



ANNUAL FINANCIAL REPORT NON-FINANCIAL PERFORMANCE STATEMENT



2022

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ERRATUM

Due to erroneous data appearing in section "2.4.3 Climate Indicators", the non-financial performance statement published on March 1, 2023 has been modified. The information from the New Immo Holding scope included in the tables "Energy consumption" (page 60), "Renewable electricity consumption" (page 60), "Intensity of GHG emissions" (page 60) and "Volume of GHG emissions, scopes 1, 2 & 3" (page 61) have thus been corrected. Corrected data has been verified. Thus, the report by one of the Statutory Auditors, appointed as independent third party, on the verification of the non-financial performance statement has been amended accordingly. All corrections are included in this document, published on May 17, 2023.





ELO

| Auchan | Nhood | Oney |

ELO, formerly Auchan Holding, brings together two companies with complementary business lines: Auchan Retail and New Immo Holding. With the support of ELO, each business line is taking a responsible approach to strengthening its positions on its core markets, by making profound transformations to achieve their vision, thanks to their 161,476 employees. ELO also holds an equity investment of 49.9% in Oney, which since 2019 has benefited from the joint expertise of BPCE and ELO to speed up its growth and increase its presence in Europe in payment, finance and digital identification solutions.

Auchan | RETAIL

Present in 13 countries, **Auchan Retail** brings together all food retail formats (hypermarkets, supermarkets, convenience stores, drive-throughs, digital) with 2,101 points of sale. Auchan Retail places its customers at the heart of all its strategies by offering them an omnichannel shopping experience, which combines physical stores with the digital ecosystem, and exclusive, quality products at the best price. A player in the good, healthy and local and committed to the planet, Auchan Retail enables its customers, its 160,407 employees, its agricultural and industrial partners and all its stakeholders to live better through a responsible approach to its retail business.



New Immo Holding New Immo Holding is the new holding company for all real estate business lines. Its creation in 2021 confirms the separation of real estate assets and services, within two distinct entities in order to broaden its growth and development prospects. The first is **Foncière Ceetrus**, which owns a portfolio of real estate assets of nearly 300 shopping centres and 23 development projects located in 11 countries across Europe and Western Africa.

The second is **Nhood**, a mixed use real estate operator acting through service provision mandates entrusted by real estate companies such as Foncière Ceetrus, Auchan Retail or other companies owning the AFM (Association Familiale Mulliez), to manage, animate, develop and transform existing sites into new living spaces with a triple positive impact. Nhood has 1,069 employees.



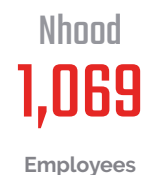
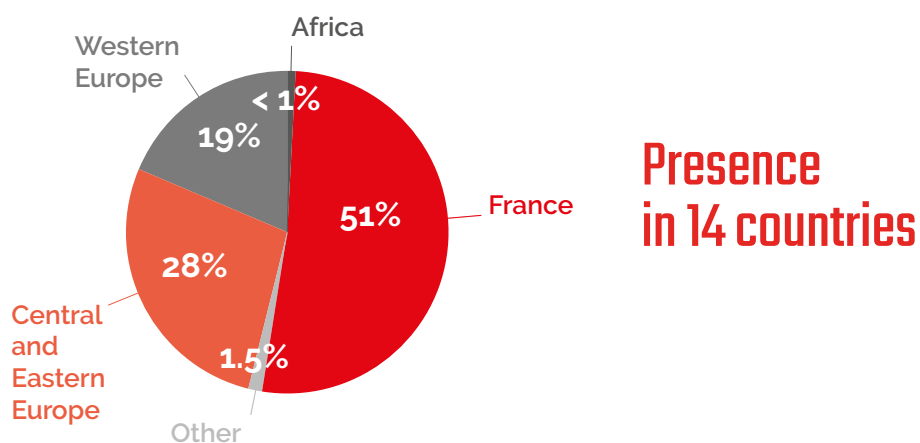
On October 22nd, 2019, ELO sold 50.1% of the share capital of **Oney** to BPCE, which has consolidated this entity since that date. Oney designs payment, financing and insurance solutions to give everyone the power to improve their daily lives and consume better. Creator of split payments 15 years ago, Oney is the leader in the BNPL market (Buy Now, Pay Later) in several European countries with an omnichannel offer that is unique on the market. Alongside its 4,400 retail partners and e-retailers in nearly 16,000 physical or virtual points of sale, Oney supports the projects of more than 7.8 million customers in Europe by offering them memorable in-store and online shopping experiences.

KEY FIGURES

BREAKDOWN OF REVENUE BY BUSINESS LINE



REVENUE BY GEOGRAPHICAL AREA



RECURRING
OPERATING INCOME
2022

664 M€

EBITDA⁽¹⁾ :
2022

1,697 M€

NET FINANCIAL
DEBT⁽¹⁾
2022

2,579 M€

⁽¹⁾ Excluding IFRS 16 debt

Auchan | RETAIL : AMBITIONS

Food, digital, environmental or economic transformations, mass distribution has been undergoing significant changes for several years. The proliferation of macro-economic, geopolitical or health crises and their direct consequences on the value chain have required continuous adaptation of people and processes.

Thus, to more fully meet the new expectations of consumers and citizens, Auchan Retail is adapting its model and practices to support its customers, in all its countries of operation, and ensure its mission as close as possible to inhabitants, that of providing them with quality food at the fairest price.

Three years ago, **Auchan retail** launched the corporate « **Auchan 2022** »

2022 OBJECTIVE:

- being the benchmark player actively committed to good, healthy and local products through the selection and design of a unique, fair and responsible offer;
- bringing people together and providing enriching experiences to improve the quality of life of residents.

To continue this work, in 2022 **Auchan Retail** affirmed its Vision 2032:

“Eating well and living better while preserving the planet” so that Auchan may give full meaning to the profession of retailer and reaffirm the commitment driven by its brand.



Auchan products are the heart of the project. As a player committed to the good, the healthy and the local, as regards food priority is given to the local and the food services professions. The **“Cultivons le Bon”** products embody this project through firm commitments made by the company in terms of respect for the environment and animal welfare, in particular through demanding, sustainable, balanced agricultural partnerships that share value with producers. **The number of responsible agricultural production chains increased from 350 in 2018 to nearly 1,176 in 2022** and this in all the countries where Auchan operates and despite the poor geopolitical contexts. Non-food products are also a strong differentiator.

Auchan offers its customers this offer in an **omnichannel way**, and combines the best of the physical and digital experience, by offering several shopping routes. **More than 7% of Auchan Retail's revenue was generated via digital channels in 2022.**

Committed to the planet, **Auchan Retail** is living up to its commitments and is continuing its work in the fight against plastic pollution and food waste and for the promotion of biodiversity. A 2030 climate plan commits the company to the decarbonisation of its activities (see below).



**new
immo**
holding

- **New Immo Holding** is the new holding company for all real estate business lines. Its creation in 2021 confirms the separation of real estate assets and services, within two distinct entities in order to broaden its growth and development prospects. On the one hand, **Foncière Ceetrus**, which holds a portfolio of real estate assets.
- On the other hand **Nhood**, a real estate services and solutions company acting on the basis of services mandates entrusted by property owners. Nhood has 1,092 employees.

New Immo Holding, with its two separate entities, is broadening its growth and development prospects:

- Foncière Ceetrus owns a portfolio of real estate assets of nearly 300 shopping centres and 23 development projects located in 11 countries across Europe and Western Africa. In January 2021, the real estate company Ceetrus entrusted a mandate to the mixed-use real estate operator Nhood with a special focus on the triple positive impact (people, planet, profit).
- Nhood is a mixed-use real estate operator acting through service provision mandates entrusted by real estate companies such as Foncière Ceetrus, Auchan Retail or other companies owning the AFM (Association Familiale Mulliez), to manage, animate, develop and transform existing sites into new living spaces with a triple positive impact. Nhood brings together all the real estate business lines (marketing, asset management, development and promotion) and now a fourth business line, that of transitional urban planning and prefiguration, which bring sites to life before their delivery. Since the creation of these structures, the commitments have been fulfilled in terms of investments and search for new mandates beyond the scope of Foncière Ceetrus.

In 2022, **New Immo Holding** consolidated the existing assets:

- by prioritising its investments and portfolio rotation;
- by managing, operating and marketing mixed sites;
- by seeking excellence and operational innovation.

New Immo Holding is preparing for tomorrow:

- by developing investor partnerships;
- by promoting assets under management with a triple positive impact: People, Planet, Profit;
- by regenerating sites into better, multi-use, more liveable and lively places.

SECTOR TRENDS



Food transition:

Healthy and sustainable food
Food chain traceability
New eating habits



Digital transition:

Digitisation of consumption patterns
Personalised shopping experience
Use of data



Environmental transition:

Climate change
Environmental impact of activities
Animal welfare
Protection of biodiversity



Economic transition:

Prices accessible to the greatest number in an inflationary context
Food sovereignty and support for the upstream chain (producers, food industry SMEs, etc.)

STRENGTHS

A omnichannel presence tailored to customer needs. Innovative digital services and applications.

- Presence in **13** countries
- **2,101** physical points of contact, supplemented by digital services
- Efficiency of the deployed data models

Solid economic and financial structure

- Stable family share ownership
- A Standard & Poors Investment Grade "BBB-, Stable outlook" rating

Committed employees

- **160,402** employees
- **102,000** employees

Strong local roots. Constructive relationships with all partners (suppliers, manufacturers, etc.) and in particular with the agricultural world

- Conclusion of contracts with responsible agricultural production chains
- Partnership with SMEs for Auchan brands
- Private label food and non-food products, with exclusive and recognised Auchan-brand products, deployed in all countries

CSR action integrated into all strategic organisational and operational decisions

- Climate plan for 2030
- Signatory of the Plastics Pact
- Consideration of carbon impacts in investment decisions

Auchan, a brand emblematic of the democratisation of consumption, continues its mission:

Selection and design of the offer

Selection and design

FOOD

- Food production
- Breeding, Fishing
- Agriculture

NON- FOOD

- Manufacturing

Local products



Short supply chains



Continuous optimisation

OMNICHANNEL

PHYSICAL

- Hypermarkets
- Supermarkets
- Convenience stores



Related services:

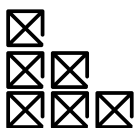
Gas station, pick-up points, post office, etc.) After-sales service

Circular economy
(second hand, recycling, etc.)

be useful to residents by offering them quality food at the best price while preserving the planet.

Approvisionnement

ENTREPÔTS



PLATEFORME DE PRÉPARATION DE COMMANDES



of the value chain
via data

DISTRIBUTION

DIGITAL

Click & Collect

- Drive-throughs
- Auchan Piéton (small pick-up points in city centres)
- Hypermarkets/ supermarket / Convenience stores

Home deliveries



VALUE CREATION

Satisfying financial income for 2022

- Revenue: **€32.9 bn**
- Digital: **7%** of revenue
- EBITDA: **€1.3 bn**
- A positive net cash position for Auchan Retail

Protected share capital

- Percentage of permanent contracts in total workforce: **93%**
- Percentage of female managers: **51.1%**
- Percentage of employees having completed training: **88.4%**
- Percentage of internal promotion from non-managers to managers: **30.6%**
- Percentage of employees with disabilities: **4.1%**

Responsible offer for customer satisfaction

- **1,176** responsible agricultural production chains at the end of 2022

Strengthened environmental commitments

- Direct emissions from stores (Scopes 1 and 2): **-8.8%** vs 2019
- Renewable electricity consumption as a percentage of overall electricity consumption: **26%**
- Climate Ambition for 2030
 - Scopes 1 and 2: **-46%** CO₂ emissions vs 2019
 - Scope 3: **-25%** vs 2020

Progress recognised by non-financial ratings agencies

- Moody's ESG Solutions: Rating **62/100** (2021 score; +25 points vs 2019)
- CDP score: **B** (C in 2019)

SUSTAINABLE DEVELOPMENT GOALS

Encourage healthy eating



Fight against food waste and plastic pollution



Reduce our carbon footprint



Our social commitments



NEW IMMO HOLDING, A MODEL FOR THE SUSTAINABLE TRANSFORMATION

MARKET TRENDS



ENVIRONMENTAL
AND SOCIETAL
TRANSFORMATION



GEOPOLITICAL
CONTEXT



POOLING
OF KNOW-HOW



LISTENING
TO THE REGIONS



DIGITAL
DEVELOPMENTS

STRENGTHS

TWO COMPANIES SERVING THE SUSTAINABLE TRANSFORMATION OF REAL ESTATE AND RETAIL

FONCIÈRE
CEETRUS

225

sites, living spaces and
owned businesses

€7.5 billion

in real estate assets
(fair value)

in **11**

European countries

nh0od
DES LIEUX
EN MIEUX

450

and €10 billion in assets
under management

in **11**

European countries

1,069

committed employees,
of which 59% are women

Accelerating the
development of
our skills and expertise:
€650,000 in training

Thinking and acting
"LOCAL" with an
entrepreneurial spirit

Assessing actions
through the prism of the
triple positive impact:
PEOPLE, PLANET, PROFIT

BUSINESS MODEL



Develop mixed use
on our owned, managed
and to be transformed sites



Generate attractiveness on the sites
of Foncière Ceetrus and on those
of our customers



Win new mandates and
attract new partners



Create value with a
triple positive impact

INVEST ARBITRATE SELL

A TRIPLE RESPONSIBILITY



PEOPLE
diversity,
inclusion,
accessibility



PLANET
regeneration,
deartificialisation



PROFIT
transparency,
responsibility,
profitability

VALUE CREATION

SOLID FINANCIAL INCOME

- Gross revenue: **€591** million (+8.8% vs 2021)
- EBITDA: **€369** million (+19.4% vs 2021)
- Fair value of assets: **€7.5 billion**
(+3.6% million vs 2021)
- Gross investments: **€432** million

QUALITY ASSETS UNDER MANAGEMENT:

- more than **50%** of Foncière Ceetrus' portfolio
was **BREEAM IN USE** certified in 2022
- Action plans to achieve **BREEAM** minimum very
good certification for all assets

INTENSIFICATION OF THE ENERGY EFFICIENCY MEASURES

- 20%** of annual investments are devoted to
actions reducing the energy consumption of
the managed assets (€7 million to €10 million
per year over the last five years).

CREATION OF THE FIRST MIXED-USE URBAN QUALITY STANDARD MUQI – MIXED-USE QUALITY INDEX

- An exclusivity of Nhood –
RQR, a new non-financial rating standard

COMPANIES COMMITTED TO THE CLIMATE

Auchan | RETAIL

Since 2015, **Auchan Retail** has been implementing measures and action plans to reduce the direct emissions from stores in all the countries where it operates. At the COP21 conference in Paris, **Auchan Retail** made a commitment to reduce its energy consumption by 20%. This commitment was met one year in advance (2019).

In 2022, **Auchan retail's** commitment to the climate accelerated further, with the definition of a global strategy for all the countries where **Auchan retail** is present. The results of the recent COP27 conference in Sharm el-Sheikh confirmed the relevance of the acceleration of the company's strategy.

In 2021, the company defined a decarbonisation trajectory across its entire scope of activity (Scopes 1, 2 and 3). These objectives were submitted to the Science-Based Targets Initiative for validation in 2023.

This trajectory is based on the following objectives:

- **reduce the direct emissions of its stores by 46% by 2030 (Scopes 1 and 2, vs 2019).**

The work undertaken is continuing in a proactive manner around energy and refrigeration equipment. The commitments and action plans place **Auchan Retail** on a 1.5° trajectory.

- **reduce the emissions downstream and upstream of its value chain by 25% by 2030 (Scope 3, vs 2020).** The commitments and action plans implemented relate to the decarbonisation of the supplier chain in the food and non-food sectors as well as the actions undertaken in relation to logistics and goods transport. **Auchan Retail** works collectively through local and global initiatives to share its objectives with its peers, partners and suppliers. The commitments and action plans place **Auchan Retail** on a "Well Below 2°" trajectory.



NEW IMMO HOLDING IS **STEPPING UP ITS ACTIONS** TO REDUCE ENERGY CONSUMPTION **ACROSS ALL ITS RETAIL ASSETS.**

The energy efficiency plan introduced in 2010 provides that, by 2025, energy consumption will be reduced by 40%, thus eventually reducing New Immo Holding's carbon footprint by 50%.

A roadmap has been drafted with the aim of achieving **100% carbon neutral sites by 2030.**

In addition, **New Immo Holding** has activated the levers needed to achieve the French government's target of reducing consumption by 10% this year.

In France, the actions dedicated to reducing energy consumption represent **20% of annual investments**, representing €7 million to €10 million per year over the last five years.

These actions have reduced the carbon footprint by 50%, from 40 kg/m² in 2013 to 20 kg/m².

A third of the sites have seen their energy consumption decrease by more than 30%, some sites by 60%.

With regard to climate risks, since 2021, **New Immo Holding** has been assessing all its assets using a specific tool to better understand seven different categories of climate risks: earthquakes, floods, heat stress, hurricanes and typhoons, sea level rise, water stress and forest fires.

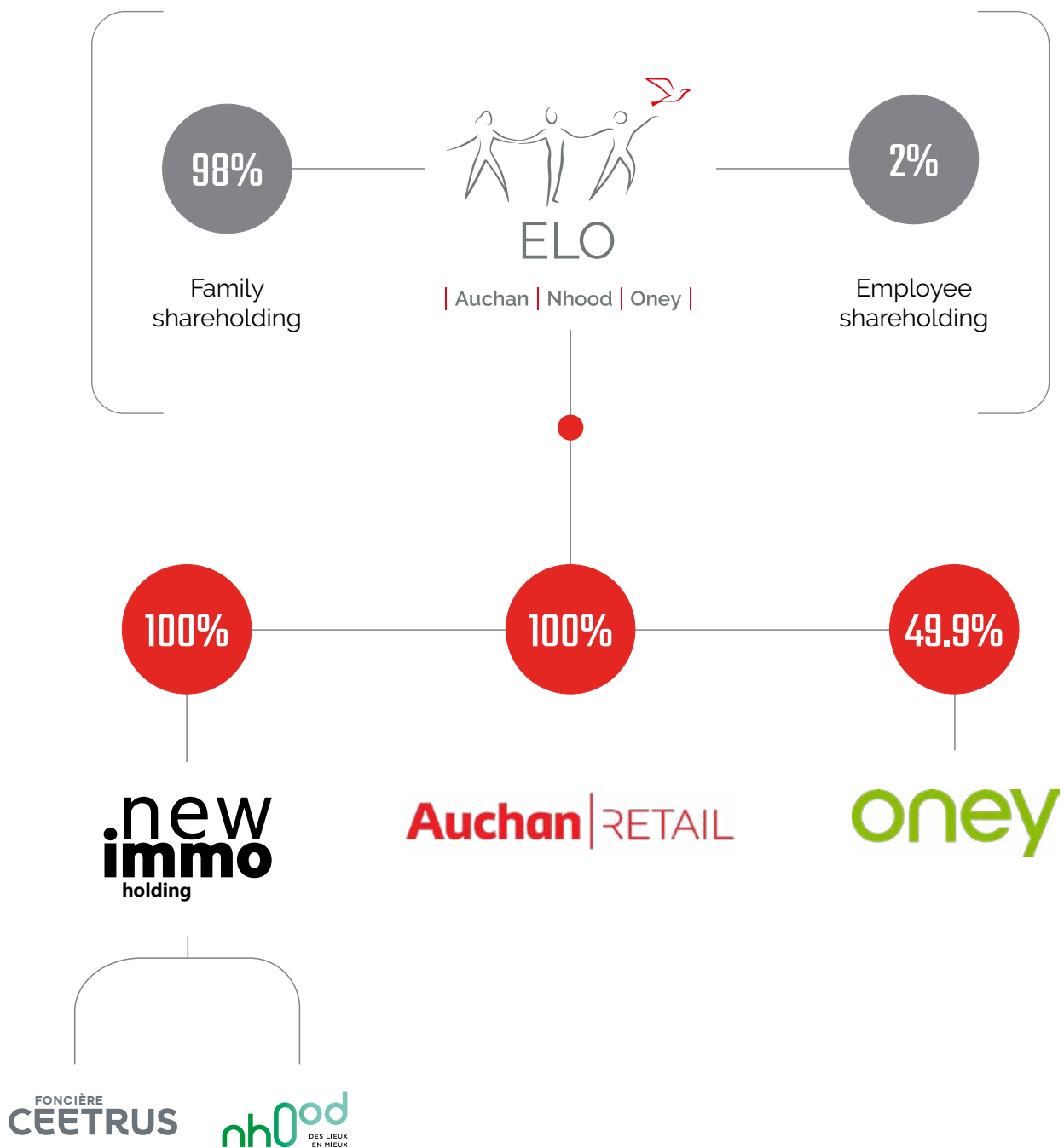
In 2022, the company developed a methodology to create and implement climate risk action plans in the first phase for five pilot sites. The entire portfolio will be covered in 2023.



In 2022, more than 50% of Foncière **Ceetrus'** portfolio was **BREEAM IN USE** certified. Action plans are underway to achieve **BREEAM** minimum very good certification for all assets.

BREAKDOWN OF ELO'S CAPITAL

An unlisted company made up of family and employee shareholding, **ELO** combines two complementary companies, **Auchan Retail** and **New Immo Holding**, and holds a stake of 49.9% in Oney alongside BPCE since 2019.



OUR LOCATIONS AS OF DECEMBER 31ST, 2022

AUCHAN RETAIL

	Hypermarkets	Supermarkets	Convenience stores	Click & Collect ⁽¹⁾	Home deliveries ⁽²⁾	TOTAL	New Immo Holding
FRANCE	136	274	36	276	Yes	722	141
Spain	76	71	168	3	Yes	318	33
Portugal	31	22	35	35	Yes	123	18
Luxembourg	3		13	4	Yes	20	3
Italy						-	41
WESTERN EUROPE (EXCLUDING FRANCE)	110	93	216	42		461	95
Poland	72	27	28	-	Yes	127	53
Hungary	19	5	1	5	Yes	30	18
Romania	33	7	398	2	Yes	440	22
Russia	94	136	-	-	Yes	230	130
Ukraine	21	4	-	18	Yes	43	8
Tajikistan ⁽⁴⁾		1				1	
CENTRAL AND EASTERN EUROPE	239	180	427	25		871	231
Senegal	1	20	16	1	Yes	38	
Côte d'Ivoire	-	4	5		Yes	9	
Tunisia							
AFRICA	1	24	21	1		47	
TOTAL	486	571	700	344		2,101	467

(1) Drive, Auchan Piéton, Pick-up points, etc.

(2) Via franchise

(3) Including quick commerce

(4) Stake of 10% in Magasin General

MAIN SIGNIFICANT EVENTS OF ELO IN 2022

MARCH 17TH, 2022

ELO publishes its 2021 Annual Financial Report and non-financial performance statement.

JUNE 14TH, 2022

Auchan Retail announces its opening in Côte d'Ivoire, after the success in Senegal. At the end of 2022, Auchan Retail Côte d'Ivoire had **nine stores and an e-commerce site** in Abidjan.

August 2ND, 2022

Auchan Retail announces the strengthening of its positions in Spain through the acquisition of **235 supermarkets** from DIA Group. This acquisition strengthens the geographical coverage with a presence in 16 of the country's 17 autonomous communities as well as the multi-format presence.

August 30TH, 2022

ELO publishes its half-year results. In an uncertain context, ELO achieved a satisfactory half-year thanks to the complementary nature of its business lines.

DECEMBER 2ND, 2022

ELO issues a new bond for an amount of **€650 million** maturing in December 2028, at a fixed rate of 4.875%. This issue is part of the Group's active liquidity management, by refinancing its existing debt.

SEPTEMBER 30TH, 2022

Foncière Ceetrus announces the acquisition of the V2 shopping centre in Villeneuve d'Ascq (France) from Unibail Rodamco Westfield. Nhood will be responsible for the rental management of the site and its transformation.

SEPTEMBER 6TH, 2022

Auchan Retail sells its **64.84%** stake in RT-Mart, its distribution activity in Taiwan, to the Taiwanese group PX-Mart. This transaction marks the final withdrawal of Auchan Retail from the Asian continent.

PRESENTATION OF THE BUSINESS AND MANAGEMENT REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS

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A management report on the annual financial statements of ELO SA is also prepared. The financial statements for the financial year ended December 31st, 2022 were approved by the Board of directors on February 27th, 2023.

1.1 SIGNIFICANT EVENTS AND MAIN CHANGES IN SCOPE

1.1.1 CHANGES IN THE STORE AND SHOPPING MALL NETWORK

The number of points of sale operated by Auchan Retail changed as follows in 2022:

- in Western Europe, the number of points of sale increased by 51 units (of which, net, +39 in France including 31 Auchan Piétons (pick-up points) and 1 Partisan du Goût, +6 in Spain and +5 in Portugal);
- in Central and Eastern Europe, the number of points of sale decreased by 4 units (including, net, -1 in Russia, -6 in Romania and +3 in Ukraine);
- in Africa, the store network increased by 11 units, including 2 in Senegal and 9 in Ivory Coast.

New Immo Holding's real estate assets increased by five sites compared to 2021. This change was due to the signing of new management contracts (+4 in Portugal, +1 in France).

1.1.2. CHANGES IN THE CONSOLIDATION SCOPE

Opening of the activity in Ivory Coast

Ivory Coast is the 14th country in the world where ELO operates and the second, under own ownership, on the African continent, after Senegal. In Senegal, Auchan has become, since its launch in 2015, the leader in food distribution with its 38 own points of sales and its retail site coupled with a drive-through and home delivery service. Taking its first steps in Ivory Coast, in 2022 Auchan opened nine stores in Abidjan in areas adapted to neighbourhood life (300 to 900 m²).

Designed to meet the needs of the Ivorian population, these stores offer a varied range, mainly food, consisting of local products and products of the Auchan brand. Auchan Ivory Coast has established itself, from its start, as a project carried out for Ivorians, by Ivorians and with Ivorians. With this in mind, the brand is committed to offering its customers, employees and partners a unique experience based on three fundamental pillars: offering healthy food at unbeatable prices, offering a unique experience to its employees, and making a social commitment to contribute to the economy of Ivory Coast, particularly with local agricultural producers and employment.

New Immo Holding, an active player in the development and transformation of Ivory Coast, supports companies, including ELO, thanks to its expertise and know-how, from the design to the delivery of new living spaces through mixed-use projects.

1.1.3 OTHER SIGNIFICANT EVENTS

1.1.3.1 Impact of the russian-ukrainian conflict

ELO's companies, Auchan Retail and New Immo Holding, have been operating in Ukraine and Russia for more than 15 years.

As of December 31st, 2022, Auchan Retail operated 230 stores in Russia and 44 stores in Ukraine and was developing an e-commerce and home delivery business in each country.

The exposure of New Immo Holding is more limited, with Russia and Ukraine combined representing approximately 3% of the total net carrying amount of the assets and 5% of the net rental income of the activity as of December 31st, 2022.

These two countries generated approximately 13% of Auchan's revenue in the 2022 financial year. Since the start of the war between Russia and Ukraine, on February 24th, 2022, Auchan Retail has been calling for peace between the two countries. At the same time, the company has chosen to continue, despite the difficulties, its activity in these two countries in order to continue to fully carry out its mission, that of providing the inhabitants with quality food at the fairest price.

From the first day of the conflict, the company set up an international crisis unit to monitor the situation on a daily basis with a single objective: to ensure the safety of employees, customers and activities. At the same time, the various countries of Auchan have joined forces with their customers to provide to Ukrainians, refugees and residents, significant assistance. NGOs working in neighbouring countries have received numerous donations in kind or in cash. Similarly, Auchan stores in Europe have welcomed Auchan Ukraine employees fleeing from the war and have provided them with housing and professional activities. In Ukraine, directly and despite the very difficult situation, Auchan Ukraine has provided food for the displaced populations and financial support for its employees in distress. An International Solidarity Fund endowed by the Group has also been created to match the support projects led by Auchan Ukraine. Overall, the financial aid amounted to more than €5.5 million as of December 31st, and more than 2,300 tonnes of in-kind donations (food and non-food).

At the end of December 2022, 41 out of the 44 stores in Ukraine remained open, as did the e-commerce and home delivery business. 90% of hypermarkets and supermarkets are equipped with a generator. It allows to preserve the food chain in the country and to provide the population with access to Auchan's offer. Of the three stores closed, two are closed because they were damaged as a result of shelling (Kharkiv and Odessa). Since the beginning of the conflict, no more than three stores have been closed simultaneously in Ukraine and the e-commerce business has continued to operate, thanks to local team efforts and particularly from a logistical perspective. When local supply has been hampered by the conflict, Auchan Ukraine has been able to rely on the support of Auchan teams in neighbouring countries. A supply chain from Poland, Romania and Hungary but also France has been set up to maintain the supply of food products (fresh and mass consumption) for the benefit of the population and employees. In the second half of 2022, development resumed with the opening of four ultra-convenience stores. The particularly difficult business conditions nevertheless have a significant impact on the economic performance of Auchan in Ukraine.

In Russia, Auchan Retail scrupulously complies with the international embargoes and sanctions. Auchan Russia's teams operate with maximum autonomy and maintain the food distribution activity in the service of the population. Auchan Retail halted its investments in its subsidiary in Russia as of the first day of the conflict.

From an operational point of view, the first quarter of 2022 was marked by an increase in activity linked to a hoarding effect, followed by a significant drop in traffic, which weighed on revenues. Over the financial year, revenues grew slightly, but significantly lower than the inflation rate.

ELO remains particularly cautious about the impacts of the conflict in the coming months (impacts of sanctions, inflation, supply, household morale and currency exchange rates, etc.).

The outlook to date does not call into question the financial position of ELO in a context of high uncertainty as regards the extent, outcome and consequences of the ongoing conflict.

Financing

Auchan Retail Ukraine is mainly financed by local banks and benefits from intragroup financing.

Auchan Retail in Russia had a sufficient level of liquidity at the end of December (€139 million) enabling it to meet its commitments. It also benefits from a RUB 10 billion credit line with a local bank. In accordance with the European regulations currently in force, Auchan Russia has not received any new financial support (investment, intragroup financing, etc.) from its mother company since February 24th, 2022. It will not receive any support as long as the current conditions of the financial embargo are in place.

Asset valuation

In Russia

As of December 31st, 2022, the net non-current assets related to the activities in Russia represented 8% of the Group's non-current assets.

After analysing the profitability outlook, the change in the vacancy rate and the very limited liquidity of assets held in Russia, the Group recognised an impairment loss on investment properties.

The Group also carried out impairment tests on the assets, including the stores, of the Auchan Retail Russia cash-generating unit (the goodwill associated with the Retail activity in Russia had already been fully impaired during the 2020 financial year).

All of these items were recognised in "Other non-recurring income and expenses" and breaks down as follows:

- impairment of stores; €35 million;
- impairment of investment properties; €61 million.

As of December 31st, 2022, the translation reserve allocated to the activity in Russia corresponded to a debit amount of €625 million.

In Ukraine

As of December 31st, 2022, the non-current assets related to the activities in Ukraine represented 1% of the Group's non-current assets.

Impairment was recorded on stores and shopping centres that were already in difficulty at the end of the 2021 financial year, as well as on stores that suffered significant damages. The uncertainty weighing on this activity has also led us to impair all the goodwill associated with it.

The exceptional commitment of the employees resulted in a break-even recurring operating income over the 2022 financial year, despite the loss-making first half. However, the activity remains affected by the very difficult operating conditions and by a decrease in footfall.

All impairments, i.e. €60 million was recognised in "Other non-recurring income and expenses" and breaks down as follows:

- impairment of stores; €22 million;
- impairment of investment properties; €5 million;
- impairment of the goodwill related to the Retail activity; €30 million.

1.1.3.2 Capital and financing

Financing transactions

On December 8th, 2022, ELO issued a new bond under its EMTN programme for an amount of €650 million maturing on December 8th, 2028, at a fixed rate of 4.875%. This issue is part of the Group's active liquidity management by allowing the refinancing of its existing debt.

In addition, ELO negotiated a new sustainability-linked RCF of €850 million maturing in December 2027 with an option to extend it for two times one year, replacing the €800 million RCF maturing in June 2024.

A sustainability-linked term loan of €400 million was also set up in December 2022. It had not been used as of December 31st, 2022.

1.1.3.3 Activities

Acquisition of 235 stores in Spain

On August 2nd, 2022, Alcampo, a Spanish subsidiary of Auchan Retail, entered into an agreement with the DIA Group to acquire 235 supermarkets and a warehouse located in the regions of Madrid, Aragon, Asturias, Castile and León, Galicia, Cantabria, Navarra and the Basque Country. As a result, Alcampo will be present in 16 of Spain's 17 autonomous communities. The transaction remains subject to the approval of the competition authorities.

