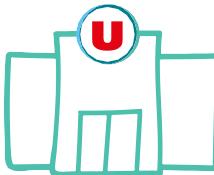
OUR ACTIVITIES



SOCIETAL CAPITAL

- > 957 Associated Cooperators U
- > 11,2 million customers
- > Percentage of our customers' food expenditures made in the U chain: 29.1
- > More suppliers 4400Products
- > Purchases of goods: € billion 11,2

Governance



Commerçants autrement



■ Our mission

■ Our jobs

■ ■ ■ ■ ■ Our value chain

VALUE CREATED FOR...



THE ASSOCIATES U

- > Brand attractiveness and growth
- > Profitability
- > Sustainability



CONSUMERS

- > A wide, accessible and responsible offer
- > Informed choice through transparency and information on U
- > Monitoring the hygiene, quality and safety of products and stores



THE ENVIRONMENT

- > A sustainable logistics plan
- > Waste reduction
- > Recommendations for the eco-construction of stores



OUR STAFF

- > Support for career paths and skills
- > Promoting diversity
- > Quality of life at work



OUR SUPPLIERS

- > A balanced and sustainable business relationship
- > Mutual development actions
- > Support for the actions of the production sectors



CIVIL SOCIETY

- > U, a player in societal transformation
- > Contribution to the collective dynamics

EXAMPLES OF RESULTS 2020

- > U in the Top of the French's favorite food 3 brands
- > 11.1% market share (+0.3 points)
- > 14 new points of sale



- > U Products brand sales: +6.1
- > 81.8% of U PGC products have a societal benefit
- > 100% of stores audited for hygiene and quality and supported (France and overseas departments)



- > GHG emissions T.225580eq.CO2 (not comparable 2019)
- > 8 recycling of logistical and warehouse waste
- > 78 photovoltaic installations completed or in progress



- > 59% of the workforce trained during the year
- > 730 hires on permanent contracts, 48% of whom are under the age of 30
- > 4.8% of female employees and 6.7% of male employees of employees have benefited from professional development



- > 2135 U products from French agricultural raw materials
- > More 5950 U products from companies in France
- > 77% of our French product suppliers are SMEs
- > 34 "The Best of Local" products
- > 4,056 producers engaged through national tripartite partnerships



- > 7,500 customer members of the Ateliers U community, consulted on the improvement of products, services and U stores
- > U committed to launching societal initiatives such as the Manifesto on the origin of products, the National Pact on Plastic Packaging or the Animal Welfare labeling





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HYPER U
SAVENAY



2

Our great CSR issues

Risks and opportunities



CSR

Risks and opportunities

In the Quality, Safety, Social and Environmental 2018, Department of U Enseigne working groups and consultations with internal representatives, managers and directors from our major business areas, with the objective of identifying and assessing the CSR risks and opportunities associated with our business model.

More than forty social, environmental and societal risks have been assessed through the lens of our business model:

- > the list of categories of information presented in III. of Article 1 of Ordinance No. 2017-1180 of July 19 2017
- > the list of themes of the II. article of the application decree Decree No. 2017-1265 of Aug 9. 2017
- > supplemented by any legal and regulatory provisions applicable to our company

Based on the ISO standard, this 26000, work enabled us to establish a map of the extra-financial risks and opportunities linked to our business model, evaluated and prioritized according to their severity and likelihood.

This mapping has been re-examined each year. Particular 2020, attention has been paid to the assessment of health and safety risks.

This mapping highlights ten or so significant non-financial risks, which constitute CSR commitments for which U Enseigne has developed specific risk management policies.

In addition, in 2020, a mapping of the potential risks generated by Products U on human rights, health and the environment was carried out, based on the policies implemented in recent years years. This approach has led to the creation of working groups that have developed processes and actions to address the identified risks. This approach is explained in more detail in our vigilance plan.

Areas of significant risk Name and description of risk

Waste

Generation of unnecessary waste

- Economic impact related to the availability of raw materials
- Waste of resources
- Contribution to climate change
- Damage to biodiversity
- Impairment of the acceptability of our activity by our stakeholders

GHG emissions and energy consumption Increased global warming

warming

- Economic impact of the cost and availability of energy for our activities
- Worsening climate change
- Impairment of the acceptability of our activity by our stakeholders

Biodiversity

Damage to biodiversity

- Endangering our supply of agricultural raw materials (availability, cost)
- Threats to food quality and consumer health
- Overexploitation of resources and territories
- Worsening climate change

Animal welfare

Deterioration of the quality of life of farm animals

- Animal suffering in the breeding environment
- Impairment of the acceptability of our activity by our stakeholders

Engagement in the collective project: cohesion and inclusion Weakening of the collective

of the collective

- Loss of desire to contribute to the company project, impact on performance
- Erosion of corporate culture
- Unequal opportunities for individuals

Career paths

Loss of vitality of the company's social body

- Difficulty in attracting, retaining and developing the talent needed to implement our strategy
- Lack of employability of employees

Quality of life at work

Deterioration of working conditions

- Risk of absenteeism, impact on performance, impact on employee well-being
- Lack of attractiveness of the company

Territorial dynamics

Loss of dynamics of the territories

- Impoverishment of the territories in which the brand anchors its activity (employment, purchasing power, investment dynamics)
- Threats to the economic sustainability of our business partners (French agricultural production and industrial sectors)
- Inconsistency with the Cooperative's founding values
- Impairment of the acceptability of our activity by our stakeholders

Social and environmental impacts of suppliers and subcontractors

Damage to social and environmental rights via the supply chain

- Violation of basic human rights, including labour rights
- Endangerment of the brand's reputation

Responsible marketing

Development of an over-use of resources

- Loss of confidence of our stakeholders in the reality of the company's commitments
- Loss of customers vs. societal expectations in terms of sustainable development
- Endangerment of the brand's reputation
- Slowing down of the societal transformations necessary for a sustainable development

Consumer safety and health

Questioning the safety and health of consumers

- Ethics, moral and human cost
- Damage to the brand's reputation
- Financial impacts (sanctions, loss of turnover and loyalty (customer dissatisfaction), crisis management costs, insurance...)
- Violation of consumer safety



CSR

From this assessment of the extra-financial risks and opportunities associated with our business model, five major pillars of CSR commitments have emerged, which form the basis of our vision.



To offer safe, healthy and quality products accessible to all

- > Ensuring consumer safety
- > Ensure product quality and safety
- > Ensure nutritional balance
- > Remove controversial substances from U Products



Contribute to the sustainable transformation of the agricultural world

- > Supporting the agricultural and livestock sectors towards a more sustainable transformation
- > Respect biodiversity and animal welfare
- > Preserving resources



Promote and facilitate responsible consumption for all

- > Reduce waste and fight against food waste
- > Reduce greenhouse gas emissions
- > Accompanying our customers
- > Encourage suppliers' CSR initiatives



Supporting talent

- > Promoting diversity
- > Facilitating career paths
- > Improve the quality of life at work



Contribute to the dynamics of the territories

- > Give priority to French origin
- > Supporting the local fabric
- > Supporting the agricultural and livestock sectors
- > Supporting SMEs

Commitments and associated objectives

Reducing and recovering waste

p 19

- Designing an offer and sales methods that minimize the production of non-recyclable waste
- Promote circular economy loops
- Taking action to reduce waste

Reduce GHG emissions and improve energy efficiency

p 25

- Reducing the climate impact of freight transport
- Encourage energy efficiency actions in stores and at our logistics sites

Supporting biodiversity-friendly agricultural and livestock practices

p 29

- Supporting agro-ecological approaches
- Preserving resources

Supporting animal welfare friendly farming

practi

cesp35

- To improve the living, transport and slaughter conditions of livestock

Supporting change and promoting diversity

p 39

- Fight against discrimination in hiring
- Integrating Young People
- Promoting gender equality
- Welcoming Disability

