

**Auchan** | RETAIL

## Food Waste Policy

*“Reducing food waste  
is one of the most important things we can do to reverse  
climate change.”*

Chad Frischmann, *Climate Change Expert*

November 2021

**Preamble**

Auchan Retail's Food Waste Policy sets out a common framework for food waste control in the group's countries, while defining our key focus areas and collective actions. It can be supplemented by a country policy with stronger requirements and initiatives in response to local conditions.

This policy cannot replace any other group commitment derived either from another policy, our Ethics Charter or any other official document. It may be reviewed and adapted every year to assess results and to increase target figures.



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**I. Context**

Target 12.3 of the Sustainable Development Goal (SDG) aims to halve global per capita food waste for retail and consumer trade, and to reduce food losses throughout the production and supply chains.

The Food and Agriculture Organization (FAO)<sup>1</sup> estimates that around one-third of all food produced for human consumption worldwide is lost or wasted every year. This waste is a missed opportunity to improve global food supply, to mitigate environmental impacts and to limit the use of food chain resources.

Food produced but not consumed accounts for nearly 1.4 billion hectares of land - i.e. nearly 30% of the world's agricultural land.

While it is difficult to assess the global impacts on biodiversity, food waste further increases the negative impact of monoculture and the expansion of agriculture in wild areas on biodiversity loss, particularly for mammals, birds, fish and amphibians.

The loss of land, water and biodiversity, as well as the negative effects of climate change, have a sizeable cost to society. The direct economic cost of food waste from agricultural products (excluding fish and seafood), based solely on production costs, is about \$750 billion, equivalent to Switzerland's GDP. Given these figures, it seems clear that reducing food waste on a global, regional and national scale would have a large positive effect on natural and societal resources. Reducing food waste not only avoids the threat to scarce natural resources but also minimizes the 60% increase in food production that will be needed to meet population demand in 2050.

In 2019, 690 million people were affected by hunger – a number that is expected to increase sharply with Covid-19 – while three billion could not afford a healthy diet. Consumers therefore need assistance with reducing food waste at home. And distributors are responsible for helping them achieve this goal.



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<sup>1</sup> All the figures shared in this document come from the Food and Agriculture Organization (FAO), a United Nations agency that is leading international efforts to eliminate hunger. Report: "Food Wastage Footprint - Impacts on Natural Resources"



## II. Goals and commitment

Beyond the simple desire for corporate social responsibility, the fight against food waste is a complex process. This means improving operational excellence, with everyone involved in the company's value chain playing a part. It is hence one of the key points of the corporate plan to accelerate the transformation in the way we operate as retailers, throughout the world and in all the company's business lines.

In addition to its positive impact on the carbon footprint and to providing the most deprived populations with access to a balanced, high-quality diet, the fight against food waste also has a large impact on the company's results by combating inventory shrinkage. Auchan has formalised its commitment by making the fight against food waste a core priority and the first pillar of Auchan Retail's CSR policy.

In practical terms, Auchan Retail's goal in terms of combating food waste is to significantly reduce the shrinkage rate. There is no international target, but targets are in place for each country. The goal is established by identifying a precise target of real needs, in line with consumer expectations, to set each manager a personalised shrinkage rate target by store and by department, thus reducing the potential for significant inventory shrinkage that would lead to waste. The goals at end-2022 are therefore as follows.



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## III. Action plan to reduce food waste

Auchan Retail has implemented CSR governance across its entire national and international organisation to translate its CSR commitments into concrete and effective actions. This organisation is detailed in the Auchan Retail CSR policy.

Our commitment to combating food waste follows the same governance system, with regular reports to the international CSR committee and the coordination of various international and inter-business working groups.

Our yearly declaration of non-financial performance incorporates our progress on food waste. This organisation allows us to monitor the actions we deem necessary in our fight against food waste.

The first of these is obviously to monitor changes in the applicable regulations in the countries where we operate, and to comply with these regulations. We then need to prioritise our actions in order to maximise the positive impact. Auchan Retail has thus identified five action levers for the company:

1. Professionalise the fight against waste throughout the chain.
2. Organise the donation of products to non-profit organisations.
3. Develop new concepts.
4. Raise customer awareness.
5. Mobilise stakeholders and support involvement in programmes.

1. Professionalise the fight against waste throughout the chain

To reduce products removed from sale, Auchan Retail works with all its employees, whether in the central purchasing department or in stores where everyone plays a role in this commitment.

The first focus is on mix control. Employees responsible for the offer work to ensure that it meets customers' needs as closely as possible. Particular attention is therefore paid to the portions offered: e.g. smaller in ultra-convenience stores, or with lighter packaging to avoid passing best-before dates.

This requires particular attention by in-store employees to product rotation, monitoring breakage rates, provisional schedules, etc. As combating food waste is central to the corporate plan, most countries have developed a specific food waste training module aimed at raising awareness among all those involved, fostering good practices, and challenging them in their daily work.



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In 2021, video training was used to make as many employees as possible aware of food waste. Subtitles were available in all the languages used by subsidiaries so that everyone has information on the company's policy to combat food waste, progress areas, actions levers, and the challenges linked to this fight.

2. Organise the donation of products to non-profit organisations

To the extent allowed by their respective national laws, the vast majority of Auchan Retail countries donate unsold food items to local non-profit organisations and food banks.