Gare du Nord

Gare du Nord 2024, an associate, was placed in voluntary liquidation on September 21st, 2021. New Immo Holding holds a receivable on Gare du Nord 2024, amounting to €189 million. In addition, New Immo Holding received a notification under the project completion guarantee pertaining to Gare du Nord for an amount of €47 million, representing the maximum exposure for the Group. On the basis of the procedures initiated at the end of the 2021 financial year and continuing in 2022, the Group has set aside a provision that corresponds to its best estimate of the risk.

1.1.3.4 Asset disposals and discontinued operations

Disposal of Auchan Retail's activity in Taiwan

Announced in October 2021, the disposal of Auchan Retail's activities in Taiwan was completed on September 6th, 2022, after the validation process by the competent authorities. Auchan Retail sold its 64.83% stake in RT-Mart, its distribution activity in Taiwan, to the Taiwanese group PX-Mart. This transaction marks the final withdrawal of Auchan Retail from the Asian continent.

1.2 ACTIVITIES AND RESULTS

In accordance with IFRS 5 and for comparability purposes, the figures extracted from the income statement that are presented in this section include the reclassifications of the contributions from the activities sold or held for sale in 2022 and 2021 (see note 3.2 to the consolidated financial statements).

1.2.1 AUCHAN RETAIL ACTIVITY

As of December 31st, 2022, Auchan Retail operated with own subsidiaries in 11 countries, through 467 hypermarkets, 494 supermarkets, 545 convenience stores and 320 digital points of sale.

The consolidated store network excluding franchised stores as of December 31st, 2022 was as follows:

Country	Hypermarkets	Supermarkets	Convenience stores	Digital
France	119	235	10	270
Spain	76	52	57	3
Portugal	31	4	35	35
Luxembourg	3			4
Poland	70	27	5	
Hungary	19	5	1	5
Romania	33	7	398	2
Ukraine	21	4	18	0
Russia	94	136		
Senegal	1	20	16	1
Ivory Coast		4	5	
TOTAL	467	494	545	320

Including the franchised store network (275, compared to 274 in 2021), the total number of points of sales was 2,101.

Auchan Retail's revenue in 2022, including sales of goods to franchisees, amounted to €32.9 billion (+7.7% compared to 2021). Auchan Retail's activities outside France accounted for 47.8% of total revenue. Auchan Retail's recurring operating income decreased by 18.9% and amounted to €518 million in 2022, mainly due to the deteriorated economic context during the year, accentuated by the Group's desire to defend the purchasing power of its customers and thus not to pass on all of the inflation in its prices.

1.2.2 NEW IMMO HOLDING PROPERTY MANAGEMENT ACTIVITY

As of December 31st, 2022, the property management activity of the ELO group and its subsidiaries included the management by New Immo Holding of 467 commercial sites (shopping malls and retail parks), of which 225 were fully owned or leased, 12 in partnership and 230 were under management contracts, in ten countries.

New Immo Holding's revenue represented €590 million in 2022, up by 8.3% compared to 2021. New Immo Holding generated 50.6% of its revenue outside France.

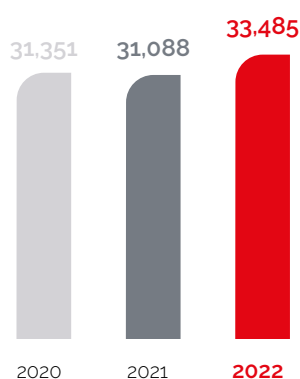
New Immo Holding's recurring operating income increased by €49 million and amounted to €155 million.

1.2.3 COMMENTS ON THE 2022 FINANCIAL YEAR

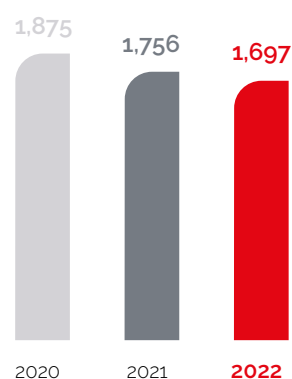
Comments on the income statement

The operating income of the consolidated entities amounted to €33.5 billion, down by 7.7% compared to 2021.

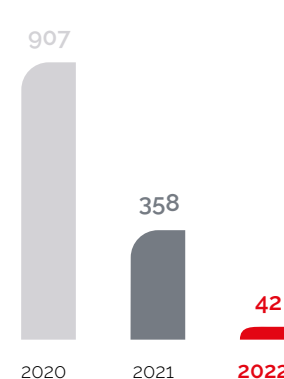
> REVENUE



> EBITDA



> NET INCOME

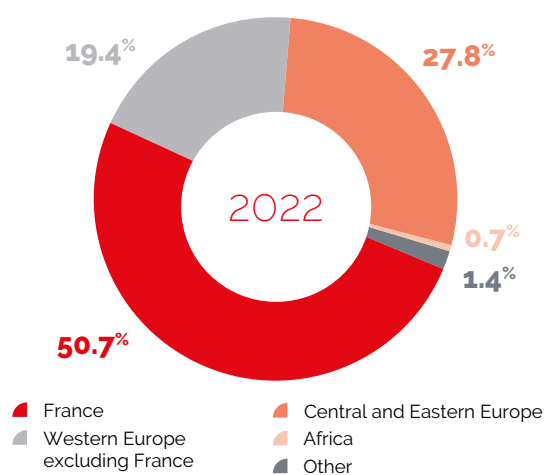


At constant exchange rates, the revenue increased by 6.4%.

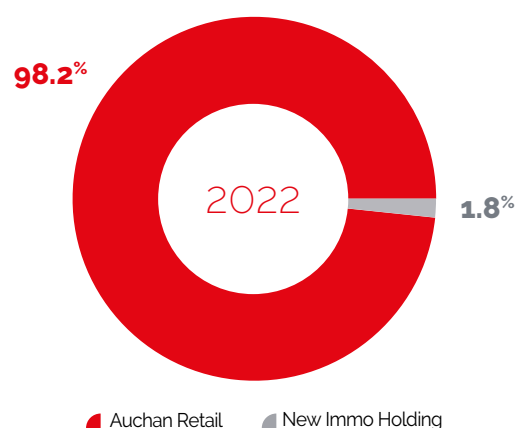
Auchan Retail's business represented 98.2% of the revenue, while the property management activity represented 1.8%.

By geographical area, 52.1% of the revenue was generated in France, 19.4% in Western Europe excluding France (Spain, Portugal and Luxembourg), 27.8% in Eastern Europe (Poland, Hungary, Romania, Ukraine and Russia), and 0.7% in Africa (Senegal and Ivory Coast).

> REVENUE BY GEOGRAPHICAL AREA IN 2022



> REVENUE BY ACTIVITY IN 2022



The gross margin improved by 4.5% and amounted to €7,963 million; the margin rate deteriorated significantly to 23.8% in 2022 compared to 24.5% in 2021. This deterioration was the consequence of the Group's desire to support its customers in the inflationary context.

Current operating expenses (payroll expenses, external expenses, amortisation, depreciation, provisions and impairment, other recurring income and expenses) increased by 6% and were mainly impacted by the increase in payroll expenses (+4.2%) as well as by the increase in the cost of energy (+30%).

Other recurring income and expenses represent income of €39 million (compared to €77 million in 2021), and mainly include asset disposals, the amounts of which are not individually significant, as well as foreign exchange gains.

The recurring operating income decreased by 9.8% to €664 million. EBITDA held up better with a decrease of 3.4% to €1,697 million.

After taking into account "Non-recurring income and expenses", the operating income decreased markedly from €577 million to €366 million. The change is mainly due to a high level of impairment of the goodwill of the Retail France activity in 2022 as well as the impairment of Russian and Ukrainian assets.

The non-recurring items recorded under "Non-recurring income and expenses" include:

(In €m)	12/31/2022	12/31/2021
Net impairment of assets (excluding Russia and Ukraine)	(123)	8
• of which impairment of Retail France goodwill	(126)	8
• of which impairment of net tangible assets	3	
Assets disposals	22	166
• of which disposals for Retail activity	20	166
• of which disposals for real estate activity	1	
Russia – Ukraine	(156)	0
• of which impairment of goodwill (Ukraine)	(30)	
• of which impairment of property, plant and equipment	(123)	
• of which losses on inventories	(3)	
• of which disposal of Ceetrus Russia	1	
Other	(41)	34
TOTAL NON-RECURRING INCOME AND EXPENSES	(298)	207

Financial income is broken down into:

- the net cost of financial debt, down to €117 million (compared to €145 million in 2021);
- the other financial income and expenses, up by €60 million back to €170 million (compared to a financial expense of €230 million in 2021).

The income before tax of the consolidated companies was €78 million (compared to a profit of €568 million in 2021). The effective tax rate was 188.4% in 2022, compared to 41.1% in 2021. This deterioration is partly explained by untaxed impairments of assets (goodwill and property, plant and equipment).

The share of net income of associates was a loss of €6 million in 2022 compared to a profit of €19 million in 2021.

The net income from continuing operations represented a net loss of €74 million in 2022 compared to a net profit of €353 million in 2021.

The net income from discontinued operations or operations held for sale was €117 million (compared to €5 million in 2021). This amount includes mainly the result of the activity of Auchan Retail's subsidiaries in Taiwan until the date of loss of control, as well as the capital gain resulting from this disposal (see note 3.2.1 to the consolidated financial statements).

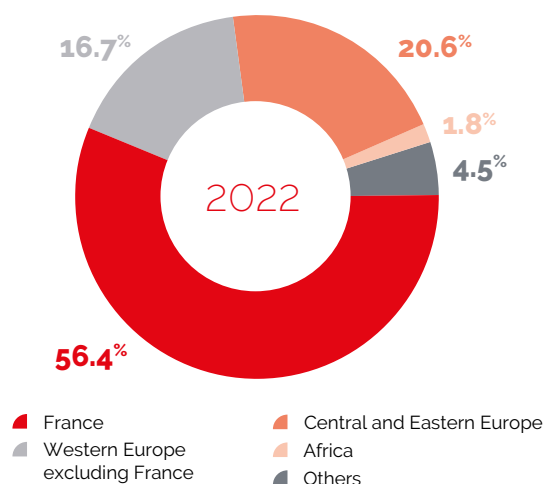
Taking into account the net income of discontinued operations or activities held for sale, the net income (Group share) amounted to €33 million, compared to €344 million in 2021. The cash flows from operations was stable overall at €1,261 million in 2022 (€1,272 million in 2021).

Comments on the statement of balance sheet

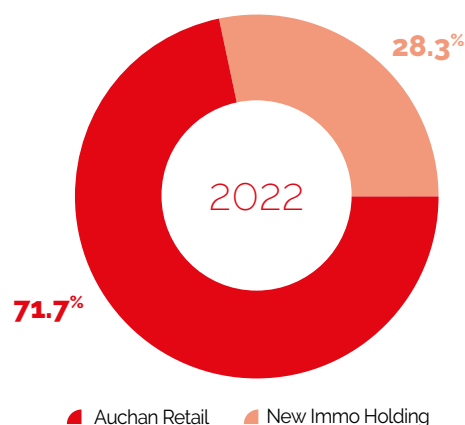
Assets:

The current investments excluding business combinations (acquisitions of intangible assets, property, plant and equipment and investment properties) amounted to €1,445 million (rights-of-use included). The volume of current investments increased compared to 2021 (€1,184 million) and illustrates, among other things, the Group's commitment to the climate and also its desire to modernise its store fleet.

> CURRENT INVESTMENTS BY GEOGRAPHICAL AREA IN 2022



> CURRENT INVESTMENTS BY ACTIVITY IN 2022



The breakdown of investments was 61.0% in France (39.8% in 2021), 16.7% in Western Europe excluding France (33.3% in 2021), 20.6% in Central and Eastern Europe (22.6% in 2021) and 1.8% in Africa (1.3% in 2021).

Liabilities:

Equity stood at €6,324 million As of December 31st, 2022, compared to €6,454 million As of December 31st, 2021.

Equity (Group share) amounted to €6,130 million, down by €118 million. The main changes were as follows (in millions of euros):

Net income for 2022	33
Treasury shares	(10)
Other comprehensive income	70
Change in debt related to put options granted and repurchase commitments (net of total deferred tax)	(6)
Changes in consolidation scope	(4)
Dividend distribution	(200)
Other	(2)

The non-controlling interests amounted to €194 million, compared to €206 million as of December 31st, 2021.

The net financial debt, as defined in note 10.1 to the consolidated financial statements, amounted to €2,579 million as of December 31st, 2022 compared to €2,181 million as of

December 31st, 2021. It represented 40.8% of equity, compared with 33.8% as of December 31st, 2021, and 2 years of cash flows from operations and 1.5 years of EBITDA (2.4 years including IFRS 16 lease liabilities).

1.3 CORPORATE SOCIAL RESPONSIBILITY

The company's non-financial performance is described in Chapter 2 of this document - Non-financial performance statement.

1.4 SUBSEQUENT EVENTS

None.

1.5 OUTLOOK

In 2022, ELO's financial results are satisfactory. Despite a difficult global situation, Auchan Retail and New Immo Holding have implemented a major investment policy.

This policy will remain unchanged for the year 2023, in a context that will remain unstable (food inflation, energy prices, geopolitical situation).

Auchan Retail will act as an inflation buffer for consumers and will look to the future as part of its Vision 2032. New Immo Holding will continue its strategy of reinventing real estate, thus strengthening the attractiveness of its sites, through dynamic asset management, primarily those shared with Auchan.

ELO will strive to maintain its strong financial strength, a major asset in this context, which will enable it to support the investment needs required for the development and transformation of its business lines.

NON-FINANCIAL PERFORMANCE STATEMENT

2

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2.1 VISION AND COMMITMENTS

The scope of the non-financial performance statement for 2022 is mainly focused on the actions and performance of Auchan Retail, which represents more than 98.2% of ELO's revenue. The reporting on New Immo Holding's performance and actions is therefore more specific in this chapter.

2.1.1 ASSESSMENT OF AUCHAN RETAIL'S ROADMAP FOR 2022

Three years ago, Auchan Retail launched the "Auchan 2022" corporate project, aimed at adapting its model, its offering and its organisation to the new expectations of consumers and citizens, to commit to a new generation of retail that enables everyone to live better every day and live better together.

This project is based on two strategic pillars:

- **being the benchmark player actively committed to good, healthy and local products through the selection and design of a unique, fair and responsible offering;**
- **bringing people together and providing enriching experiences that will contribute to improving the quality of life of residents.**

To embody this corporate project, the teams formalised an approach based on three fights, the main results of which are outlined in this document. The progress made during these last three years has enabled Auchan Retail to better manage this project by harnessing the energy of all employees around these issues.

2019-2022: Assessment of the three collective fights

> Fight 1: encourage healthy eating and fight against food waste



This commitment, close to the 2,101 points of sale and digital activities of Auchan Retail, aims to meet the needs of healthy, quality and increasingly locally sourced food. To this end, Auchan Retail strives to ensure the traceability and quality of its offering with local products and the development of responsible supply chains (see Chapter 2.5.1). The company has also focused on reducing food losses through partnerships with innovative start-up companies.

- **Action 1** to fight against food waste: the Smartway solution, for example, based on artificial intelligence, digitises unsold items, detects short dates and selects a recovery channel (sale with discount, donation to associations) (see **Section 2.4.4**). This initiative combines environmental and societal commitment (reduction of food waste, reduction of the carbon footprint of products) and economic performance (positive impact on the margin thanks to a significant reduction in markdown). The Smartway solution has been deployed in Romania, Russia and France.

- **Action 2** with the aim of ultimately guaranteeing the Nutri-score certification of its own-brand product range: Auchan Retail was among the first to deploy the Nutri-score nutritional label in France for its own-brand products. This score was introduced as a test in certain countries where the legal process was being formalised and thus contributed to raising awareness in Europe. This is why the descriptions of Auchan Retail branded products on the digital sites carry the Nutri-score. This label is progressively being added to products as packaging is redesigned.

> Fight 2: fight against plastic pollution



Auchan Retail is aware of the negative impacts of the use of plastic. The Ellen MacArthur Foundation estimated that in 2013, 72% of plastic packaging was never recovered and ended up in the environment, or even directly in the oceans. Since, Auchan Retail is committed to reducing the consumption of plastic throughout the life cycle of its own-brand products (from manufacturing to marketing) and across the entire supply chain for national brand products (transport, packaging, customer logistics). To combat plastic pollution, the company has prioritised its actions and formalised a global plastic policy at the international level. While France imposes strict regulations in this area, policies vary significantly from one country to another. To overcome this difficulty and uniformly promote the fight against plastic pollution, common rules have been put in place in all Auchan Retail subsidiaries. Auchan Retail's product and purchasing teams have developed their knowledge of plastic issues in packaging in order to promote best practices to be followed throughout the Group.

- **Action 1** with the objective of standardising reusable, recyclable or compostable packaging for private-label products: Auchan Retail formalised its policy to combat plastic pollution in March 2021 and published its first report on the use of plastic in its packaging during the same year. At the end of 2022, the percentage of recyclable packaging reached 64.1% in the EU, compared with 56.7% in 2021⁽³⁾.
- **Action 2** with the objective of eliminating as much plastic packaging as possible for the food industry and fruit and vegetables: the total weight of plastic in packaging used in the food industry was 6,554 tonnes in the EU in 2022, i.e. 1,572 tonnes less than in 2021.

(1) From the report *The new plastics economy: rethinking the future of plastics & catalysing action*, p. 21.

(2) Auchan Retail's plastic pollution control policy.

(3) FMCG scope.

> **Fight 3:**
reduce the carbon footprint



Actions to fight climate change were significantly stepped up in 2021 and a global ambition was defined for Auchan Retail: these objectives for 2030 and the trajectory were submitted to the SBTi organisation (see Chapter 2.4).

- **Action 1** with the objective of significantly reducing energy consumption: Auchan Retail was the first food retailer to meet its targets set at COP21 in Paris, with a 20% drop in energy consumption in 2020 compared with 2014.
- **Action 2** with the objective of improving energy efficiency: the multi-year energy efficiency program adopted by Auchan Retail continued to be deployed across several countries and sites deployment with replacement, renovation and optimisation in four areas: food refrigeration (refrigeration plant and cold units), HVAC (heating, ventilation and air conditioning), lighting (sales areas and rear areas), instrumentation (remote measurement and management of site consumption).

This allows a recurring decrease in energy consumption and continuous improvement on scopes 1 (gas, refrigerant) and 2 (electricity and heating networks).

In 2022, Auchan Retail reduced its store energy consumption by 25% (2014 base at constant country scope - see the summary table of indicators in chapter 2.9).

A responsible approach driven by committed employees who are passionate about their profession.

The Group is committed to placing a passion for service and listening to customers, as well as improving working conditions and the development of its employees at the heart of its actions. This approach includes several local initiatives or various solidarity actions carried out by the Auchan Retail Foundations and implemented by employees. For example, in 2022, employees from several European countries joined forces to provide material and logistical assistance to Ukrainians and refugees (see Chapter 2.3.8).

2020



- Active member of the Consumer Good Forum
- Signatory of the Consumption Date Agreement (France)



- Signature of the European Plastics Pact
- End of sale of single-use plastic tableware (EU)
- Withdrawal of polystyrene packaging for fruit and vegetables in Spain
- Deployment of reusable fruit and vegetable bags



- Auchan Retail International Energy Efficiency Programme
- Calculation of Auchan Retail's carbon footprint: 34 Mt CO₂

2021



- Publication of the Fight Against Food Waste Policy
- Raising employee awareness of food waste through training
- Co-construction of a Food Waste Management System between the store and Smartway teams in order to professionalise and facilitate the management of breakage. (Romania, Russia)
- Installation of anti-waste zones (France, Spain, Portugal and Poland)
- Publication of the Auchan Quality Charter



- Publication of the International Fight Against Plastic Pollution Policy
- First calculation of the total tonnage of plastic used for our private label packaging and of the recyclability rate
- Large-scale deployment of plant fibre trays in France
- Review of the gastronomy packaging range in Romania towards a cardboard offer
- End of plastic bags at check-outs in Senegal



- Definition of a global ambition for all countries where Auchan Retail is present
- Publication of the decarbonisation trajectory across all business scopes
- Continuation of the Energy Efficiency Programme
- Signature of the Auchan / Volitalia-Helexia partnership

2022



- Deployment of the Smartway solution in France



- Consumers can bring their containers: Portugal, Spain, France, Luxembourg and Poland
- Implementation of IT tools to monitor our packaging (France, Poland, Hungary and Romania)
- First training on packaging for teams (France, Portugal)
- Re-commitment to the European Plastics Pact



- Deployment of Auchan Retail's Climate Plan
- Ongoing drafting of climate roadmaps (Corporate, DPW, France, Hungary, Portugal, Romania and Spain)
- Continuation of the Energy Efficiency Programme

2.1.2 AMBITIONS FOR 2032

2022-2032: A roadmap that embodies our vision

Auchan Retail's 2032 Vision "Eat well and live better while preserving the planet" embodies and guides the actions of Auchan Retail's teams on a daily basis and the structuring of the new roadmap with two-year objectives. This approach is based on three pillars - Planet, People and Food - and two cross-functional pillars: improved management of our non-financial performance and a more intensive dialogue with our stakeholders.

The three pillars

Planet: fighting to preserve the planet

To contribute to the fight against climate change and to preserve natural resources, Auchan Retail has defined the following priorities:

- **climate:** a commitment to reduce its carbon emissions and incorporate climate issues into strategic decisions;
- **biodiversity:** the definition, in 2023, of a global biodiversity preservation policy to counter the reallocation of green-field sites and the threats to certain terrestrial and maritime species;
- **plastic:** implementation of the Group's policy to fight against plastic pollution, in particular by reducing plastic packaging and by using recycled and recyclable materials;
- **food waste:** an acceleration of actions to fight against food waste conducted across the value chain.

People: implement the Group's social objectives

The men and women of Auchan Retail share the vision and values of a global family group with a strong commitment to society for 60 years now. Today, the Group wishes to cultivate this collective experience in order to shape the retail sector of tomorrow with its employees in a climate of mutual respect:

- **employability:** Auchan Retail is committed to developing the skills of its employees in parallel with the necessary transformation of the Group's business lines;
- **diversity:** Auchan Retail wants to establish a caring and meaningful corporate culture for all its employees;
- **health and safety:** Auchan Retail's priority is to ensure a healthy and fulfilling work environment for its employees, while building on the experience acquired in the company through the measures taken during the Covid-19 crisis;

- **economic value sharing:** Auchan Retail is continuing its commitment to employee shareholding;
- **sponsorship and solidarity:** the commitment of employees has been strengthened through actions supported by the Auchan Foundation. The Covid-19 crisis and the war in Ukraine have given new meaning to some of these actions. They have also led to the creation of the Auchan International Solidarity Fund. Its purpose is to develop solidarity for and between Auchan Retail employees by supporting those who encounter serious difficulties due to exceptional crises or events (pandemic, natural disaster, technological and industrial disaster, fire, terrorist attack, violence, war, etc.).

Food: offer healthy, accessible food that contributes to better health

Improving the control of the food cycle from farm to fork, maintaining relationships of trust with local producers, developing responsible agricultural production chains and limiting the carbon footprint of food products are the subject of daily efforts by Auchan Retail employees in the various countries where it operates. Two priority issues guide these efforts:

- **good nutrition:** their constant concern, expressed by the Auchan international quality charter, is to offer healthy and good quality food;
- **customer education:** they are committed to advising customers who request it, on the choice of a diet that promotes seasonal products and all products with nutritional labels.

The two cross-functional pillars to serve these objectives

Reliable CSR performance management

Using new technologies to better trace product flows and establish the link between producers and consumers should enable Auchan Retail to collate relevant data from points of sale and thus make internal reporting more reliable for better management of CSR actions.

Dialogue with stakeholders

One of the Group's priorities is to inform customers, supplier partners, shareholders and investors about responsible projects and commitments. Auchan is also increasingly committed to communicating with the players in its food ecosystem, i.e. farmers and industrialists, nutritionists, top chefs, and also artisans such as butchers, fishmongers and bakers in Auchan stores, whose jobs are central to the concern for healthy, quality food for consumers.

2.1.3 CSR GOVERNANCE

Auchan Retail has set up both international and national governance systems.

At the international level

Since September 2022, the CSR Department, which reports directly to the Chairman and Chief Executive Officer of Auchan Retail, has been responsible for:

- the International CSR Committee, which brings together the country CSR managers, the Worldwide Products Department⁽¹⁾ and certain business lines (quality, technical, ethics, etc.). It meets every month to oversee international initiatives and promote synergies among countries;
- the Climate committee, which is responsible for monitoring the progress of the Group's Climate Plan.

In 2023:

- the ESG committee, newly created within the Board of directors, has the strategic mission of ensuring the implementation of the CSR roadmap.

At the national level

Each country has two committees:

- the CSR Committee, whose organisation and tools may differ depending on the resources and level of maturity of the subsidiaries;
- the Climate committee, which is in charge of monitoring the country-specific climate roadmap.

The country CSR manager defines a roadmap based on Auchan Retail's priorities, taking into account local issues as they emerge from the dialogue with stakeholders.

2.1.4 SHARING WITH OUR STAKEHOLDERS

Employees	• Regular managerial discussions • Production of the internal barometer in each Group country • Sharing results with employees and defining actions for improvement
Social partners	• Coordination of a CSR Commission within the European Works Council
Brands of the Mulliez Family Association (AFM)	• Contribution to the workshops of the "Acts and Facts" association, a structure that brings together volunteer retailers to discuss best practices and carry out joint actions in favour of the environmental transition • Participation in the Cap 15 programme - Convention of Companies for the Climate - adapted to retailers members of the Mulliez Family Association
Investors	• Sharing of non-financial performance assessments and roadshows carried out by the Finance Department • Sharing our progress with various banking institutions • Thematic update at the half-yearly meeting to present the financial results to financial analysts
Associations	• Support for numerous associations to meet the food needs of certain populations, particularly in Ukraine • Call for projects from the Auchan Foundation
Customers/Residents	• Focus group meetings with residents to test new concepts (new positioning of our product brands, new packaging graphic charters, own-brand communication such as Qilive and Actuel) • Continuation of the "Trends and Innovation" programme via "Trends that count" to develop product categories in line with consumer expectations • Co-construction with our consumers of certain flagship products (coffee machines, vacuum cleaners, coats, underwear, etc.) • Local meetings with residents who use our non-food products to better understand how they are used and the improvements to be made • Assessment of the image of our product brands through opinion surveys in the various countries in order to identify areas of improvement
Industrial partners and players in the Retail sector	• Contribution to discussions on CSR issues within national and European federations representing retail and distribution • Participation in the discussions of the European Plastic Pact • Participation in the working groups of the Fashion Pact
Local producers/Farmers	• Deployment of local supply chains in all countries and development of contracts with responsible agricultural production chains • Organisation of the "Auchan Tour" in France during which employees and customers were able to meet local partners, particularly within the responsible production chains
Suppliers	• Continuation of the Ecovadis CSR assessment approach with non-commercial suppliers • Organisation of the Indirect Purchasing Convention to which all suppliers were invited • Organisation of interviews with the most important suppliers and/or those most affected by the risks relating to the duty of care as part of the dedicated risk mapping exercise

(1) The Worldwide Products Department brings together teams developing own-brand non-food products in all the subsidiaries (textiles, household appliances, general store), Auchan France food products, and certain international food ranges (hygiene, coffee, chocolate, etc.).

Journalists

- Regular press releases on Auchan Retail's CSR challenges and progress
- Answers to requests for interviews and additional information
- Half-yearly press conference to present financial results and to discuss specific issues

Local and national authorities

- Regular information to the authorities on Auchan Retail's CSR commitments and achievements
- Participation in government and local CSR programs on specific topics such as energy efficiency

Materiality matrix**Auchan Retail**

In 2021, **Auchan Retail** developed a materiality matrix from global and local analyses (Spain, France, Hungary, Poland, Portugal, Romania, Russia, Senegal, Ukraine). This matrix serves as a reference for CSR actions.

The various dimensions of CSR issues were addressed in collaboration with stakeholders:

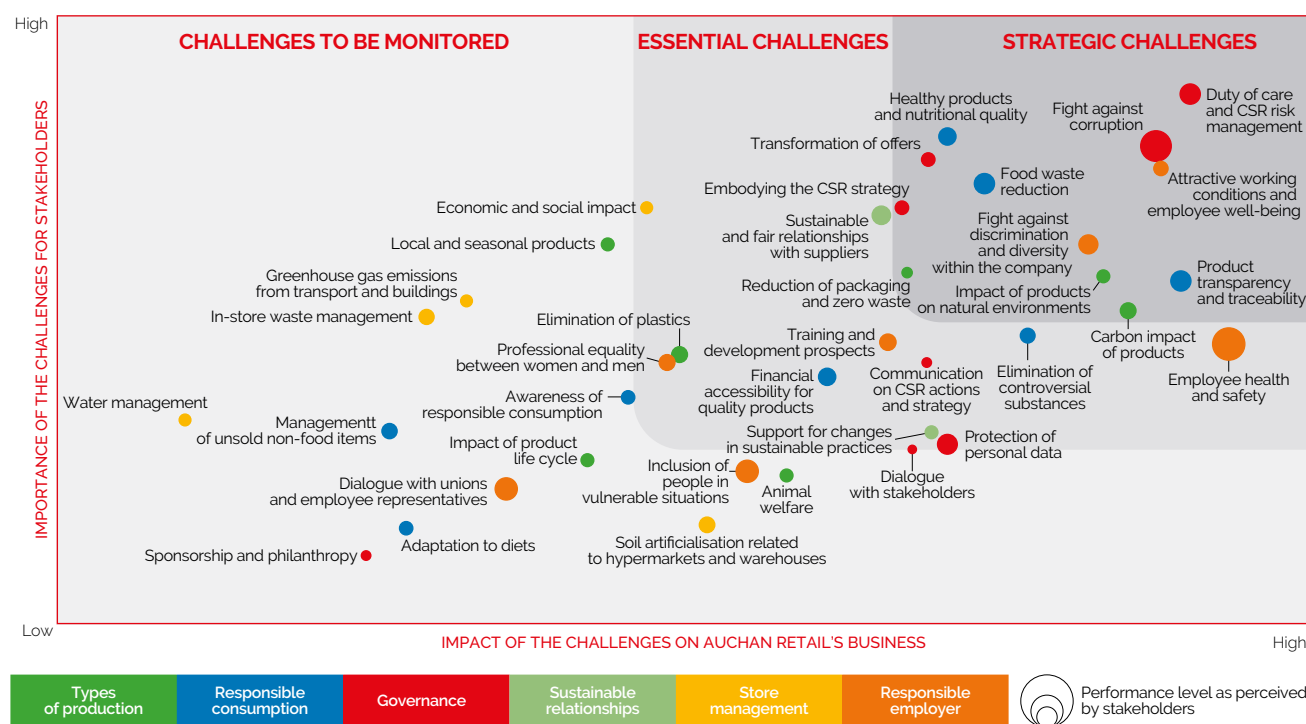
- a qualitative consultation resulted in 70 internal (employees, social partners) and external interviews (customers and consumer associations, suppliers, civil society, shareholders, professional federations, etc.);

- a quantitative consultation, through the distribution of a questionnaire to internal and external stakeholders, resulted in more than 2,000 responses.

A workshop, organised with the CSR Steering committee and three members of the Management committee, made it possible to better assess the impact of the three categories of CSR issues on the activity of Auchan Retail.

At the end of all these consultations, certain fundamentals related to the business lines and activities were highlighted, including working conditions and employee well-being, social inclusion, accessibility to products and fight against corruption.

This work also fed into the reflection on the new Auchan Retail roadmap.