Facilitating career paths

p 43

- Attracting talent
- Adapt and develop skills
- Retaining talent

Improve the quality of life at work

p 47

- Implement an efficient and facilitating work organization
- Facilitate work-life balance
- Ensure health and safety in the workplace

To be an actor in the dynamics of the territories

p 53

- Favouring the French origin
- Supporting SMEs
- Supporting the agricultural and livestock sectors

Encourage CSR initiatives by suppliers and conduct a vigilant approach to our supply chains

p 58

- Co-constructing progress plans with our suppliers
- Ensure the social conditions of production
- Make our suppliers aware of their social and environmental responsibilities

Accompanying our customers towards sustainable consumption

p 60

- Propose a range of products and services with societal benefits
- To enlighten the consumer in his choices

Ensuring consumer safety and acting for their health

p 62

- Ensuring consumer safety
- Ensure nutritional balance and health of consumers



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3

The policies implemented with regard to our major CSR issues

1. *Environmental issues*
2. *Social issues*
3. *Societal issues*

Year ending 12/31/2020/17



1. Environmental issues

Reducing and recovering waste

Reduce greenhouse gas emissions and improve energy performance

Supporting biodiversity-friendly agricultural and livestock practices

Supporting animal welfare friendly farming practices

REDUCE AND VALORIZÉ WASTE

Because our company puts more than billions² of U-branded everyday products on the market every year, we are taking action to better produce and manage the waste associated with our activity. Convinced that the best waste is the one we don't produce, we aim first and foremost to minimize our production of waste - food and non-food - and, for unavoidable waste, to promote its recovery.

In order to respond to the risk of producing unnecessary waste, our commitment to reduce and recycle waste is broken down into the following objectives³:

- Designing an offer and sales methods that minimize the production of non-recyclable waste
- Promote circular economy loops
- Taking action to reduce waste

► Designing an offer and sales methods that minimize the production of non-recyclable waste

OUR POLICY

We are committed to several things:

> **Eco-design our products and packaging**

For over years¹⁰, in collaboration with its suppliers, our company has been committed to a more economical design of its products and packaging. We act on several levels:

• **Reducing the quantity of materials used in our packaging.**

For several years now, all our U-Products with high packaging consumption have been subject to action plans aimed at simplifying and limiting the weight and size of their packaging, and avoiding over-packaging and under-packaging or to develop refillable or reusable alternatives.

These constraints are essential to our Products U specifications. The development of our Bulk or reusable products and packaging offer is part of this logic.

• **Reduce the use of raw materials in the manufacture of our products and packaging.**

To this end, we are seeking alternative solutions using recycled or renewable raw materials: we use wood and/or wood by-products primarily from recycling, if not from sustainably managed forests (see also our policy to combat deforestation on page 31), incorporation of recycled plastics.

• **Improve the recyclability of our packaging and turn our residual waste into new resources.**

For several years now, we have been committed to increasing the proportion of our U-product packaging that is compatible with the local authorities' material recovery systems, while taking care to anticipate their development. U Enseigne favors recyclable materials and the absence of sorting disruptors in the packaging of U brand products. We are also working to reduce the use of non-recyclable plastics such as PVC.

This three-point policy applies primarily to wood and wood derivatives (paper, cardboard) and plastics. After having committed our efforts for several years on wood and its derivatives, our priority is to continue to reduce our use of plastics. If, because of its specific properties, plastic is still essential in our activity, we have the duty to try to reduce its use in view of its multiple environmental impacts.

We are convinced that a proactive collective approach by all economic actors is essential to design solutions economically viable, and to change practices around plastics.

We participate in various working groups or exchanges with our public and private partners and suppliers.

U Enseigne has thus taken an active part in the construction of the National Pact on plastic packaging that it signed in February 2019 alongside public authorities, NGOs and a dozen food manufacturers and distributors.



Through public objectives, we commit ourselves in solidarity with the signatories of the Pact in particular to :

- eliminate problematic or unnecessary plastic packaging* by 2025
- collectively reach 60% of plastic packaging actually recycled by 2022
- incorporating an average of 30% recycled plastics in packaging by 2025
- eco-designing packaging to make it 100% reusable or recyclable by 2025

To achieve these objectives, in line with the commitments of the Pact, U Enseigne invests in the search for innovative solutions, in particular with the aim of reducing single-use plastics used in packaging and facilitating the implementation of circular economy loops. This last point is the subject of a specific policy developed below.

*including: packaging that is not recyclable or disruptive to recycling, or not reusable, or avoidable, or poses a risk to humans, health or the environment.



> Extending the life of our products

We are committed to the extension of the best-before date (BBD) and the minimum durability date (MDD) of our U food products and we are committed to improving the understanding of this information

ACTIONS TAKEN IN 2020

- En U 2020, Enseigne has continued to work on all its U-product ranges to eliminate plastics, increase the proportion of recycled materials in products and packaging and improve their recyclability. To illustrate this ongoing work, let's quote (the figures are extrapolated for a full year):

> Removal/Reduction of plastics



- At the checkout, replacing the polyethylene customer recovery bag with a kraft bag eliminated tons 840 of plastic.
- The plastic packaging of the U-bulbs has been eliminated in favor of an FSC-certified cardboard box (30 tons of plastic saved).
- U Enseigne has reworked its U connectors range to improve its sustainability and remove plastic from its packaging. The plastic packaging of more than U products 100 has been replaced by an FSC cardboard packaging that will eliminate tons 19 of plastic per year. This new range will be marketed from January 2021.

> Use of recycled material



- The body of the U coloring markers is made of 95% recycled material from used food cartons. This range contributes to save tons 6,5 of virgin material.
- The U fruit juice bottles are made of 50% recycled PET, which means a saving of tons 15 of virgin material.

> Recyclability



- The change in packaging of references 14 of frozen convenience products has improved their recyclability (24 tons of packaging concerned).
- The entire range of U fabric softener refills has adopted the "doypack" packaging format to replace the PVC cartons: in addition to the savings in plastic (56% less), transport, and packaging cartons, this change makes it possible to eliminate the PVC, non-recyclable plastic, up to 10.4 tons.
- Paper has replaced plastic for all the bags of the 12 U Bio tea and infusion references (6.8 tons of plastic eliminated). U is the first retail brand to offer paper tea or infusion bags.
- R&D: Since June 2019, to implement the Pact's objectives, U Enseigne and Carrefour have joined forces in the search for innovations to replace single-use plastic in packaging. U Enseigne has renewed its R&D investment in 2020, with tests planned in 2021.



- In its establishments, in line with the reduction in the use of single-use consumables (cups, bottles, etc.) and the improvement in waste management carried out in recent years, U Enseigne has completed the implementation of differentiated waste collection with the equipment of its Rungis site.

by the consumer (see our "Act to Reduce Waste" policy).

For home equipment, U Enseigne invites stores to offer a 5-year warranty extension service for the purchase of GEM (Cooling, Cooking, Washing) and TV products.

Thanks to a simple and accessible after-sales service throughout France, we facilitate the repair of electrical appliances; the after-sales diagnoses carried out by our expert technicians contribute to limiting the number of repairs required.

unnecessary disposal (e.g., identifying false failures).

A spare parts service is also available offered by a growing number of U. stores.

ACTIONS TAKEN IN 2020



The range of U connectors (smartphone charging kit, backup battery, cables...) has been reworked to improve the robustness of the most intensive use accessories:

This range of more than 100U Products marketed from January will be 2021 commercially guaranteed for years.¹⁰

> Develop our offer of reusable products and bulk sales methods

U Brand continues to develop refillable packaging, particularly for U Products of Droguerie-Hygiene and intends to develop the offer of reusable U products (such as conservation films, washable solutions for baby hygiene, feminine hygiene or incontinence).

