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By registered mail with return receipt

Paris, September 21, 2020

N/Ref: Duty of vigilance / Groupe Casino

**Formal notice - Article L. 225-102-4.-I and II of the Commercial Code**

Mr. Chairman and CEO,

We come to you in our capacity as legal counsel for the French associations **Envol Vert, Sherpa, Canopée, Notre Affaire à Tous**, the American group **Mighty Earth**, and the Brazilian **Comissão Pastoral da Terra (CPT)** as well as the territorial organizations representative of the Brazilian Indigenous peoples **Coordenação das Organizações Indígenas da Amazônia Brasileira (COIAB), Federação dos Povos Indígenas do Pará (FEPIPA), Federação das Organizações e Povos Indígenas de Mato Grosso (FEPOIMT)**, and Colombian Indigenous peoples **Organización Nacional de los Pueblos Indígenas Amazon Colombiana (OPIAC)**.

These French, American, Brazilian and Colombian associations and organizations have mandated us to put you on notice to comply with the legal obligations imposed on Casino Guichard-Perrachon (hereafter "Casino") in terms of duty of vigilance and risks associated with deforestation in South America.

**Article L. 225-102-4.-I of the French Commercial Code requires you to establish, effectively implement and publish a "vigilance plan," which:**

*"Includes reasonable vigilance measures to identify risks and prevent serious violations of human rights and fundamental freedoms, human health and safety and the environment, resulting from the activities of the company and those of companies that it controls (...) as well as the activities of subcontractors or suppliers with whom an established commercial relationship is maintained, when these activities are attached to this relationship."*

This plan must include in particular:

*“1° A risk mapping intended for their identification, analysis and prioritization;...*

*2° Procedures for regular assessment of the situation of subsidiaries, subcontractors or suppliers with whom an established commercial relationship is maintained, with regard to risk mapping;*

*3° Appropriate actions to mitigate risks or prevent serious damage (...);*

*5° A system for monitoring the measures implemented and evaluating their effectiveness.”*

Your subsidiaries in Brazil and Colombia, in particular the company Companhia Brasileira de Distribuição and the subsidiaries that it owns (together “GPA”) and the company Éxito and the subsidiaries that it owns, are particularly exposed to risks arising from deforestation in the made the expansion of cattle farms.

Envol Vert recently published a report revealing that GPA-owned stores in Brazil retailed fresh or frozen meat products from the slaughterhouses of meat-packing companies JBS, MARFRIG and MERCURIO ALIMENTOS MEAT.<sup>1</sup> The field survey carried out by Envol Vert has shown that these suppliers of the Casino group, despite the public commitments made to NGOs and the agreements signed with the Brazilian Federal Public Prosecutor's Office, have regularly supplied themselves to farms questioned in deforestation and indigenous land grabbing activities.

This report confirmed the involvement of your suppliers in the deforestation of the Amazon, which has been documented in numerous reports published since 2009.<sup>2</sup>

This massive deforestation, described as an “ecocide” by the French President in August 2019, generates serious violations of human rights, human health and safety, as well as the environment:

- The fires resulting from this uncontrolled deforestation are poisoning the air that millions of people breathe, affecting the health of populations throughout the Brazilian Amazon<sup>3</sup>;
- the expansion of pastures in indigenous territories protected by Brazilian law directly violates the rights of indigenous peoples;
- farms involved in deforestation often resort to forced labor;

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<sup>1</sup> Envol Vert, “Groupe Casino - Eco responsible for deforestation” (2020) <http://envol-vert.org/wp-content/uploads/2020/06/Rapport-Casino%C3%A9coresponsable-de-la-d%C3%A9forestation.pdf>

<sup>2</sup> {See in particular Greenpeace, “Slaughtering the Amazon” (2009) <https://www.greenpeace.org/usa/wp-content/uploads/legacy/Global/usa/planet3/PDFs/slaughtering-the-amazon-part-1.pdf>; Imazon, Instituto Centro da Vida, “Will meat-packing plants help halt deforestation in the Amazon?” (2017) <https://imazon.org.br//PDFimazon/Ingles/books/Meat-Plancking%20Deforestation.pdf>; Chain Reaction Research, “Cattle driven deforestation: A major risk to Brazilian retailers” (2018) <https://chainreactionresearch.com/report/cattle-driven-deforestation-a-major-risk-to-brazilian-retailers/>};

<sup>3</sup> {Amazonian Institute for Environmental Research (IPAM), Institute for the Study of Environmental Policy health (IEPS) and Human Rights Watch, “The air is unbearable: Health impacts of fires linked to deforestation in the Brazilian Amazon,” August 26, 2020}

- finally, the extension of cattle breeding in forests in Brazil and Colombia is destroying species and ecosystems.

It is also a source of risks of serious violations of human rights, health and safety of people, as well as the environment:

- deforestation contributes to the development of zoonoses such as Covid-19, increasing the risks of new pandemics for all of humanity;
- the destruction of forests sequestering considerable quantities of carbon amplifies the processes of global warming;
- the destruction of ecosystems and species in an area particularly rich in biodiversity contributes to its collapse and aggravates all the risks that emanate from it for the health and safety of people and the environment.

These attacks and risks result from the activities of your group and those of your suppliers.

Your vigilance plan, though it identifies the risk associated with deforestation in the Brazilian Amazon, does not appear to comply with legal requirements.

1. **The “mapping” of risks** has not been reassessed despite the fact that the situation has considerably worsened over the past two years. This shows a first lack of vigilance in terms of identifying, analyzing and prioritizing risks.