Stores use sorting operations to ensure that unsold, authorised products in good condition can be donated to local non-profit organisations, in compliance with the cold chain.

Unrecovered items or those barred from donations may be offered to animal welfare organisations, zoos or shelters.



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3. Develop new concepts

When all possible upstream solutions have been implemented and products are nearing their best-before dates, stores offer these products with a discount sticker. This markdown avoids having to throw away products that can no longer be sold, and makes them accessible to customers at low prices. In most Auchan Retail subsidiaries, these products are sold in a dedicated area of the department or store. Auchan Retail France is a leader in this area. It has installed “Anti-Waste” zones in its stores to demonstrate its commitment to combating food waste.



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Various innovative solutions are used to combat food waste, including:

1. - **In-store product transformation.**

To avoid throwing away food that is still edible, damaged or less fresh, work is carried out to offer these in different forms (e.g. breadcrumbs, croutons, biscuits for unsold bakery items; soups, smoothies, jams and banana breads for unsold fruit and vegetables);

2. - **Partnership with start-ups such as:**

- *Too Good To Go* to sell products with a short shelf life at a discount via “surprise” baskets made up of unsold products at preferential prices.
- *Zero-waste* helps store employees track product dates by offering a smart, efficient labelling solution.



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© Too Good To Go International.





4. Raise customer awareness

Auchan Retail is keen to educate its customers and provide them with the keys to eating more responsibly. To do this, it has developed numerous communication materials and awareness-raising actions for its customers:

- Area dedicated to products with a short shelf life;

- Recipes from “leftovers”;
- Booklets on food waste;
- Raising awareness about the impact of food waste on the environment.

5. Mobilise stakeholders and support involvement in programmes

Our power to act does not stop at food sales. The problem of food waste needs to be addressed globally, and we want to encourage our stakeholders to stand by us in this fight. In all countries where it operates, Auchan Retail develops virtuous partnerships that influence food waste. In particular, we want to engage with:

- **Suppliers** to extend “use by” (DLC) dates for own-brand products, without increasing the health risk, and to eliminate the “best before” (DDM) dates for certain product categories.

The infographic compares two types of expiry dates for consumer products:

- DLC (Use by date):** Indicated by a green box with a red prohibition sign. The date is '10/12/19'. It is 'Prohibited' for both Sale and Consumption.
- DDM (Best before date):** Indicated by an orange box with a stack of plates icon. The date is '10/12/19'. It is 'Authorised' for both Sale and Consumption.

Additional text: 'Date beyond which the product becomes dangerous to health' (for DLC) and 'Date beyond which the product loses its taste or nutritional qualities' (for DDM). Source: service-public.fr

- **Recognised food waste players:** inter-professional organisations, non-profit organisations or start-ups to sign commitments to change practices. For instance, Auchan Retail France signing the Consumption Dates Pact, initiated by *Too Good To Go*, alongside some 30 agri-food players in early 2020. This pact clarifies the distinction between “use by dates” (DLC) and “best before dates” (DDM) and includes 10 commitments that use the food chain to rescue products whose best before dates have expired.

Auchan Retail is an active member of the Consumer Goods Forum (CGF). Its dedicated coalition is a commitment to key players in the fight against food waste. The CGF has developed this coalition to meet the challenge of food waste in a more holistic, global manner. Coalition members strive to align their practices with effective methods for measuring and reporting food waste, supply chain involvement, and post-harvest loss prevention efforts.

By taking action in these three areas, the coalition seeks to address and reduce a range of loss factors to produce tangible results.

Auchan Retail will implement the 10x20x30 initiative launched by the World Resources Institute to help companies achieve UN Sustainable Development Goal 12.3. The aim is to massively increase the private sector’s contribution to the goal of reducing food loss and waste by 50% by 2030 by catalysing “upstream” efforts in the supply chain. The initiative’s initial goal was to have at least 10 of the world’s largest food retailers and suppliers follow the “target, measure, act” approach and commit 20 of their core suppliers to do the same, with a view to halving their food losses and waste by 2030. The coalition seeks to get more companies involved in the initiative and to join other global companies to create a multi-stakeholder approach to reducing food waste.

### V. Testimonials

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Testimonial by **Corina Dospinoiu** ,  
Auchan Retail CSR Director in Romania

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*“Food Waste has an impact on the environment, due to the CO2 emissions, a social impact due to the high number of people that still live under the poverty line and also an important economic aspect on the value chain, as well as for us, as a retailer.*

*This is a clear example where sustainability brings added value to business. It is also a huge opportunity to tackle stronger sustainable business models, and Auchan Romania’s teams excels at, through a simplified IT and operational process due to the partnership with Smartway (Zero Gachis).*

*Within this project, we have the ability to combat food waste upstream and downstream involving and sensibilizing our employees, clients, and taking decisions on pricing based on data provided by an Artificial Intelligence algorithm.*

*I hope for the future, once we have managed to perfect our assortment performance, to go even further and work along with suppliers and farmers to tackle the Food Loss.”*



Message from Céline **Coulibre-Duménil**,  
Auchan Retail CSR Director

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*“Food waste is no longer acceptable in a world where our resources are becoming scarce and populations lack food. Auchan Retail has a key role to play as a retailer. It is no longer a question of good intentions or scattered initiatives, rather of a voluntary process, with committed teams in the organisations concerned working to achieve significant results.”*