To reduce packaging and meet the expectations of some of our customers, we are testing and proposing to the U sales outlets of bulk sales in a growing variety of product categories.

As part of the new grocery universe offered to stores since 2019, U Enseigne has strengthened its offer of bulk products. To date, it includes some 60 U Bio branded products in five product families. A bulk coffee sales module is also offered to stores.

Since U 2019, Enseigne has also made available to U stores a kit and a guide to best practices in the store for

Facilitate the use of containers brought by customers in the fresh-cut departments (butcher's, delicatessen, cheese, etc.). Reusable U bags made of 100% organic cotton are also referenced for the sale of fruits and vegetables and bulk groceries.

Excluding food departments, U Enseigne has provided U stores since 2017 with a concept for selling makeup products

of all brands sold without blisters.

U Enseigne has also been offering bulk sales of stationery and writing products to stores since the beginning of the school year 2019.

We continue to work on integrating bulk sales in new product categories, such as Liquids, Household Goods or Hygiene.

ACTIONS TAKEN IN 2020



- Beginning with the start of the 2019 school year, U Enseigne has been rolling out package-free unit sales of U stationery-writing products.

Some references¹¹⁰ are now concerned, of which more than 60% replace references previously sold in blister packs. The aim is to roll out this proposal to the entire network from 2021. In a full year, this will save 12 tons of packaging (cardboard and plastic).



- U Enseigne has developed the Ink Bar, a new service that allows customers to refill their empty original print cartridges in store. This new solution, which is being tested²⁰²⁰, in U from 2021.

- U Enseigne has tested with a group of stores the sale of pet products in bulk. A dozen references of treats for dogs and cats will be available from the 1st semester 2021.

RESULTS & INDICATORS



10%

of recycled plastics in our packaging*
(objective: 30% in 2025)

39%

of recyclable plastics in our packaging*
(objective: 100% in 2025)

23%

of problematic and unnecessary plastics
to be eliminated from our packaging*
(objective: 0% in 2025)

28,5 tons

of plastic removed from our packaging
in the year
+ 342% vs. 2019

76%

of GEM after-sales
service cases resolved
in the year

28%

of PEM after-sales service files***
solved in the year

+ 2%

of spare parts ordered
by stores offering the
service vs. 2019

* based on the volume of plastics placed on the market during the year

** GEM: Large

household appliances***PEM: Small and medium-sized household appliances, computers, printers, image & sound, game consoles, telephony & connected objects and related accessories

Promote circular economy loops

OUR POLICY

As described above, U Enseigne's primary focus is on to prevent the production of waste related to its activity. For residual waste, we aim to to recycle the material of all the waste from our stores and logistics warehouses through local or French users, ideally themselves suppliers of products for the U. stores.

To this end, we conduct joint projects with industrial suppliers of U-products and their packers.

Since then, U2008, Log has set up a dedicated activity, U Eco Raison, which processes recyclable waste from its warehouses and U stores in mainland France, which it collects, sorts and recycles.

To date, eight materials are involved: cardboard, paper, soft plastics, hard plastics, wood pallets, polystyrene, aluminum and plastic hangers. They are either massaged in one of our four processing centers in France, or resold directly to industrialists specialized in each type of material, and in priority to industrialists who are suppliers of the U to incorporate them into our products and packaging. The objective is to ensure the same level of service for metropolitan stores and to continue to develop recovered materials.

Since the implementation of U Eco Raison, U Enseigne and U Log support U stores in the implementation of good management and sorting practices for their waste in order to maximize its recovery. Following an audit conducted in 2018, U Enseigne recommends new organizations optimizing sorting at the point of sale: renewed awareness of sorting instructions among store employees, optimization of material equipment and organization in store, identification of improvement levers through an in situ diagnosis.

We are extending our circular economy approach to our customers' waste. For example, since 2017 we have been developing the collection and recycling of customers' PET plastic bottles in order to direct the collected material in a privileged way into the manufacture of Produits U packaging.

The experiments carried out in partnership with the eco-organization CITEO have enabled us to mature our approach in order to be able to offer stores and customers high-performance collection equipment and to build efficient closed circular economy loops with our suppliers.

ACTIONS TAKEN IN 2020



- Since May, a 2019, part of the PE flexible plastic films collected in our warehouses is reused for the manufacture of the packaging for our range of Terreau U. This collaborative approach with our industrial suppliers and their packers has been extended in 2020 to the packaging films of our paper towels and U toilet paper. These two actions contribute to saving 147 tons of virgin plastic. The reuse of flexible plastic films collected by U Eco Raison in the manufacture of U trash bags saves 620 tons of virgin material annually. Exploratory studies have been carried out on 2020 other product categories with a view to marketing them in 2021.

- U Eco Raison collects from the 2018 hangers delivered with our U textile products. In 2019, Enseigne has worked on a better recyclability of these hangers: since the collection Spring-Summer 2020, use monomaterial hangers (polypropylene) which are easier to recycle.

- In partnership with the eco-organization CITEO, U Enseigne has completed its experiments in collecting and recycling PET plastic bottles from its customers and now offers U stores collection terminals (RVM - Reverse Vending Machines). They allow consumers to deposit their plastic bottles for recycling in exchange for vouchers or donations to associations financed by the store. 19 U stores have collection bins. 253 tons of PET have been recycled and €36,000 in purchase vouchers have been financed by the stores equipped. This deployment will continue in the years to come. In parallel with the equipment of the stores, U Enseigne has worked with its partners and suppliers to ensure that the material collected is compatible with their industrial processes. We aim to eventually cover the PET needs of our main U-brand fruit juice manufacturer, whose bottles contain up to 50% recycled content.

- Since August, U2020, Enseigne has allowed its customers to recycle their health protection masks (cloth and disposable). The masks are collected, washed, sorted and then recycled in a short circuit to transform them into construction material.

This 2020, solution, which was developed in collaboration with a specialized regional startup, was tested in 38 pilot U stores and at the U Enseigne store in Rungis. This initiative, relayed via social networks during the European Week for Waste Reduction, was a success. This 2020, allowed the collection and reprocessing of more masks 46000 and is expected to expand nationally in early 2021.

RESULTS & INDICATORS

115569 tons

of materials recovered by U Eco Raison
(warehouse and store origins, excluding customer
waste)

+ 9% vs. 2019



70%

flexible plastic films for packing our pallets
logistical products used in the packaging of U

vs. 29% in 2019

35698 €

of vouchers financed by
U stores pilot to encourage
recycling
of PET bottles by
consumers

254 tons

of PET plastic collected
from our customers via collection
points in stores

► Taking action to reduce waste

OUR POLICY

As a retailer with a majority of food products, U contributes to the objective of halving food waste in France by 2025 and has been a signatory of the National Pact against Food Waste since 2013.

In our cooperative structure, the reduction of food waste is essentially based on actions carried out in stores.

Since then, an operational 2014 guide produced by U Enseigne provides them with the information and advice necessary to implement anti-waste actions and lists the best practices that have proven their worth within the network.

To reduce their volume of bio-waste, U stores are invited to act on different levers:

- raise their employees' awareness of waste
- optimize the management of the departments concerned
- improve the disposal of products at risk of wastage (e.g. through sales price reductions on unsold products with a short shelf life)
- directing products to donation as a last resort

In order to facilitate food donations from U stores to charitable associations, a partnership agreement has been signed with the Food Bank.

Stores are also referred to the local branches of the 12 national charities authorized by the government to distribute food aid. Since January

2018, this system is regularly supplemented by agreements of U Teaches with new donation facilitating intermediaries such as Phénix, Comerso and, since April 2020, U is a partner in a multi-actor initiative:

the Platform Solidarity Association set up during the health crisis.



In addition to these store recommendations, we make sure to inform, help and encourage our customers to reduce their waste and to recycle it.