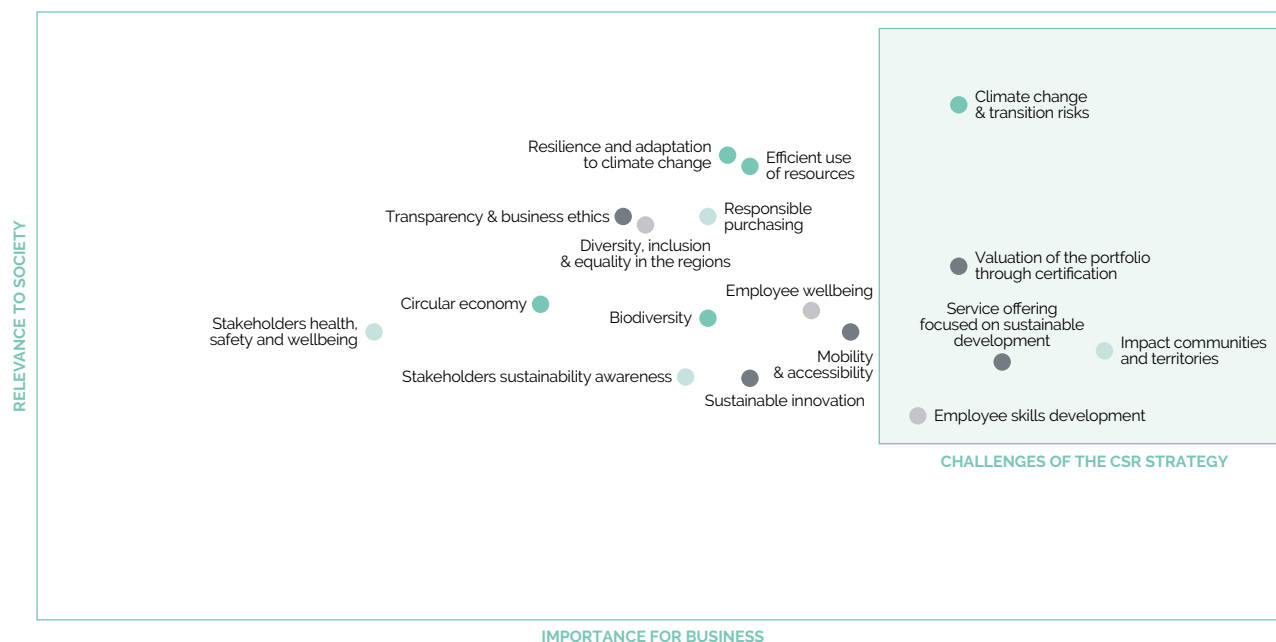
> MATERIALITY ANALYSIS RESULTS**New Immo Holding**

In 2022, **Nhood** established a materiality matrix after consulting with the main stakeholders in the various countries to identify expectations for the real estate segment. The following were organised:

- an internal consultation with the company's employees;
- an external stakeholder consultation which gathered 326 responses that helped to sharpen the market's approach to sustainability.

Based on the responses to these consultations, the Committee of Chief Executive Officers determined the impact of CSR issues on Nhood's activity, highlighting certain fundamentals related to the business lines and activities, including climate change and risks related to the environmental transition, the impact of our activities on local communities and regions, the conditions for valuing the portfolio of real estate assets through certifications (BREEAM, ISO, etc.) and the well-being and development of employees.

> NHOD MATERIALITY MATRIX (CSR STRATEGY CLUSTER)



2.1.5 NON-FINANCIAL RATINGS AND AWARDS OBTAINED IN COUNTRIES

	2022	2021	2020	Comments
	B	B	B	This score recognises the advanced level of management on climate issues within ELO, particularly in terms of reducing GHG emissions (scopes 1 and 2). The A score was not achieved because the climate plan had not been validated by the SBTi in 2022. The validation process began in January 2023.
		62	49	Score not available at the date of publication of the non-financial performance statement.

Among the awards obtained in 2022, we can mention the following:

Auchan Luxembourg

- SuperDrecksKëscht® fir Betriber label: awarded for ecological waste management, this label is granted to public or private entities that apply the SuperDrecksKëscht® fir Betriber concept and thus actively contribute to protecting the environment.

Auchan Romania

- "Business Without Borders" trophy: rewarding the quality of continuous training, this trophy recognises actions in favour of employee employability.
- Product of the Year Award: this award was given, in the kitchenware category, for the 100% recycled aluminium stoves in the Actuel range, an exclusive Auchan brand.
- Awards given at the Sustainability in Business gala organised by The Diplomat Bucharest: the company received three prizes for its performance and involvement in the development of sustainable projects, namely:

- leadership in sustainability,
- the project of the year award in the waste and resource management category for the edible oils collection and recycling programme,
- sustainability brand of the year awarded based on the results of an online public vote.

Auchan Portugal

- HR Award from the Institute of Human Resources Information awarded to the winner of the "Remuneration, Compensation and Benefits" HR Awards.

Auchan Ukraine

- "Collective volunteering" nomination Top 3 -2nd place in the "Ukraine Charity 2021" national contest (2022 result).
- Award for the company's human resources policy (human-to-human strategy).

Auchan Spain

- Essential Retail Award celebrating the company's resilience in the face of the COVID-19 pandemic.
- Linares Red Cross Award for the company's commitment to equal opportunity.
- Top Employer recognition for the human resources policy.
- Solidarity/Recognition Award (Red Cross) for the company's work in favour of the employability of young people.
- AECOC Award (Spanish Association of Manufacturers and Distributors) for the company's commitment to the fight against food waste.

Auchan France

- "La Conso s'engage" award for the company's SME-Distributors CSR commitment for the creation by Auchan and Tissages du Charlieu of a French circular economy textile sector and the implementation of a project to replace the polypropylene check-out bag with a recycled textile bag, manufactured in France by Indispensac using recycled textile waste. The advantages of this initiative are a reduction by seven of the carbon impact compared with a plastic shopping bag, the relocation of the manufacturing of the shopping bag, woven and made in France and which preserves traditional know-how combined with the modernisation of the industrial tool.

- FEEF d'Or: this award for textiles made in France thanks to the 10 best collaborations between SMEs and distributors is intended to promote the textile industry in France at an affordable price while generating jobs.
- A multi-year contract between Les Manufactures de Layette et Tricots and Auchan Retail: this contract was designed to be in the same vein to revitalise the French textile industry.

Auchan Russia

- Best Private Label Award: The Auchan Russia Private Label team received five awards:
 - winner of the "Best private label in the intermediate segment" for the "Krasnaya Ptitsa" (Red Bird) private label,
 - winner in the "InExtenso" private label "Best private label in the fashion segment",
 - winner in the nomination "Best advertising campaign of the year" - Promo in honour of the anniversary of Auchan Russia,
 - winner of the first degree in the "Responsible approach to private label" nomination - the responsible partnership program (supply chains),
 - winner of the second degree in the nomination "The best private label among food products" - Private Label "Golden Bird".

2

2.1.6 MATERIAL ISSUES AND MAIN NON-FINANCIAL RISKS**Methodology**

To identify and prioritise its non-financial risks, Auchan Retail uses the COSO ERM-based risk analysis method (committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management) in order to guarantee that the methodology meets high quality standards. The work was carried out jointly by the CSR and Risk and Internal Control teams of Auchan Retail with the active participation of internal stakeholders according to their areas of expertise. In accordance with Auchan Retail's risk management principles, the assessment was made in terms of gross risk and residual risk. This assessment also took into account the suppliers and subcontractors of each of its entities. The work was carried out jointly by Auchan Retail's CSR and Risk and Internal Control teams with the active participation of internal stakeholders in their areas of expertise.

The objective of this review was to identify the exposure of each entity to the main risks identified as well as all the risk mitigation measures implemented, sometimes locally, in order to share, consolidate or strengthen them.

This methodology makes it possible to assess the gross risk and the residual risk (i.e. after the implementation of control systems), with a view to differentiating risks and the strategies and actions to be implemented to prevent or reduce them. The criticality of a risk is determined by its probability and the greater or lesser importance of its potential impact.

This process includes the monitoring of the performance of risk mitigation actions. It may give rise to internal controls, including internal audits. Generally speaking, the identification and assessment of risks are the responsibility of local risk owners, while the management of the actions to be taken to prevent or reduce them is essentially the responsibility of local action owners.

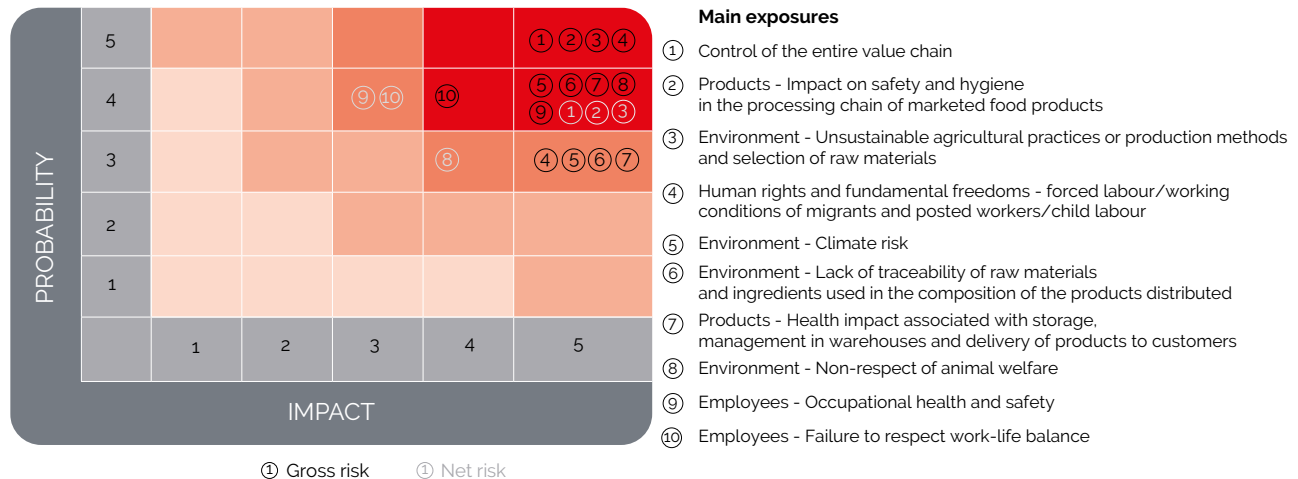
The internal audit plan takes this risk-based approach into account by incorporating some of the themes highlighted when the most significant CSR risks were identified.

The risk analysis is updated annually, or when a serious incident requires the company to assess a specific risk.

Auchan Retail CSR risk mapping

The mapping below, which is based on the methodology described above, highlights the main risks that Auchan Retail strives to control in the most effective way possible. The five levels listed distinguish between very low or no risks, low, moderate, high and critical risks.

> CSR RISK MAPPING FOR 2021



Auchan Retail has chosen to present the gross and net risks identified for the company. The gross risk is the level of intrinsic risk without taking into account the application of reduction actions or the controls in place. The net risk includes the mitigation actions deployed by the company to reduce the impact and the gross probability identified.

The level of risk presented in the table below is a summary that is the result of reworking the net risk. Initially rated on a scale of 1 to 25, the risks have been classified into three categories:

1. Level 1 risk - major risk, net rating greater than or equal to 16;
2. Level 2 risk - moderate risk, net rating between 11 and 15;
3. Level 3 risk - minor risk, net rating less than or equal to 10.

Risks	Level of risk	Challenges	Policy	Chapter of the non-financial performance statement dealing with the subject
Risks of non-compliance of the value chain	1	Respect for human and environmental rights by suppliers and subcontractors with which the Group has established commercial relationships Fight against corruption Protection of personal data Prevention of energy and raw material shortages Safety in areas of conflict that could have a significant impact on the supply chain	Code of ethics Responsible purchasing policy Labour, environmental and quality-related audits Duty of care plan Whistle-blowing procedure Renewal of the Fashion Pact signature Energy efficiency plan	2.4.1 Climate plan roadmap 2.5.3 Responsible supply chains integrating human rights and environmental dimensions 2.5.4 Business integrity 2.5.6.7 ELO Vigilance plan
Impact on safety and hygiene in the processing chain of marketed food products	1	Elimination of controversial substances Traceability of the origin of raw materials and the products themselves Customer health and safety Healthy products and nutritional quality	Quality charter and Quality committee Quality audits and external audits Health control plan (HACCP) Elimination of additives and controversial substances (blacklist) Responsible supply chains	2.2.1 Consumer health and safety 2.2.2 Nutritional quality of products 2.2.3 Responsible consumption 2.5.1 Developing responsible production chains

Risks	Level of risk	Challenges	Policy	Chapter of the non-financial performance statement dealing with the subject
Risks related to agricultural production methods and the selection of unsustainable raw materials	1	Reduction of the impact of products and the product life cycle on the environment	Responsible supply chains and LCA products Group and country carbon roadmap Supplier commitment Group deforestation policy Labour, environmental and quality-related audits Responsible purchasing policy	2.2.2 Nutritional quality of products 2.4.1 Climate plan roadmap 2.4.2 Biodiversity 2.5.1 Developing responsible production chains 2.5.3 Responsible supply chains integrating human rights and environmental dimensions
Risks related to forced labour/working conditions of migrant posted workers/child labour	2	Respect for human rights, particularly in high-risk countries (supplier and subcontractor chain) Fight against discrimination and the promotion of diversity Equitable career management No discrimination on the basis of political opinions or trade union membership	Duty of care plan Code of ethics Social dialogue Responsible purchasing policy Supplier labour, environment and quality-related audits Ecovadis CSR assessments Whistle-blowing procedure	2.3.4 Social dialogue 2.3.6 Diversity and equal opportunities 2.4.1 Climate plan roadmap 2.5.3 Responsible supply chains integrating human rights and environmental dimensions 2.5.4 Business integrity
Climate risk	2	Reduction of the carbon impact of food and non-food products Stop the reallocation of greenfield sites Preservation of natural resources. Fight against food and non-food waste Reduction of the energy consumption of sites, stores and warehouses Reduction of packaging and zero waste	Climate roadmap/carbon trajectory (3 scopes) Climate and energy governance Employee training Eco-design (Ecoyoda/Worldwide Products Department project) Food waste policy Anti-deforestation policy Plastic pollution policy Store energy efficiency plan	2.4.1 Climate plan roadmap 2.4.4 Reducing waste and fighting against food and non-food waste 2.4.5 Offering more responsible products
Risks concerning insufficient traceability of raw materials and ingredients used in products	2	Product transparency and traceability, particularly from the value chain	Responsible quality charter Responsible supply chains and LCA products Labour and quality-related auditing Supplier training Random checks on sites	2.2.1 Consumer health and safety 2.5.3 Responsible supply chains integrating human rights and environmental dimensions
Health risks associated with storage, management in warehouses and delivery of products to customers	2	Product transparency and traceability Product recall/withdrawal to ensure customer health and safety	Responsible quality charter Responsible production chain approach Quality audits HACCP	2.2.1 Consumer health and safety 2.5.1 Developing responsible production chains
Risks related to animal abuse	2	Ill-treatment of animals	Better Chicken commitment Responsible supply chain approach (section dedicated to animal welfare) Animal welfare policy (France, Spain, Poland)	2.5.1 Developing responsible production chains 2.5.2 Animal welfare
Occupational health and safety risks	2	Covid-19 crisis Repetitive gestures and risky physical postures Workplace accidents	Monitoring of and compliance with current legislation Safety training International traveller safety & security directive	2.3.5 Health – safety and quality of life at work
Risks related to working conditions and the working environment	2	Attractive working conditions and employee well-being Failure to respect work-life balance	Annual interviews QLW policy	2.3.3 Talent recruitment and retention 2.3.5 Health – safety and quality of life at work 2.5.3 Responsible supply chains integrating human rights and environmental dimensions

2.2 PROPOSING A HEALTHY, QUALITY AND RESPONSIBLE FOOD OFFERING

Auchan Retail has included a healthy and quality food offering in its Auchan 2022 corporate project that meets the demands of the company's stakeholders. The company intends to guarantee a food offering that reconciles safety, taste and nutritional balance, thus meeting Sustainable Development Goals 2 and 3.

2.2.1 CONSUMER HEALTH AND SAFETY

Background

At a time when food safety, product traceability and the quality of relations with the farming world are at the heart of current concerns, Auchan Retail is determined to offer services, products and, in particular, quality food that is accessible to all.

Risks related to product quality, compliance and safety are integrated into the risk assessment process (see Section 2.1.5), with priority given to the Group's quality processes in the design of specifications, the development of product traceability and the application of hygiene standards.

Commitments

As a product designer and selector, Auchan Retail is committed to:

- improving its own brands;
- encouraging national brands to do the same in line with its CSR approach;
- improving consumer information on responsible products and consumption patterns;
- relying on internal or external experts or partner organisations (Atlantic Santé, Earthworm France, etc.) in this progress approach.

Auchan Retail has formalised these commitments in an Auchan quality commitments charter designed around ten areas and which applies to Auchan brand products:



With regard to consumer health and safety, the charter includes three types of actions.

1. Guarantee the safety and compliance of Auchan products

This component of the Auchan quality commitment charter is reflected in:

- the selection of our suppliers to minimise Quality, Social and Environmental risks by geographical area through stringent specifications;
- audits of each production site by following Auchan guidelines and/or by relying on international standards;

- quality audits carried out at all suppliers of own-brand products,
- social audits carried out according to internationally recognised methods: Auchan is a founding member of the Social Clause Initiative (ICS) as well as the Business Social Compliance Initiative (BSCI);

- the monitoring of the performance of our products and suppliers through regular tests carried out by accredited service providers and technical visits.

This process, which applies to all own-brand products in all countries where it operates, is regularly checked by the Internal Audit Department.

2. Inform consumers about the traceability of raw materials

Auchan Retail aims to:

- provide customers with the required product information (traceability, labelling, web, blockchain deployment, etc.);
- inform the customer about the country of production;
- inform the customer about the origin of the raw materials;
- guarantee that there are no contentious substances in the raw materials, in particular through the blacklist (see dedicated section).

3. Enhance in-store quality and manage withdrawals and recalls flawlessly

Food quality in stores and in the logistics chain requires all subsidiaries to:

- have a health control plan (HACCP)⁽¹⁾ for all stores and in logistics;

- train employees across the chain (from the warehouse to the store, including delivery) in both food safety and quality;
- assess all their sites in a uniform manner against the international inspection standard FSQS⁽²⁾;
- control the hygiene and safety of products (regular microbiological samples taken in stores);
 - in the event of a serious crisis:
 - be able to withdraw a product worldwide,
 - have whistle-blowing systems,
 - contact customers immediately in the event of a risk to their health;
 - develop Food Safety Culture certification or awareness-raising programmes.

2

2.2.2 NUTRITIONAL QUALITY OF PRODUCTS

> Background

Consumers are increasingly attentive to what they eat, to environmental protection and to respecting production conditions. To meet these expectations, Auchan Retail is mobilising its ecosystem: not only farmers and manufacturers, nutritionists and top chefs, but also butchers, fishmongers, bakers in its stores, its department managers and checkout assistants, logistics and digital teams, etc., not forgetting partner associations.

> Commitments

Auchan Retail aims to:

- **select and design healthy and quality Auchan-brand products;**
- **diversify the range of its products to meet the different nutritional choices and lifestyles of consumers.**

In order to lead and coordinate the Quality departments of its subsidiaries, Auchan Retail organises a quality committee meeting every month. This committee is made up of all country quality directors as well as support functions.

These meetings are an opportunity to share best practices and business requirements, discuss emerging issues and to reflect together on the areas of the company's quality strategy. For example, the topics addressed in 2022 focused on:

- traceability with the aim of setting up a common traceability tool;
- performance indicator categories;

- international commitments and those made in the charter (**see section 2.2.1**);
- quality audit guidelines and standards;
- controversial substances and products including soybeans and palm oil;
- food quality risk mapping;
- quality procedures (process, policy, tools, etc.);
- the update of the controversial substances blacklist, etc.

Select and design healthy and quality products

To this end, Auchan Retail draws up specifications that include the commitments set out in its responsible policies, namely:

- natural, simple ingredients without unwanted additives (blacklist), in particular:
 - no GMO ingredients,
 - no ingredients that contribute to deforestation (such as palm oil and soybeans),
 - no azo dyes,
 - no glutamate,
 - no nanotechnology,
 - no sweetener in foods for infants and toddlers;
- with a studied composition that requires:
 - the search for quality ingredients,
 - the review of recipes to improve the nutritional profile of products (reduction of salt, sugar and fat as well as an increase in fibre content).

(1) Hazard Analysis Critical Control Point - a system that identifies, assesses and controls significant food safety hazards.

(2) Food Store Quality Standard (FSQS) supported by the FSQ Association (formerly IFS FOOD STORE). The FSQS is a common standard for large retailers. This standard makes it possible to measure the level of control of the points of sale with regard to the safety of the food sold.

Diversify the product range to suit all types of consumer diets and lifestyles

Auchan Retail adapts to the diverse expectations of consumers and intends to offer an offer for all dietary types.

To this end, and taking into account the social consciousness of consumers, the subsidiaries promote agricultural initiatives that respect the environment and promote consumer health:

- develop ranges from organic farming by promoting national or even local supply chains;
- products without pesticide residues;
- products bearing labels such as the High Environmental Values in France.

Today, some of customers are choosing to consume less or more meat and other animal products. This is why Auchan Retail is developing ranges of own-brand vegetarian and even

vegan products as an alternative to the consumption of animal proteins.

Auchan Retail designs or selects products for other needs:

- gluten-free products;
- low-sugar products;
- low-salt products;
- products without specific allergens.

When store space permits, these products are brought together in a single department to facilitate purchases by customers coming specifically for these needs.

In addition, Auchan Retail offers more than 2,000 own-brand food products with a Braille label. This labelling, in place since 2015, allows the visually impaired to choose and recognise the product they want to consume without risk of error.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
The nutritional quality of products	DPW	• Own-brand products are regularly "reworked" to reduce salt, sugar and/or fat levels. In 2022, we improved the nutritional profile of nearly 400 products. • A blacklist of controversial substances banned from recipes was prepared. This list has been updated every year for the past fifteen years. In 2022, more than 1,000 recipes were reviewed to eliminate these substances.
	Auchan Retail Hungary	A systematic analysis of blacklisted ingredients and the Nutri-Score score is carried out on own-brand products. This involved 600 own-brand products.
	Auchan Retail Spain	Between November 1 st , 2021 and September 30 th , 2022, 36 own-brand products were redesigned, eliminating 5.3 tonnes of saturated fat and 1.8 tonnes of sugar.

2.2.3 RESPONSIBLE CONSUMPTION

> Background

Consumers are increasingly keen to know the origin of the products they consume and to know how, where and by whom they were manufactured. The legislator has tightened up the legal obligations regarding product traceability and responsibility in their manufacturing methods. Products must therefore be manufactured in a sustainable way, and this must be made clear through information that is easy to access and understandable to all.

> Commitments

Retailers have a role to play in consumer nutrition education. They must help raise awareness of healthy eating habits and help them make the best choices. This is why Auchan Retail has rolled out the visible Nutri-score label on the packaging of its own-brand products. To date, France, Spain, Portugal, Luxembourg, Poland and Hungary have adopted this label.

Auchan Retail has also developed communication kits and brand platforms for its subsidiaries, including two basic principles:

- prohibit any incentive to waste and encourage the recovery or repair of non-food products;
- take into account the fact that all products have an environmental impact.

Actions are also undertaken in the subsidiaries to raise awareness among consumers about buying and consuming better:

- thematic leaflets and brochures: responsible supply chains, organic products, etc.;

- cooking workshops with students;
- diabetes awareness campaigns;
- recipe proposals, validated by a nutritionist;
- promotion and tasting of products;
- in-store QR codes giving access to detailed information on certain products.

The company forges partnerships with local associations to promote responsible consumption, while the Auchan Foundation supports projects that contribute to healthy, accessible food and promote social cohesion (see chapter 2.3.7. "Societal commitment and solidarity").

> Indicators

Scope	Indicators	2019	2020	2021	2022
Auchan Retail	Percentage of private label and international private label products ⁽¹⁾ with a nutritional label on the packaging	33%	45%	48%	45%

(1) Private label products are also called own-brand products.

International private label products are products developed by the international purchasing centre for all our countries.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
The nutritional quality of products	DPW	• Communication kits that highlight the brands with the lowest impact on the environment and to help consumers in their shopping experience. • Redesign of the "Cultivons le Bon", brand platform of responsible agricultural production chains, which promises that: "With Auchan, it's simple to choose better to eat better".
	Auchan Retail Portugal	• Annual action plan to promote healthy eating in stores and online. • Good food newsletter. • Weekly publication of healthy recipes with the calculation of the nutritional value. • Articles and recipes written by nutritionists: - 103 recipes published, - 79 articles published.

2.3 COMMITMENT WITH PASSIONATE EMPLOYEES

> Background

The attention paid to employees in all its human and social dimensions is at the heart of the company's culture. It is essential for inventing the retail of tomorrow and better satisfying customers' lifestyle choices. Auchan Retail strives to stimulate employee autonomy, agility and commitment based on two essential principles:

- professionalism: by encouraging the responsibility of employees at the local level as close as possible to customers;
- employability: by aligning employees' skills with the company's vision, purpose and main strategic priorities.

As part of the Auchan 2032 roadmap, two major strategic areas for the Human Resources component have been identified:

- build a strong employer brand to nurture the bond with employees and develop Auchan Retail's attractiveness on the job market;
- anchor empowering management in a decentralised company structured around the living areas of customers and residents.

2.3.1 THE COMMITMENTS OF OUR HUMAN RESOURCES STRATEGY

As Auchan Retail's employees represent 99.3% of ELO's workforce, this chapter will mainly focus on Auchan Retail's HR challenges.

Human Resources priorities are:

- the employee experience;
- recognition of work, value sharing and compensation;
- internal communication;
- support for the necessary cultural, managerial and organisational transformations;
- taking into account quantitative and qualitative social issues (e.g. by promoting integration and inclusion, by ensuring the health and quality of life at work of employees or by developing employability and upskilling).

The International Human Resources committee, composed of Country HR directors and leaders on corporate HR issues, strives, in particular, to promote the company's culture and promote best practices.

Each subsidiary has a Human Resources Department, represented on the Management committee, which manages several divisions: personnel management, Human Resources development and training, internal communication, organisation - transformation, compensation.

2.3.2 EMPLOYMENT

> Background and employee expectations

ELO entities have a total of 161,476 employees, 160,407 for Auchan Retail and 1,069 for New Immo Holding. 81.3% of them are in Europe.

The Group's culture is one of responsibility, experience sharing, mutual respect and trust. It draws on the diversity of the profiles of its employees around the world.

> Workforce and breakdown

For more than two years now, the health crisis has impacted the entire distribution and commercial real estate segment. It has pushed the Group to remain vigilant and ensure that internal levers of flexibility or the capacity for re-internalisation can be reactivated should a new crisis arise.

> TREND IN WORKFORCE NUMBERS BY BUSINESS LINE

Activity	Total workforce at the end of the period		
	As of 09/30/2020	As of 09/30/2021	As of 09/30/2022
Auchan Retail	173,412	163,098	160,407
Nhood	970	1,082	1,069
TOTAL	174,382	164,180	161,476

The ELO workforce dropped by 1.7% between 2021 and 2022 due to the digitisation of retail, which led to some redeployments of staff, in particular to new business lines (IT, data, "last-mile" supply chain, etc.).

In order to maintain the employability of employees, HR support measures have been put in place in advance (support for the design of individual professional projects, training including certification and incentives for functional mobility and multi-skills).

> BREAKDOWN OF WORKFORCE BY COUNTRY

	Total workforce at the end of the period			Change 2021 vs 2022 (in %)
	As of 09/30/2020	As of 09/30/2021	As of 09/30/2022	
France	69,638	67,021	65,521	(2.2)
Head offices	1,343	1,578	1,789	13.4
TOTAL FRANCE	70,981	68,599	67,310	(1.9)
Spain	19,702	19,191	19,364	0.9
Portugal	8,069	8,593	8,653	0.7
Luxembourg	1,261	1,310	1,298	(0.9)
Italy (Nhood)	122	128	103	(19.5)
TOTAL SOUTHERN EUROPE	29,154	29,222	29,418	0.7
Russia	32,501	28,579	28,062	(1.8)
Poland	18,844	16,235	16,462	1.4
Romania	8,818	8,238	7,868	(4.5)
Hungary	6,883	6,438	6,076	(5.6)
Ukraine	5,455	5,097	4,337	(14.9)
TOTAL CENTRAL AND EASTERN EUROPE	72,501	64,587	62,805	(2.8)
Senegal	1,746	1,772	1,943	9.7
TOTAL AFRICA	1,746	1,772	1,943	9.7
TOTAL	174,382	164,180	161,476	(1.7)

The increase in the workforce of the head offices (+13.4%) is explained exclusively by the integration of our sourcing offices in Asia.

The workforce in Senegal is also expanding as the company develops its presence in the country: up 9.7% between 2021 and 2022.

In addition, a decrease in the workforce occurred in particular:

- in Hungary with a decrease of 5% of the workforce in the hypermarkets, due to labour shortages, the implementation of a new customer collection process and the centralisation of the security department;
- in Romania with a decrease of 4% of the overall workforce and 7% in the hypermarket workforce in which there was a readjustment of the structures in view of the needs.

> BREAKDOWN OF WORKFORCE BY PERMANENT/FIXED-TERM EMPLOYEES

	Share of fixed-term employees vs Total workforce			Share of permanent employees vs Total workforce		
	2020 (%)	2021	2022	2020 (%)	2021	2022
ELO	7.6	8.3	7.0	92.4	91.7	93.0

The use of fixed-term contracts is not one of ELO's objectives, but may be necessary to cope with seasonal peaks in activity or to replace employees who are absent or on leave. Internal organisational models based on versatility and better operational planning make it possible to better manage these variations.

Moreover, in France, work-study contracts are for a fixed period and the company has adopted a proactive policy in terms of work-study contracts which is reflected in an increase in these jobs of around 15% in 2022.

Lastly, the need to recruit certain profiles rare on the market (fresh food professions, security, etc.) is forcing the company to develop other forms of contracts such as temporary employment.

> BREAKDOWN OF WORKFORCE BY GENDER

	Total female workforce at the end of the period			Total male workforce at the end of the period		
	As of 09/30/2020	As of 09/30/2021	As of 09/30/2022	As of 09/30/2020	As of 09/30/2021	As of 09/30/2022
ELO	109,088	102,238	99,882	65,294	61,942	61,586

The percentage of women decreased very marginally from 62.3% to 61.9%; a change correlated with the decline in the workforce in Eastern Europe, where the percentage of women is structurally higher.

> BREAKDOWN OF WORKFORCE BY AGE GROUP

	Percentage of employees aged under 25 in the total workforce			Percentage of employees aged 25 to 35 in the total workforce			Percentage of employees aged 35 to 50 in the total workforce			Percentage of employees aged 50 or more in the total workforce		
	2020 (%)	2021 (%)	2022 (%)	2020 (%)	2021 (%)	2022 (%)	2020 (%)	2021 (%)	2022 (%)	2020 (%)	2021 (%)	2022 (%)
ELO	15.3	15.3	15.8	20.5	20.0	18.6	38.0	37.7	37.0	26.3	27.5	28.6

In terms of age pyramid, the company must meet two challenges related to its ability to:

- manage the intergenerational balance;
- offer adapted working conditions to senior employees who represent a growing proportion of the workforce.

> BREAKDOWN OF WORKFORCE BY FULL-TIME/PART-TIME EMPLOYEES

	Percentage of full-time employees in the total workforce			Percentage of part-time employees in the total workforce		
	2020 (%)	2021 (%)	2022 (%)	2020 (%)	2021 (%)	2022 (%)
ELO	73.6	73.3	73.8	26.4	26.7	26.2

> WORKFORCE CHANGES AND REORGANISATION

Movements made between 01/10/2020 and 30/09/2022:

	Number of people hired on permanent contracts			Number of dismissals (all reasons) of permanent employees			Turnover of permanent employees		
	2020	2021	2022	2020	2021	2022	2020 (%)	2021 (%)	2022
ELO	32,449	31,442	41,686	6,264	5,934	5,676	23.10	26.90	30.04

The turnover rate increased by more than three points between 2021 and 2022, mainly due to the recovery of a dynamic job market.

2.3.3 TALENT RECRUITMENT AND RETENTION

> Background

The mass-market retailing businesses are changing rapidly: retail 2.0, sustainable food, new food uses, etc. To meet these challenges, the expertise and commitment of talent are essential. As true ambassadors of the company's culture and its values, employees embody the employer brand, enabling the company to stand out in a globalised, digital and competitive environment.

> Recruitment commitments

To retain talent, Auchan Retail aims to:

- attract the best talent by promoting diversity and promoting commitment to the company's societal project;
- promote the initiatives of motivated, professional employees who are culturally aligned with the brand's values;
- anticipate changes in professions (key skills, job content, workforce) in line with new business models and digital transformation;
- ensure the necessary resources and skills in terms of market positioning.

