

Carrefour issues another SLB: how does it compare?

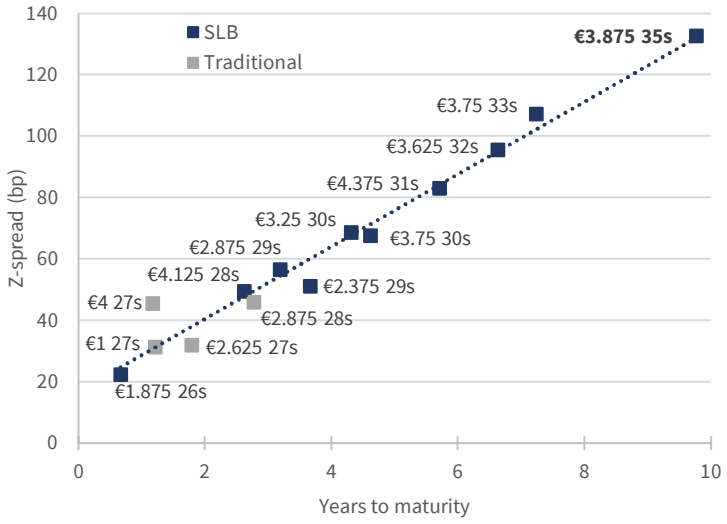
Jonas David (*), Josephine Richardson

Carrefour (ticker CAFP), the French multinational food retailer, is a regular issuer of Sustainability-Linked Bonds (SLBs).[1] On 26 February 2026, the company priced a new EUR500mn SLB maturing in December 2035, showing commitment to these instruments. With a combined amount outstanding of now EUR6.5bn, Carrefour counts as a major issuer in the corporate SLB market.[2]

The latest bond's Sustainability Performance Targets (SPTs) are linked to the reduction of Scope 1+2 greenhouse gas (GHG) emissions and the number of suppliers committed to a climate strategy.

Looking across the bond curve (see Figure 1), the ten SLBs have different specifications, making a comparison of targets and related coupon adjustment mechanisms essential to understanding the relative ambition and materiality.

Figure 1. CAFP spread curve with SLBs, including new bond (highlighted in bold). Source: AFII, Bloomberg Finance L.P., accessed 2 Mar 2026.



In this note we unpack Carrefour's bonds, with a focus on the different SLB features and market pricing. We offer the following conclusions:

- Carrefour has already achieved a significant reduction in Scope 1+2 emissions. As the company's Scope 3 target appears comprehensive and more ambitious, it would have been a positive step to adopt it in the latest SLB issuance.
- The two inaugural SLBs (1.875% 26s and 2.375% 29s) have end-2025 observation dates. Based on progress so far, the likelihood that both targets have been achieved appears high.
- In terms of market pricing, the two SLBs maturing in 2029 stand out. To the extent that the pricing of these two bonds is driven by different market expectations of the respective targets being achieved, it could result in some repricing of the 2.375% 29s if all targets are achieved.

[1] Previous reports: "A review of Carrefour's Sustainability-Linked Bonds", AFII, 18 Sep 2024; "Carrefour SLB: market update", AFII, 7 Jun 2023; "Carrefour: 1 SLB, 2 KPIs, 3 Scopes of emissions included", AFII, 2 May 2023.
[2] Enel has SLBs with a combined amount outstanding of over EUR27bn and Teva Pharmaceuticals EUR6bn.

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Overview of Carrefour's targets

The company's first SLB framework was published in June 2021 and set the foundation for the issuance of its inaugural SLB in March 2022.[3] An updated framework was published in May 2022 with modifications to emission targets,[4] followed by a third edition in June 2025 that introduced additional Key Performance Indicators (KPIs).[5] The Second Party Opinion (SPO) for the latest framework classified four SPTs/KPIs as relevant and ambitious, and one as highly relevant/ambitious (2a).