Consumers' misunderstanding of the time frame for consuming food products is the cause of 20% of the food waste in French households. In 2020, U Enseigne joined the Pacte sur les Dates de Consommation alongside the French government and some fifty players in the food industry. This commitment is in line with the National Pact against food waste and aims more specifically to contribute to a change in consumer behavior through better information and understanding of the different types of dates.

RESULTS & INDICATORS

24,3 million €

donations to charities made by the U stores declaring
+ 17% vs. 2019

of which **84%** were
of food donations

2561 tons

of waste electrical equipment and electronics, batteries, lamps and used ink cartridges collected from our customers

+ 5% vs. 2019

83,7 million €

of markdowns spent by U stores that offer price reductions on products with a short shelf life

4,3 million €

of donations made by U Enseigne (in food and non-food products)

+ 24% vs. 2019

of which **87%** are
of food donations

ACTIONS TAKEN IN 2020

> Actions carried out with the stores



- Since the end of 2020, a sell-by date management solution has been integrated into the management tools offered to stores for their self-service fresh departments. Department employees are automatically alerted when a fresh product reaches its sell-by date and can expedite its sale or direct it to donation.



- Since April, U2020, Enseigne has been involved in setting up the Solidarity Association Platform. By facilitating the connection between donation associations and companies (retail chains, manufacturers, transporters, logisticians) with the help of COMERSO, this solution streamlines the delivery chain of food and non-food donations to beneficiaries. This solution completes the donation system offered at U Log warehouses and U stores. More than the equivalent of 450000 meals - all players combined - were distributed to associations via this system in 2020.

- To support U stores in their anti-waste approach, U Enseigne has made them aware of the use of the Too Good To Go application, which allows consumers to purchase surprise baskets at a reduced price, made up of unsold items of the day that could not be donated. At the end of the 2020, 201 U stores were partners of the network Too Good To Go; nearly a dozen baskets 253000 were delivered at reduced prices.

> Awareness actions carried out with our customers



- In January, signing 2020, of the Pact on the Dates of Consumption : launched on the occasion of the national day In October 16, a national communication on the distinction between the different types of use-by dates and their impact on product quality was deployed in the U network.



- In the absence of a nationwide "harmonized system of sorting rules" for small household aluminium packaging waste, the introduction of aluminium capsule collection bins has been proposed in collaboration with the ARCA consortium (Alliance pour le Recyclage des Capsules in Aluminum) to 130 U stores, where communities are not equipped with appropriate sorting solutions.

- Since the start of the 2019 school year, U Enseigne has been offering bulk sales of stationery-writing items to allow consumers to tailor the quantity purchased as closely as possible to their needs.

- With the voluntary U stores, U Enseigne has renewed in 2020 its collection operations of used Textiles and Schoolbags from its U Card customers.

REDUCE GREENHOUSE GAS EMISSIONS AND IMPROVE ENERGY PERFORMANCE

Mitigating the risk of increased global warming is an objective of U Enseigne in two ways:

- reducing the climate impact of goods transport, which is delegated to a number of transport service providers in the region and accounts for more than 90% of U Enseigne's GHG emissions linked to the distribution activity to and from the points of sale.
- Encourage energy efficiency actions in our stores and logistics sites through our role of recommendation and guidance to the Group's members.

In these two areas, in which it does not operate directly, U Enseigne wishes to encourage better practices.

Reducing the climate impact of freight transport

OUR POLICY

Since 2010, U Log has been committed to optimizing its supply chain logistics with the objective of reducing GHG emissions per volume transported. Initially monitored per parcel delivered to the store, this policy is now more precisely monitored per cubic meter transported, an indicator that is more representative of the efforts made.

Our policy focuses on :

- optimization of the distances travelled
- improvement of the filling rate of the trucks
- research into motorization technologies with less environmental impact

After having focused its action on the optimization of the rounds to the stores and on a better loading of the trucks via equipment such as semi

U Log continues to optimize the return trips from the stores to its warehouses by loading two levels of pallets.



Year ending

These already allow the regular return of store packaging to the warehouse for recycling by U Eco Raison. The implementation of resource synergies between nearby sites (dry warehouses/fresh warehouses) has also contributed to the policy of reducing empty mileage. One of U Log's major objectives is to continue to develop freight on behalf of suppliers of U Enseigne: U Log thus benefits from the fleet's return trips from the stores to its warehouses to pick up goods from nearby suppliers, thus avoiding empty truck returns.

The second axis of U Log's policy is to upgrade vehicles to technologies with a lower environmental impact. Carriers are contractually encouraged to modernize their road fleet in favor of more economical engines (Eurotech standard at 6 date) or alternative energy (gas, biofuels...).

This requirement is accompanied by a multi-year contract that facilitates investments by our service providers. U Log is deploying Natural Gas for Vehicles 140 (NGV) with the objective of reaching by the end of 2021 and is actively involved with local authorities and gas suppliers in the creation of gas stations throughout territories to support the large-scale deployment of CNG.

At the same time, U Log is working with its transport partners to develop alternative technologies such as biofuels, nitrogen, hybrid hydrogen/electricity, etc.

The Loi Orientation des Mobilités (LOM) imposes stricter traffic rules for heavy goods vehicles in urban areas with more than 100,000 inhabitants.



In order to supply the U stores in the major cities located in the more than 100 km from our warehouses, U Log deploys Urban Distribution Platforms (UDPs) which allow the grouping of flows from the regional warehouses and then distribute them to the U stores in the urban area via small multi-temperature CNG (Compressed Natural Gas) carriers. In addition to a lower CO₂ impact, this flow optimization benefits the reduction of noise pollution and decongesting traffic in urban areas by grouping different product categories (fresh, ambient, frozen) in a single multi-temperature delivery vehicle.

At the end of 2020, two Urban Distribution Platforms are in operation in Alfortville and Nice, and two new projects are underway in 2021Lille and Lyon.

True to its vocation as a regional brand and convinced of the effectiveness of local synergies, U Enseigne also wishes to be a partner of major cities that are committed to a Climate-Air-Energy plan Territorial (PCAET). Partnerships have been activated with Montpellier Méditerranée Métropole and with Rennes Métropole since 2018 and with the Grand Est region since 2020. An experiment has been launched since May with2019 the city of Nantes concerning time slots for urban deliveries; a report will be drawn up during the year. 2021.

In addition to the expected benefits in terms of GHG emissions reduction, this policy also contributes to the reduction of emissions of air pollutants.



ACTIONS TAKEN IN 2020

- The means of transport used by our service providers have continued to evolve towards diesel technologies with a lower environmental impact: 95% of tractors and road vehicles are Euro tech standard (6vs. 70% in 2018) and 5% are gas-powered, both for upstream activities and for deliveries to sales outlets.
- In order to comply with the Low Emission Zone (LEZ) regulations and to be an actor of our CSR, U Log is intensifying the deployment of its fleet of trucks using alternative energies to diesel:
 - NGV technology is being deployed to serve urban and suburban areas. The fleet of NGVs of our transporters will have 23 units by the end of 2020. The deployment of this fleet requires a better network of gas stations on the roads in the regions, a deployment in which U Log is actively participating in consultation with local authorities and gas suppliers. Three gas platforms have been deployed to end 2020.
 - Thanks to the work carried out with its transport partners, U Log has implemented experiments on less emissive technologies (semi-trailers refrigerated with cryogenic gas at the Fontenay le Comte site and biofuel diester at the Nantes Atlantique site).
 - via the agreement signed in February 2020 between Système U and the Grand Est Region, U Log has committed to participating in the "DINAMHySE" project, the objective of which is to support the development of a hydrogen industrial sector in the Grand Est region and to generalize the use of hydrogen in the transport of goods.
- To achieve its objectives, U Log joined 2020the EVE program (Voluntary Commitments for The goal is21, to reduce transport-related GHG emissions by 6% by 2022, in particular through the use of alternative energies and the reduction of empty miles.
- A new Urban Distribution Platform (UDP) went into operation in March 2020 to serve some 30 U stores in Paris. Since December 2020, a second PDU has been used to serve Nice U stores; in the absence of a gas station nearby, the transport of the latter is currently operated by bio-fuel.
- In February 2020, U Log initiated the first multimodal freight relations (rail, river) with the will to amplify this development on2021 road links of more than km700 (North - South).