> Welcoming new employees

From the least qualified to the most expert, from young people to seniors, the profiles are the most diversified and recruitment is based on the principle of non-discrimination and equal opportunity. Managed at the level of each country, local recruitment can be supported by Auchan Retail's Corporate teams depending on specific needs. Young people are recruited through the Group's relationships with schools, universities and recruitment firms. Auchan Retail and New Immo Holding employees visit partner establishments to present their company's business lines and key features. These events offer students and young graduates the chance to acquire work experience in stores, to work under work-study contracts or to secure their first job after completing their studies. To raise awareness of the corporate world and the specific characteristics of retail professions, the local structures of Auchan Retail also welcome students for introductory internships (French secondary school students) throughout the year.

> AUCHAN RETAIL KEY FIGURES

In 2021, **600 work-study students** were recruited on permanent contracts at the end of their training.

In 2022, **3,817 work-study students** were recruited, including 68% under the age of 25 and **3,187 interns**.

As the 2022 edition of the commitment barometer shows, the Auchan employee community has many assets: individual and collective involvement, a friendly atmosphere and team spirit, product and brand pride, the practices of management on a daily basis, the ability to get involved in societal initiatives and robust business know-how.

Areas for improvement have been identified in particular to boost career paths, promote understanding of the corporate project over the next ten years, better acknowledge

involvement and support operational managers who work closely with teams and customers.

Actions have already been planned. They will be finalised in 2023 around several themes:

- 1) day-to-day culture and factors that contribute to the work climate;
- 2) quality of life at work (working conditions and work-life balance);
- 3) the organisation of work, the content and interest of the job;
- 4) employability, skills development and career development;
- 5) the quality of the recruitment process, from the initial induction to the departure of the employee;
- 6) management that encourages autonomy and accountability and fosters the recognition of a job well done and individual involvement;
- 7) fair compensation schemes that encourage involvement and contribute to performance;
- 8) the quality of links with the external environment (institutional relations, relations with schools, collaboration with job market players, various partnerships, etc.) and on the online networks that matter;
- 9) the ability to get involved in CSR actions within the company;
- 10) a smooth and simple candidate/employee experience.

The company is committed to the development of its employees and internal promotion. At the same time, Auchan Retail is ramping up its transformation by taking on expert profiles in high-stakes professions such as digital, IT and supply chain.

> Promote and retain talent

Whether at the national or international level, Auchan Retail is committed to good career management in order to retain its talent pool. A specific approach ensures the management of the careers of executives and future executives, i.e. 1,000 employees in the various countries where the Group operates (members of the Group Management committee, N-1 of members of the Group Management committee as well as employees considered as "high potential").

Talent reviews are organised for these key employees in each country with the support of corporate teams to define action plans: individual development actions, international skills acquisition courses, future management courses, etc.

International mobility is also a tool for developing the skills of future managers. Auchan uses this system to enrich the employee pathway and capitalise on the potential of internal resources.

Auchan Retail has improved the annual interview process offered to employees, the aim of which is not only to take stock of the past year, but also to specify the training needs and objectives to be achieved for the following year. The company encourages the practice of feedback for better quality management and better recognition of individual work.

> Indicators

Indicator	2020	2021	2022
Internal promotion rate	29.3%	35.3%	29.6%
Internal promotion rate of women	31.6%	38.8%	34.8%
Internal promotion rate of men	27.1%	31.4%	23.6%

Internal promotion is one of the main drivers of motivation in the company. 30% of our managers benefited from internal promotion.

It is combined with all the other recruitment methods: work-study programs, the hiring of young high-potential managers, and the recruitment of qualified experts.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Recruitment	Nhood France and Holding	Onboarding seminar for employees on permanent contracts over two days, which obtained a satisfaction score of 4.9/5.
	Auchan Retail corporate teams	Training course offered over the first 100 days to newcomers to help them integrate and familiarise themselves with topics such as climate, ethics and cybersecurity.
Talent management	Nhood Spain	A Talent Review aimed at better assessing employees in terms of performance and potential, and defining action plans to support them in their professional careers. Internal mobility is preferred above external recruitment.
Work-study	Auchan Retail France	There is an Office of interns and work-study students (BDSA) whose mission is to support young people throughout the year with new training tools offered to "tutors" appointed to monitor young people at the beginning of their careers.
Onboarding process	Auchan Retail Poland	Standardisation and simplification of the onboarding process for new recruits in the subsidiaries. Welcome training for all and during the first months. A virtual assistant automatically sends reminders of knowledge acquired during training. Employee satisfaction surveys (which resulted in second prize in the national "People Innovation" competition).

2.3.3.1 Training

Training, over and above its human and social dimension, has always been associated with the notion of "sharing knowledge" in the company. This is one of the levers of employee empowerment that the company encourages. This is reflected internally by the sharing of information on the company's life in complete transparency, such as by communicating on the corporate project or its strategy. In addition, this also means opening up to its ecosystem, sharing time with other companies, participating in conferences, continuous training, etc..

Auchan Retail's training policy consists of:

- developing cross-functional skills to achieve the Auchan 2032 Vision together;
- continuing to roll out career paths, for both retail and new jobs (data, supply, digital, etc.);
- strengthening the skills of managers and preparing the talents of tomorrow.

Auchan Retail ensures that its training budget is sufficiently allocated and that it develops a variety of educational approaches adapted to the professionalisation needs of its teams.

Develop cross-functional skills

The digitisation of training allows it to be offered to as many people as possible. In 2022, more than 578,000 hours of remote

training were offered to New Immo Holding and Auchan Retail teams.

To support the transformation of professions in stores, an approach called Future of work, initiated in 2019 was expanded in 2022. Its aim is to put into perspective the changes to come for each family of professions and by country so that each can best adapt its skills and employment mapping.

> KEY FIGURES

13.7 = the average number of training hours per employee in ELO companies.

Continue to roll out business line training

Auchan Retail is aware of the transformations brought about by digitisation and new customer requirements and of the need to design new forms of skills transmission (just-in-time, in the field, collaboratively, e-learning, etc.).

The recruitment of certain profiles is also becoming increasingly complex in a context of a tight labour market. A specific training and skills development system for teams around data has also been rolled out at the Auchan Retail head office. A communication campaign was launched to introduce the employees concerned to how to approach these new issues. Some employees have thus become Data Officers in their position. More generally, this initiative enables teams to better control data that is more reliable and of higher quality. There are two advantages: employees are better able to meet

the current and future needs of the company and are able to cope with the digitisation of businesses and activities.

Developing the key skills of managers and preparing the talents of tomorrow

The Learning & Talent Management approach implemented in 2021 for future executives is based on the assessment of their performance and their potential with regard to the profile sought by the Group. Assessments are also carried out before an executive's change of position.

The Auchan International Management (AIM) training path reviewed in 2021, allows twenty managers over a period of 9 to 12 months to discover the common "toolbox" intended for all new managers of the company. Curiosity, autonomy and a growth mindset necessary to understand a VUCA (Volatility, Uncertainty, Complexity and Ambiguity) world are part of the skills that are valued. This course was the subject of two

face-to-face sessions in 2022 in partnership with the Nova School of Business and Executive Education (Lisbon, Portugal). Topics such as data, management change, strategy and value creation and leadership were also addressed.

In addition to these two training sessions, a 360° assessment, e-coaching and discussions with internal experts were organised on cybersecurity and personal data protection. This training ended with a collective reflection on a strategic project for the Group led by an external coach.

AIM offered participants 40 hours of additional training leading to a postgraduate diploma delivered by the Nova School of Business and Executive Education. Feedback was very positive and participants gave an overall score of 9/10 attesting to the pedagogical quality of this training course.

Auchan Retail also offers its employees the opportunity to learn about climate issues (see Chapter 2.4.3.1).

> Indicators

Indicator	2020	2021	2022
Total training hours	2,367,729	2,383,626	2,207,366
Percentage of training hours out of total hours worked	0.9%	1.0%	1.0%

The ratio of training hours to hours worked is stable. Our ambitions in terms of professionalism and employability will probably lead us to increase this ratio in the coming years.

Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Digital training	Auchan Retail Spain	Development of training actions related to new food uses and digital transformation to raise employee awareness of the food transition and familiarise them with digital tools.
Internal event	Auchan Retail Russia	Launch of a new internal event format as part of the employer brand. Presentation of a conference by IT experts either face-to-face or remotely depending on the site. Public speaking assistance training for speakers. Training in interactive exchanges between speakers and participants: questions & answers, quizzes, etc.

2.3.3.2 Compensation and value sharing

Compensation

Compensation policies are managed by the countries; they are based on the common set of Group rules that underpin the country's strategic HR project. Each Auchan Retail subsidiary thus independently adjusts its salary policy and determines the employee benefits best suited to its market.

Social protection (health, death & disability) occupies a central place in the Group, which seeks to optimise the foundations of coverage through good cooperation with brokers and insurers while preserving the cost ratio of plans/quality of the offer. for employees.

Measures taken by Auchan Retail to deal with inflation in 2022

To supplement the measures taken by governments, the Auchan Retail subsidiaries in the various countries have implemented actions to combat inflation such as:

- a higher salary increase than the budget initially planned;
- an exceptional bonus for low-income earners;
- co-financing of employee meals;
- an additional rebate for the purchase of essential goods by employees;
- arbitrage in the components of compensation packages to favour the monthly net.

These measures will be applied until the situation stabilises.

Value sharing

Auchan is a family-owned company whose shareholders give preference to a long-term vision and continuous progress. In this spirit, the "sharing of assets", an integral part of the compensation strategy, is part of an overall policy that embodies values and is the expression of deep convictions within the Group (sharing of knowledge, power and assets). The aim is to involve employees in the company's future and results.

This participatory policy has long involved employees in the company's success and projects:

- at local level (stores, warehouses, head offices, etc.) through progress or performance bonuses in place in seven countries;
- at country level through profit-sharing or performance bonuses in place in six countries;

- in terms of employee shareholding, with the matching of voluntary contributions according to the subsidiaries in place in seven countries.

A shareholders' committee exists in each Auchan Retail country with shareholder representatives.

An International shareholders committee coordinates the Group and is responsible for:

- sharing the company's results and outlook;
- coordinating the shareholding structure in the countries in synergy with the company's general policy;
- preparing announcements of changes in the unit value of funds;
- training employees in employee shareholding.

> KEY FIGURES

In 2022, ELO had **102,999** employee shareholders.

> Indicators

Indicator	2020	2021	2022
Percentage of employee shareholders of the company	72.8%	73.3%	73.7%

The percentage of employee shareholders is stable, testifying to the company's desire to promote widely-available employee shareholding. Although this scheme does not exist in subsidiaries in certain countries, the Group is working to extend the possibility of becoming a shareholder of the company to all the countries where it operates.

> Significant initiatives by subsidiaries

Theme	Scope	Initiative
Flexible compensation	Auchan Retail Spain	Innovation on flexible compensation: employees have the choice of opting for a benefit such as lunch vouchers, transport, schooling subsidy or payment into their shareholder account, by waiving part of their salary.

2.3.4 SOCIAL DIALOGUE

> Background

Auchan Retail signed its first company agreement in France in 1971 (monthly payment agreement). Since then, many agreements have been signed in line with the company's development and societal changes.

To make dialogue more efficient, Group social data and data at the country level are analysed and used to manage HR objectives.

The digitisation of processes, including in the social sphere, contributes to dialogue because it promotes wider consultation and exchange between employees while allowing faster decision-making.

Since the notion of employee representative does not exist by law in these countries, Life committees have been set up in the stores to facilitate dialogue between management and employees.

> Social dialogue policy

Renewed in 2021 for four years, the agreement between Auchan Retail and Union Network International (UNI) has led a growing number of unions to work in collaboration with UNI on new issues, for example concerning CSR.

To foster social dialogue, Auchan Retail relies on two representative bodies: the Group Works Council and the European Works Council. Their meetings are an opportunity for the company's executives to:

- inform staff representatives;
- interact with representatives and answer their questions.

Over the last few years, the Group and European committee meetings have seen an improvement in their operating methods (duration of meetings, choice of topics, specialised committees, training of members, presence of a chartered accountant, etc.) and a strengthening of the quality of social dialogue. This year, a website specific to the European Works Council was set up, providing the various participants with the necessary information and facilitating discussions.

In 2022, during the European Works Council meeting held in Madrid, employee representatives praised the quality of the organisation and presentations. Yves Claude, Chairman and Chief Executive Officer of Auchan Retail, addressed these two meetings to present in particular Vision 2032, the new governance and to give an update on the global situation.

> Indicators

Indicator	2020	2021	2022
Number of meetings with employee representatives	8,527	6,006	5,131

The drop in the number of meetings is mainly due to:

- in France: the establishment of Social and Economic committees created by the order on the new organisation of social and economic dialogue in companies;
- in Portugal: the choice to organise central rather than local meetings;
- in Ukraine: the current situation, which has led to a 33% reduction in the number of meetings.

2.3.5 HEALTH - SAFETY AND QUALITY OF LIFE AT WORK

> Background of working conditions

Occupational health and safety have always been priorities that were further confirmed with the Covid-19 epidemic.

> Commitments on well-being at work

The company strives to create a caring environment conducive to well-being at work where each employee can express themselves freely and develop professionally.

> Protecting employee health and safety

Each entity is therefore required to take the necessary measures to ensure the safety of its employees and to protect their physical and mental health.

In this context, Auchan Retail and Nhood have set up:

- actions to prevent occupational risks;
- appropriate communication and training.

The risks are of a physical, ergonomic and psychosocial nature. Managing them has a significant impact on the number, frequency and rate of accidents, the rate of absenteeism and even on the productivity and working atmosphere of teams. Auchan Retail scrupulously complies with local health protocols. The company has also focused on anticipating government decisions in order to better ensure the protection of its employees and customers.

> Indicators

	2020	2021	2022
Frequency rate of workplace accidents with lost time	23.8	21.4	19.22
Severity rate of workplace accidents with lost time	0.7	0.8	0.9
Absenteeism rate (illness)	5.7	5.9	5.8

Auchan Retail also conducts discussions on the physical and sports activity of its employees. Actions are already in place in countries, with international teams coordinating these initiatives in line with their policies.

> Committing to well-being and quality of life at work

Valuing diversity, management through a culture of benevolence, training and well-being at work are at the heart of the company's social policy. The project team dedicated to quality of life at work includes members of the corporate teams, country HR departments, a working conditions specialist in each country of operation. Its role is to monitor the actions which, on the basis of a common methodology, are implemented in the various countries where it operates according to their specific characteristics and the regulatory framework. It organises international exchanges of best practices covering the following:

- working conditions and working methods;
- life balance;
- psychosocial risks and stress;
- simplification of work and handling of irritants;
- meaning, level of information and experience of changes.

In 2022, a QVT maturity grid was established to monitor the actions carried out in the countries with a view to making the necessary improvements in accordance with local regulations.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Sporting events	Auchan Retail Senegal	Regular sporting events: inter-store football and basketball and inter-company football.
Corporate sporting activities	Nhood Italy	Open-air meetings, if necessary by walking to clear the mind in a climate of freedom and creativity.
Healthcare	Auchan Retail Portugal	Study on psychosocial risks carried out among employees for stress levels, in order to inform employees about psychosocial risks and to determine the actions to be implemented.
Well-being bonus	Nhood Romania	Well-being bonus of 300 euros that employees can use for physical activities and relaxation.

2.3.6 DIVERSITY AND EQUAL OPPORTUNITIES

> Background

As a group established in different countries, ELO ensures that all employees reflect cultural diversity.

Committed to preserving an inclusive environment, the company has set itself the following tasks:

- fight against discrimination;
- promote diversity;
- develop the employability of seniors;
- treat men and women fairly;
- facilitate the integration of people with disabilities.

> Policy

The Group is convinced that diversity is an asset as well as a lever for performance. All managers are invited to encourage diversity within their teams. All employees must comply with the Group's ethical rules based on respect for dignity and human rights.

> Fight against discrimination

In accordance with the principles of the International Labour Organisation, the Group strives to ensure compliance with:

- the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of forced or compulsory labour;
- the prohibition of child labour;
- the elimination of discrimination in respect of employment and occupation.

To prevent potential breaches of these principles, the company has updated its whistleblowing system and has set up a new platform called Speak Up. This multi-media platform makes it possible to collect and process reports of misconduct or wrongdoing.

The processing of alerts was reviewed in order to ensure better monitoring and to draw the necessary conclusions to improve certain action plans.

Feedback is processed by the Human Resources teams concerned.

> Promoting equal opportunities between women and men

Each year, ELO publishes its "Gender Equality Index".

The head offices of international companies based in France obtained the following scores:

- Auchan Retail France: 89/100;
- International Products Department (DPW): 99/100;
- Auchan Retail (ARI) corporate teams: 86/100.

To promote equal opportunities, the company strives to open up as many of its career paths as possible to men and women from all backgrounds. HR policies prohibit any form of discrimination, for example, in relation to gender, age, disability, religion or sexual orientation.

As part of management talent and management succession organisation charts, gender equity objectives are defined and closely monitored.

At the level of the company's top management, the teams are composed of more than 40% of women, thus approaching the percentage of women in management as a whole (51.1%).

All these principles and rules are defined in the code of ethics, internal regulations, and training courses.

This code as access to Speak Up, the whistleblowing system, is easily accessible on the company's website (www.auchan-retail.com).

> Promoting the workplace integration of people with disabilities

ELO's companies meet the legal obligations of their country of operation with regard to the employment of disabled people.

Some Auchan Retail subsidiaries have embarked on a more proactive policy in this area and go further than these legal obligations.

To facilitate the integration of new employees with disabilities, commitments have been made in terms of:

- partnerships with companies in the sheltered and adapted sector;
- workstation layout;
- awareness-raising among all employees about the acceptance of others with their differences.

Auchan Retail France is committed to professional equality and disability

The French subsidiary strengthened its commitment to professional equality and disability with the signing of two new agreements.

Signed on July 12th, 2022, the first agreement aims to guarantee gender equality and improve working conditions, with eight flagship measures, including parenting support.

The second, signed on July 21st, 2022, focuses on the recruitment and retention of people with disabilities, with the implementation of educational and awareness-raising tools.

> Indicators

As of 09/30/2022	Auchan Retail			Nhood		
	2020	2021	2022	2020	2021	2022
Percentage of employees with a disability	4.0%	4.5%	4.8%	1.6%	1.7%	1.9%

The percentage of employees with a disability continues to increase, as a result of the company's proactive policy.

As of 09/30/2022	Percentage of women vs total workforce (in %)			Percentage of men vs total workforce (in %)		
	2020	2021	2022	2020	2021	2022
ELO	62.6	62.3	62.2	37.4	37.7	37.8

As of 09/30/2022	Percentage of female managers (in %)			Percentage of male managers (in %)		
	2020	2021	2022	2020	2021	2022
ELO	50.3	50.5	51.1	49.8	49.5	48.9

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Workstation layout	Nhood Spain	Achievement of the AIS certificate, five-star rating. This international standard for certification of the degree of accessibility of spaces, services and products assesses the conditions of use, comfort and safety of workstations. The five-star rating refers to the highest level of excellence.
Partnership development	Auchan Retail Romania	Launch of a strategic partnership with Ability Hub to identify, recruit and integrate people with a disability.
Hiring people with a disability	Auchan Retail Spain	Direct hiring of people with disabilities: 2.9% of the workforce at September 2022 (+0.9% higher than the legal requirement of 2%).
Anti-discrimination e-learning	Chronodrive	Establishment of an e-learning course against hiring discrimination. Harassment survey and establishment of a harassment unit.

2.3.7 SOCIETAL COMMITMENT AND SOLIDARITY

> Background

The world of work is changing. Younger generations want more than just a job: they are looking to join a company committed to society and the environment that gives them the opportunity to thrive and give meaning to their work.

> Commitment/Policy

As a major player in the local economy, close to the needs of communities, including the most vulnerable, Auchan Retail promotes solidarity actions, particularly through the Auchan Foundation. The Foundation's projects, such as the voluntary projects supported by Auchan Retail at the local level are beneficiary-oriented, useful for stores and a source of motivation and pride for employees.

> Societal commitment for local action

As part of the Auchan 2022 corporate project, each employee has the opportunity to make a civic commitment for one day per year taken from their working time to promote:

- healthy eating;
- food solidarity and aid to the most disadvantaged;
- diversity and inclusion;
- maintenance and protection of the environment.

In 2022, Auchan launched Citizen Days in all the countries where it operates. This initiative enabled employees to devote time to an association committed to healthy eating. Some examples of events:

- organisation of physical or digital food drives;
- enhancement of our offer with, for example, revised recipes;
- actions to raise awareness among employees and/or customers.

> Significant initiatives by subsidiaries in 2022

Theme	Organisation	Initiative
The societal commitment of the company and employees	DPW	Organisation of a clean-up day (physical and digital): • clean-up of a congested area near the site; • raising employee awareness of the impact of digital technology through the organisation of an in-house challenge.
	Auchan Retail Portugal	Organisation of "Bread in the schools" citizen days, mobilising 500 volunteers in 50 living areas, which made it possible to offer 18,000 bags and distribute 36,000 loaves of bread in schools.
	Auchan Retail France	53,870 days dedicated to solidarity, for example: • jeans textile trade-in; • electronic food banks; • menstrual insecurity sharing operation; • cash register solidarity rounding-up campaign.
	Auchan Retail Ukraine	Organisation of more than 12,500 actions: • good food "Food Hub"; • inclusive centre for children "House of joy"; • cookery workshop at the "Ioanniv Centre" business unit. These actions involved 3,300 employees and reached more than 158,000 beneficiaries.
	Auchan Retail Romania	On World Food Day, 673 employees from the delicatessen departments were mobilised to prepare healthy meals. The proceeds from the in-store sale of these meals were donated to the Food Bank of Romania.

> Foundations at the heart of the Group's DNA

Fondation Auchan

Created in 1996 and 2014 respectively, the Auchan Fondation pour la Jeunesse and the Weave Our Future Foundation merged in 2022 to create the Auchan Foundation, whose purpose is to promote accessible healthy food and to drive social cohesion.

The Foundation supports innovative initiatives, with a strong social impact, which address food in its various dimensions: pleasure, identity, socialisation and nutrition. Supported by employees, it operates in the vicinity of the stores in the 11 countries where it operates, as well as in Bangladesh and India, where the Group has offices.

The Auchan Foundation organised its first international call for projects between October 16th, 2021 and January 31st, 2022, with the aim of:

- mobilising employees in favour of beneficiary associations;
- develop the link between associations, employees and residents as well as all stakeholders active with the people who need it the most;
- act for a virtuous social impact through a unifying event for employees: sponsor, support, ambassador or volunteer, everyone is free to choose the role they wish to play according to their profile and aspirations.

At the end of this call for tenders, 54 long-term projects were supported with associations to promote access to the knowledge and skills of good nutrition, strengthen the social link between inhabitants in order to break the feeling of isolation and fight against malnutrition (nutritional imbalances). For example: in India, an anaemia prevention and monitoring program could be set up in textile factories. In Poland, a website dedicated to healthy eating with cookery workshops is planned. In Senegal, support for the country's school canteens may be on the way.

The Auchan Foundation is chaired by Pierre Büchschütz, General Secretary of Auchan Retail and has an annual budget of €2 million.

The Auchan Generation Foundation (Russia)

Created in 2011, the Auchan Generation Foundation aims to provide assistance as closely as possible to local needs in Russia.

During the pandemic period, the foundation expanded the target audience of its projects. At the beginning of the school year and for the Christmas and New Year period, charity actions were organised in favour of large and disadvantaged families in the territory of the Russian Federation.

In 2022, the Auchan Generation Foundation reviewed its strategy to take into account major societal issues.

Its activities focus on three areas:

- promote good nutrition, a healthy lifestyle and rational consumption through educational projects. The projects promote access to food knowledge and know-how for children in orphanages, including children with disabilities;
- promote the development of environmental awareness through environmental projects. This new programme allows employee volunteers to get involved in forest regeneration or urban green space development projects and to contribute to the fight against climate change;
- provide assistance to children and young people in difficulty by promoting social integration.

The Auchan Generation Foundation is supervised by the Board of directors represented by the country's Chief Executive Officer and Human Resources director.

Its activities are the responsibility of employees from all regions.

The Auchan Generation Foundation has an annual budget of €1.5 million.

The Ceetrus Foundation for Social Entrepreneurship (France)

Active since 2010, under the aegis of the Fondation de France, the Ceetrus Foundation works to promote the development of social entrepreneurship in mainland France. It contributes to the emergence of new services and activities that meet the essential needs of citizens and regions.

It supports social entrepreneurs or their support networks, whether in the start-up phase, during a change of scale, diversification, spin-off, etc.

Focusing on human contact, each project is sponsored by an employee. Its role is to support the social entrepreneur, possibly to put them in touch with other areas of expertise in the company, and to monitor the implementation of their project. Skills-based sponsorship is encouraged. The foundation is one of the levers for expressing Nhood's values (#proximity #empowerment #positiveimpact). It is administered, managed and led by employees who wish to commit to social impact actions.

In 2022, it supported 13 projects for a total amount of €180,000 to fight against the exclusion and isolation of people. The association ATOUT CŒUR, approved as a sheltered company, received aid for the financing of a disabled-friendly restaurant in Annecy, which will eventually employ 10 people with mental disabilities, with a view to reintegrating them.

The Ceetrus Foundation joined the #philanthropyforclimate movement, which is mobilising to fight against climate change by signing the manifesto of the French Climate Foundations Coalition (CFFC) launched by the French Foundations Centre (CFF) and its partners.

2.3.8 CREATION OF THE AUCHAN INTERNATIONAL SOLIDARITY FUND AND SOLIDARITY FOR UKRAINE

Since the start of the war in Ukraine on February 24th, 2022, Auchan Retail has chosen to continue its mission as a distributor as close as possible to the needs of residents: to provide them with quality food at the fairest price while ensuring the safety of its employees, customers and facilities. This is why the company has chosen to maintain its activities in both Russia and Ukraine while calling for peace from the start of the war. At the same time, it has invested heavily in supporting employees in the field, helping Ukrainian refugees who have fled to neighbouring countries and Ukrainians who remain in their country.

This mobilisation is reflected in three key initiatives:

- the support of the Auchan Foundation via donations to NGOs and local associations in favour of Ukrainian refugees;
- the creation of the International Solidarity Fund to provide assistance to employees via local social funds in the event of a crisis or serious exceptional events;
- solidarity actions carried out by countries in favour of refugees.

> Launch of the International Solidarity Fund

In 2022, Auchan Retail created the Auchan International Solidarity Fund to develop solidarity for and among Auchan employees. The mission of this Fund is to meet the needs of employees who encounter serious difficulties due to crises or exceptional events: pandemic, natural disasters, fire, terrorist attack, war, etc.

Given the urgent needs within the context of war in Ukraine, this Fund currently provides support to employees impacted by this conflict by financially supporting the actions carried out by the Auchan Retail Ukraine Fund (*see below*). It thus provides additional assistance to projects supported by local solidarity funds that request for it.

The International Solidarity Fund receives an endowment from the company to which may be added donations made by employees (the platform for these payments is under construction).

Creation of the "Auchan with you" fund in Ukraine to support employees

To deal with the impacts of the conflict on employees, Auchan Retail Ukraine launched the local charity fund "Auchan with you". The focus is on housing assistance, food aid, physical health and psychological support. Depending on needs and projects, the local Ukrainian fund may request additional support from the International Solidarity Fund.

Numerous measures have been taken to ensure the safety of employees in the region, including: local closure of stores in the event of an alert, maintenance of wages in the event of inability to work, reorganisation of working hours over four days to limit travel and promote family time, organisation of accommodation, emergency assistance, teleworking, local employment contracts in neighbouring host countries (Poland in particular) or support and assistance for Ukrainian employees who have returned to their country.

> Mobilisation of subsidiaries to help refugees

Spain: cover the basic needs of the Ukrainian population in the country, in Ukraine or in border areas

This mobilisation resulted in:

- a collaboration with the Red Cross with the roll-out of a donation campaign in stores and on the company's website. Customers, suppliers and employees came together for the occasion;
- a collaboration with the Ukrainian Embassy, with the collection of basic necessities. Donations of warm clothes for people with disabilities with the Spanish ONCE Foundation.

France: partnerships with associations

- participatory donations with solidarity rounding organised in hypermarkets for the benefit of the Red Cross and purchases of gift cards with matching contributions from the subsidiary;
- donations of goods in partnership with the Elise Care association; collection of dry food products, hygiene products and toys from employees of the support services and product departments for the benefit of Caritas' refugee centre in Poland; first-aid kits sent to Leroy Merlin's Ukrainian employees via the logistics platform.

Hungary: organisation of a solidarity campaign

- collection of goods for the Red Cross in 18 hypermarkets with employee volunteers;
- sale of products online to constitute essential parcels;
- collection of points via the loyalty card with a matching contribution from the subsidiary.

Poland: a reception system for employees and families who have left Ukraine

- assistance with temporary accommodation (hotel);
- transport from the border by volunteer drivers;
- psychological support for children;
- donations of toys, clothing, hygiene products and baby food in stores and discounts on in-store purchases;
- help with schooling for children;
- support in obtaining public social subsidies.

Portugal: priority for aid to refugees

- cash donations to associations thanks to the solidarity vouchers of the International Medical Aid (AMI), food and non-food donations made to Ptak Humanitarian Aid Centre, to the Red Cross to equip a reception centre in the city of Lisbon; internal actions for the sale of solidarity labels, etc.;
- survey conducted by the HR services to identify available job offers that could be offered to Ukrainian refugees.

In total, Auchan Retail and its subsidiaries provided associations helping Ukrainian refugees in Europe and Ukrainians in their country with more than €5.5 million in cash aid and more than 2,300 tonnes of food and non-food donations.

2.4 ACTING TO PRESERVE THE PLANET

2.4.1 AUCHAN RETAIL'S CLIMATE PLAN

> Background

The third fight of the Auchan 2022 corporate project, reducing the carbon footprint is **Auchan Retail**'s response to the growing demands of the company's stakeholders.

> Policies and action plans

Auchan Retail's commitment to the climate has risen sharply over the last two years with the definition of a global strategy for all the countries where it operates. The work resulting from COP27 confirmed the merits of accelerating the implementation of the company's climate strategy.

In 2021, the company defined a decarbonisation trajectory across its entire scope of activity. The objectives were declared in 2022 to the Science-Based Targets Initiative for validation.

The objectives of this strategy are as follows:

- reduce direct emissions of its stores by 46% by 2030 (scopes 1 and 2, vs. 2019). The work undertaken is continuing in a proactive manner around energy and refrigeration equipment. The commitments and action plans put Auchan Retail on a 1.5° trajectory.

> KEY FIGURES

	2019	2022	Change
Total scopes 1 and 2 (in teqCO ₂)	1,190,806	1,086,487	(8.8)%

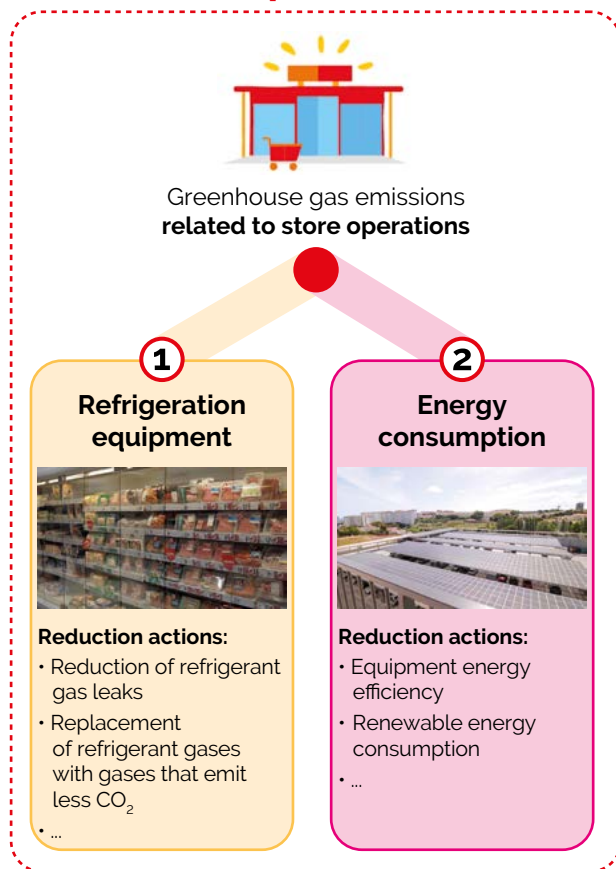
In 2022, Auchan Retail already reduced the direct emissions of its stores by 9% compared with 2019 (Scopes 1 +2⁽¹⁾).