KPI/SPT overview

The 2025 framework outlines the following KPIs and SPTs. For the latest SLB, 1 and 2b were used, as was the case with the prior issuance in June 2025.[6]

KPI/SPT 1: Scope 1+2 GHG emissions reduction; -50% by 2030 and -70% by 2040, relative to 2019 baseline (2,284,827 tCO_2eq)

KPI/SPT 2a: Selected Scope 3 GHG emissions reduction; -32% by 2030, relative to 2019 baseline (136,816,011 tCO_2eq)

KPI/SPT 2b: Number of suppliers committed to climate strategy; 150 by 2030, baseline: 34 in 2022

KPI/SPT 3: Reduction of virgin plastic used in disposable products packaging from Carrefour's brand; -10% by 2030, relative to 2024 (87,139t)

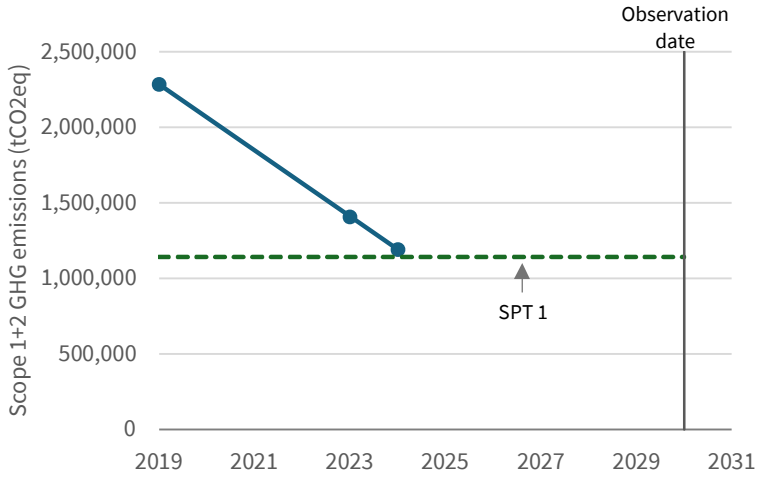
KPI/SPT 4: Reduction of food waste generated by stores; -42% by 2030, relative to 2023 (12.8 kg/m^3)

Emissions

As outlined in the framework, Carrefour had already reduced Scope 1+2 emissions by 48% in 2024 relative to its baseline (see Figure 2).

A recent press release states that an emissions reduction by 57% has been achieved and highlights ambitions for further cuts (-60% by 2030 and -67% by 2035).[7]

Figure 2. Scope 1+2 GHG emissions (tCO_2eq). Source: AFII, Carrefour.



[3] "Sustainability-Linked Bond Framework", Carrefour Group, Jun 2021.
[4] "Sustainability-Linked Bond Framework", Carrefour Group, May 2022.
[5] "Sustainability-Linked Bond Framework", Carrefour Group, Jun 2025.
[6] "Success of a 650 million euros 7.9-year Sustainability-Linked Bond" Carrefour Group, 17 Jun 2025.
[7] "The SBTi, a global benchmark organization, validates Carrefour's 1.5°C trajectory, confirming the soundness of the Group's climate actions", Carrefour Group, 13 Feb 2026.

The company's Scope 3 KPI/SPT appears comprehensive and more ambitious (and was the only one highlighted as highly relevant/ambitious in the SPO). While the framework limits this Scope 3 ambition to select sub-categories, it still covers 90% of 2024 Scope 3 emissions, and specifically includes Forestry Land and Agriculture emissions (FLAG), a category that covers emissions due to land-use change in supply chains.[8]

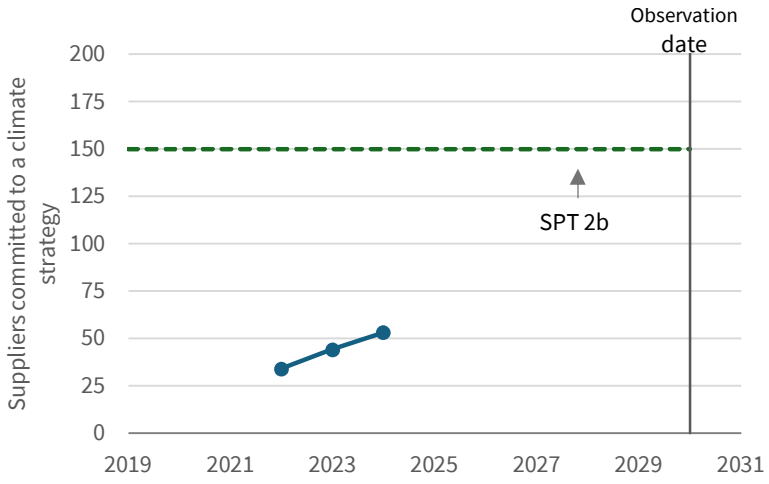
In the prior version of the framework, while there was a KPI referring to Scope 3 emissions it only covered suppliers' reporting, and made no mention of emissions due to land-use change (although it was published four months before the FLAG guidance was released).[9]