RESULTS & INDICATORS

81%
of filling trucks
delivery to stores
-2pts vs 2019



14,4 kg eq.CO₂
emitted per m³
transported*.

* New KPI - Data not2019 available

95%
of tractors and road transporters
to the Euro tech standard 6

23
vehicles
CNG transport

▶ Encourage energy efficiency actions in stores and at our logistics sites

OUR POLICY

> Vis-à-vis the stores of the U network

As part of its role in supporting the Group's members, U Enseigne analyzes the regulatory and societal context and communicates on current issues, innovations and new services.

In addition, U Enseigne designs specifications and thematic guides to assist associates in the energy transition.

This information and advice is made available via the Group's intranet; dedicated teams in the U Enseigne establishments in the regions accompany the associates who wish to do so.

U Enseigne recommends that associates conduct an energy audit of their facility. This first step allows them to identify the improvement levers adapted to their outlet and to establish an action plan in line with the objectives of the ELAN law and the tertiary decree. Among the solutions proposed, the Associates find practical recommendations concerning commercial refrigeration (closing of cold units, choice of refrigerants with lower GHG emissions, etc.), lighting (LED lighting, contribution of lighting, etc.) and the use of energy-efficient lighting, natural...), heating, ventilation, air conditioning and renewable energies, in particular via the production of photovoltaic electricity for self-consumption.

ACTIONS TAKEN IN 2020

> Vis-à-vis the stores of the U network



- In 2018, Système U joined the government's plan "This voluntary commitment is designed to develop the production of photovoltaic solar energy. This voluntary commitment includes to conduct feasibility studies in 200 U stores by 2022, to systematize this type of study when creating a store or warehouse, and to install charging stations for electric vehicles in stores 200 by 2025. With the support of internal U consulting teams in the regions, simplified access to referenced external technical service providers and a best practice guide published in 2018, U Enseigne continues to support Associates in their self-consumption solar installation projects.



- As part of the partnership agreement signed in February 2020 between Système U and the Grand Est Region, the Group is mobilizing locally to contribute to the deployment of sustainable mobility in the 10 departments of the Region and to develop its network of electric charging stations and pumps of Super ethanol E85 over the next three years.



- In order to facilitate green mobility, Groupement U made a commitment in October 2020, alongside the French government, to contribute to the goal of deploying 100,000 electric charging points open to the public, and in this respect to set up 2000 charging points in the parking lots of U stores by the end of the year 2021.



> Concerning our logistic sites

U Log is committed to a policy of improving its energy efficiency through the deployment of LED lighting and the modernization of cold production at its fresh sites, in particular through the use of environmentally friendly refrigerant gases (ammonia, CO₂).

With the exception of a project planned for 2021-2022, all the warehouses had been optimized for cold production by the end of the year 2020.

U Log is involved in the Group's efforts to develop photovoltaic power generation and conducts feasibility studies on a case-by-case basis.

ACTIONS TAKEN IN 2020

> Concerning our logistic sites



- The call for tenders launched in 2019 for photovoltaic electricity production for injection and self-consumption in the Agen warehouse has been concluded for commissioning in 2022.
- Cold production at the Ifs (14) and Plaintel Raussan sites (22) was renovated to improve energy efficiency: use of ammonia, heat recovery for defrosting, adiabatic cooling towers.
- The deployment of LEDs in our warehouses has reached an equipment rate of 72%.

RESULTS & INDICATORS

-4% of kWh
consumed per package shipped
vs. 2019



156 studies
feasibility studies of photovoltaic installations carried out since
2018
or 78% of the target at 2022

78
photovoltaic
installations

completed or in progress, as of the end of 2020, in
number of sites*

88 stores
have charging stations
for electric vehicles
or 44% of the target at 2025

338 T.eq CO₂

avoided thanks to the installation of photovoltaic panels*

* warehouses and logistic
warehouses

SUPPORT BIODIVERSITY-FRIENDLY FARMING AND BREEDING PRACTICES

Agricultural and livestock products are an essential part of our business activity, whether they are raw products or the ingredients of our Produits U. We wish to contribute to a sustainable food supply and give priority to national and local supplies. We also intend to be active alongside the agricultural world in its search for sustainable and responsible agriculture. This is why we support and promote in our offer the agricultural approaches of preservation and reconstruction of biodiversity.

To respond to the risk of damage to biodiversity, our commitments are focused on two objectives:

- Supporting agro-ecological approaches
- Preserving resources

▶ Supporting agro-ecological approaches

OUR POLICY

U Enseigne works alongside the agricultural and livestock sectors to encourage more responsible practices. For our U products from these sectors, we have a long-term contractualization policy that takes into account production costs and provides for multi-year volume commitments. By securing the commercial relationship with our partners, we take into account the agricultural time, the approach of each, and we help them to transform their production methods: organic, agro-ecology, sustainable farming...



Our requirements are reflected in our Chain of Custody initiatives and the specifications of U Products. On the strength of the hindsight we have acquired over the past several years and the constant exchanges with the sector's players to reduce the impact of our products on biodiversity and natural resources, we have re-evaluated our policy in 2020. This policy will apply from the campaign

2021 to raw products and U-branded processed products as soon as the product's main ingredient is a fruit or vegetable. Starting in 2020, we will support our suppliers in this transition.

Convinced of the need to take into account the global dynamics of production ecosystems, we now consider level 2 environmental certification to be an essential agro-ecological foundation, and we wish to commit the suppliers and farms of our Filières U to achieving certification. This certification is called "High Environmental Value" (level 3 option A or B). This agro-ecological certification has objectives in four areas:

- the development of agro-ecological farm infrastructures for the preservation of ecosystems
- the use of alternatives to synthetic chemical inputs
- the use of alternatives to synthetic fertilizers
- reduction of the volume of water used for irrigation

Our specifications, accompanied by contractual agreements over time³, allow us to allow us to engage in co-construction with our suppliers and their producers and to accompany them in progress plans towards the requirements of the "High Environmental Value" certification and towards more advanced agro-ecological approaches concerning :

- maintenance of living soils
- reducing the environmental footprint of the operation
- the reduction and recovery of waste from agricultural production

The progress of our U-Filières partners on these co-constructed progress plans is regularly and jointly evaluated, in particular at the time of campaign reviews, via contractualized steering indicators.

In addition to this common base of level 2 environmental certification, we regularly update a list of approaches, certifications and labels that we recognize as guarantees of compliance with our requirements and on which our suppliers can rely: organic label, Bleu-Blanc-Cœur approach, Controlled Reasoned Culture (CRC) wheat label, certifications of good agricultural practices (GLOBALG.A.P., Agri Confiance), Demain la Terre charter, etc. U Enseigne accompanies certain of its suppliers in their conversion to organic. U Enseigne also became involved in 2018 as a founding member in the "Pour une Agriculture du Vivant" movement. With this collective, U Enseigne is involved with producers, experts and agri-food companies to promote an agricultural transition towards agro-ecology. This transition starts from regenerated soils and places respect for the living as a driving force for transformation.

Contribute to the sustainable transformation of the agricultural world

Fueled by discussions with our suppliers and stakeholders and guided by a global approach to production, the review of our Fruit and Vegetable policy in 2020 naturally led us to include our pesticide reduction policy.

So far, by product family, we have committed to defining residue values of phytosanitary products better than the regulations and to eliminate our products the most controversial pesticides.