- reduce emissions downstream and upstream of its value chain by 25% by 2030 (scope 3 vs. 2020). The commitments and action plans implemented relate to the decarbonisation of the supplier chain in the food and non-food sectors as well as the actions undertaken in relation to the logistics and transport of goods. Auchan Retail works collectively through local and global initiatives to share its objectives with its peers, partners and suppliers. The commitments and action plans place Auchan Retail on a "Well Below 2°" trajectory.

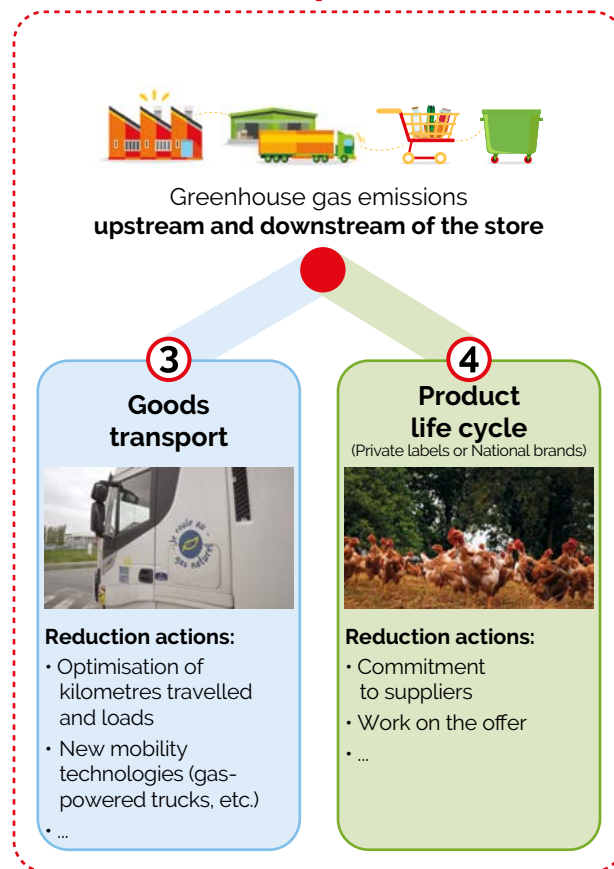
The evolution of scope 3 emissions requires a FLAG study and will be conducted no later than 2024.

(1) In order to better distinguish Scopes 1 & 2 and to comply with the GHG Protocol carbon accounting method, Auchan Retail changed its calculation method as regards the 2020 non-financial performance statement (see Section 2.6.7 "Methodology").

Scopes 1&2



Scope 3



In line with the recommendations of the Taskforce on Climate Financial Disclosure (TCFD), Auchan Retail has established governance, strategy, risk management, objectives and indicators which are presented in this chapter.

To achieve its climate objectives, Auchan Retail's strategy is based on a cross-functional programme open to the value chain through four commitments:

- dedicated governance;
- proactive customer visibility;

- collaboration with the agricultural world;
- cooperation that transcends competition between players to participate in the collective effort to combat global warming.

In line with Sustainable Development Goal 13, the international climate roadmap is based on nine priority projects presented below. Combined with progress plans, this programme aims to structure the organisation and processes to limit the carbon and energy footprint. 2022 is the first year of deployment of this plan.

A	SBT COMMITMENT AND NEUTRALITY	• <i>Global</i> : Group commitment • Definition of the methods for achieving Scope 1 & 2 neutrality
B	CLIMATE ROADMAPS BY COUNTRY	• Adaptation of Group SBT commitments (<i>global</i>) by country and business unit • <i>Local</i> implementation
C	SUPPLIER CLIMATE COMMITMENT	• Definition of commitment rules with suppliers according to their type (private labels, national brands, food services professions, climate maturity and bargaining power) • <i>Global</i>: Group definition and <i>local</i> implementation
D	CARBON NEUTRAL STORE	• Group definition (<i>global</i>) and <i>local</i> implementation • Innovation project focused primarily on Scopes 1 & 2, but to be aligned with the concept and products sold
E	CLIMATE GOVERNANCE	• Joint: joint and mirrored Group and <i>local</i> implementation • Climate governance (committees, appointments, routines, compensation, variables)
F	CLIMATE COMMUNICATION	• Joint: Group coordination of <i>local</i> strategies • Definition of climate communication plans in each country
G	CLIMATE TRAINING	• Joint: Group coordination of <i>local</i> strategies • Definition of training priorities and methods by type of audience
H	CARBON TRACKING	• <i>Global</i>: Group definition and <i>local</i> implementation • Definition of the carbon data reporting architecture according to the various needs: CSR reporting, business line solutions (logistics, products, stores) and management of the SBT trajectory
I	INTERNAL CARBON PRICE	• <i>Global</i>: Group definition and <i>local</i> implementation • Test in 2022 on Scopes 1, 2 and 3

> With the energy crisis Auchan Retail accelerates its efficiency plan

The global energy crisis of 2022 had a strong impact on operating costs in stores, head office and warehouses. In October 2022, Auchan Retail subscribed to the commitments to reduce energy consumption made by large retailers via the Perifem professional association in France. To contribute to the national effort and reduce its energy bill, Auchan Retail is stepping up its actions with the implementation of an energy sobriety plan for all its subsidiaries.

Numerous systems have been deployed for nearly ten years in heating, lighting and food cooling, which are the most energy-intensive items.

This efficiency plan goes further through 20 measures rolled out in all subsidiaries. Strengthened governance has been put in place with more frequent meetings with energy relays in each country.

The main initiatives concern:

- heating in stores, warehouses, offices: readjustment of the ambient temperature to 18°C;
- light intensity: reduction of the LUX light intensity of stores by 10% to 20%;
- food refrigeration: continued closure of refrigerated units in stores;
- readjustment of the set temperatures of refrigeration equipment.

2.4.1.1 Climate governance

Auchan Retail created an International Climate committee in 2022 to support its transition plan and boost collective momentum. Composed of members of the operational departments (CSR, energy, international product department), finance, HR and a country sponsor (CEO of Auchan Retail Spain), this committee contributes to improving synergy among departments. It is responsible for monitoring the climate strategy, validating the actions implemented and creating a shared culture around the climate. It met twice in fiscal year 2022 to validate the strategic priorities and progress of actions in subsidiaries.

In addition, a network of more than 100 "climate leaders" was set up: purchasing, performance, IT & Data management, HR, Finance, CSR, Communication & Marketing - for support functions - joined by operational teams (buyers and transport managers, energy managers, technical managers, product category managers, product managers, etc.).

In the subsidiaries, the climate dynamic is driven by the CSR managers and the environment/sustainability managers. Some subsidiaries have already set up a Climate committee, in particular in France, Romania and Spain.

In 2022, the CSR Departments (Nhood and Auchan Retail) presented their roadmap to ELO's Board of directors. This is currently being validated.

To promote ELO's climate objectives, non-financial-financial criteria related to climate and energy have been included in the variable compensation of executives, managers and country directors.

When it makes use of the financial markets, Auchan Retail also incorporates environmental criteria. Thus, the financing of the sustainability-linked loan signed by Auchan Retail in 2021. (€800 million by 2026), is associated with a climate-dependent adjustment mechanism.

2.4.1.2 Incorporating climate risks into the roadmap

In 2021, Auchan Retail mapped climate-related risks and opportunities. This mapping was carried out with an expert partner who led interviews in various countries and led several working groups.

These risks were studied using three scenarios:

- a scenario compatible with global warming of strictly less than 2°C;
- a scenario based on the policies declared by the States to date;
- a scenario focused on agricultural and consumer transformations.

Four main risks have been identified and are presented below.

Risks	Definition	Transition risks (legal, technology, market, reputation)	Physical risks	Risk management process	Related scenarios ⁽¹⁾
• Increase in energy prices.	Increased exposure to energy price shocks caused by supply and demand disruptions.	yes	no	• Energy efficiency plan • Renewable energy programme • Carbon roadmap with reduction targets on Scopes 1 and 2	Scenario based on the policies declared by the States to date.
Increase and volatility of raw material prices.	Risk of supply disruptions or price increases in countries highly exposed to climate risks. Risk of shortage and increase in the price of certain raw materials due to global warming (wheat, cotton, etc.).	yes	yes	• Identification of the countries most exposed to climate hazards (Bangladesh, China, India) • Supply chain diversification • Expansion of sourcing areas mainly located in Asia • Local sourcing from responsible supply chains • Supplier climate commitment	Scenario based on the policies declared by the States to date.

Risks	Definition	Transition risks (legal, technology, market, reputation)	Physical risks	Risk management process	Related scenarios ⁽¹⁾
Fines for non-compliance with legal and regulatory obligations. Regulatory pressure and exposure to litigation.	Presence in many countries with specific regulatory requirements. Legal disputes.	yes	no	- Centralised management process for compliance with environmental legislation - Group plastic and deforestation policies - Consideration of environmental and climate issues in product design and purchasing - Development of products with reduced carbon impact (product LCA)	Scenario compatible with global warming below 2°C.
Loss of revenue due to changes in demand and new consumption habits. Stigmatisation of certain products (beef, palm oil).	Changes in consumption patterns with an impact on the product offering (less carbon-intensive food). Decrease in revenues from certain product lines (meat, dairy products).	yes	no	- Supply chain diversification - Eco-design and eco-selection approach (own-brand products) - Supplier climate commitment - Product innovation - Responsible supply chains and certifications	Scenario that takes agricultural transformations and consumption into account. + Scenario compatible with global warming below 2°C.

(1) The scenarios associated with the risks are those with the highest probability.

2.4.1.3 Main action levers to achieve the objectives

Creating a climate culture

To develop collective and individual awareness, Auchan Retail has launched a training and awareness-raising plan for teams based on empowerment. This plan is being rolled out in countries with the definition of educational objectives for each category of learners:

- in 2022, more than 90% of the company's TOP 150 were trained in the "Climate Fresco", a workshop based on collective intelligence that facilitates understanding and challenges related to climate change. The CEO as well as the members of the Board of directors took part in these workshops; **Objective for 2023: 100% of employees trained in Climate awareness;**
- more than 650 managers were trained in the "Climate Pitch" conference (a simplified version of how to take ownership of these issues);
- 6 climate e-learning modules for executive corporate officers (Management committee and MC N-1) were also deployed;
- business training modules will be rolled out in the first half of 2023 to strengthen the skills of the product, logistics and purchasing teams in particular;
- specific days in France and abroad: World Environment Day (June), COP27 (November) or World Climate Day (December) aim to make employees actors and ambassadors of these issues in their practices daily and in points of sales.

Worldwide Products Department towards the training of 1,300 employees in the Climate Fresco

The Worldwide Products Department, which manufactures Auchan Retail's own-brand products internationally, is particularly sensitive to climate issues. The development of low-carbon products and eco-design are therefore strategic priorities. Understanding and training teams is essential to promote the transition of the business lines. The subsidiary has therefore chosen to raise awareness among all employees in three stages:

- organisation of a climate plenary session presenting the Group's carbon assessment and commitments;
- participation of all employees in the one and half hour "Climate Pitch" conference. This conference was adapted to the business lines and broken down into four versions: Managers, Product Team, Sourcing Offices and Support Functions;
- training of 1,300 employees in the Climate Fresco, including 172 in sourcing offices in Asia.

Reduce direct and indirect emissions

To reduce its carbon footprint, Auchan Retail must act on the three scopes of its carbon footprint.

Scopes 1 and 2

Refrigeration equipment and energy consumption in stores and warehouses. These emissions represent less than 4% of Auchan Retail's emissions.

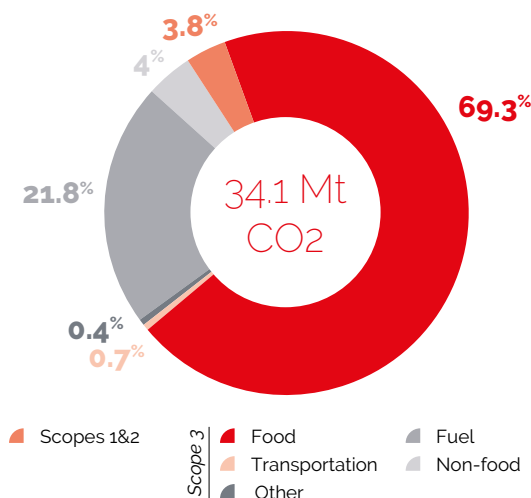
Scope 3

Upstream/downstream: transport of goods, life cycle of the own-brand product, logistics chain downstream of the national-brand product, fuels sold.

Scope 3 represents 96% of Auchan Retail's carbon footprint. Food products generate nearly 70% of the CO₂ emissions. These emissions are concentrated on a few food categories. Three priority levers have been identified to reduce these emissions:

- reduction in the carbon emissions of the food offering by reworking the specifications for own-brand products and across the entire value chain in order to make them less emissive;
- the supplier commitment plan with the definition of proactive decarbonisation trajectories;
- reduction in the carbon emissions of transport and optimisation of logistics and freight transport.

> CARBON FOOTPRINT OF AUCHAN RETAIL 2020



Roll out country roadmaps

To boost international momentum around the Auchan 2032 Vision "Eat well and live better while respecting the planet" and the achievement of the objectives presented to the SBTi, each country was invited to write and deploy its local roadmap by following common methodology.

The subsidiaries mobilised all business lines: product managers, quality engineers, customer marketing, supply chain managers, buyers, data experts, legal experts, internal and external experts, etc. to identify the main decarbonisation levers in their value chain. Several workshops were organised according to country specificities:

- scopes 1 & 2 workshops (stores) in all countries;
- food workshops organised in 6 countries;
- non-food workshop organised by the Worldwide Products Department.

These operational country roadmaps are structured around priorities such as the development of a vegetarian and vegan offering as an alternative to animal proteins for the food market, the reduction of the carbon footprint of the supplier chain, the promotion of deforestation-free labels, the promotion of renewable energies in the supply chain, the circular economy, recycling and packaging. The first results will be included in the sales promotion schedule in 2023.

> KEY FIGURES

In 2022, 7 countries or entities out of 11 (including the Worldwide Products Department) defined their climate roadmap. Feedback was provided to the members of the Management committee for validation and deployment.

Scopes 1 & 2

Pursue the ambition of carbon neutrality in stores

Since 2015, Auchan Retail has been implementing measures and action plans to reduce the direct emissions from stores in all the countries where it operates. At COP21 in Paris, Auchan Retail made commitments, which were met one year in advance in 2019. Auchan Retail was thus the only global retailer to have achieved the objectives set at COP21.

Reduction of energy consumption

In 2022, in line with the energy crisis, Auchan Retail rolled out an ambitious energy efficiency plan (see the non-financial performance statement, page 50). Each country is mobilised on a list of priority actions and technologies deployed in the stores: replacement of refrigeration equipment with less energy-consuming systems, installation of closed doors on positive refrigeration units, use of divisional meters, change of heating and ventilation equipment, low-energy LED lighting, etc.

In order to manage this programme, Auchan Retail has set up an environmental management and energy performance monitoring system based on the ISO 50001 standard. In 2022, 48% of Auchan Retail's surface areas in EU countries were certified. The objective is to certify all sites in the European Union within the next two years.

Renewable energies

To achieve the objective of 100% renewable energy by 2030, Auchan Retail is activating three main levers:

- the deployment of solar panels on its stores and car parks for self-production and self-consumption of solar energy. 97 physical sites are supplied with renewable energy and 157 projects are being rolled out in 9 countries;
- the roll-out of corporate power purchase agreements (PPA); The first long-term contracts were signed in Portugal, Poland, Hungary and France;
- the purchase of green energy through guarantee-of-origin contracts. The first two components of this programme are the subject of a partnership between Auchan Retail and Voltalia and its subsidiary Helexia, which support the company on all its sites.

In 2022, Spain, Portugal and Poland were supplied with 100% renewable electricity.

Investments in refrigeration equipment

Refrigerants used for food refrigeration and air conditioning are the second largest source of greenhouse gas emissions in stores. By modernising and reorganising refrigeration production units, Auchan Retail complies with the F-Gas standard and is gradually replacing its HFC gases with refrigerant gases with lower global warming potential (GWP).

This commitment is reflected in significant investments to renew equipment with refrigeration units that consume less energy and install smart level detectors to limit refrigerant leaks. The objective is to totally renew the fleet within five years.

Scope 3

Auchan Retail Romania focuses on decarbonising the food offering

76% of the subsidiary's CO₂ emissions come from the food offering. These emissions are concentrated on a few product categories (groceries: 20%), catering (19%), dairy products (14%), pet food (12%).

The workshops organised upstream made it possible to formalise the local roadmap based on the following priorities:

- develop plant-based products to offer an alternative to meat consumption. Promote these products in stores;
- favour deforestation-free labels for chocolate or coffee;
- encourage farming and farming practices with MSC (seafood) and RSPO (palm oil-free) certifications for certain raw materials. Strengthen product traceability on the origin of raw materials;
- reduce the carbon emissions of the production of goods and food processing by encouraging the use of renewable energies in the supply chain.

Engage suppliers in reducing their carbon footprint**Auchan Retail France implements a carbon measurement system for agricultural production chains**

Launched in 2014, the Responsible agricultural production Chain approach stems from Auchan Retail's commitment by placing product quality, respect for the environment and encouraging local producers at the heart of its project. France currently has 231 responsible supply chains. In 2022, Auchan France launched the "Decarbonisation of responsible supply chains" operation to strengthen its level of requirements.

The project consists in encouraging producers to practice agriculture with a controlled carbon footprint through a more precise assessment of the environmental impact of farms. This system is based on four areas:

- support and train farmers representing seven of the responsible supply chains - i.e. 125 farms - in understanding environmental issues;
- provide them with the Farmtérrix® platform to enter agricultural data to aggregate them and assess the impact on carbon emissions;
- protect and secure the data recorded by producers through the use of their impact data;
- develop short supply chains between consumers and producers. This project is currently being rolled out.

In 2022, the identification of shortages and price increases on certain "sustainable" raw materials began to influence Auchan Retail's strategic choices with a more centralised supply and a closer relationship with key suppliers.

Supplier mapping is one of the key steps to secure supplies and identify the raw materials most sensitive to climate change.

To reduce the main sources of emissions of products purchased and marketed (scope 3 of the carbon footprint assessment), Auchan Retail intends to proceed in three stages:

1. segment the market by noting the players that have the greatest impact on the Group's carbon footprint;
2. engage the most strategic partners in reducing their carbon footprint;
3. define an operational roadmap with progress plans (decarbonisation of the offering, training, etc.).

Segment: this program under development consists in:

measuring the carbon footprint of suppliers according to their type (private label, national brands, fresh food services, etc.);

- measuring the carbon impact of products purchased;
- assessing the supplier's climate maturity (SBTi commitments, CDP, carbon reduction programmes, Ecovadis platform).

This initial work was carried out in France, Spain and the Worldwide Products Department (DPW) for Auchan brand products and national brands. 38% of purchasing spend in France and Spain was measured (climate maturity). These three countries or structures represent more than 50% of Auchan Retail's revenue.

Engage: this action is rolled out according to the profile of suppliers (private labels, national brands):

- with a high level of requirements for national brands and Auchan-brand products in the food industry;
- with the implementation of progress plans for less mature suppliers.

Define an operational roadmap: this must promote sustainable products through an incentive system (2023).

France: Supplier mapping process

During the summer of 2022, Auchan France interviewed all its food suppliers on the following topics:

measurement and consideration of climate in the product offering;

- energy efficiency and renewable energies;
- development of plant-based products;
- equipment, products and efficiency processes;
- circular economy;
- recycling and packaging;
- transportation.

These questionnaires were summarised to draw up an initial inventory and map the level of supplier maturity. An LCA of an emblematic product made it possible to identify the main levers for reducing carbon emissions. This database will serve as a basis for discussions with suppliers.

Goods transport

Auchan Retail is seeking to better measure the carbon footprint of goods transport by measuring the GHG emissions better and better for each of the flows of goods generated by its activities.

The action plan to mitigate the emissions from logistics activities includes:

- optimisation of truck filling and routes, supported by digital solutions, to reduce the tonne-kilometres travelled;
- changes in supply master plans (product sourcing, definition of logistics networks);
- development of new alternative fuels to diesel (biofuel, hydrogen).

In 2021, Auchan Retail extended its measurement perimeter to include the flow of goods from suppliers of its own international non-food brands (managed by the Worldwide Products Department), for which the CO₂ emissions in 2022 were 26,190 tCO₂eq. In 2021, Auchan Retail also refined its measurement method of the carbon footprint of the flow of goods between its warehouses and its stores in each country.

In 2022, Auchan Retail's CO₂ emissions were 464,150 tCO₂eq.

Pooling of transport purchases

Auchan Retail benefits from the services offered by SRS, a collaborative inter-company purchasing platform for retailers affiliated with the Mulliez Family Association. This platform offers assistance with transport contracting by pooling multimodal transport and favouring rail transport over air.

Theme	Organisation	Initiative
Transportation	Auchan Retail Portugal	Lean & Green program that promotes more sustainable and efficient logistics. The initiative aims to help participating companies reduce their carbon emissions by at least 20% in logistics processes, over a 5-year period. Implementation of the "Rotyn" route planning and control tool - Optimisation of routes and deliveries to and from stores to reduce kilometres. Reduction of empty journeys: trucks return from stores to warehouses with goods from suppliers. Increase in goods transported per pallet. Fleet renewal in progress: Euro 6 standard.
	Auchan Retail Hungary	CO ₂ emissions reduction target related to transport in the local climate roadmap including the following actions: EURO6 standard included in the transport contract. 95% of trucks have the EURO6 standard. • Review of mix deliveries (fresh produce and consumer goods). • Maximising the use of truck space (increasing the quantity of cartons/truck or measuring usage per cubic meter). • Training of drivers in the Webeye (fleet management monitoring) tool. • No daily delivery in low volume areas.
Theme	Organisation	Initiative
Energy consumption	Auchan Retail Spain	More than 10,600 employees were trained in energy efficiency, including 3,800 during the period from 01/10/2021 to 30/09/2022.
	Auchan Retail Poland	As part of the Auchan Retail Poland strategic plan, 60% of stores are equipped with a DNI (Intelligent Level Detector and Energy Modules) system, with the aim of installing this system in 100% of stores by the end of 2024, thus making it possible to monitor changes in the gas level in the facilities.
	Auchan Retail Romania	BREEAM 2022 certification for the new warehouse.

Manage performance and measure our impacts with the Carbon Tracking project

Carbon management tools continue to be disparate and poorly adapted. Auchan Retail is supported by an external partner and internal experts (data and IT specialists) to identify the relevant methodology and modelling tools that will enable it to better track the physical and financial carbon flows across its value chain. With the long-term objective of implementing carbon accounting.

Set an internal carbon price to better target investments

Implementing an internal carbon price is one of the relevant tools for managing a company's transformation. By monetising and integrating the carbon impact into decision-making, the company can focus its financial flows and investments more towards assets compatible with a low-carbon economy.

To initiate this project, Auchan Retail joined a working group on "The carbon impact on income statements" within the Acts and Facts association. This movement born within the ecosystem of companies belonging to the Mulliez Family Association brings together companies that work in favour of the ecological transition. A project team also bringing together finance and CSR is working on this subject with a first pilot rolled out on a limited scope.

In 2022, Auchan Retail set the internal carbon price at €100 per tonne for investments in Scopes 1 and 2 from January 2023.

Communicate with stakeholders

In 2022, communication on the actions carried out was a priority among employees following an internal communication plan rolled out during the first half of 2022.

2.4.2 NEW IMMO HOLDING ENERGY AND CARBON CONSERVATION PLAN

New Immo Holding is stepping up its actions to reduce energy consumption across all its retail assets. Since 2010, New Immo Holding (via its subsidiary Nhood on behalf of the Ceetrus portfolio) has been working on a sobriety plan which provides for a 50% reduction in the company's carbon footprint (scopes 1 and 2 vs. 2019) as well as a 40% reduction in energy consumption by 2030.

To do this, a roadmap with intermediate objectives has been written with the aim of achieving fully carbon-neutral sites by 2040.

> Energy sobriety and carbon roadmap

- 100% of sites will have a carbon trajectory (scopes 1 and 2) while 80% of European sites will benefit from the purchase of green electricity by the end of 2023;

- 100% of sites will have a scope 3 carbon footprint while 100% of European sites will benefit from the purchase of green electricity by the end of 2024;
- A 50% reduction in GHG emissions (Scopes 1 and 2) (reference year to be defined depending on the country) and 20% of sites equipped with a renewable energy solution as well as 100% of sites with a Scope 3 action plan by the end of 2025;
- 100% of sites will be carbon neutral in Scopes 1 and 2, reduction or offset by 40% in Scope 3 (reference year 2024) and 100% of sites will be equipped with a renewable energy solution by the end of 2030;
- 100% of sites will have a balanced or offset carbon footprint by the end of 2040.

2.4.2.1 Main action levers to achieve energy efficiency and carbon targets

In order to achieve these targets for reducing energy consumption and carbon emissions, New Immo Holding has developed measures that will be rolled out in all its countries:

> OPTIMISATION OF ENERGY CONSUMPTION 2022 - 2023

ACTION	SPA	FRA	HUN	ITA	LUX	POL	POR	ROM	RUS	UKR
Study and installation of PV panels on certain assets	●	●	●	●	●	●	●	●	●	●
Limit temperatures in winter and summer	●	●	●	●	●	●	●	●	●	●
Implementation of LED lighting	●	●	●	●	●	●	●	●	●	●
Energy management consulting / system implemented / energy audit	●	●	●	●	●	●	●	●	●	●
Decrease daytime lighting (from opening to approximately 4 pm)	●	●	●	●	●	●	●	●	●	●
Communication plan for tenants, visitors and suppliers	●	●	●	●	●	●	●	●	●	●

● Action already taken ● Action to be taken

2.4.2.2 Integrating climate risks into the roadmap

In 2020, New Immo Holding mapped climate-related risks and opportunities.

These risks were studied using two scenarios:

- a scenario compatible with global warming of below 2°C;
- a business-as-usual scenario.

Aware of the risks related to climate change on assets, in 2022 New Immo Holding trained all technical managers and members of the CSR synergy in climate risk analysis and building resilience. The objective of this training was to enable those trained to carry out simplified risk analyses for all Assets. This enabled the implementation of a methodology to create and implement climate risk action plans. An initial diagnostic phase on five pilot sites took place in 2022 and will be extended in 2023 to the entire portfolio.

Theme	Organisation	Initiative
Energy	New Immo Holding Italy	- In order to reduce the portfolio's energy consumption, New Immo Holding is implementing the following measures: - all illuminated signs and other equipment not necessary during shop closing hours are automatically switched off, - reduced lighting in low traffic areas in shopping centres, - awareness-raising campaign for staff, suppliers and tenants on the smart and rational use of energy and energy savings in the workplace.
	New Immo Holding Russia	In collaboration with a partner, New Immo Holding Russia is conducting energy audits in Volgograd (Aquarelle) with the aim of creating a test action plan that will be rolled out in other shopping centres in the coming years.
	New Immo Holding France	Finalisation of the deployment of an energy consumption reduction system for all managed sites. The system consists of an Energy Management System and an energy management support mission by a partner.

2.4.3 CLIMATE INDICATORS

Energy consumption (Kwh/m ²)	2020	2021	2022	Change
Auchan Retail	475.1	493.91	486.27	(2)%
New Immo Holding		238.47	267.20	12.05%

Energy consumption per square metre of surface area - COP21 targets - Auchan Retail		2021	2022
Auchan Retail	Energy	(24.54)%	(25.69)%
	Electricity	(23.84)%	(24.76)%

> Renewable electricity consumption

Consumption of electricity from renewable sources (as a % of total electricity consumption)	2020	2021	2022	Change
Auchan Retail	18.1%*	16.94%	26.73%	58%
New Immo Holding		38.11%	40.87%	

* Since January 2022, Auchan Retail Poland has been supplied with 100% renewable electricity, as has Auchan Retail Portugal and Auchan Retail Spain since 2021.
The data of New Immo Holding have been corrected this year.

> Intensity of GHG emissions

GHG emissions (KgCO ₂ eq/m ²)	Scopes 1 & 2 (Carbon intensity of stores)			Change
	2020	2021	2022	
Auchan Retail	236.62	190.37	197.34	3.66%
New Immo Holding		74.47	83.24	11.78%

The intensity of scopes 1 and 2 GHG emissions (store carbon intensity) is increasing at Auchan Retail. This increase is mainly due to the effects of changes in the energy mix in countries mainly in scope 2 (heating networks).

Auchan Retail has:

- reduced its Scope 1 CO₂ emissions (tonnes of CO₂ equivalent) by 10.4% thanks to the actions taken as part of the sobriety plan;
- increased by 11.9% for its Scope 2 CO₂ emissions (tonnes of CO₂ equivalent). This increase is due to an unfavourable change in emission factors, particularly in the heating networks of certain countries (Poland, Hungary) and in the electricity mix in France, which is more emissive, in the difficult geopolitical context of 2022.

> Volume of GHG emissions, Scopes 1, 2 & 3

GHG emissions (tCO ₂ eq.)	2020	2021	2022	Change
Auchan Retail Scope 1	544,660.13	397,031.33	355,628.47	(10.43)%
New Immo Holding Scope 1		21,968.06	27,404.84	24.75%
Auchan Retail Scope 2 - Location Based	698,700.65	653,238.53	730,858.34	11.88%
New Immo Holding Scope 2 - Location Based		63,761.29	69,585.83	9.13%
Auchan Retail Scope 2 - Market Based		523,971.50	588,220.31	12%
New Immo Holding Scope 2 - Market Based		NC *	NC *	
Auchan Retail Scope 3 - Goods transport	223,407.40	452,205.81	464,150.04	2.64%

* New Immo Holding renounces to value its energy certificates of renewable origin in its carbon footprint.

2.4.4 ELO'S ACTIVITIES IN RELATION TO THE GREEN TAXONOMY OF THE EUROPEAN UNION

2.4.4.1 Information on the application of the European Taxonomy

Regulatory context

In order to promote transparency and a long-term vision in economic activities and to direct capital flows towards sustainable investments, the European Union has created a common system for classifying the activities of companies to identify the economic activities considered as sustainable. This system is defined in regulation (EU) 2020/852 of June 18th, 2020, known as the "**Taxonomy regulation**".

To determine whether an activity can be considered sustainable, it must:

- contribute substantially to one or more of the following environmental objectives;
- climate change mitigation,
- adaptation to climate change,
- sustainable use and protection of aquatic and marine resources,
- transition to a circular economy,
- pollution prevention and control,
- protection and restoration of biodiversity and ecosystems;
- comply with the technical review criteria established by the commission;
- not cause significant harm to any of the environmental objectives ("Do No Significant Harm" - DNSH);
- be exercised in accordance with the OECD Guiding Principles for Multinational Enterprises, the United Nations Guidelines on Business and Human Rights, including the Declaration of the International Labour Organization (ILO) on fundamental principles and rights at work, the eight fundamental conventions of the ILO, and the International Charter of Human Rights.

From the 2022 financial year, companies must publish the share of their sales, capital expenditure and operating expenses associated with:

- "eligible" economic activities, i.e. classified in the European Taxonomy;
- "aligned" or "sustainable" economic activities, i.e. respecting the technical criterion or criteria associated with each of the eligible activities: substantial contribution to the achievement of one of the six environmental objectives, no harm to the other five environmental objectives and compliance with minimum social guarantees.

For 2022, information is required for only two of the six environmental objectives relating to climate change mitigation and adaptation.

No comparative data for the 2021 financial year is required for this closing in respect of the alignment.

The ELO group conducted a detailed analysis of all activities within its various consolidated entities. This analysis was carried out jointly by the CSR Department, the Finance Department and the operational departments.

2.4.4.2 Scope

- The revenue, capital expenditure and operating expenses considered cover all ELO activities corresponding to the scope of the companies under its control.
- Companies in which ELO and its companies exercise joint control or significant influence are excluded from the calculation of the ratios defined by the delegated act relating to Article 8 of the Taxonomy regulation published on July 6th, 2021 (Delegated regulation (EU) 2021/2178).
- The financial data is taken from the consolidated financial statements As of December 31st, 2022 and the revenue and capital expenditure can therefore be reconciled with the financial statements.

2.4.4.3 Sectors eligible and aligned under the taxonomy

The scope of the ELO group (as defined above) is composed of two controlled companies, Auchan Retail and New Immo Holding and their subsidiaries.

Auchan Retail's main activity is the distribution of food and non-food products to end consumers. This activity, which represents 85% of the ELO group's revenue, is not eligible for the climate objectives with regard to the green taxonomy.

Certain other activities carried out by Auchan Retail and New Immo Holding are nevertheless eligible for the objective of adapting to climate change.