While it is positive to see Carrefour's progress and continued commitment to emissions reductions, the -50% target used in the latest SLB lacks ambition and therefore financial materiality for the SLB's embedded option. It would have been a positive step to adopt KPI/SPT 2a here, which is the only one highlighted as highly relevant/ambitious in the SPO and targets Scope 3 emissions — which accounted for 99% of overall emissions in 2024 and have been increasing since 2019.[10]

Suppliers

The other KPI/SPT is linked to the number of suppliers committed to a climate strategy. This KPI is expected to have an impact on Scope 3 related to goods and services purchases.[11] However, while supplier engagement could have a positive effect, a more direct focus on Scope 3 emissions (e.g. KPI/SPT 2a) would have sent a stronger signal of decarbonisation ambition to the market.[12]

Figure 3. Suppliers committed to a climate strategy. Source: AFII, Carrefour.



In 2024, the number of suppliers committed to a climate strategy was 53. Further progress is expected in the coming years.

[8] Carrefour is included in our universe of fixed income issuers with substantial exposure to deforestation, as detailed in "Deforestation Debt Universe: update", AFII, 29 Jan 2026.
[9] "FLAG Science Based Target Setting Guidance Launch", SBTi, 28 Sep 2022.
[10] Some supermarkets have issued SLBs using FLAG emissions targets, for example "Ahold SLB review", AFII, 17 Mar 2025.
[11] As highlighted in the SPO: "While this initiative alone might not be one of the most effective ways to achieve a meaningful decarbonization of its activities, the company has estimated that by 2030, it can help reduce by 8% emissions from purchased goods and services, which represent some of the most material sources of emissions for the group (together with emissions associated with the use of sold products and upstream transportation and distribution)."
[12] Targets around engaging suppliers to set targets may seem easy to achieve, but they are still sometimes missed, as in this example : "Legrand SLB: le grand objectif d'avoir un objectif ", AFII, 5 Jun 2025.

Targets used in earlier SLBs

The 2022 framework outlines the following KPIs and SPTs, which have been used for earlier issuances.

KPI/SPT 1a: Scope 1+2 GHG emissions reduction; -30% by 2025, -39.5% by 2027, -50% by 2030 and -70% by 2040, relative to 2019 baseline[13]

KPI/SPT 1b: Scope 3 GHG emissions reduction from suppliers that are part of the 20 megatonne platform[14]; -30% (20 megatonne) by 2030, with an intermediate target of a five megatonne reduction by 2027, relative to 2019 baseline

KPI/SPT 2: Tonnes of packaging avoided; 20,000 tonnes by 2025 and 21,500 tonnes by 2027 (cumulative since 2017)

KPI/SPT 3: Reduce food waste generated by stores; -50% by 2025 and -55% by 2027, relative to 2016 baseline

Summary of SPTs across bonds

Table 1. SPTs used across CAFP's SLBs, including observation dates. Source: AFII, Bloomberg Finance L.P., Carrefour.

ISIN	Issue date	Maturity	Amount outstanding (EUR mn)	**Earlier frameworks (2022/2021)** SPT 1a (Scope 1+2)	SPT 1b (Scope 3)	SPT 2 (Packaging)	SPT 3 (Waste)
FR0014009DZ6	30/03/2022	30/10/2026	750			2025	2025
FR0014009E07	30/03/2022	30/10/2029	750			2025	2025
FR001400D0F9	12/10/2022	12/10/2028	850			2027	2027
FR001400HU68	10/05/2023	10/10/2030	500	2027	2027		
FR001400LUK3	14/11/2023	14/11/2031	750	2030	2030		
FR001400SID8	17/09/2024	17/10/2032	750	2030			2027
FR001400UJE0	24/012025	24/06/2030	500	2027	2027		
FR001400ZEK7	07/05/2025	07/05/2029	500	2027	2027		
				Current framework (2025) SPT 1 (Scope 1+2)		SPT 2b (Suppliers)	
FR0014010M61	24/06/2025	24/05/2033	650	2030		2030	
FR0014016QK5	05/03/2026	05/12/2035	500	2030		2030	