Through our specifications and progress plans, we have systematically encouraged our suppliers to eliminate them or to substitute them with alternatives. In 2020, following our discussions with our stakeholders on

In this respect, we felt that this approach alone could have counterproductive effects on soil health and that its continuation should be part of a more global approach production ecosystems. By choosing to support our Filière Fruits et légumes policy a on the environmental certification base level and 2 in doing so

By supporting progress plans, we integrate the reduction of pesticide residues into a global policy of agro-ecological cultivation.



ACTIONS TAKEN IN 2020

> Re-evaluation of our policy of support for agro-ecological approaches (see above)

- In order to deploy its policy, U Enseigne wishes to train the players in each of the professions concerned: buyers, quality managers, suppliers, inspectors, store advisors, department managers, etc. This introduction to agro-ecology was launched in 2020 with the national teams before being extended to the regional and point-of-sale teams.



- We have prepared the deployment of our new specifications, in an approach of Filière, with our suppliers U in condiments, potato, carrot.

> Bio

- U Enseigne continues to develop its organic offer, in particular via its U Bio brand, certified AB for food products and Cosmos Organic for cosmetic products. For example, we can mention :

- The U Bio range of teas and infusions increased from 7 to 12 references in April 2020
- The U Bio range of plant-based beverages has been extended from 5 to 4 references¹⁵
- The U Bon & Végétarien range of jelly beans now labelled organic under the U Bio brand



> Other agro-ecological approaches



- U Enseigne is continuing to convert the conventional flours used in U products into flours with the CRC (Culture Raisonnée Contrôlée) label, a process that has been underway since 2016.



- In 2020, U Enseigne extended its Bleu-Blanc-Cœur label to most of its ultra-fresh dairy product ranges and to U Saveurs charcuterie in the traditional cutting department. By relying on crops such as flax, peas, alfalfa, beans, etc., most of which are produced in France, to improve the nutritional quality of animal feed, the Bleu-Blanc-Cœur approach contributes to crop diversification. With more than 250 U products of animal origin coming from the Bleu-Blanc-Cœur network and entire product ranges developed through a partnership conducted since U 2007, Enseigne has been participating in the renewal of biodiversity.

RESULTS & INDICATORS

> BIO

9%

of organic products out of the total offer of the brand (excluding Bazaar and Textile)

stable vs. 2019

14%

U-branded food products are certified organic

+ pt1. vs. 2019

15%

U products in hygiene and perfumery are certified organic

> OTHER AGRO-ECOLOGICAL APPROACHES

100%

of U Products coming from animal sectors are from the BBC or Organic sector

stable vs. 2019

29%

of the eligible U-product range have been switched to CRC sustainable flour

stable vs. 2019

53%

of HVE certified wine references

To reduce the environmental impact of our Garden products, all the fertilizers in our U range can be used in organic farming in accordance with European regulations in force.

15 new references



Contribute to the sustainable transformation of the agricultural world

30/ Non-financial performance statement 2020

► Preserving resources

We act on two axes:

- Fight against deforestation
- Preserving the products of the sea

OUR POLICY

> Fight against deforestation

For the manufacture and packaging of U Products, U Brand uses raw materials that may contribute to deforestation and to the disruption of essential ecosystems, particularly in tropical countries.

With regard to the products we market, we have focused our efforts on the most impactful raw materials, whose production is generally associated with deforestation: wood and wood derivatives, palm oil and soy. We are committed to a voluntary approach to cleaning up our supply chain and limiting our footprint. Implemented on these first three critical commodities and completed since 2019 on the cocoa and coffee commodities, our approach proceeds in two steps:

- Whenever possible, we remove components from our products that threaten the forest resources involved or promote the use of recycled materials.
- On the residual part for which there is no alternative, we tend to use components or ingredients whose least environmental impact is controlled and certified by labels, certificates or recognized responsible approaches on which we are in regular exchange with our stakeholders. Our efforts are currently focused on strengthening the traceability of our supplies.

We have targeted policies by raw material:



• Wood & wood derivatives

After implementing an EUWR (European Union Wood Regulation) procedure in 2013 to ensure the legality of wood, U Enseigne is now committed to 2015 ensuring that all its wood-based products and packaging are derived from virgin wood are from sustainably managed forests.

We require our suppliers of wood and its derivatives to be FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification schemes) certified, reinforced, on a case-by-case basis, by a multi-criteria risk analysis on the origin of the wood. To date, 85% of our products, packaging and store supplies comply with this policy.



• Palm oil

We have since chosen 2009 to reduce the use of palm oil in our products, to the point of eliminating its presence in all the products in our U Tout Petits, U Bio and U Saveurs ranges, as well as in many U-branded products where technically possible.

Where such substitution is not feasible, we are committed to ensuring that residual palm oil comes from a plantation that is responsibly managed and developed. We require our suppliers to be RSPO (Roundtable for Sustainable Palm Oil) Certified, RSPO Segregated (SG), or at least RSPO Mass Balance (MB). We do not use any non-certified or non-compensated palm oil (excluding fuels). We compensate for the use of unsustainable palm oil-derived ingredients by purchasing RSPO credits through a certificates, which contributes to the support

of more sustainable palm oil production. Our goal is to increase the share of certified palm oil at the expense of compensated palm oil. Furthermore, we aim to ensure that the palm oil that we use in our U products contributes to the conservation of forests and the improvement of living conditions of the populations of the producing countries.

To date, palm oil has been removed or substituted with sustainable palm oil in more U-branded products. 400



• Soybeans

As early as 2012 we conducted an inventory of the products that contribute most to our soy footprint and identified the following priority categories: products where animal feed has a preponderant share and where the volumes of products sold are the largest, namely raw products (butchery, poultry, eggs and charcuterie).

Based on this mapping, we have formalized a 5-year 2018 roadmap based on three axes:

- the French origin of animal products for better control of breeding practices.
- priority research into protein alternatives (legumes, flax, soybeans, beans, etc.) to replace soybeans/corn in animal feed.
- the relocation of protein cultivation to European and ideally French territory in order to have closer and more traceable supplies.

Contribute to the sustainable transformation of the agricultural world

We orient our suppliers towards the Bleu-Blanc-Cœur specifications, which contribute, among other things, to limiting soy in animal feed. Respecting the Bleu-Blanc-Cœur Charter has been one of the bases of our requirements for all U Products of animal origin since 2017. We have thus been developed complete U Blue-White-Core ranges in the animal sectors with high consumption stakes: eggs, beef, pork, pork delicatessen, poultry, bottled milk, ultra-fresh.

We are also involved in the French collaborative platform for Sustainable Livestock Feed (DURALIM). In early 2018, signatory companies committed to ensuring the sustainability of their supplies of raw materials produced in France and imported. Their ambition is to reach 100% sustainable sourcing by 2025 at the latest, with a zero deforestation objective.

Aware that changes in agricultural practices take time, we do not avoid the risk of residual soy in animal rations. We are therefore also active in the multi-distributor sharing group led by the Earthworm Foundation, whose objective is to act collectively with the major soy trading groups to strengthen the evaluation of the sector.



• Cocoa

We formalized our Cocoa policy in 2019. For its U-brand food products and for products sold in the bakery and pastry department, U Enseigne is committed to using traceable and responsible cocoa, guaranteed not to be deforested, respectful of social and economic rights of producers and no child labor.

All U-branded products containing cocoa (excluding natural extracts and natural flavors) will comply with this policy Filière d'ici 2025. To this end, we contractually commit our suppliers to respect our Cacao U charter. In addition, we have drawn up a list of procedures and certifications that we recognize as guarantees of compliance with our requirements and on which they can rely.



• Coffee

Our work to combat deforestation has been extended to the Coffee sector in 2019. We are committed to the use of traced and responsible raw materials, guaranteed without deforestation, respectful of the social and economic rights of producers and without child labor.