The eligible activities in which the companies of the ELO group operate are listed below:

Breakdown of the Group's activities	Categories of eligible activities and references in the chapter of Appendix 1 of the delegated acts
New Immo Holding as: • manager of real estate assets • developer and builder of real estate assets	7.1 Construction and real estate activities 7.2 Renovation of existing buildings 7.3 Installation, maintenance and repair of energy efficiency equipment
Auchan Retail as manager and operator of real estate assets	7.4 Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and in car parks attached to buildings) 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings 7.7 Acquisition and ownership of buildings
Auchan Retail as a distributor involved in the collection and sorting of non-hazardous waste	5.5 Collection and transport of non-hazardous waste sorted at source
Auchan Retail as a distributor providing home delivery of goods	6.4 Operation of people mobility systems, cyclologistics

2.4.4.4 Assessment of the alignment

Technical criteria and DNSH

To contribute to the objective of mitigating climate change, the eligible activities identified above must meet the criteria for alignment with the green taxonomy, namely:

Eligible activities	Technical criteria for alignment with the climate change mitigation objective	DSNH/environmental objective				
		Climate change adaptation	Sustainable use and protection of aquatic and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystem
7.1 Construction and real estate activities	The European taxonomy requires reaching a threshold of primary energy consumption corresponding to NZEB-10% for buildings. For assets subject to RT2012, this threshold corresponds to RT2012 -10%. For assets subject to RE202, this threshold corresponds directly to RE2020.	The physical and vulnerability risks of assets due to climate change were the subject of a specific analysis which led to the definition of action plans according to the levels of exposure. Given the number of sites and their geographical dispersion, the climate risks to which the Group is exposed are diffuse, which mitigates the Group's vulnerability to climate change.	The water flows and volumes of the equipment specified in the appendix to the Taxonomy regulation are in compliance.	At least 70% (by weight) of non-hazardous construction and demolition waste produced on a construction site is prepared for reuse, recycling and other material recovery.	The components and materials used comply with the criteria set out in the appendix to the Taxonomy regulation. Measures are adopted to reduce noise, dust and pollutant emissions during the work	This activity complies with the criteria set out in the appendix to the regulation. The new construction is not erected in one of the following areas: (a) arable land and cropland (b) virgin land of high value recognised for biodiversity and land used as habitat for endangered species (flora and fauna) (c) forest
7.2 Renovation of existing buildings	Renovation work must reduce the primary energy demand by at least 30%					N/A
7.7 Acquisition and ownership of buildings	The European taxonomy requires reaching a threshold of primary energy consumption corresponding to NZEB-10% for buildings. For buildings built before December 31 st , 2020, those with an EPC rating of A or belonging to the top 15% of the national real estate portfolio. To date, the European average threshold used for our real estate portfolio is 180 kWh/m ² . Buildings built after December 31 st , 2020 must meet the criteria specified in Section 7.1. For shopping malls, only the common areas are considered, as the Group has direct control over their energy consumption.		N/A	N/A	N/A	N/A
7.3 Installation, maintenance and repair of energy efficiency equipment	Mitigation criteria are defined for individual investments made to adapt real estate assets to climate change, such as: - equipment promoting energy efficiency. Auchan Retail considered investments in refrigeration equipment as contributing substantially to climate change mitigation; - installation of charging stations for electric vehicles; - systems for measuring, regulating and monitoring the energy performance of buildings.		N/A	N/A	The insulation work carried out does not contain any trace of asbestos	N/A
7.4 Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and in car parks attached to buildings)			N/A	N/A	N/A	N/A
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings			N/A	N/A	N/A	N/A

		DSNH/environmental objective					
Eligible activities	Technical criteria for alignment with the climate change mitigation objective	Climate change adaptation	Sustainable use and protection of aquatic and marine resources	Transition to a circular economy	Pollution prevention and control	Protection and restoration of biodiversity and ecosystem	
5.5 Collection and transport of non-hazardous waste sorted at source	The collection and sale of non-hazardous waste is aligned by nature.		N/A	The fractions of waste collected separately are not mixed in waste storage and transfer facilities with other waste or materials with different properties.	N/A	N/A	
6.4 Operation of people mobility systems, cyclogistics	The mobility systems for people are not subject to any other technical criterion than that of propulsion by physical activity, by a zero-emission engine or by a combination of these modes of propulsion.		N/A	Measures are in place to manage waste, in accordance with the waste hierarchy, both in the use (maintenance) and end-of-life phase, in particular through the reuse and recycling of batteries and electronics (particularly the critical raw materials they contain).	N/A	N/A	

Minimum guarantees

• Due diligence in terms of human rights

The duty of care plans of Auchan Retail and New Immo Holding are available at www.groupe-elo.com/responsabilite. The said plans present the risks identified that could undermine respect for human rights as well as the mitigation and prevention measures taken.

• Due diligence in terms of the fight against corruption

Section 2.5 of the non-financial performance statement sets out the framework adopted by Auchan Retail to fight against corruption. The ethics charter, the daily ethics guide and the code of business conduct constitute this framework. The ethics committees at corporate level and in each country supplement this system.

The actions carried out within New Immo Holding to raise awareness of the risks specific to its activity and the fight against corruption are also detailed.

• Due diligence in terms of compliance with competition rules

The ethics charter drawn up by ELO (available at www.groupe-elo.com/responsabilite) reiterates that the companies of which it is the parent undertake to respect the national and international rules governing competition and prohibit their employees from any practices contrary to these requirements.

• Due diligence in terms of compliance with tax legislation

Section 2.5.4.4 of the non-financial performance statement mentions the principles that govern the conduct of its subsidiaries (compliance with reporting obligations, payment of taxes in the countries where they operate, etc.).

Methods used for assessing the financial indicators

The denominators of the financial ratios were defined in accordance with Appendix 1 of the delegated act relating to Article 8 of the Taxonomy regulation.

For the numerators, there is no definition of the information expected for eligibility. ELO has reasoned by analogy with the definitions of the alignment ratios.

Methodology

The financial data leading to the results mentioned in the tables below was collected directly from the subsidiaries comprising the Auchan Retail and New Immo Holding subgroups.

The information necessary for this collection was communicated to the subsidiaries through the organisation of internal training sessions and the sending of instructions specifically dedicated to the "taxonomy project". These elements were shared with both the finance departments and the technical and sustainable development departments of the subsidiaries.

The information thus collected was then discussed between the finance departments of the two sub-groups and the local teams. The purpose of these exchanges was to ensure the quality of the information reported in relation to the expectations of the Taxonomy regulation.

Revenue

ELO's revenue comes from Auchan Retail and New Immo Holding as described in note 3.1 to the consolidated financial statements.

The revenue mainly consists of income from the rental of investment properties held by New Immo Holding and, to a lesser extent, by Auchan Retail.

The revenue from the distribution activities is not eligible within the meaning of the Taxonomy regulation. Only sales of waste from waste sorting carried out by Auchan Retail's teams constitute an eligible activity.

The share of ELO's eligible revenue for the 2022 financial year was 1.9% out of a total revenue of €33,485 million. In 2021, the share of ELO's eligible revenue was 1.9%.

The alignment ratio (aligned revenue in relation to eligible revenue) reached 21.9% for 2022.

The ratios by company are presented in the table below:

	ELO		Auchan Retail International		New Immo Holding	
	2022	2021	2022	2021	2022	2021
Revenue						
Eligibility ratio (in % of revenue)	1.9%	1.9%	0.3%	0.4%	91.9%	92%
Alignment ratio (in % of revenue)	0.4%	N/A	0.1%	N/A	16.7%	N/A
Alignment ratio (in % of eligible revenue)	21.9%	N/A	43.3%	N/A	18.1%	N/A

Capital expenditure

ELO's eligible capital expenditure covers capital expenditure relating to the eligible activities (mainly expenses related to the property management activity, renovation and purchase of buildings), as well as individual capital expenditure that is not associated with an activity intended to be commercialised (in particular equipment promoting energy efficiency).

Other investments are eligible for the green taxonomy. These include investments in the collection and sorting of non-hazardous waste.

The share of ELO's eligible capital expenditure for the 2022 financial year was 68.6% out of a total capital expenditure

of €1,440 million (gross investments of €1,157 million and right-of-use assets of €283 million excluding Taiwan - see note 6) and mainly covered the Property Management activity. In 2021, the share of ELO's eligible capital expenditure was 42%.

The alignment ratio (aligned capital expenditure in relation to eligible capital expenditure) reached 14.5% for 2022.

The Group's own property investments, excluding land and car parks, or leased property investments are eligible by nature.

The Group considers that investments in refrigeration equipment contribute substantially to climate change mitigation and are therefore eligible and aligned.

The ratios by company are presented in the table below:

	ELO		Auchan Retail International		New Immo Holding	
	2022	2021	2022	2021	2022	2021
Capital expenditure						
Eligibility ratio (in % of capital expenditure)	68.6%	42%	57.4%	36%	97%	62%
Alignment ratio (in % of capital expenditure)	9.9%	N/A	11.7%	N/A	5.5%	N/A
Alignment ratio (in % of eligible capital expenditure)	14.5%	N/A	20.4%	N/A	5.7%	N/A

Operating expenses

ELO's eligible operating expenses mainly relate to building maintenance and repair expenses.

The operating expenses as defined by the Taxonomy regulation (€378 million) were not material compared to all operating expenses included in ELO's consolidated income statement (€32,821 million). Consequently, this indicator is not presented, as it is not relevant with regard to ELO's activities.

2.4.4.5 Outlook

The climate plan and the implementation of the action levers identified to achieve the objectives in terms of reducing the carbon footprint of Auchan Retail and New Immo Holding (see Section 2.4) should contribute to the increase in the share of capital expenditure aligned with the objective of climate change mitigation.

2.4.4.6 Detailed tables of eligible activities

The following tables show the eligibility and alignment ratios for the activities carried out by the ELO group:

Revenue

List of activities Reference to the Delegated Act, Appendix I	Substantial contribution criteria									DNSH							Proportion of revenue aligned with the taxonomy
	2022 revenue	Proportion of 2022 revenue	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and eco- system	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and eco- system	Minimum guarantees		
ACTIVITIES ELIGIBLE FOR THE TAXONOMY																	
TAXONOMY-ALIGNED ACTIVITIES																	
5.5 Collection and transport of non-hazardous waste sorted at source	42	0.1%	100%	0%	N/A	N/A	N/A	N/A	O	O	N/A	O	O	N/A	O	30%	
7.7 Acquisition and ownership of buildings	99	0.3%	100%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	N/A	N/A	O	70%	
TOTAL ALIGNED	140	0.4%														100%	
ACTIVITIES NOT ALIGNED WITH TAXONOMY																	
7.1 Construction and real estate activities	7	0.0%															
7.7 Acquisition and ownership of buildings	492	1.5%															
TOTAL NOT ALIGNED	499	1.5%															
TOTAL ELIGIBLE	639	1.9%															
REVENUE NOT ELIGIBLE FOR TAXONOMY																	
TOTAL NON-ELIGIBLE	32,845	98.1%															
TOTAL REVENUE	33,485	100%															

Capital expenditure

List of activities Reference to the Delegated Act, Appendix I	Substantial contribution criteria									DNSH							Proportion of CAPEX aligned with taxonomy
	2022 CAPEX	Proportion of 2022 CAPEX	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and eco- system	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and eco- system	Minimum guarantees		
ACTIVITIES ELIGIBLE FOR THE TAXONOMY																	
TAXONOMY-ALIGNED ACTIVITIES																	
5.5 Collection and transport of non-hazardous waste sorted at source	4	0.3%	100%	0%	N/A	N/A	N/A	N/A	O	O	N/A	O	O	N/A	O	3%	
6.4 Operation of people mobility systems, cyclologistics	0	0.0%	100%	0%	N/A	N/A	N/A	N/A	O	N/A	O	N/A	N/A	N/A	O	0%	
7.2 Renovation of existing buildings	12	0.8%	100%	0%	N/A	N/A	N/A	N/A	O	O	O	O	O	N/A	O	8%	
7.3 Installation, maintenance and repair of energy efficiency equipment	107	7.4%	100%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	O	N/A	O	75%	
7.4 Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and in car parks attached to buildings)	1	0.1%	100%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	N/A	N/A	O	1%	
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	2	0.1%	100%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	N/A	N/A	O	1%	
7.7 Acquisition and ownership of buildings	17	1.2%	100%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	N/A	N/A	O	12%	
TOTAL ALIGNED	143	9.9%															100%
ACTIVITIES NOT ALIGNED WITH TAXONOMY																	
7.2 Renovation of existing buildings	471	32.7%															
7.7 Acquisition and ownership of buildings	374	26.0%															
TOTAL NOT ALIGNED	845	58.7%															
TOTAL ELIGIBLE	988	68.6%															
CAPEX NOT ELIGIBLE FOR TAXONOMY																	
TOTAL NON-ELIGIBLE	452	31.4%															
TOTAL CAPEX	1,440	100.0%															

Operating expenses (OPEX)

List of activities Reference to the Delegated Act, Appendix I	Operating expenses (OPEX) 2022	Proportion of 2022 OPEX	Substantial contribution criteria					DNSH					Proportion of OPEXs aligned with the taxonomy			
			Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Biodiversity and eco- system	Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution		Biodiversity and eco- system	Minimum guarantees	
ACTIVITIES ELIGIBLE FOR THE TAXONOMY																
TAXONOMY-ALIGNED ACTIVITIES																
5.5 Collection and transportation of non-hazardous waste sorted at source			0%	0%	N/A	N/A	N/A	N/A	O	O	N/A	O	O	N/A	O	0%
6.4 Operation of people mobility systems, cyclologistics			0%	0%	N/A	N/A	N/A	N/A	O	N/A	O	N/A	N/A	N/A	O	0%
7.2 Renovation of existing buildings			0%	0%	N/A	N/A	N/A	N/A	O	O	O	O	O	N/A	O	0%
7.3 Installation, maintenance and repair of energy efficiency equipment			0%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	O	N/A	O	0%
7.4 Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and in car parks attached to buildings)			0%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	N/A	N/A	O	0%
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings			0%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	N/A	N/A	O	0%
7.7 Acquisition and ownership of buildings			0%	0%	N/A	N/A	N/A	N/A	O	O	N/A	N/A	N/A	N/A	O	0%
TOTAL ALIGNED	0	0%														0%
ACTIVITIES NOT ALIGNED WITH TAXONOMY																
5.5 Collection and transport of non-hazardous waste sorted at source																
6.4 Operation of people mobility systems, cyclologistics																
7.2 Renovation of existing buildings																
7.3 Installation, maintenance and repair of energy efficiency equipment																
7.4 Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and in car parks attached to buildings)																
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings																
7.7 Acquisition and ownership of buildings																
TOTAL NOT ALIGNED	0	0%														
TOTAL ELIGIBLE	0	0%														
OPEX NOT ELIGIBLE FOR TAXONOMY																
TOTAL NON-ELIGIBLE	378	100%														
TOTAL OPEX	378															

2.4.5 BIODIVERSITY

> Background

The causes of the reduction in biodiversity identified by scientists are changes in land and sea use, overexploitation of wildlife, climate change, water, soil and air pollution, and the spread of invasive alien species.

Indeed, natural resources and ecosystem services are the foundation of all food and agricultural systems and biodiversity must therefore be protected.

> Commitment/Policy

Biodiversity is the subject of real awareness in society and regulations have been adopted to preserve it. For several years, Auchan Retail has been committed to promoting responsible fishing and responsible agricultural production

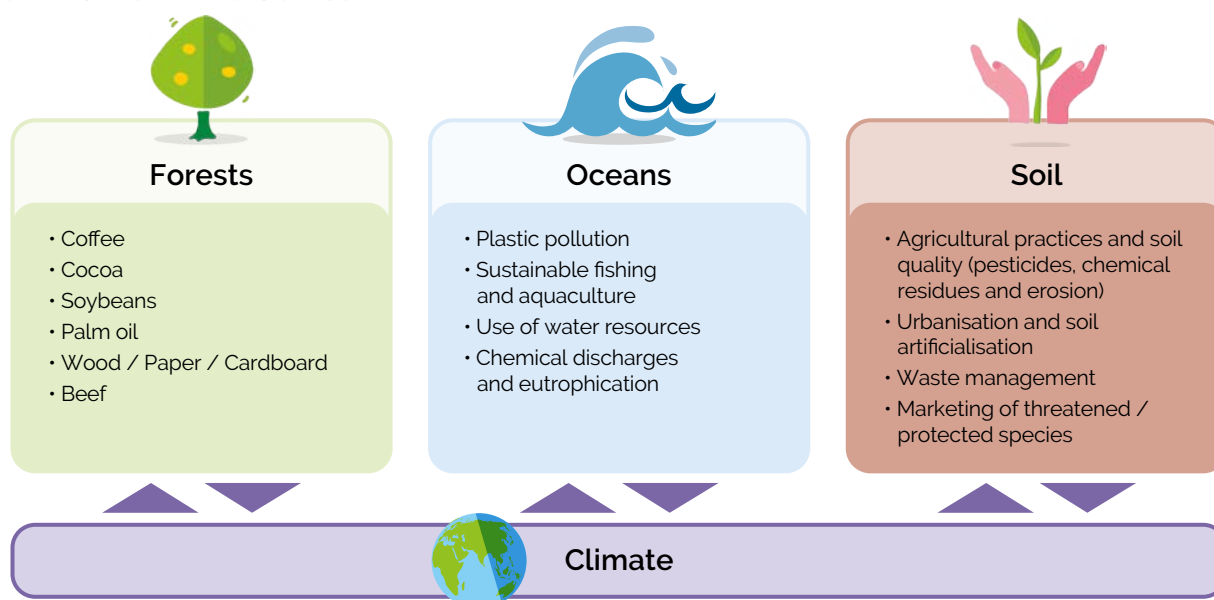
chains (see chapter 2.5.1), practices that avoid deforestation or the fight against plastic pollution (see chapter 2.4.6). The company thus confirms its support for Sustainable Development Goals 14 and 15.

In 2022, on the occasion of COP15 Biodiversity, Auchan Retail signed the call for an obligation for all large companies and financial institutions to assess and disclose their impacts and dependencies on biodiversity by 2030 (#MakeltMandatory campaign organised by Business For Nature).

In 2023, Auchan Retail wants to give expression to this commitment by formalising an approach inspired by the SBTN methodology⁽¹⁾.

It has identified three issues related to the company's activity.

> BIODIVERSITY CHALLENGES OF AUCHAN RETAIL



> Preservation of forests and sustainable use of natural resources

Auchan Retail is committed to fighting against deforestation linked to the use of raw materials through the following initiatives:

- Auchan Retail France has published its policy to combat deforestation⁽²⁾ with the objective for 2025: 100% of products using forest resources from sustainably managed forests. Auchan Retail France signed the Soja manifesto and actively participates in the French Cocoa Initiative;
- in Spain, Alcampo has also published its anti-deforestation policy;
- at the international level: the Auchan quality commitment charter for own-brand products bans the use of deforesting ingredients with a focus, on the blacklist, on palm oil, soy, etc. (see section 2.2.1).

Auchan Retail is committed to a sustainable supply of coffee and cocoa with the promotion of international private label products:

- bearing the UTZ label or Rainforest Alliance label to promote biodiversity;
- from organic agriculture, enabling the implementation of better agricultural practices including the reduction of phytosanitary products;
- from responsible agricultural sectors, particularly in agroforestry, but also in favour of fair trade with the Max Havelaar label (fight against the poverty of producers in developing countries).

Auchan Retail is committed to a sustainable supply of soybeans by promoting products of animal origin with feed:

- made from insects;
- made from zero deforestation or conversion (ZDC) soybeans;
- made from soybeans grown in Europe.

Auchan Retail is committed to promoting a sustainable supply of palm oil by:

- removing this ingredient from own-brand products as soon as possible;

(1) <https://sciencebasedtargets.org/about-us/sbtn>

(2) Auchan Retail France's policy to combat deforestation.

- when substitution is not possible, RSPO-certifying the palm oil, with maximum emphasis on identity preserved (IP) and segregation (SG).

Auchan Retail also intends to ensure a sustainable supply of wood-based products (charcoal, paper, furniture), by asking its suppliers to verify that raw materials containing wood or plant fibre are:

- legally harvested, purchased, transported and exported from their country of origin;
- traceable via the supply chain back to the original harvesting source;
- harvested in ways that do not pose a threat to high conservation value (HCV) zones, including peatland and Intact Forest Landscape (IFL) ecosystems;
- harvested outside of High Carbon Stock (HCS) forests and zones where these forests have been converted into land for other crops and plantations;
- not taken from species of wood that are included on IUCN's Red List of Threatened Species⁽¹⁾;
- not taken from species included in Appendices 1, 2 and 3 of CITES⁽²⁾;
- sourced in compliance with the property rights of indigenous peoples and rural communities, including their right to withhold free, prior and informed consent (FPIC) to proposed developments on their lands;
- sourced in compliance with the rights and safety of workers, without forced or child labour and without discrimination.

> Preservation of water and marine resources

In line with Sustainable Development Goal 6, Auchan Retail has been committed to sustainable fishing and aquaculture since 2006 through the following decisions:

- stopping the marketing of endangered shark species⁽³⁾;
- stopping the marketing of Adour salmon, eels, grenadiers, emperor fish;
- full traceability of tuna-based products (fishing zone, species, method of capture and fishing fleet⁽⁴⁾) and the refusal of all supply of IUU products⁽⁵⁾.

These Group commitments are supplemented in the subsidiaries by fishing policies adapted to the countries'

resources, consumption and needs. This is the case in Spain, France and Portugal.

Auchan Retail is also mobilising better use of water resources, whether in its supply chain or in its stores (reduction of consumption, chemical discharges and the eutrophication of waterways), through actions such as:

- support for textile suppliers in improving their manufacturing processes in order to limit water pollution;
- installation of hydro-efficient equipment and rainwater harvesters on the sites.

> Preservation of the land and its ecosystems

Auchan Retail is committed to sustainable, soil-friendly and regenerative agriculture, in particular by:

- offering ranges of products from organic farming;
- offering products from sectors without pesticide residues;
- promoting environmentally-friendly agricultural practices (such as the HVE programme in France, the reduction of pesticides on supply chains, etc.);
- developing regenerative agriculture in the production chains, as well as with partner suppliers.

Auchan Retail is committed to limiting the impacts of urbanisation and the reallocation of greenfield sites through:

- a site biodiversity charter co-developed with other retailers. Rolled out on New Immo Holding France sites in 2022, it will be shared with all sites in 2023.

Auchan Retail is committed to reducing waste, whether from customers or from site operations, by implementing the principles of the circular economy (see sections 2.4.7 and 2.4.8).

Auchan Retail is committed to the protection of endangered species:

- through its policies to combat deforestation;
- through its sustainable fishing and aquaculture policies;
- by removing any material of non-traced animal origin from its non-food products;
- by eliminating exotic meats (zebra, kangaroo, ostrich, crocodile) from own-brand products.

> Indicators

Water consumption (in m ³)	2020	2021	2022	Change n-1
Auchan Retail Hyper	3,328,907	3,277,153	3,092,646	(5.6)%
Auchan Retail Super	137,405	153,422	148,039	(3.5)%
New Immo Holding	1,009,118	844,563	1,345,155	+59%

(1) The International Union for Conservation of Nature.

(2) Convention on International Trade in Endangered Species of Wild Fauna and Flora.

(3) With the exception of fruit bats (*Scylorhinus canicula* and *stellaris*), emmisoles (*Mustellus mustelus*, *asterias* and *punctulatus*) and spiny dogfish on the American east coast.

(4) The ProActive Vessel Register (PVR) is one of the four public vessel lists that the ISSF provides to promote transparency in tuna fishing.

(5) Illegal, unreported and unregulated.

For Auchan Retail, at current scope (stores open in 2021 and 2022), water consumption was down for hypermarkets and supermarkets (figures in the table). At non-constant scope, water consumption appears stable between 2021 and 2022 is due to the opening of a number of new supermarkets.

On the New Immo Holding scope, the change was due to the reopening of shopping malls in 2022 (and in particular food courts), which were partly closed in 2021 because of the health crisis (as a reminder, consumption was 1,263,093 m³ in 2019 before the health crisis). The lack of rainwater, particularly severe in 2022, also led some sites to irrigate the most vulnerable areas.

Biodiversity indicators			2022
	Percentage of certified private label coffee references	Worldwide Products Department (DPW)	72%
Forests	Percentage of certified private label chocolate bars	Worldwide Products Department (DPW)	90%
Land	BREEAM In-Use certified fair value (%)	New Immo Holding	94%

For coffee and chocolate bars, references under the Rainforest Alliance, UTZ, Max Havelaar or Filière Auchan label are considered certified.

New Immo Holding's objective is to certify 100% of the Fair Value under the BREEAM In-Use program, with the achievement of 94% of the Fair Value in November 2022 (due to the constraints related to the war in Ukraine). and in Russia, assets located in these countries have not been included in this scope).

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Forests	Auchan Retail France	Active participation in the French initiative for sustainable cocoa, which is part of the National Strategy to Combat Imported Deforestation (SNDI)
	Worldwide Products Department	Development of organic, vegan and UTZ-certified ranges for own-brand products: 95 references for chocolate and 150 for coffee FSC and PEFC certifications on wood-based products, in particular, the OneTwoFun range of toys
	Auchan Retail Romania	Palm oil has been banned from delicatessen, bakery and pastry products
	Auchan Retail Russia	The Auchan Generation Foundation planted more than 6,500 trees with its "Promoting the development of environmental awareness and environmental culture" programme
	Auchan Retail Spain	All private-label wood or wood-based products produced in Spain are FSC- or PEFC-certified
		Collaboration agreement with the NGO Earthworm to contribute to the soybean commitments Collaboration with the WWF since 2011 for the rehabilitation and conservation of an indigenous oak plantation in the municipality of Tembleque (Toledo)
Oceans	Auchan Retail France	Renewal of the partnership with Mister Goodfish: European programme to raise awareness of the sustainable consumption of seafood products No marketing of species that require very deep bottom trawling (grenadiers, emperor fish) as well as fish caught deeper than 800 metres Partnership with "Water & Climate 2021-2024" to reduce pollution: water and pollution diagnostics for all hypermarkets and improvement of water management
	Auchan Retail Poland	25% of the products of the fish food self-service segment are certified by MSC, ASC or BIO Use of ozone for cleaning fruit and vegetables (natural, without alteration of taste or odour, no polluting discharge)
	Auchan Retail Ukraine	Fishery policy including compliance with breeding seasons for catches and quotas. High-quality feed for well-treated farmed fish
Land	Auchan Retail France	List of authorised pesticides to be progressively reduced and/or phased out
	Auchan Retail Spain	Promotion of indigenous varieties such as Madrid or Mutxamel (Alicante) tomatoes
	Auchan Retail Luxembourg	Collaboration with Naturschutz Fleesch: "A meat that contributes to the protection of biodiversity", a supply chain product bringing together Angus breeders around this label
	Auchan Retail Poland	Large range of flower seeds that attract insects (bees, butterflies) allowing the sowing of approximately 7.5 ha

> New Immo Holding

Site Biodiversity – New Immo Holding

Since 2022, a common methodology for assessing biodiversity performance has been implemented for all portfolio assets in all countries of operation.

Thus, all relevant sites and areas within a radius of 30 km (national parks, local parks, bodies of water or ecological reserves) will be assessed, in particular via a mapping of species (fauna and flora), site connectivity with any potential ecological corridor and a control of the luminosity of the façades, the permeability to rainwater infiltration and the environmental management. With this information, each site

will have a study identifying specific issues, recommendations for improvement as well as a five-year implementation and investment plan.

An example of an action led by New Immo Holding (here via New Immo Holding): the Square Saint Louis programme in Bordeaux, inaugurated in November 2022, aims to "bring nature back to the city", through a park at the foot of a building, a sensory garden, as well as shared gardens co-built and open to all on the roof. The project will receive the BiodiverCity® label, which shows the performance of real estate projects that take biodiversity into account. In an innovative approach, it aims to promote the design and construction of a new typology of buildings that give an important place to nature in the city.

2.4.6 FIGHT AGAINST PLASTIC POLLUTION

> Background

The use of plastic has become widespread in recent decades due to its contribution in terms of health and safety, but also its affordability for the marketing of many consumer products. However, the linear model that this marketing has generated - extract - produce - consume - discard is not sustainable, in particular because most plastic is not recycled. Scientists, governments and consumers expect manufacturers and retailers to provide more environmentally friendly solutions while maintaining consumer purchasing power.

> Policy/Commitment

The fight against plastic pollution is the second priority of the Auchan 2022 corporate project.

The reduction of the use of virgin plastic, the improvement of recyclability and the integration of recycled material are all commitments made official by the signing of the European Plastics Pact in March 2020 and its renewal in 2022.

Special efforts are made at the international level concerning packaging, with the aim of:

- have reusable private label packaging,⁽¹⁾ recyclable or compostable at home, with a target of 85% in 2024 and aim for 100% by 2025, while prioritizing the net reduction in plastic used, with a target of -20,000 tonnes by 2024 (i.e. -10% on food and -50% on non-food items based on 2021);
- eliminate as much as possible plastics from the fresh food and self-service fruit and vegetable departments, by eliminating 2,000 tonnes of plastic by 2024 and 6,000 by 2032 (baseline 2021).

(1) In the sense of reuse as defined in Article L5 41-1-1 of the French Environmental code: any operation by which substances, materials or products that are not waste are reused for the same use as that they were designed for. Thus, reusable packaging is designed for multiple trips, extended life and to be reused without compromising its protective function.

The policy to fight against plastic pollution⁽¹⁾ published in March 2021 is based on the five priority projects identified across the company's entire value creation chain.

The *Auchan Retail* Plastic Issues

There are plastics-related issues all along the value chain



Auchan | RETAIL

The year 2021 made it possible to make the diagnosis with an analysis of the company's value chains, and an initial assessment of total packaging tonnages. In 2022, the teams formalised the Group's new objectives presented above.

These commitments are included in Auchan Retail's responsible quality charter (see Section 2.2.1).

Greater commitment at local level

Each country is free to set more ambitious targets at the local level. Over the last two years, France, Poland and Spain have joined national initiatives or published plastic policies. In June 2022, Auchan Senegal joined a national alliance to combat plastic pollution by becoming a member of Taaral, The Alliance for Advancing Recycling, Awareness and Livelihoods in Plastics.

The end of free plastic bags in Hungary

Since April 19th, 2022, Auchan Retail Hungary has stopped offering free conventional plastic bags in its fruit, vegetable and bakery areas. Reusable, recyclable or compostable bags are offered for purchase to customers to encourage reuse and responsible behaviour.

This initiative is expected to avoid the production and waste of 172 tonnes of plastic per year.

This commitment has contributed to the many accolades received by the country this year, such as the Green Balance Award from Effekt 2030, the Symbol of Sustainability corporate category of Business Days 2022, or the Green Awards in the Green Large Company category during the Sustainable World Conference.

(1) Fight Against Plastic Pollution Policy.

> Indicators

Collecting data on packaging remains a real challenge that mobilises the teams in order to improve its reliability every year. Gathering detailed information in a comprehensive manner is still impossible. A sampling and extrapolation approach was used in 2022 as in 2021, but with better representativeness.

Indicator	Scope	2020	2021	2022
2.a Weight of the plastics used in the packaging of own-brand products	Global EU	-	36,437 33,542	NC 27,093
2.b Percentage of reusable, recyclable or compostable own-brand product packaging (food)	Global EU	-	47.1% 56.7%	NC 64.1%
4.a Weight of plastic used in packaging in the market area (stands and fruit/vegetable bags) (<i>in tonnes</i>)	Global EU	12,031* 6,721*	14,218 ⁽¹⁾ 7,977	NC 6,554
4.b Percentage of recycled plastic incorporated in market area packaging (<i>in %</i>)	Global EU	-	7.1% 11.4%	NC 13.8%
5.a Weight of the plastics used in check-out bags (<i>in tonnes</i>)	Global EU	5,510 4,991**	8,261 5,147**	NC 5,676
5.b Percentage of recycled plastic incorporated in check-out bags (<i>in %</i>)	Global EU	-	57.2% 80.9%	NC 62.5%

* Indicator 4.a did not include Poland in 2020.

** Indicator 5.a did not include Poland in 2020 and 2021, on a like-for-like basis (excluding Poland), it amounted to 4,768 t in 2022, a reduction of 7% compared to 2021.

The geopolitical context and the daily difficulties encountered in such a situation by Russian and Ukrainian service providers and suppliers did not allow them to guarantee the quality of the reporting data. This led Auchan Retail to deem the reliability of the packaging indicators for these countries as insufficient and to exclude them from the reports presented above.