[13] While this aligned with the latest framework (e.g. -50% by 2030 and -70% by 2040 targets), the 2019 baseline is different in the 2025 version (2,284,827 tCO_2eq, compared to 1,857,132 tCO_2eq in the 2022 framework). The 2021 framework had different targets (i.e. -30% by 2030, -55% by 2040, with a different 2019 baseline: 1,830,539 tCO_2eq), but these have not been used in any SLB.

[14] As part of its effort to reduce indirect emissions, Carrefour is engaging its suppliers to reduce 20 megatonnes of CO_2 emissions by 2030, further details: www.20megatons.com

Assessment of 2025 observation dates

The two inaugural SLBs (1.875% 26s and 2.375% 29s) have targets with end-2025 observation dates, linked to SPT 2 and 3.

For packaging avoided, the 20,000 cumulative tonnes target was achieved with 20,738 tonnes in 2023.[15] As for the waste target, a 49.7% reduction in food waste was achieved in 2024,[16] although this requires an ongoing commitment to maintain.

Based on progress achieved so far, the likelihood of achieving both targets appears high.

Coupon step-up structures

Besides using different KPIs and SPTs, Carrefour's SLBs also have a variety of coupon step-up structures, as summarised in Table 2.

Table 2. Potential coupon adjustment for CAFP's SLB, incl. maximum cumulative payout. Source: AFII, Bloomberg Finance L.P., Carrefour.

ISIN	Coupon	Maturity	Coupon step-up	Number of adj. coupons	SPT relationship	Max. cumulative non-discounted payout
FR0014009DZ6	1.875%	30/10/2026	0.25%	1	Any	0.25%
FR0014009E07	2.375%	30/10/2029	0.25%	4	Any	1.00%
FR001400D0F9	4.125%	12/10/2028	0.25%	1	Each	0.50%
FR001400HU68	3.75%	10/10/2030	0.25%	2	Any	0.50%
FR001400LUK3	4.375%	14/11/2031	0.75%	1	Any	0.75%
FR001400SID8	3.625%	17/10/2032	0.25%	2 (SPT 1A), 4 (STP 3)	Any	1.00%
FR001400UJE0	3.25%	24/06/2030	0.25%	3	Any	0.75%
FR001400ZEK7	2.875%	07/05/2029	0.25%	2	Any	0.50%
FR0014010M61	2.33%	24/05/2033	0.25%	3	Any	0.75%
FR0014016QK5	3.875%	05/12/2035	0.25%	5	Any	1.25%

Most of the bonds pay a coupon step-up if any SPTs are missed, with the exception of the one maturing in Oct 2028, which pays a step-up for each SPT missed.[17] Three bonds pay the step-up only for one year, making this effectively a single premium payment. However, the bond maturing in 2031 pays a 0.75% step-up at maturity, which is a higher degree of materiality. The most recently issued bond (2035 maturity), could potentially pay a step-up for five years, resulting in the highest maximum cumulative non-discounted additional payout (1.25%).

The option value in an SLB is directly proportional to its maximum potential payout, which itself is a purely structural characteristic of the bond. Without a minimum degree of materiality, the option value may not be observable, meaning ambitious issuers may not be able to achieve more favourable funding rates. This example shows that even when bonds come from the same issuer, their materiality can vary, a dynamic that needs to be understood by SLB investors.

[15] Pg 151, "Annual Financial Report 2024", Carrefour Group, 30 Apr 2025.
[16] Pg 154, "Annual Financial Report 2024", Carrefour Group, 30 Apr 2025.
[17] For a discussion of the pricing of structures with combined SPTs, please see page 3 in "A review of social KPI usage in SLBs", AFII, 18 Nov 2025.