Gradually, we are contractually committing our suppliers to respect our Café U charter. As with cocoa, we are establishing a list of approaches and certifications that are compatible with our requirements and that our suppliers can rely on.

We intend to strengthen our approach to the coffee industry in the future.

ACTIONS TAKEN IN 2020

> Palm oil:



- U Enseigne has joined the multi-distributor sharing group set up under the aegis of the Earthworm Foundation with the aim of acting collectively with the major palm oil trading groups to strengthen the evaluation of the sector.

> Soybeans:

- In November 2020, U Enseigne and the main French distributors signed a joint manifesto, agreeing on collective measures to be implemented in order to fight against deforestation and conversion linked to soy imported into France from the Amazon and particularly from the Cerrado region in Brazil.



- With the exclusive production partnership set up in April 2019 with La laiterie de Cléry (Schreiber France) in Lorraine for the manufacture of ultra-fresh U-products and the finalization of production transfers in 2020, almost all of our U-brand ultra-fresh dairy product ranges are now under the Bleu-Blanc-Cœur approach and thus contribute to the reduction of soy in animal feed.

- Since September 2019, the Bleu-Blanc-Cœur approach has been progressively deployed on the U Saveurs charcuterie in the traditional cut department.

> Cocoa and coffee:



U Enseigne has carried out an evaluation of the external standards on which its suppliers can rely. The recognized labels, approaches or certifications have been communicated via our specifications.

Contribute to the sustainable transformation of the agricultural world

RESULTS & INDICATORS

Breakdown of the palm oil we put on the market (in volume, excluding fuels) :



63%
certified palm oil
(+ pts6 vs 2019)

37%
compensated palm oil
(- pts6 vs 2019)



85%

of the volumes of wood and wood derivatives used
for our products, primary packaging and store supplies are from sustainably managed forests and recycled materials

98%

commercial flyers
are made of paper from recycled or
sustainably managed forests,
in paper volumes

6457 hectares

of GMO soybean cultivation avoided thanks
to
the use of the approach
Bleu-Blanc-Cœur for the production of part
of our U

32 U
Products

under the Café approach

89
products*

under the Cacao process

(* U products and products containing
cocoa sold in the bakery and pastry
department)

> Preserving the products of the sea

With the same will to avoid the overexploitation of resources, our approach on the Products of the Sea has for objective since 2012 contributing to a better management of the fisheries and aquaculture resources through a modulation of the supply and commercial animation of the different species, whether it is our traditional Seafood referencing or U Products containing at least 50% of seafood products.

We are constantly updating our assessment by species and fishing area and are thus committed to :

- continue to stop promoting "controlled" fish species and the prohibition of the marketing of all species "threatened or to be proscribed".

- promote species diversity by proposing species whose stocks are recognized as "abundant"
- to favor fishing techniques that are the most respectful of species stocks and the environment, and to proscribe destructive fishing techniques
- give priority to certifications compatible with our policy (such as MSC or Ecolabel)

More specifically, U Enseigne is a member of the Tuna Protection Alliance. This association has been bringing together players in the canned tuna market (distributors, canneries) since 2018 with the ambition of offering responsible tuna for sale by This collective 2025.commitment by the industry is based on three major objectives: preserving the resource, fighting illegal fishing, and respecting workers' rights. The work focuses on particularly on the development of transparency and monitoring tools for the sector.

Since 2015, we have been committed to a tuna fishery without fish aggregating devices

We are now developing commitments to minimize the impact of our supply chain on the environment, by favoring pole and line fishing as well as skipjack tuna, all of whose stocks are healthy to date. On this basis, we are now developing commitments aimed at minimizing the impacts of our Sector tuna on the environment and the people affected by these issues. This policy applies to fresh tuna and U-brand canned tuna.



ALL YEAR ROUND	Eel (Anguilla anguilla) All fishing areas	Sturgeon (Acipenser spp.) All fishing areas	Grenadier (Coryphaenoides rupestris) All fishing areas
Emperor (Lophiusbudegassa) All fishing areas	Chimera (Chimaera monstrosa) All fishing areas	Sabres: black, common, silver (Trachinus lepturus, Urolophus caudatus, Aphanopus carbo) All fishing areas	Backdrop pane (Phycis blennoides) All fishing areas
The Sharks Except Emissiles & rousettes All fishing areas	Pink sea bream (Pagellus bogaraveo) All fishing areas	Broadband pane (Phycis blennoides) All fishing areas	Nile Perch (Lates niloticus) All fishing areas
Berry (Berry spp.) All fishing areas	Bromse (Bromse bromse) All fishing areas	Ling (blue) (Molva dypterygia) All fishing areas	Swordfish (Kiphas gladius) Fishing Mediterranean Sea
Les Pocheaux (grey, black...) (Rostomaja alba, Dipturus batis, Dipturus oxyrinchus) All fishing areas			

ALL YEAR ROUND	Seabream (Sedobrama mentella and Sedobrama mentella) All fishing areas	Bluefin tuna (Thunnus thynnus) All fishing areas	Bluefin tuna (Thunnus thynnus) In Pacific Ocean in Central and South Atlantic
Atlantic Halibut & Greenland All fishing areas	Hippocampus hippocampus and Peach Pomatomus hippocampus Ocean All fishing areas	Albacore Tuna (Thunnus alalunga) Fisheries Indian Ocean, Pacific Ocean and Central and South Atlantic Ocean	Albacore Tuna (Thunnus alalunga) Fisheries Indian Ocean, Pacific Ocean and Central and South Atlantic Ocean
Black grouper (brown grouper) All fishing areas	Epinephelus marginatus or E. guttatus All fishing areas	Bigeye Tuna (Caranx ignobilis) All fishing areas	Bigeye Tuna (Caranx ignobilis) All fishing areas
Northern shrimp/Vessel (Penaeus japonicus) All fishing areas		Marlin Makaira nigricans, Tetrapturus spp., Tetrapturus spp. fishing areas	Marlin Makaira nigricans, Tetrapturus spp., Tetrapturus spp. fishing areas

Nous ne commercialisons plus les espèces menacées

Nous commercialisons sans faire de promotion les espèces dont les ressources s'affaiblissent

Nous commercialisons les espèces considérées comme abondantes

Contribute to the sustainable transformation of the agricultural world

Year ended 12/31/2020/33



Contribute to the sustainable transformation of the agricultural world

Considering finally that certain species are more vulnerable during their grouping in period of reproduction, we put in conservation measure and we prohibit their marketing during the spawning season (on the date of the spawning). (e.g. sea bass, common sole, plaice, and megrim).

In terms of aquaculture, we are committed to give preference to producers certified for their aquaculture practices (GlobalG.A.P., ASC or equivalent) and to develop products from organic aquaculture.



ACTIONS TAKEN IN 2020



- For U Products and products sold in the Seafood department, U Enseigne conducts an annual assessment of all marketed species. In 2018, new scientific criteria were integrated to assess the state of stocks. The assessment also includes social criteria by taking into account illegal fishing (IUU fishing) as well as the ban on flagging

non-signatories to the International Convention on Maritime Labour. We update the list of species whose marketing we monitor annually.



- We have formalized a specific policy on tuna and provided our buyers with a mini-guide to purchasing the main major and minor tuna species.

- U Seafood products⁵⁴ carry the MSC label, bringing the share of MSC U Seafood to 40%.