The problematic situation in Colombia, a country in which your group claims to be the leader in food distribution, is not even mentioned.

2. **The procedures for assessing the situation of your suppliers and the prevention and mitigation actions implemented** appear to fall far short of the stakes and clearly do not make it possible to prevent serious damage and mitigate the risks resulting from the cattle industry. The scope of your vigilance, limited to tier 2 suppliers directly supplying slaughterhouses and meat packing plants, is inadequate and does not meet the requirements of legislators.
3. **The system for monitoring the measures implemented and evaluating their effectiveness** is not properly provided for, even though the law requires you to assess the effectiveness of your vigilance measures and to report publicly on “effective” implementation of your plan. The various surveys carried out in Brazil, in particular by Envol Vert, show that your preventive actions are clearly inadequate when they do not prevent a supply from farms involved in the deforestation of the Amazon or the land grabbing from indigenous populations, including embargoed farms.

Our constituents wish to remind you of the particularly serious and irreversible consequences of deforestation of tropical forests. Some researchers have identified a “tipping point” and a risk close to “savannization” of the Amazon, which means it might no longer be able to play its role of regulating hydrological cycles.

**Your vigilance plan therefore does not reflect reasonable vigilance proportionate to the company's share of responsibility in South America.**

GPA's meat sourcing policy update, published on September 5, 2020, has not been incorporated into your vigilance plan and clearly does not respond to the failures mentioned above: it will not mitigate the risks associated with deforestation and prevent serious harms generated by your beef supply chain in the Brazilian Amazon.

The various breaches of your duty of vigilance thus directly affect the collective interests that our clients are defending, in accordance with their statutory objectives.

**Consequently, we call on you to comply with the obligations provided for in Article L.225-102-4 I of the Commercial Code by adopting reasonable and appropriate due diligence measures, which must be incorporated into a new vigilance plan which will be effectively implemented, within three months of receiving this document, which constitutes formal notice within the meaning of Article L225-102-4 II of the Commercial Code.**

**The reasonableness of the measures requested will be assessed in light of the severity of the breaches and risks described above, the resulting global consequences as well as the importance of your activities in South America.**

**This new plan must include in particular, without prejudice to other measures that may be identified:**

1. **A mapping presenting, analyzing, and prioritizing the risks of serious harms** resulting from the beef supply of Casino's subsidiaries in South America, particularly in Brazil and Colombia, **regularly updated** to take into account the practices observed in the beef sector (including so-called "cattle laundering" practices) and available data on supplier exposure throughout your supply chain, specifying the relevant subsidiaries, establishments and suppliers and their exposure to these risks.
2. **Measures to assess the situation of suppliers and appropriate actions to mitigate risks and prevent serious harms**, enabling you to exclude any supply of beef from farms (supply areas and / or suppliers) which have contributed to deforestation or ecosystem conversion (as defined by the *Accountability Framework Initiative*), having resorted to forced labor or degrading working conditions, or having violated the rights of indigenous populations. These measures should in particular:
  - apply to your entire beef supply (fresh, frozen, own brands, national brands and processed products) throughout South America, including the Amazon and other biomes;
  - apply to all of your suppliers, including so-called "indirect" farms, regardless of their position or rank within your supply chain;

- make it possible to guarantee the traceability of beef from birth to final sales;
  - with regard to deforestation or the conversion of ecosystems, for all the relevant ecosystems, be based on a “cut-off date” in accordance with the criteria from the *Accountability Framework Initiative*;
  - include appropriate actions to ensure the absence of any practice known as “cattle laundering” in your supply chain, in particular through a strict control of the maximum individual farm productivity;
  - understand the obligation for stores owned by the Casino group to obtain supplies only from suppliers who comply with these measures, and who include in particular a monitoring tool (1) for all their suppliers (“direct farms and indirect” through tools such as VISIPEC or the equivalent over their entire chain), (2) verified by independent third parties, (3) allowing the origin of the meat to be publicly tracked, (4) based on performance obligations and not obligations of means, (5) integrating appropriate means to fight against “livestock laundering” practices, (6) based on official deforestation data such as PRODES, 30 days after their update at the latest and (7) subject to evaluations, the methodology and results of which must be made public;
  - include additional controls of the supply chains of your suppliers, reinforced in the areas presenting the greatest risk and, in the event of identified breaches, making it possible to ensure the cessation of supplies to the incriminated farms;
  - in the event of breaches identified by your group or by third parties, understand the corrective measures that will be put in place, including the termination of commercial relations with the identified suppliers.
3. **A system for periodically monitoring objectives and implementation of the plan**, (1) based on means indicators and performance indicators, (2) specifying the methodology and sources used, (3) publicly presenting the results and in particular, in the event of an identified breach, the relevant products and establishments, the excluded slaughterhouses and the corrective measures implemented, and (4) involving external stakeholders in order to (4.1) ensure the suitability of vigilance measures, (4.2) regularly assess their effectiveness, (4.3) their actual effectiveness and (4.4) modify them accordingly.
  4. **The implementation of an alert mechanism and a grievance collection mechanism** adapted and accessible to potential victims of deforestation, forced labor, land grabbing and any damage that may occur as a result of your company’s activities in South America.

**Otherwise, we will be forced to notify the competent court and request that the court order you, under penalty of law if necessary, to comply with legal requirements.**

**Finally, our clients reserve the right to seek compensation for all damages suffered as a result of the serious breaches of due diligence described above.**

In accordance with our ethical rules, we inform you that we are available to discuss this matter with the legal representatives to whom you may wish to be assisted by and to whom you can provide this document.

Sincerely yours,

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