

Auchan Retail 's *Cage-free Eggs* policy

Auchan Retail's social and environmental responsibility policy has been developed with pragmatism, proactivism and mindful of animal welfare, environmental respect and providing a pertinent response to the needs of its customers. Stakeholders are always involved in establishing realistic commitments with clearly defined timeframes. Following information posted on European social media, the Auchan Retail group believes it would be beneficial to restate its position in Europe on cage-free eggs.

After working successfully with environmental associations for several years, Auchan Retail has made the sale of eggs from cage-free hens a component of its CSR policy. As such, in countries where this impetus is shared among producers, distributors, associations and customers, the company committed in 2016 to selling own brand products containing only cage-free eggs. We will have 100 % cage-free eggs by 2025 in European Union countries, and we are committed to this deadline.

In countries where this issue is far removed from their agricultural or industrial context, Auchan Retail has made the pragmatic decision to engage in ethical discussions with the farmers and NGOs of each country. The objective is to support the process and to progressively replace industrially farmed eggs with cage-free eggs within a proactive and realistic timeframe (which differs depending on the country).

In Ukraine, the context doesn't allow for the definition of a realistic deadline for this move to 100% cage-free. Despite regular discussions with environmental associations and the efforts of the local Auchan Retail teams, the country's context remains marked by major constraints.

There are still very few cage-free egg producers, and there isn't the capacity currently to guarantee sufficient supply volumes. At present, in the whole of

Ukraine, only 3 suppliers (2 of which were proposed by an NGO) have cage-free production capacity, and are already working with Auchan Retail Ukraine.

Furthermore, other Ukrainian egg producers we approached to create or develop cage-free egg supply channels with Auchan Retail Ukraine confirmed they were not interested.

Despite inclusion on a national approved supplier list and a presence in all Ukraine's Auchan stores, cage-free eggs only represent a marginal proportion of sales (0.08%), highlighting the market's immaturity in terms of this environmental issue.

Because of the low volumes and supply difficulties, cage-free eggs are 2.5 times more expensive than other types of egg, and are still unable to meet the demand of Ukrainian consumers, who are very price conscious, and their purchasing power, which has fallen sharply in recent years as highlighted in the last IMF report. Research carried out in Ukraine confirms that the population fails to identify with the issue of cage-free eggs.

Despite all this, and with a desire to drive the market towards a progressive and rapid increase in sales of cage-free eggs, Auchan Retail continues its work, alongside NGOs, to raise awareness among customers and producers and establish more partnerships with cage-free egg producers.

This market shift will take longer in Ukraine than in other countries, but doesn't discourage Auchan Retail from its work to raise awareness of animal welfare issues.

In Ukraine, as in any other country, Auchan Retail is opting to act responsibly and pragmatically with producers, customers and NGOs. Auchan Retail believes a commitment is something that binds it, and that must be achieved within the stated timeframe, and not just a simple stance to adopt for convenience. It is this realism and pragmatism that guides and will always guide Auchan Retail's CSR policy in all countries in which it has a presence. The commitments taken in the European Union confirm this desire to move to cage-free eggs, and to progress in other areas too.

In Taiwan, our subsidiary, RT Mart, fully supports the Taiwanese government's ambitions regarding cage-free eggs. Due to its relatively limited size within the Taiwanese retail market, RT Mart makes its best efforts, in line with Auchan Retail policy, to supply cage-free eggs and replace traditional eggs but cannot lead the process in this region of the world. Despite this, and with a desire to drive the market towards a gradual increase in sales of cage-free eggs, RT Mart, as is the case of all Auchan Retail subsidiaries, continues its work to raise awareness among customers and producers and establish more partnerships with cage-free egg producers. For example, RT Mart is going to transform its own brand of eggs, which will gradually, and before end of 2020, offer 100% cage-free eggs. At the same time, RT Mart is prioritising cage-free egg producers for the listing of its eggs offering on the Taiwanese market.