Market Pricing

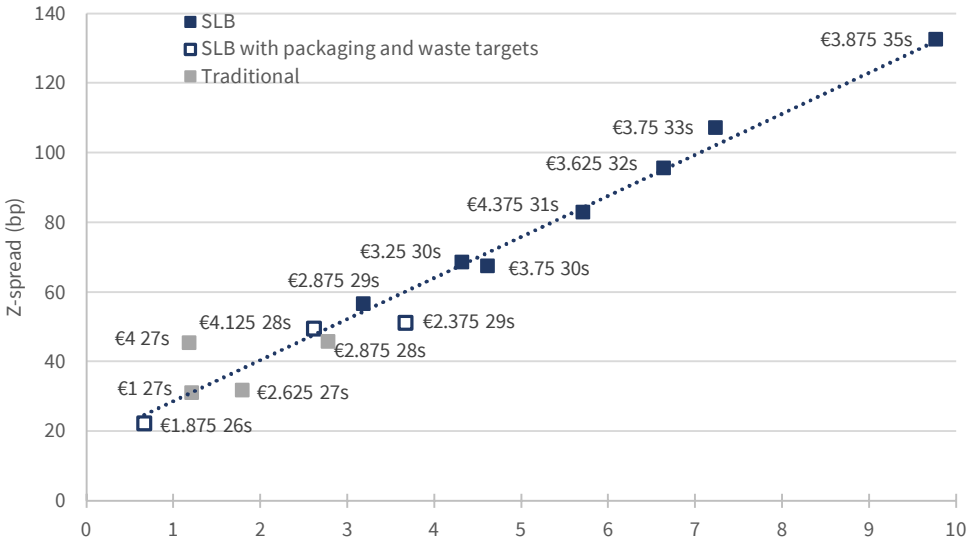
The pricing of Carrefour's SLBs is noteworthy. The newly issued SLB (2035s) extends the curve. In combination with the 2033s, this part of the curve could be influenced by further progress on Scope 1+2 emissions reduction and engagement with suppliers. If market expectations shift towards a higher likelihood of missing either target, this could lead to spread tightening in anticipation of potential coupon step-ups.

The pricing of the two SLBs maturing in 2029 stands out. The 2.375% 29s is one of the inaugural SLBs with targets linked to packaging avoided (SPT 2) and reduction of food waste (SPT 3). The three bonds with packaging and food waste targets are separately labelled in Figure 4, while all the other SLB have some emissions target (see Table 1 for a summary of targets across bonds).

Notwithstanding a high probability that both targets had been achieved at end-2025, the bond trades at a tighter spread than the 2.875% 29s, with targets linked to Scope 1+2 emissions (SPT 1a) and Scope 3 emissions (SPT 1b) and 2027 observation dates. One factor could be the higher cumulative payout for the former bond (1% vs 0.5%).

To the extent that the pricing of these two bonds is driven by different market expectations of the respective targets being achieved, it could result in some repricing of the 2.375% 29s as progress on achieving the 2025 targets becomes visible. If an achievement of the second target (waste, SPT 3) is confirmed, potential market expectations about a coupon step-up could vanish.

Figure 4. CAFP spread curve with SLBs. Source: AFII, Bloomberg Finance L.P., accessed 2 Mar 2026.



Conclusions

Carrefour's latest SLB includes targets linked to the reduction of Scope 1+2 emissions, a goal the company has already made significant progress towards. While engagement with suppliers can indirectly help with reducing Scope 3 emissions (which accounted for 99% of overall emissions in 2024), a direct focus on those emissions would have sent a stronger signal. The Scope 3 KPI/SPT appears comprehensive and more ambitious, and adopting it here would have been a positive step.

The two inaugural SLBs (1.875% 26s and 2.375% 29s) have targets with end-2025 observation dates. For packaging avoided, the target of a cumulative 20,000 tonnes reduction was achieved

in 2023. Moreover, a 50% reduction in food waste was achieved in 2024. Based on progress so far, the likelihood that both targets have been achieved appears high.

In terms of market pricing, the two SLBs maturing in 2029 stand out. To the extent that the pricing of these two bonds is driven by different market expectations of the respective targets being achieved, it could result in some repricing of the 2.375% 29s. If an achievement of the second target (waste, SPT 3) is confirmed, potential market expectations about a coupon step-up should vanish.

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