Senegal, which does not have its own private label products (brick 2) and is facing difficulties in reporting data from artisanal packaging suppliers (brick 4), was excluded from the packaging indicator reporting for 2022. In 2021, the share of

packaging in Senegal represented only 3% of the total tonnage of plastic in brick 4, and 0% in brick 5.

For comparison purposes, the indicators presented here concern the European Union scope (Portugal, Spain, France, Luxembourg, Poland, Hungary and Romania).

The changes observed in the weight of the plastics used for private label packaging are partly due to a better estimate of the volumes actually used (representation rate of 67% vs. 51% in 2021).

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Products in single-use plastic	Worldwide Products Department (DPW)	The range of take-out dishes is made from paper, cardboard or vegetable fibres. Single-use plastic tableware has been banned in the European Union since 2020.
	Auchan Retail Ukraine	Expansion of the single-use plastic-free take-out tableware range, which represents approximately 58% of sales.
Household product packaging	Auchan Retail France	Deployment of new trays incorporating RPET on prepared meals. Removal of plastic dividers and reduction of the plastic thickness on 12 products (ham/chicken).
	Auchan Retail Spain	62 hypermarkets (out of 63) offer a bulk sales area with nearly 1,400 items. Five stores also offer a range of frozen products in bulk (fish, vegetables, fruit, etc.).
	Worldwide Products Department (DPW)	Replacement of the plastic hangers of flip-flops with cardboard (-11 tonnes of plastic). Replacement of plastic baby hangers with recycled PS (-85 tonnes of virgin plastic).
	Auchan Retail Russia	Removal of PVC from Actuel brand household linens.
Plastic waste from transport and storage*	Auchan Retail Senegal	Implementation of sorting bins and study of various partnerships to improve the collection, sorting and recycling of operational waste.
	Worldwide Products Department (DPW)	Testing of solid and "leak-proof" cardboard to remove the master polybags in parcels (to be scaled up in 2023). Optimisation of the size/colour of parcels (textile) with the implementation of the easy pack platform: 40% fewer parcels in size/colour.

(1) Including 13,137 t vs. 12,000 t in 2020 on a like-for-like basis (excluding Poland).

Theme	Organisation	Initiative
Packaging used for in-store distribution	Auchan Retail France	Deployment of vegetable fibre trays (recyclable and home compostable) in all stores Switch to kraft bags for fruits and vegetables.
	Auchan Retail Portugal	Sale of reusable packaging directly at the stands.
	Auchan Retail Spain	Switch from PET blisters for pastries to FSC-certified, recyclable cardboard trays printed with water-based ink (-151 tonnes of plastic per year).
	Auchan Retail Luxembourg	Replacement of PET cans in bakeries with paper window bags.
	Auchan Retail Hungary	First Hungarian distributor to use 100% paper bags in bakeries. Switch from conventional butchery bags to home compostable bags. End of the provision of free plastic bags for fruit and vegetables.
	Auchan Retail Poland	Replacement of the honeycomb trays for tomatoes, apples and vegetable mixes for a compressed pulp solution and a 50% reduction in plastic on the new butchery packaging (-70 tonnes of plastic in total).
Checkout packaging	Auchan Retail Romania	Revision of the catering packaging range for fibre-based alternatives (paper, cardboard, compressed fibres). Switch from bakery containers to a solution with 70% less plastic. Switch from butchery and fish bags to a compostable solution.
	Auchan Retail Russia	Launch of bags containing 98% recycled materials as well as compostable bags.
Other initiatives	Auchan Retail France	Gradual deployment of the recycled textile shopping bag in collaboration with Tissages de Charlieu (for the deployed stores, only bags from the circular economy and manufactured in France are offered: textile bag and recycled plastic bag from operational waste).
	Auchan Retail Romania	Implementation of an Office Vert project to reduce the quantities of plastic used in offices and canteens.
	Auchan Retail Romania	Development of a traceability tool for all own-label packaging (primary, secondary, tertiary).

2

2.4.7 REDUCING WASTE AND FIGHTING AGAINST FOOD AND NON-FOOD WASTE

> Background

By reducing its waste, Auchan Retail acts in favour of the circular economy through two main levers:

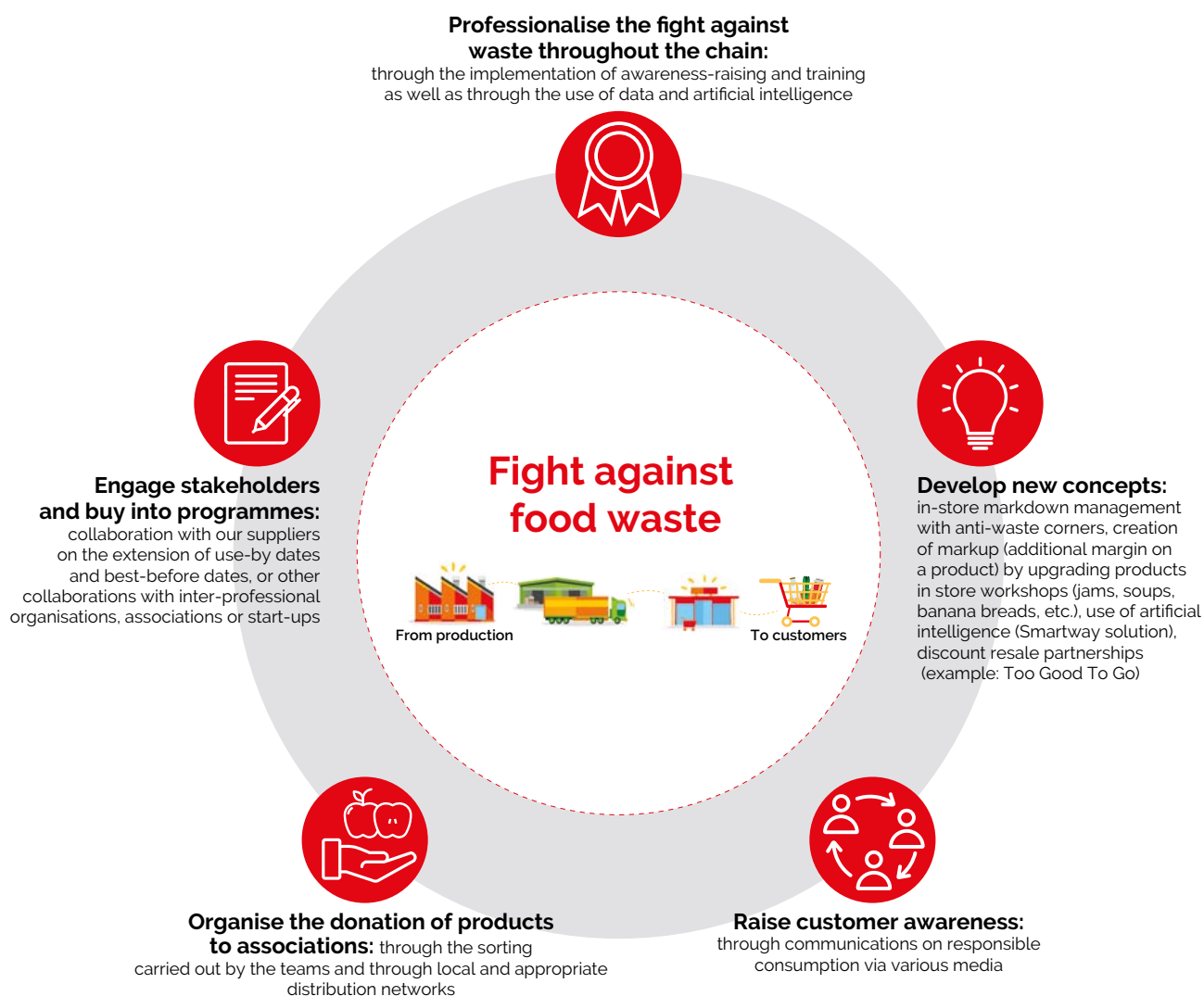
- the fight against food waste: the initiatives deployed contribute to the achievement of Sustainable Development Goal 12 through target 12.3: halve global food waste and food losses throughout the production and supply chains;
- waste reduction: as a distributor, Auchan Retail has an important role to play in terms of innovation in stores,

consumer support, management of unsold goods and recovery of operational waste. The initiatives deployed contribute to the achievement of Sustainable Development Goal 12 target (12.5): significantly reduce waste production through prevention, reduction, recycling and reuse.

> Commitment/Policy

In terms of food waste, each Auchan Retail country has set a reduction target for 2024 and 2032, making it possible to move towards 0% food waste by 2032 at the international level.

Auchan Retail has identified five levers in its anti-food waste policy on which the company wishes to act:



The company is also committed to the fight against non-food waste, which is the tenth pillar of its Quality Commitments charter (see Chapter 2.2.1).

In this context, the Auchan Retail subsidiaries offer various solutions such as:

1. Develop new concepts: development of second life corners (see section 2.4.8);
2. Promote upcycling: recovery of materials or products that are no longer used to manufacture high-quality objects (consumer jeans processed into tote bags, overstock of bed linen transformed into pyjamas);
3. Organise the donation of products to associations: to avoid the destruction of unsold non-food items whenever possible;
4. Collect products for reuse or donation: bottles, satchels, coffee capsules, recovery of small household appliances (WEEE);
5. Waste recovery: sorting for recycling (recovery by recycling or energy recovery).

> Fighting food waste with artificial intelligence – The Smartway solution

After Romania and Russia, in 2022 Auchan Retail France rolled out the Smartway solution in its stores (more than 350 hypermarkets and supermarkets in less than a year).

The artificial intelligence-based technology platform aims to optimise the management of short-date products across the entire value chain through the following benefits:

- decreasing the time required for date control and date management by four;
- providing a suggestion of the reduction amount to be applied to optimise sales;
- monitoring the sales of discounted products to adjust the replenishment in stores;
- raising the awareness of store teams and consumers of a common project with a strong environmental and ethical impact.

Results and forecast for 2022:

	Auchan Retail Romania	Auchan Retail Russia	Auchan Retail France
Saved products (in quantity)	6.1 million	10.6 million	15.5 million
Products saved (in tonnes)	2,388	5,381	15,601
Tonnes of CO ₂ avoided.	6,000	13,500	39,000

> Indicators

Food waste indicators		2020	2021	2022
Number of Too Good To Go baskets ⁽¹⁾	Auchan Retail France	468,573	387,849	197,841
	Auchan Retail Spain	16,338	157,085	162,041
	Auchan Retail Portugal	35,581	66,296	66,133
	Auchan Retail Poland	386	28,216	212,978
	Total Auchan retail	520,492	639,446	638,993
Food waste rate	Auchan Retail		1.66%	1.43%

(1) The indicator is calculated over the calendar year and not over the reporting period.

Operational waste		2020	2021	2022	Change N-1
Total volume of waste (in t)	Hyper	406,751	396,046	389,511	(2)%
	Super		67,268	81,716	21%
	Drive-throughs		3,875	5,642	46%
Volume of recovered waste (in t)	Hyper	279,934	277,856	279,060	1%
	Super	43,160*	55,852	51,078	(9)%
	Drive-throughs		3,709	5,365	45%
Recovery rate	Hyper	69%	70%	72%	2pts
	Super		83%	63%	(21)pts
	Drive-throughs		96%	95%	(1) pt

Overall, the production of waste from stores increased slightly between 2021 and 2022 (+2%) with a recovery rate that fell by 2 points under the influence of Russian supermarkets.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Professionalise the fight against waste and waste management throughout the chain	Auchan Retail France Auchan Retail Poland Auchan Retail Russia Auchan Retail Spain Auchan Retail Romania	100% of stores carry out promotions or are equipped with an anti-waste area
Organise the donation of products to associations	Auchan Retail Romania Auchan Retail Ukraine Auchan Retail France Auchan Retail Hungary Auchan Retail Spain Auchan Retail Luxembourg	Recovery of food by national food banks or associations supporting disadvantaged populations
Develop new concepts	Auchan Retail France	Pilot project between 16 hypermarkets and the classifieds specialist website <i>Le Bon Coin</i> to publish announcements of display models, end-of-series or damaged non-food products
	Auchan Retail Luxembourg	Transformation of fruit and vegetables removed from departments into jam with "La Fée Maraîchère"
Donation, recycling and upcycling (non-food)	Auchan Retail Spain	Partnership with Moda-Re, to recycle 20 tonnes of textile products
	Auchan Retail France	Operations to recover school bags (with Le Relais), coffee capsules (with ARCA), used cooking utensils (with Tefal), used pens (with BIC) and glasses (with Médico Lions Clubs)
	Auchan Retail Poland	School bag recovery operation, 550 items, i.e. approximately 274 kg collected in collaboration with the Eco Textil Foundation
	Auchan Retail Romania	Collection of textiles in partnership with the Red Cross and Textrade (43 tonnes collected)
	DPW	3,400 mobile phones collected for reconditioning
Operational waste	Auchan Retail Spain Auchan Retail Romania	37 stores succeeded in achieving "zero waste" by recycling or recovering waste
	Auchan Retail Russia Auchan Retail Romania	Service providers buy used vegetable oil (frying) for recycling or reuse

2.4.8 OFFERING MORE RESPONSIBLE PRODUCTS

> Background

By offering consumers products with a lower environmental impact, Auchan Retail contributes to the development of the circular economy, to the objectives of its climate roadmap and to achieving Sustainable Development Goal 12.

> Policy/Commitment

Auchan Retail affirms its ambition to propose a unique, responsible offering that creates links and experiences. This ambition is reflected in the development of eco-design and eco-selection for own-brand products and the development of a second-hand (textile) or reconditioned (telephones) product range.

The evolution of the offer is also guided by the signature of the Fashion Pact renewed in 2022, and innovation with the ECOYODA project led by the Worldwide Products Department⁽¹⁾.

The eco-selection approach will eventually make it possible to set similar requirements on other products (not own-brand), so that consumers can be assured that any product sold in stores is environmentally friendly.

ECOYODA project

Launched in 2021, the Ecoyoda project is financially supported by ADEME⁽²⁾ and supported by a centre of expertise in eco-design. The objective is to create an eco-selection and eco-design framework with guide sheets for around 30 types of products in the food and non-food sectors.

(1) The Worldwide Products Department brings together teams developing own-brand non-food products in all countries (textiles, household appliances, general store), Auchan France food products, and certain international food ranges (hygiene, coffee, chocolate, etc.).

(2) French Environment and Energy Management Agency.

In 2022, two projects were finalised and around 30 projects were underway in the non-food sector.

The approach was initiated by the teams working on non-food products, which set a target of 100% for the products developed to pass through the filter of this standard by 2032. In order to meet this objective, a dual approach has been put in place: eco-design and eco-selection.

Eco-design is a multi-criteria approach to designing a product that aims to limit social and environmental impacts over its entire life cycle through an in-depth analysis of the product. Quality engineers have been trained in performing life cycle analysis (LCA) and the product, sourcing and quality teams were familiarised with the methodology. Target projects are projects with a high impact in terms of volumes sold.

Eco-selection makes it possible, through a predefined grid for a category of products, to assess a product already designed and to define whether it meets the minimum criteria required to be considered "eco-selected". These criteria correspond to the best practices identified to reduce environmental impacts throughout the product's life cycle.

Easier to implement than eco-design, this process makes it possible to efficiently assess a greater number of products.

Three eco-guides have already been produced in the non-food sector (textiles, plastic, metal).

Eco-selection is also being developed for the food offering. Five main product categories have been identified (breeding, open-field, market gardening, beverage, fishing and agriculture). The first tests are underway on the most emissive products from breeding.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Product design	Worldwide Products Department	All bedding collection products certified by Oeko-Tex 100 (no toxic substances). 75% of textile products are Oeko-Tex 100 certified.
	Auchan Retail France	Opening of "Le Corner Français" spaces in 24 stores to support "Made in France" products and reduce the carbon footprint.
	Auchan Retail Spain	2,900 products identified as sustainable development, representing 47% of the total range in stores.
Second hand	Auchan Retail France	More than 80 stores offer a second life textile offer, in partnership with the start-up Rediv (formerly Patatam). Used products are also offered in bookstores or in video games (Hypergames). 16,500 reconditioned smartphones sold. 36,300 ink cartridges reused for refilling and resale. 127,000 reconditioned cartridges sold, i.e. 9% of the cartridges sold.
	Auchan Retail Spain	Partnership with ReWare for the sale of reconditioned IT equipment in 51 stores. Installation of 12 new second-hand clothing corners in partnership with Moda-Re.
	Auchan Retail Romania	Opening of ten Nouvelle-Vie textile corners. Sale of refurbished phones in partnership with Recommerce (formerly FENIX).
	Auchan Retail Hungary	Sale of second-hand "La nouvelle vie" products: clothes with Rediv (formerly Patatam) and mobile phones.
	Auchan Retail Portugal	Partnership with MyCloma, an online second-hand clothing sales platform. Customers can now buy second-hand clothes in the nine ReUse corners nationwide. Since June 2021, 17,000 items have been sold.

2.5 WORKING FOR ETHICAL AND RESPONSIBLE BUSINESS RELATIONSHIPS

2.5.1 DEVELOPING RESPONSIBLE PRODUCTION CHAINS

> Background

By supporting the agricultural world in the environmental transition, animal welfare and the preservation of know-how and regions, Auchan Retail is meeting society's expectations by favouring environmentally-friendly raw materials, supporting local production and fighting for food sovereignty. This is precisely the objective of the responsible supply chains. Launched in 2014, the approach meets the mission of a committed retailer, reduces supplier risk and improves the traceability of finished products.

> Commitment/Policy

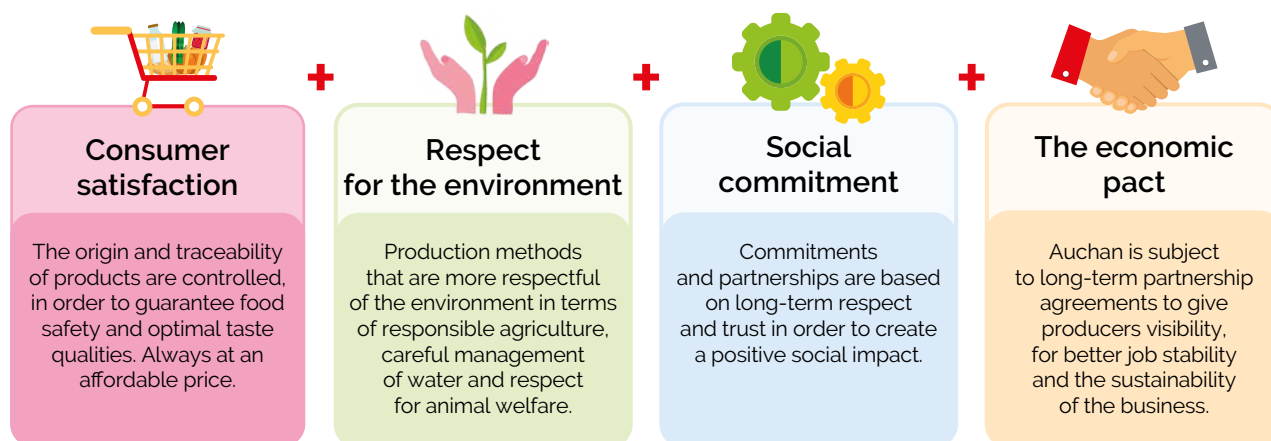
With this initiative, Auchan Retail is committed to developing a sustainable and balanced partnership with producers, breeders and processors in the food and living chain to reconcile the pleasure of eating well, respect for the environment and animal welfare (see Section 2.5.2).

In 2022, Auchan Retail reviewed its "Auchan responsible supply chains" brand platform with a new slogan: "Filière, Cultivons le bon". This work is part of a "label" approach that aims to strengthen the value of its brands by creating differentiation and consumer satisfaction around a promise of clarity and readability: "With Auchan, choosing better to eat better is simple".

The Responsible Supply Chain approach is based on four pillars:

> "CULTIVONS LE BON" SUPPLY CHAINS

The "CULTIVONS LE BON" supply chains are based on four fundamental pillars:



Three priority international cross-functional issues:

The removal of antibiotics

The end of pesticides

The development of traceability

An "Auchan Retail International Quality committee", comprising all quality departments and the CSR Department, defines 10 actions to comply with Auchan Retail's requirements and to guarantee the quality and positioning of its "Responsible Production Chain" products in order to achieve excellence:

- the establishment of the local Supply Chain committee and the approval process for applications;
- respect for the uniqueness of the sector (meet the four pillars defined below);
- the definition of specific requirements for processed products⁽¹⁾:
 - supply chain ingredients or ingredients from a supply chain approach,
 - food additives,
 - processing aids,
 - nutritional values;
- the qualification of producers and companies involved in the supply chain (analysis, audits, etc.);
- the establishment of appropriate specifications with:
 - minimum requirements: composition of products with recipes, description of packaging, identification of plants, etc.,
 - additional requirements: quality sign, Nutri-Score, list of allergens, quality grade of raw materials, etc.);
- product packaging with labelling;
- first production control;
- monitoring of product and supplier quality;
- a customer complaint management mechanism.

To receive the "Cultivons le bon" logo, applications are carefully studied and approved by a Responsible Supply Chain committee created to assess the application. This committee brings together members of the company (purchasing, quality, responsible supply chains, stores, CSR and marketing), as well as personalities from the farming world, education and research. The objective is to ensure the consistency and the level of requirement expected from the supply chain in the country.

The application submitted to the supply chain committee must include:

- the presentation of the companies involved in the supply chain;
- the production plan;
- commitments on the four pillars and three fights (described below);
- the positioning in the range, offering, price, etc.;
- the progress plan.

The products selected must comply with a specification updated each year, which includes a risk analysis, a methodological tool for training, and product culture. These specifications also include a set of common requirements (organoleptic quality, environmental, social, consumer, etc.) supplemented by issues specific to each supply chain that are co-developed with the producers and the responsible supply chain teams.

When the local Supply Chain committee makes its decision on the product, it defines:

- the range to which the product belongs;
- the product validation date;
- the period of validity (at least three years compared with the progress plan presented).

> Action plans

The approach covers a broad spectrum, from primary production to processed products. In 2022, 50% of the created supply chains targeted processed products. The approach also enables the sharing of upstream know-how between all the subsidiaries and the promotion of the product culture. Training is offered to buyers and local quality teams to encourage them to develop partnerships with producers. Support is also provided by the corporate team, which offers thematic webinars. In 2022, the following topics were proposed:

- animal nutrition and welfare in the milk supply chain;
- decreased use of antibiotics and antibiotic resistance;
- social audit in primary production.

These webinars involve external experts on the subjects as well as internal employees from countries who come to testify and share their experiences.

(1) A processed product refers to any food that has undergone mechanical (e.g. grinding) or thermal (e.g. cooking) processing. For example, prepared meals, mixed salads, cakes, compotes, soups, etc.

> Responsible supply chains in three key dates

- **1996**: first partnership with the veal breeders of Aveyron and Segala (France)
- **2022**: 1,176 responsible supply chains around the world
- **2025**: ambition to develop 1,500 supply chains

Forging sustainable partnerships with SMEs and small producers

The stores in all Auchan Retail countries are developing the supply of local products, grown and/or manufactured near its stores, via partnerships with small producers. Consumers are increasingly keen to buy local products, to support local employment and preserve the environment. All the subsidiaries have implemented procedures adapted to these producers to simplify their dealings and save money, time on product referencing and reduce production-related costs.

Local products are systematically highlighted in stores, in particular thanks to dedicated in-store events.

Auchan Retail France launches the Auchan Solidaires corporate citizen brand

The French subsidiary reaffirms its support for small producers with the launch of the "Auchan Solidarity to support our producers" brand. These products meet four commitments: fair compensation for farmers, a guaranteed three-year partnership, and respect for animal welfare and the environment. The 29 products selected are without compromise on quality. The cows are fed without GMOs and graze in meadows at least 120 days per year. Standard milk, collected in France, is certified fair trade. The eggs are laid in France by free-range hens, fed with organic food, with no antibiotic treatments during the laying period, and with a green outdoor range. The pigs provided by the "Produce well consume well" supply chain are fed French non-GMO grains from birth and do not undergo any antibiotic treatment.

To encourage consumers to support the 2,200 producers participating in this scheme, Auchan has developed packaging that is easily identifiable and consistent from one department to another.

2.5.2 ANIMAL WELFARE

> Background

Consumers are legitimately concerned about the breeding and slaughter conditions of certain animals. They expect retailers and food manufacturers to take a strong stance on ethics and accountability on these issues. Animal welfare is one of the pillars of a responsible food offering, in the same way as the health and nutritional quality of products and the protection of the environment.

> Commitment/Policy

Auchan Retail is committed to a continuous improvement approach to animal welfare, notably through the responsible supply chain approach. Its dated and quantified ambitions on animal welfare constitute a shared base of minimum requirements for any validation of new Auchan responsible supply chains (see Section 2.5.1).

Auchan Retail has included a healthy and quality food offering in its Auchan 2022 corporate project that meets the demands of the company's stakeholders. The company intends to establish sustainable consumption and production patterns in line with Sustainable Development Goal 12.

The company has opened an international consultation process which should lead to the publication of a Group-level policy. To date, various subsidiaries have formalised their commitment (Auchan Retail Spain, Auchan Retail France, updated in 2022, and Auchan Retail Poland).

These policies refer to the protection of farm animals and the responsible use of antibiotics.

In line with the concerns of certain consumers, Auchan Retail is committed to developing specific products for all types of food and lifestyles that meet the diversity of customers by offering a range of national or private label vegetarian and vegan products, in particular in the countries where Auchan Retail operates. The company also undertakes to select responsible raw materials and/or sectors, by applying the Quality and CSR commitments:

- with local, national or European non-GMO animal feed;
- respectful of animal welfare and without preventive antibiotics (Business Benchmark on Farm Animal Welfare).

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
The nutritional quality of products	Auchan Retail Romania	Development of a range of vegan products, with 323 vegan or vegetarian products, and the launch of own-brand vegan yoghurts.
	Auchan Retail Portugal	Recognised as a national brand offering the broadest vegan offer on the market: • launch of a range of frozen vegan products; • vegan offer integrated into the departments by product type and no longer in a specific department.
	Auchan Retail France	Auchan Retail France is committed, through its animal welfare policy, to: • completely eliminate, by 2025, the use of caged hens in its supply chains for eggs and derived products; • in 2022, 72% of own-brand fresh eggs came from non-caged farming systems, of which 52% were free-range⁽¹⁾. Since the beginning of 2023, 100% of Auchan-branded fresh eggs are from non-caged farms. This commitment was also made for national brand fresh eggs for 2025; • by 2026, use slower-growing strains of broilers, guaranteeing animals a higher animal welfare potential and limiting mortality and health problems. • the chickens used in the composition of Auchan brand products (more than 50% chicken) have access to natural light and are reared with a reduced density of 30 kg/m².

(1) https://www.auchan-agit.fr/uploads/media/635a35beb3ec3_2022-maj-politique-bea-auchan-retail-france.pdf

2.5.3 RESPONSIBLE SUPPLY CHAINS INTEGRATING HUMAN RIGHTS AND ENVIRONMENTAL DIMENSIONS

> Background

For more than 20 years, Auchan Retail has been continuously improving its purchasing practices. Responsible purchasing policies are rolled out to all employees concerned in the countries and to Auchan Retail's Worldwide Products Department under the leadership of a dedicated department.

The Worldwide Products Department's Responsible Purchasing team is also responsible for actions relating to the validation of sourcing and monitoring of the Auchan Retail Services (ARS) supplier database, which brings together functional activities in France. As a result, the development of Auchan-brand food and non-food products is carried out for Auchan Retail France by the Worldwide Products Department teams with a unique methodology and a shared quality process.

In 2022, ELO published its duty of care plan. Public document, accessible to all (<https://groupe-elo.com/responsabilite/>). This plan aims to present the duty of care plan in accordance with Law No. 2017-399 of March 27th, 2017 to the activities of Auchan Retail (Part I) and NEW IMMO HOLDING (Part II). As these two activities are structured and managed separately, it seemed clearer to establish a specific duty of care plan for each activity.

1) For commercial purchases

Support for improvement initiatives

Aware of the importance of collective work to sustainably change the social, societal and environmental practices of production methods, Auchan Retail participates in several international programmes:

Initiative for Compliance and Sustainability (ICS)

ICS is a multi-sector global supply chain initiative that brings together retailers in the textile, footwear, electronics, food and furniture sectors.

This initiative aims to improve the working and safety conditions of supplier employees in a collaborative approach with them. As part of this initiative, the following were established:

- guidelines: support and advisory tools made available to the factories that supply ICS members, and to ensure their compliance in a sustainable manner;
- a common platform: ICS members share, using this tool, the results of audits conducted in thousands of factories, with each brand being able to access information about the factories and the suppliers to which they are commercially related;
- the online corrective action plans: they allow the audited factories and associated players to upload to the ICS platform the documents related to the non-compliance identified during the audit (for example a non-renewed permit, a discrimination policy missing, etc.).

The best practices and the results of audits are shared among member brands in order to avoid redundant audits on the same site.

AMFORI BSCI

Amfori is the first association to promote sustainable supply chains. Bringing together more than 2,000 members from various countries around the world, it makes it possible to exchange information and share best practices observed in supply chains.

The AMFORI BSCI initiative⁽¹⁾ is based on a common code of conduct that promotes key principles such as fair compensation, the fight against child labour and which encourages a step-by-step approach enabling companies to monitor, engage, hold themselves accountable and receive support to place sustainable commerce at the heart of their business.

The AMFORI BSCI code of conduct is inspired by the principles established by the International Labour Organization (ILO), the United Nations Universal Declaration of Human Rights, the United Nations Global Compact and the OECD guidelines for Multinational Companies.

Through its adherence to this type of initiative, Auchan Retail shows its concern for the protection of the safety and health of workers by its suppliers, particularly in the textile industry. In 2013, at the time of the Rana Plaza tragedy, even though none of its listed suppliers were in the building that collapsed, Auchan contributed to the solidarity fund for the victims and their families. In 2013, Auchan also signed a Fire and Building Safety agreement aimed at guaranteeing a safe working environment for textile workers in Bangladesh.

Since the signing of this agreement, Auchan has worked with its stakeholders - local authorities, factory owners, retailers and the Agreement teams - contributing, with the 200 member retailers, to the financing of the building safety audits and the necessary remediation and safety training programs for workers in Bangladesh. The factories for which Auchan was responsible for having a follow-up audit under the Agreement were audited and considered sufficiently secure at the end of these audits. A new independent audit carried out in January 2022 confirmed this.

The work carried out under the 2013 Fire and Building Safety Agreement and the actions carried out internally have enabled Auchan to build a robust, reliable and demanding responsible purchasing policy. The Group Products Department applies it in all countries, for all its suppliers with which it cooperates, and for all non-food purchases well beyond textiles, which was the initial basis of the Accord approach.

Auchan intends to continue its vigilance and its constant work to improve the working conditions and daily safety of workers in all its sourcing countries. It ensures that demanding, clear, operational and traceable measures are implemented in full consistency with French legislation.

For Auchan, the new content of the Fire and Building Safety Agreement, known as Agreement 2, does not meet these conditions. This is why the company refused, at this stage, to renew its commitment considering that the terms lacked precision and that the rules currently applied by Auchan were very strict and of the level of the previous agreement. However, Auchan remains open to any progress aimed at making the Agreement 2 text more precise, operational and applicable in the collective interest of customers, suppliers and workers.

(1) Business Social Compliance Initiative.

> Commitment/Policy

Training in responsible purchasing

Auchan Retail designed a responsible purchasing training course in 2013. It is aimed at buyers, product managers, negotiators, quality engineers from all countries and the DPW (including sourcing offices) and has the following objectives:

- help participants identify the procurement and tender rules applicable to their business;
- implement the procedure and steps for listing and de-listing suppliers;
- increase their awareness of social and environmental issues.

Training in responsible purchasing is not reserved for Auchan Retail employees. The sourcing office teams carry out actions to raise awareness among suppliers (see duty of care plan for more details) to whom e-learning training modules are offered.

In addition to the training of suppliers of own-brand products, training sessions are organised for importers and manufacturers of products under national (non-food) brands.

Labour and environmental audits

As of the initial supplier listing, the responsible purchasing approach incorporates social and environmental criteria. The suppliers are subject to audits prior to any listing.

Auchan Retail also monitors production at supplier sites. The people who work in the sourcing offices draw on the findings of each audit to shape improvement strategies with the supplier and their production site(s).