RESULTS & INDICATORS



19 Seafood products U

are classified as "necessary to control",
vs. in 2019

40%

of Seafood Products U carriers

of the MSC label

vs 38% in 2019



27 Seafood products U

are subject to a process of
preservation (certification, fishing areas,
fishing methods)

64% of
U Products

from aquaculture are certified
ASC/CIPA/GLOBALGAP

SUPPORT ANIMAL HUSBANDRY PRACTICES THAT RESPECT ANIMAL WELFARE

Given the variety of animal-based food products marketed by U (milk, eggs, meat, processed products, etc.), U Enseigne is aware of its responsibility in terms of animal welfare. It is encouraged by the increased attention paid by society to the animal cause. In response to the risk of deterioration in the quality of life of farm animals, our objective is to improve their rearing, transport and slaughter conditions. In addition to improving the harmony of the animal with its environment, this improvement allows us to guarantee the quality of the finished products and to participate in the advent of a more coherent agriculture.

OUR POLICY

With reference to the five freedoms of the animal set out by the World Organization for Animal Health (OIE) and in collaboration with the various stakeholders in the field (producers, associations, veterinary experts, ethologists), we have developed and implemented an animal welfare action plan adapted to each of the species we market.



Since 2017, U Enseigne has been working to better take into account animal welfare in partnership with the CIWF (a leading international NGO specializing in the field of farm animal welfare). In order to strengthen our expertise and update our policy, particularly in light of changing societal expectations and scientific or technical advances, we have set up a working group. The "animal welfare" team includes the internal Product and Quality teams, stakeholders and expert advisors involved in the subject. Under the impetus of this working group, we are training and raising awareness of animal welfare among our Products teams, who interface with suppliers or with U stores that buy livestock products.

Convinced that progress in animal welfare can only be effective if the various stakeholders are involved, we have chosen to be a strong player in the exchanges and initiatives on this subject. U Enseigne actively contributes to the construction of shared technical guidelines

allowing the evaluation of animal welfare by species, from breeding to slaughter. These reference criteria are gradually being integrated into our product specifications; their evaluation will also make it possible to label, for the consumer, the level of animal welfare of the marketed products.

Thus, since January 2019 U Enseigne is a member of the Laboratory of Territorial Innovation "Ouest Territoires d'Elevage" (LIT). The LIT, led by INRAE, gathers more than 40 actors, producers, distributors, NGOs, technical institutes... This collective project aims to support the animal sectors in improving animal health and welfare. The LIT has thus worked on the technical reference systems and on the obstacles to be removed for the transformation of practices. In February 2020, U Enseigne joined the Association Etiquetage Bien Etre Animal (AEBEA) created in 2019 to propose a single reference and consumer label for the level of animal welfare of products. The construction of this reference system benefits from the work carried out within the LIT.

Our requirements concern our suppliers of fresh and frozen products and our U-branded processed products for product categories containing mostly and/or characteristically an ingredient derived from animal husbandry.

Through specifications specific to the problems of each species, the action plans focus on animal sectors with high consumption frequency - poultry, laying hens, rabbit, cattle (dairy and beef), pork - as well as on practices related to slaughtering. We are committed to verifying the application of contracted good practices, either through recognized certifications or through control audits. In line with its other Subsidiary policies, U Enseigne makes a long-term commitment to

suppliers in a logic of co-construction and progress contract. Whenever possible, in order to facilitate the transformation of the agricultural sector, we rely on the market's reference approaches and labels that meet our ambitions (organic label, Bleu-Blanc-Cœur approach, Terrena/New Agriculture®, etc.).

An Animal Welfare approach has been conducted since 2019 on each of our 7 priority animal sectors (laying hens, chicken, pork, rabbit, beef, turkey, dairy cow); the associated progress plans are subject to annual reviews.

Since 2014, U Enseigne has been involved in a partnership with the Terrena cooperative, which has developed the U New Agriculture® in pork, chicken, rabbit, beef and turkey, which respect precise specifications in terms of 100% French origin and animal welfare.



For U-branded eggs, U Enseigne made a commitment in 2016 to source exclusively free-range eggs by the end of 2020 at the latest. By then, we had committed to no longer promoting eggs from Brand U from other categories (cage and floor). These objectives have been achieved. Since September 2017, for the proper information of the consumer, the farming method is explicitly indicated on the packs of U-brand eggs.

Contribute to the sustainable transformation of the agricultural world

As of October 2019, the U retailer has also committed, by 2025, to source cage-free eggs for its U-brand egg products and for national brand shell eggs.

Concerning broilers, U Enseigne has reinforced in its progress 2019 plan initiated in 2017: by all 2026, chickens to U brand products sold whole or cut up, and U brand products containing more than 50% chicken meat, will meet the criteria of the Better Chicken Commitment, a European reference initiative supported by some thirty NGOs that defines the conditions under which chickens are raised of broiler chicken that respects animal welfare. Through progress plans, we support our suppliers of U-brand products in this objective.

In its dairy sector, U Enseigne's ambition is to give access to the outdoors for dairy cows, to ban tethering and to work on the problem of dehorning. The exclusive partnership established with 2019 the Laiterie de Cléry (Schreiber France) and its local suppliers for the production of the main part of the milk. ultra-fresh dairy products, we are able to implement these commitments on a massive scale and to support the dairy cooperatives concerned in their progress plans.

Concerning transport and slaughter, U Enseigne plans to introduce in its specifications additional requirements to the French regulations, such as transport times, and gradually implement external verification audits.

RESULTS & INDICATORS



86%

of the volumes of U eggs sold from free-range farms

+ 5pts vs 2019

13 contracts

of BEA progress engaged with agricultural cooperatives

+ vs 52019

7 sectors

engaged in a process Animal welfare

vs. in 52018

ACTIONS TAKEN IN 2020



- The work carried out within AEBEA has led to the definition of an initial reference framework for poultry. Consumers will have access to 2021 the Animal Welfare rating via the packaging of fresh whole U chickens and U chicken cuts. This collective work will continue with a 2021 view to establishing a similar standard for pork, before being extended to other animal sectors.

- As part of its Clean Animal Welfare working group, U Enseigne has continued to train its internal teams and ensures that the elements of its policy are integrated into current and future actions.

- Eggs and laying hens: by the end of 2020, 100% of U-brand shell eggs will come from free-range hens, in accordance with the commitments made by U Enseigne in 2016. In addition, the company's 2020 commitments on the well-being of laying hens were recognized by the CIWF's "Œuf d'or" award.

- Broilers: in October 2019, U Enseigne committed to the Better Chicken Commitment criteria for 2026. soon as 2020, criteria relating to rearing conditions were implemented in partner farms for Filière U chicken, such as reducing density, incorporating natural light and enriching the environment with perches and objects to peck at.



- Dairy cattle: via controls entrusted to a third party, U Enseigne monitors the deployment of the U Animal Welfare specifications in the dairy cooperatives that are partners of the Laiterie de Cléry (Schreiber France) - minimum grazing time, no tethering - and the implementation of progress plans concerning the cessation of dehorning and the management of pain during disbudding.

- Beef cattle: in 2020, Groupement U has chosen to promote Label Rouge meat in its traditional butcher's departments with the ambition of reaching 40% of its store offer in 2020, 2023. 5 months of grazing per year and feed produced on the farm.

- Rabbits: In line with the actions carried out since 2017, U Enseigne is committed to deploying by soil having been awarded the 2019 Trophy for Innovation in Rabbit Breeding by the CIWF. The first farms switched to this model in 2020 for the production of Produits U in partnership with our supplier Terrana/Nouvelle Agriculture.



- Pigs: With its long-standing commitment to Terrena, U Enseigne has prioritized the animal welfare progress plan in 2020, particularly with regard to the regulatory objective of ending live castration of piglets by the end of 2021. With this supplier, the objective of a total end to castration was reached in September 2020 for U pork cuts.

For U-brand pork charcuterie, a chain has been set up based on a system of tripartite contracts with the main pork charcuterie manufacturers. This contractualization includes a progress plan for animal welfare that also emphasizes the castration of piglets. The first U products resulting from this approach, and also bearing the Bleu-Blanc-Cœur label, were marketed in 2020.