Auchan Retail reserves the right to terminate the commercial relationship in the event of non-compliance with the values promoted by the Group and international standards, for example:

- the absence of employment contracts;
- discrimination;
- child labour;
- forced labour;
- disciplinary practice(s) (physical punishment, harassment, etc.);
- non-compliance with minimum wage levels or non-payment of wages for two consecutive months;
- evidence of infrastructure failure(s);
- security issues;
- use of sandblasting⁽¹⁾;
- dormitories located in the same building as the production unit or a warehouse;
- consecutive refusals to submit to an audit;
- document forgery;
- corruption cases.

Factories cannot be listed if one or more of these elements is identified. Those that are already listed are de-listed. Depending on the severity of the breaches, Auchan Retail also grants itself the right to de-list the supplier.

In 2022, a factory and a supplier were de-listed for serious compliance breaches.

Environmental auditing

These audits, which are part of a progress approach for the plants concerned, are conducted according to the environmental audit framework of the Initiative for Compliance and Sustainability (ICS). They aim to ensure compliance with certain environmental standards by Auchan Retail suppliers, following their listing. These audits make it possible to check in particular the compliance of the factories with regard to:

- environmental management system;
- energy consumption;
- water consumption;
- treatment of used water and effluents;
- emissions release into the air;
- waste management;
- pollution prevention and hazardous and potentially hazardous substances;
- emergency response management.

These audits are carried out in textile factories in accordance with the Fashion Pact to which Auchan Retail has subscribed. The environmental audits will be extended to other sectors deemed to be priorities in 2023, taking into account the results of the risk mapping.

In addition to the environmental audits carried out on tier one sites in 2018, the approach has been extended to tier two sites since 2020. In 2022, 30 environmental audits were carried out on Auchan sites, including 22 shared with other retailers.

The company also recognises international environmental standards, which makes it possible, taking into account the scores obtained, not to carry out a new audit. This is notably the case for the HIGG Index, which concerns the clothing and footwear industry and assesses environmental and social sustainability throughout the supply chain.

For the other sectors (excluding textiles), an internal questionnaire has been developed to identify factories with high environmental risk industrial processes in order to be able to cover them with specific audits from 2023.

Lastly, a self-assessment questionnaire was developed to assess the level of maturity of production sites in terms of greenhouse gas emissions, in line with Auchan Retail's Climate Plan. Measures will be rolled out subsequently, taking into account the results obtained.

(1) Sandblasting is a mechanical process that creates localised abrasion or a change in colour on denim garments. The process consists in projecting an abrasive material in the form of granules and powder at a very high speed and pressure. Sandblasting can expose workers to extreme health risks and may result in the death of workers. Sandblasting with natural sand is particularly problematic as workers inhale crystalline silica dust particles during production, which severely damage the respiratory tract.

Traceability of manufacturing sites

Traceability improvement on manufacturing sites is a major objective of Auchan Retail's purchasing policy. The company ensures that it can trace its suppliers' production in order to guarantee the manufacturing conditions. With the help of a special web portal, each supplier is required to report its production sites and whether it is using a subcontractor, for every order fulfilled.

Unannounced checks are carried out to verify compliance with this obligation. Suppliers are immediately de-listed if they are found to have used a subcontractor and not reported it. The company has also rolled out this control approach through the use of a geolocated traceability system.

In 2022, 1,161 random production checks were carried out, including 737 by geolocation. The purpose of these checks is to verify that the products concerned are manufactured at the

factory declared by each supplier. Two cases of undeclared subcontracting led to the de-listing of the supplier concerned.

> KEY FIGURES

In 2022, the sites of the Worldwide Products Department were covered by the following audits:

1,158 social audits;

For a supplier base composed of:

462 international suppliers (corresponding to 1,054 production sites) managed by our sourcing offices, of which⁽¹⁾:

356 for textiles,

155 for household equipment,

665 for the general store activity.

> Indicator

Scope	Indicators	2019	2020	2021	2022
Worldwide Products Department ⁽¹⁾	Order rate linked to the production site	93.1%	95.1%	97.5%	96.4%
	Coverage rate of sites with valid social audit ⁽²⁾	98%	95%	97%	96%

(1) To be able to continue monitoring the evolution of this indicator, the Worldwide Products Department scope did not change in 2021, it is outside the ARF.

(2) Valid social audit being understood as an audit having reached the minimum score expected by the company over a period of two years. The 2022 KPIs decreased slightly due to the specific context related to the health situation in China.

2) For non-commercial (indirect) purchases

The definition of purchasing criteria and the selection of suppliers on the basis of quality, social and environmental criteria are not limited to purchases of market goods but also extend to non-market purchases and services for Auchan Retail.

Auchan Retail's Indirect Purchasing Department has developed a comprehensive and consistent responsible purchasing strategy, from (upstream) qualification to (downstream) supplier performance control. Based on the risk mapping, the corporate project and the responsibilities of the Indirect Purchasing Department, four objectives have been defined:

1. fight climate change by reducing the carbon footprint;
2. fight against packaging waste and plastics;
3. fight against deforestation;
4. fight for health and safety at work.

In order to obtain an expertise in the CSR assessment of suppliers, the Indirect Purchasing Department of Auchan Retail chose the Ecovadis solution in 2020, which enabled it to formalise a CSR assessment method for its suppliers on the basis of 21 relative criteria relating to:

1. the environment;
2. social issues and human rights;
3. ethics;
4. responsible purchasing.

First implemented at corporate level, the Ecovadis tool publishes assessment sheets of suppliers that have completed a questionnaire beforehand, including proof of commitment

and certifications. It is also included in the processes, by writing clauses integrated into calls for tenders and contracts exceeding a certain amount. In 2022, this integration was extended to the majority of countries, with thresholds adapted to each local situation.

The approach provides for the training of buyers, an assessment of the current maturity of the regions, as well as support on a subject that is sometimes new for certain subsidiaries.

the responsible purchasing policy of the Indirect Purchasing Department was supplemented in 2022 by the inclusion of a module not present in the Ecovadis database. This module includes the assessment of the carbon footprint of Auchan Retail suppliers.

Suppliers are assessed on the basis of qualitative and quantitative criteria:

- the qualitative score ranks them from insufficient to leader;
- a quantitative score is assigned to suppliers who are able to quantify their carbon emissions for Scopes 1, 2 and 3.

In 2022, around 60.5% of the Indirect Purchasing Department supplier base was assessed by Ecovadis.

A contact person for the Indirect Purchasing Department's CSR/Responsible Purchasing programme is appointed in each country, with whom established routines are followed, both with the Corporate project team and with Ecovadis project managers. These contacts in each country coordinate the issue with local buyers, who are themselves responsible for commercial relations with suppliers, as well as for managing the financial and non-financial performance of the supplier base.

(1) The sum of the sites and suppliers managed by the sourcing offices does not correspond to the total amount announced due to the possible double activity of a site or a supplier.

International committees met quarterly to share best practices in relations and to monitor suppliers' compliance with their CSR commitments.

Auchan Retail strives to raise its suppliers' awareness of CSR requirements. Every year, the Indirect Purchasing Department organises a convention and invites the purchasing directors of Auchan countries, as well as strategic suppliers, i.e. those who are most involved in CSR and have a significant impact on the Group's activities. This event is an opportunity for the company to express its expectations to its suppliers, who may also make comments and proposals.

During the convention, prizes are awarded to the suppliers who are most committed to CSR. In 2022, Smartway won the "Value Creation" award for its action against food waste, which saved 10 million food products.

Yannick HAVEN, director of Indirect Purchasing, Auchan Retail, won the "Outstanding Programme Leadership" award at the Sustain event organised by Ecovadis in March 2022. This award highlights the strategy and strong international initiatives in terms of the company's responsible purchasing.

The performance indicators managed by the Indirect Purchasing Department are **the number of suppliers assessed** as well as **the coverage rate of the total purchase volume per country**.

Country	2021		2022	
	Number of suppliers assessed	Total purchases assessed (%)	Number of suppliers assessed	Total purchases assessed (%)
Corporate	94	34%	145	69%
DPW				
France + Luxembourg	199	50%	313	65%
Spain	129	44%	165	52%
Portugal	68	80%	94	91%
Poland	66	17%	99	34%
Hungary	20	17%	37	39%
Romania	27	26%	70	59%
Ukraine	4	3%	(1)	
Russia	20	11%		
Senegal	6	6%	13	40%
TOTAL	423	36%	666	60.5%

(1) 2022 data for Ukraine and Russia are not shared, as ECOVADIS evaluations in Russia could not be organised due to the conflict, and in Ukraine, priority was given to other topics.

The indicators monitored in this table are not provided over the reporting period but on the basis of a calendar year.

> **KEY FIGURES FOR 2022 (AS OF 12/31):**

- 666 suppliers assessed;
- 179 assessments underway;
- 219 assessments refused.

2.5.4 BUSINESS INTEGRITY

2.5.4.1 Ethics at the heart of Auchan Retail's actions

Since its creation in 1961, Auchan Retail has developed a corporate culture based on strong ethical convictions and values. It is on this basis that the company has been able to forge relationships of trust with its stakeholders (customers, employees, suppliers, shareholders, etc.), both in business relationships and internally with its employees.

To place ethics at the heart of its actions, Auchan Retail has created a set of documents and training for employees and other stakeholders:

- the ethics charter;
- the daily ethics guide;
- the code of business conduct.

The ethics charter, which has been reaffirmed for Auchan Retail, concerns:

1. relationships with employees;
2. relationships with customers;
3. relationships with external partners;
4. relationships with shareholders;
5. relationships with the community;
6. implementation of the charter.

It is founded on the principles of respect, loyalty and sincerity. Each manager is the bearer of the charter and ensures that the contents are made known to his or her teams so that all employees can commit to this approach and follow its main principles in their daily conduct. Compliance with this charter is everyone's business and a key to progress and excellence.

This document was updated in 2022, after being shared with the other ELO companies, and the ethics charter is now specific to Auchan's Retail activities.

The daily ethics guide illustrates with examples the dilemmas that some employees may face and how to resolve them in accordance with the principles of the ethics charter.

The code of business conduct is also an extension of the ethics charter, but intended for suppliers. It marks the will of Auchan Retail to reaffirm its commitment to promote the respect of ethical principles in its business relations with its suppliers, but also its customers and partners by complying with fair, honest and transparent commercial practices.

In this document, Auchan Retail reaffirms its commitment to "fight against corruption, to exercise its duty of care". This document is applicable to all partners: suppliers, manufacturers, franchisees, agents and intermediaries, or business contacts of Auchan Retail companies. The signing of this code is the prerequisite for any commercial relationship.

Ethics is led by a Corporate Ethics committee, which met twice in 2022. This committee also exists at the local level, with the majority of countries having a dedicated committee. Depending on the size of the country and the organisation, this body may also be shared with compliance and CSR subjects.

Numerous topics are addressed, including:

- the case of the sale of cannabidiol-based products (CBD) in France, where it was decided that this was possible by paying close attention to the clarity of packaging, consumer information on the sales area and employee training. The products offered must not target a child population or present packaging that could induce a child target. The implementation will be adapted to the targeted consumers. No discount, promotion or promotion of products containing CBD will be offered, in stores or on any digital medium;
- the sale of lottery tickets;
- the sale of books on controversial topics in Spain, where it was noted that the freedom of expression of authors would be defended and guaranteed. However, in line with Auchan Retail's ethical values, the company reserves the right to refuse the sale of books that incite, for example, violence, pornography, discrimination and racism.

2.5.4.2 Fighting against all forms of corruption

The development of Auchan Retail within a region involves the establishment of regional, national and global supply chains promoting the development of a highly diversified business ecosystem. However, according to the index established by Transparency International, corruption remains a reality in many countries and sectors of activity where the company is present. The exposure to the risk has increased in recent years, particularly following the COVID-19 pandemic, but also more recently due to changes in the global economic and geopolitical context. Aware that its business model involves

many partners and the level of risk, Auchan Retail applies a "zero tolerance" policy towards corruption.

2.5.4.2.1 Commitment at the highest level

The commitment of the governing body in this area is reflected in the "anti-corruption" component of Auchan Retail's compliance programme, deployed in all entities under the responsibility of the company's Chief Compliance Officer, who reports to the General Secretariat. The directors of the operating entities are responsible for the implementation of this programme with the support of the local legal directors, who also act as compliance relays in their respective scopes.

This commitment is also reflected in regular presentations, particularly in the context of large-scale communication actions such as the "Compliance week" organised every year for the past three years. The purpose of this event is to promote a culture of integrity by favouring a practical approach aimed at developing employees' knowledge, regardless of their position in the company.

Lastly, the commitment of the governing body is reflected in regular reports on the progress of the programme within the administrative bodies such as the Group's Audit Committee and Board of Directors.

2.5.4.2.2 Risk mapping

The corruption risk mapping, the cornerstone of the system, was radically overhauled in 2020. It was established on the basis of 600 interviews conducted with employees holding different functions at different hierarchical levels. Developed according to an approach by process and risk scenario, it enabled each entity to have a specific mapping, thus facilitating the appropriation of the subject. Each mapping is validated by the local governing body and makes it possible to draw up action plans as close as possible to the field. The consolidation carried out at Group level under the supervision of the Chief Compliance Officer has enabled the emergence of new cross-functional mitigation actions. In 2021 and 2022, the efforts made in conjunction with the Internal Control Department focused on assessing the robustness of risk management resources. Lastly, as mapping is an evolving tool, an update financial year has been planned for 2023.

2.5.4.2.3 Preventing risks

Against corruption, Auchan Retail establishes the principle of integrity and exemplarity among employees. In accordance with the Sapin 2 law, Auchan Retail has adopted an anti-corruption code of conduct that is intended for both executives and other employees, regardless of their status, their function and the country in which they work.

This code illustrates, with regard to risk mapping, the situations that may characterise acts of corruption, influence peddling and other breaches of probity. It specifies the behaviour to be adopted as well as the penalties incurred in the event of non-compliance as well as the communication channels for reporting any breach.

The anti-corruption code of conduct is supplemented by several procedures forming a coherent whole. In 2021, Auchan adopted a framework for the prevention of conflicts of interest and updated the provisions applicable to gifts and invitations, which were adapted more restrictively in the most at-risk regions.

Actions to raise awareness on the fight against corruption but also on the internal whistle-blowing system are carried out with employees, notably as part of the "Compliance Week". For several years, the company has also been rolling out an e-learning module for all employees, dedicated to the Ethics & Compliance programme. This module is complemented by training in "responsible purchasing" for the most exposed employees within the meaning of the Sapin 2 Act. These two training courses will be updated in 2023 to benefit from the contributions of a new e-learning platform and the lessons learned from the update of the risk mapping.

With regard to the assessment of third parties, Auchan Retail performs anti-corruption due diligence prior to entering into a business relationship. These mandatory controls are proportionate to the risk inherent to each category of third party and are an integral part of the listing process. The third parties concerned are monitored throughout the contractual relationship, using a dedicated platform, which makes it possible to identify any changes in their situation (unfavourable media coverage, convictions, etc.). In 2020, the company also adopted contractual clauses specifying the Group's requirements and the procedures for applying an audit right in terms of preventing and combating corruption. These clauses make it possible to establish the principle that services identified as "sensitive" cannot be subcontracted without the prior agreement of Auchan Retail.

The company provides its internal and external stakeholders with a whistle-blowing system - SpeakUP - in all countries, allowing the reporting of any conduct contrary to the law or the code of ethics. The assessment of the system for 2022 is available in the company's duty of care plan (available at <https://groupe-elo/responsabilite/>). Significant reports are anonymised and shared with the Internal Control Department in order to contribute to the strengthening of the company's processes and controls.

The company also has general accounting procedures that provide reasonable assurance as to the quality of the accounting information. It also implements controls to ensure that the books, registers and accounts are not used to hide acts of corruption. In 2022, Auchan Retail continues to roll out its new internal control framework comprising a minimum of 94 key controls. These controls carried out in particular by the accounting functions are the subject of a second-level review by the Internal Control Department. In 2022, Auchan Retail finalised an evaluation mission to ensure the proper execution and quality of the accounting controls, in particular through sample audits. At the end of the financial year, several progress actions were undertaken, in particular a training programme on anti-corruption accounting controls.

The control of Auchan Retail's anti-corruption system is ensured at the first level by the operational functions as well as by their direct hierarchy and the local Compliance Officers. At the second level, controls are carried out by the Internal Control and Risk Department as well as by the compliance function, through the examination of key controls common to all Auchan Retail entities. At the third level, Internal Audit participates in the control of the system through audits covering all Group entities.

The prevention measures described above form a coherent and inseparable whole that embodies the commitment of the governing bodies in terms of anti-corruption and contributes, along with the other pillars, to the robustness of Auchan Retail's compliance programme.

2.5.4.3 Compliance with international economic sanctions

The United Nations and many countries may adopt financial or commercial restrictive measures against countries, natural persons or legal entities. These measures take the form of bans and restrictions on trade in goods, targeted technologies or services with certain countries, measures to freeze funds and economic resources and sometimes restrictions on access to financial services. The global nature of Auchan Retail's activities and the fact that these sanctions apply across borders means that the day-to-day transactions that the company carries out may potentially be subject to sanctions.

Aware of this risk, the company has adopted a general policy on international economic sanctions. This policy lays down three fundamental principles:

- Auchan Retail complies with all sanctions applicable to its commercial activities and relations with its stakeholders;
- Auchan Retail does not participate in transactions designed or intended to evade or facilitate a violation of the applicable sanctions;
- Auchan Retail does not engage in any sanctionable activity that could result in its designation as a target of sanctions.

The policy also describes the roles and responsibilities but also the nature of the controls to be carried out, the general framework of vigilance, non-involvement and reporting that applies to the employees and managers of Auchan Retail as well as to third parties acting in its name.

2.5.4.4 Tax transparency

ELO wants to be a responsible and civic-minded company in tax matters. The company ensures compliance with its reporting obligations and pays taxes in all countries where it is present, in compliance with local and international laws:

- ELO relies on competent staff in tax matters both in France and abroad;
- ELO cooperates transparently with the tax authorities in each of its location jurisdictions;
- ELO refrains from setting up artificial or hidden arrangements and schemes that may lead to tax fraud or tax evasion;
- ELO respects the principles laid down by the Organisation for Economic Co-operation and Development (OECD) in the field of transfer pricing. As such, it ensures compliance with the arm's length principle for its intra-group flows and maintains contemporary transfer pricing documentation.

See the financial section of this document for more details on ELO's taxation.

2.5.4.5 Data protection

Auchan Retail's entities process a large amount of personal data concerning customers, employees, job candidates, suppliers and subcontractors,

Auchan Retail is aware of the challenges of protecting privacy and ensures that its employees understand and comply with the regulations in force, including in particular the GDPR.

The "data protection" (Privacy) teams of Auchan Retail are responsible for supporting the company in the management of new projects and maintaining existing compliance, as well as raising awareness among all employees.

The Corporate Privacy team operates within the divisions of Auchan Retail, Auchan Retail France and Auchan Retail Luxembourg. Key contacts were set up in 2022 to support the departments of the aforementioned entities.

In all EU member countries, a Data Protection Officer (DPO) is present to provide his or her expertise and support on data protection issues. Outside the EU, where the GDPR is not applicable, Auchan Retail has appointed a person responsible for these issues.

To date, the data protection teams consist of 11 people, not counting the non-EU contacts.

A Corporate Data Protection Governance Committee brings together members of the Management Committee and representatives of the various departments concerned within the company on a quarterly basis.

Auchan Retail has set up various logistics, communication and training tools to ensure compliance of personal data management with the GDPR:

- an employee data protection policy, intended for employees to inform them of the various processing operations carried out by the company on their data;
- an intranet site dedicated to data protection, which explains regulations, company policy and gives concrete examples of tools and awareness-raising;
- a Data Privacy Auchan platform for employees in charge of projects or handling personal data, this tool allows them to centralise the management of their projects' compliance with the GDPR. This platform was rolled out to mark the fourth anniversary of the settlement, and in all the languages of the Auchan Retail countries;
- GDPR training organised to date at two levels;
- a one-hour awareness-raising module for newcomers;
- throughout the year, awareness-raising sessions and events are offered on a regular basis via internal communication posts and articles intended for all employees;

- on the occasion of the European Data Protection Day in January, a participatory event is offered;
- an awareness-raising campaign via a comic strip was developed by the Privacy teams and will be distributed in early 2023;
- data protection was also the subject of a specific focus during the Compliance Week organised in November 2022, which is presented in a dedicated section (see section 2.5.4.1).

2.5.4.6 Compliance and ethics at New Immo Holding

In 2022, New Immo Holding continued its policy of preventing corruption and managing compliance risks.

For example, the Compliance, Ethics and Internal Control Department, in conjunction with local officers, coordinates networks of country compliance officers by monitoring the anti-corruption action plans of New Immo Holding entities on a monthly basis, which has made it possible to identify nine major risks.

At mid-year, a synergy dedicated to the sharing of best practices was organised with the Compliance, Ethics and Internal Control Department, with which inspiring personalities were associated.

In France, the Compliance, Ethics and Internal Control Department has developed an awareness-raising and training program on ethics risks called "The compliance tour". Used in all regions, this approach made it possible to meet with local teams to present the code of ethics system in connection with their functions and the whistle-blowing platform.

Prior to its implementation in the regions, the approach was reviewed by the France Management Committee. It was then presented to the Audit, Risks and Compliance Committee.

This innovative formula was acclaimed by all employees. It reinforces the company in its ethical ambition as close as possible to everyday life, teams and business lines.

It was offered to all employees, five regions were visited, listing 21 hours of training and four contributors. At the request of the teams, in 2023, this first exercise will be rounded off with a remote session.

The whistle-blowing system put in place made it possible to respond to all alerts, requests, information needs and advice received from New Immo Holding stakeholders, including employees, partners, suppliers, service providers and customers or any other person who may have an interest.

The whistle-blowing system is monitored and given special attention by the Audit, Risks and Compliance Committee.

In addition to the code of ethical conduct for employees, a code of conduct for partners has also been drafted. Presented to the partnership synergy, the code was then distributed to the operational teams and it can be found on the New Immo Holding institutional website. Backed by the company's commitment to ethics, it uses a construction similar to that of the code of conduct of employees and is divided into two chapters, one dedicated to respect for fundamental rights and the other to responsible business conduct. Particularly revealing of the company's desire for fairness, it is combined with the partner's code of ethics if it has its own code.

Strengthening the anti-corruption system in place, a systematic third-party integrity control tool was referenced at the end of the first half of 2022 and is being rolled out. In partnership with Credit Safe, the Vadis editor won the tender. Using this tool, the deployment project is underway; it is initiated on a voluntary basis for the France and Corporate entities in the case of third parties and tenants. The Luxembourg entity has joined this ambition and will roll out the tool as a priority in 2023.

This tool operationalises the third-party control policy, which is based on a risk-based approach, making it possible to focus

the company's efforts on the most at-risk third parties, as identified by the risk mapping and the guidelines of the AFA.

The corruption risk mapping is constantly monitored, including the action plan specific to each entity in the country and managed jointly by the Compliance, Ethics and Internal Control Department and local contacts. It is now extended to the new territories where the company is located in Africa.

The conflict-of-interest prevention programme continued at the end of the second half of 2022 with the renewal of the sending of self-declaration questionnaires to all directors of New Immo Holding.

Lastly, on the occasion of International Corruption Prevention Day, the company mobilised all employees around a digital event involving the General Management of New Immo Holding, as well as various external stakeholders, including a representative of the Faculty of Ethics, one of the founders of the standard for the prevention of corruption.

2.5.4.7 Duty of care plan

The ELO duty of care plan is available at: <https://groupe-elo.com/en/responsability/>

2.6 METHODOLOGY

2.6.1 ORGANISATION OF REPORTING

In every country, a CSR manager is in charge of circulating the environmental and social reporting instructions to all sites and divisions falling within his or her scope. Each CSR manager is responsible for tracking the indicators and coordinating data submissions from the employees who are tasked with this job at entity level. They are provided with data consolidation tools necessary for this purpose. The Human Resources managers share responsibility for labour data with their Executive Committees and all operational contributors. In order to make the information communicated homogeneous and certifiable, the International CSR Committee makes an updated version of the reporting protocol available to all those likely to contribute to the reporting.

A CSR-specific software application is used to handle the data escalation and verification process. All contributors and validators are trained in its use. The information reported is checked by the corporate team before this document is issued.

2.6.2 RISK MAPPING METHODOLOGY

In 2020, Auchan Retail reworked its risk mapping, the results and methodology of which are defined in section 2.2.1 Global risk analysis method of the 2020 non-financial performance statement.

In 2021, Auchan Retail focused on analysing the materiality of the CSR risks, in partnership with all its stakeholders. The results of this work are presented in the introduction. The cross-reference table between the risks resulting from the work carried out in 2020 and the materiality analysis present in Section 2.1.4 "Enhanced dialogue with stakeholders" provides a better understanding of the connection between these two approaches and refers to the sections of the non-financial performance statement in which the subjects are addressed.

2.6.3 DATA COLLECTION

> Collection method

To ensure the homogeneity of indicators across the scope, a reporting methodology guide was drafted in French then translated into English. This protocol details the methodologies to be followed for the collection and control of indicators: definitions, methodological principles, roles and responsibilities of internal stakeholders, source data, calculation formulas, etc.

Qualitative and quantitative information, and any relevant comments regarding policies and actions implemented in the countries and business lines, are entered into the software application based on the information provided in exhaustive questionnaires.

In 2022, Nhood established a materiality matrix after consultation with the main stakeholders in the various countries to identify expectations for the real estate segment.

> Data verification

To calculate the indicators, each validator is responsible for checking the data entered by the different contributors in his or her scope. To do end, automatic alerts are programmed into the software package:

- when significant differences (of plus or minus 10%) are observed from one year to the next;
- when there are sizeable variations in consumption from one year to the next (different delta values depending on the indicator, the core business or the geographical area);
- when consumption ratios are particularly low or high.

The CSR managers in each of the Auchan Retail and New Immo Holding countries are responsible for validating this data. They must verify that sites for which an alert has been issued in respect of one or more indicators have entered a comment in the software tool to explain the discrepancy or significant change that has been flagged. The International CSR Committee then carries out a second level of control. Inconsistencies and errors are reviewed with the CSR managers of the entities concerned and, wherever possible, corrected before consolidation. When, in spite of these controls, data does not appear to be sufficiently reliable or the substantiations do not appear to be sufficiently convincing, the International CSR Committee excludes the data from the calculation of the ratios disclosed in this document.

> Clarifications and limits

Some indicators may be estimated (energy consumption indicators calculated on the amount invoiced with an allocation key between the shopping mall and the store). Where applicable, countries are requested to specify and to justify the relevance of the assumptions used for the estimation method.

Some indicators may have methodological limitations due to the lack of harmonisation of national and/or international definitions and legislation (e.g. workplace accidents).

Some indicators do not have a history due to their introduction during the financial year.

Some indicators may be calculated over a period different from that included in the methodology, they will be collected over a calendar year unlike the reporting period included in the reporting protocol (09/30/N-1 to 10/01/N).

2.6.4 CALCULATING THE ENVIRONMENTAL AND SOCIETAL INDICATORS

> Scope

The quantitative and qualitative data in this document summarises the data communicated to ELO by all the entities within its scope within the meaning of Article L. 233-1 of the French Commercial Code and all companies it controls within the meaning of Article L. 233-3 of said code, with the exception of the e-commerce activity which has no physical sales outlets. The e-commerce activity is currently negligible in terms of environmental impact.

The following limitations apply:

- only the commercial sites are included in the calculation of the indicators. Logistics sites, support functions, affiliated stores, etc., are not included;
- only the shopping malls owned by Ceetrus are included in the calculation of the indicators. Shopping malls where New Immo Holding is the lessee or has an operating contract, and Retail parks, are not incorporated into the data calculations or the coverage ratio calculations;
- store surface areas in square metres does not include storage, food preparation or shopping mall surface areas;
- consumption indicators (energy, water) are monitored on a site-by-site basis;
- sites open for less than six months during the reporting period;
- sites that are no longer in the scope at 09/30.

> Comparability and coverage of the main indicators

For the main indicators, and within the Auchan Retail scope, a coverage rate is calculated for the number of sites or countries that have responded.

> COVERAGE RATE FOR THE MAIN INDICATORS (as a%)

Energy consumption per square metre of surface area	82%
Refrigerant leakage rate	98%
GHG emissions related to logistics flows between country warehouses to stores	91%
Total volume of waste (in tonnes) - HYPER	100%
Total volume of waste (in tonnes) - SUPER	95%
Total volume of waste (in tonnes) - Drive	37%
Total volume of recovered waste (in tonnes) - HYPER	100%
Total volume of recovered waste (in tonnes) - SUPER	95%
Total volume of recovered waste (in tonnes) - Drive	37%
Total water consumption (in m ³) - HYPER	88%

The like-for-like scope for water consumption represents 88% of the total scope for 2022 (stores with water consumption in 2021 and 2022).

Auchan Retail strives to provide comparable information from one year to the next, by stabilising the definition of said indicators. When additional restatements are made due to changes in scope, these are specified.

Societal indicators

The scope of the HR component changed between 2021 and 2022:

- concerning Spain, the SA Retail Spain and Super Spain collection points were not completed since all employees were included in the Hyper Spain Alcampo collection point;
- for international: the Chronodrive and Simply Frais collection points are now attached to International (and no longer to France); the Patinvest and Sourcing Offices sites were created during this new campaign;
- the AIT entity was eliminated (the affected employees were attached to Auchan Retail International).

Temporal

The reporting covers the period from October 1st of year N-1 to September 30th of year N, except for specific indicators with special reporting periods, these indicators are calculated for the calendar year N-1 (from 01/01/N-1 to 12/31/N-1):

- revenue from organic products;
- revenue from bulk products;
- breakage rate of fresh produce;
- number of responsible supply chains deployed.

The tables below summarise these scopes.

2020 non-financial performance statement	Surface area (in thousands of sqm)
Scope used for the 2019 reporting for 2019 (including the activities in China)	11,659
Scope used for the 2020 reporting for 2019 (excluding the activities in China)	6,592
Scope used for the 2020 reporting for 2020	6,813

2021 non-financial performance statement	Surface area (in thousands of sqm)
Scope used for the 2021 reporting for 2019 (excluding the activities in China and Taiwan)	5,402
Scope used for the 2021 reporting for 2020 (excluding activities in China and Taiwan)	5,491
Scope used for the 2021 reporting for 2021	5,517

2022 non-financial performance statement	Surface area (in thousands of sqm)
Scope used for the 2022 reporting for 2019 (excluding activities in China and Taiwan)	5,402
Scope used for the 2022 reporting for 2020 (excluding activities in China and Taiwan)	5,491
Scope used for the 2022 reporting for 2021	5,517
Scope used for the 2022 reporting for 2022	5,506

Regarding energy consumptions, the "Auchan Station" stores in Romania are not included in the reporting this year, but a review is undergoing to integrate them in the year to come.

Regarding waste, it should be noted that the data on supermarkets is fragmented because many supermarkets have

their waste processed by municipalities, regardless of the country where they are located, without providing a consumption report. The hypermarket data is thus published separately from the supermarket data for transparency purposes.

2.6.5 LABOUR INFORMATION

> Scope

The quantitative and qualitative data in this document summarises the data communicated to ELO by all the businesses within its scope within the meaning of Article L. 233-1 of the French Commercial Code and all companies it controls within the meaning of Article L. 233-5 of said code.

The scope is modified compared to the previous scope: the activities of Auchan Retail Taiwan have been deconsolidated.

In order to correct the errors noted during the audit for the France scope, the number of workplace accidents with lost time and the number of days lost due to workplace accidents were calculated once again.

- Number of workplace accidents: The initial figure was overestimated because the same accident with several periods of lost time was counted several times. The data was therefore estimated on the basis of the workplace accidents reported in the prevention tool, which does not generate double counting, nor does it exclude accidents resulting in a single day of lost time.

- Number of days lost due to workplace accidents: The days lost were initially calculated in working days (based on six working days out of seven) instead of being calculated in calendar days. The data was therefore estimated by applying a factor of 7/6 to the data initially reported.

The frequency rate is calculated as follows: (Number of accidents with absence from work * 1,000,000)/Number of hours actually worked).

It is necessary to clarify here that the number of hours effectively worked has not been taken into account for the sites that did not have any work accidents during the period, and which therefore did not have any days off work due to work accidents.

The severity rate is calculated as follows: (Number of days off work due to a work-related accident with absence from work converted into working days/Number of hours effectively worked)*714.29.

2.6.6 EXTERNAL AUDIT

For all environmental and labour data: quantitative data is produced, consolidated, analysed and published. The independent third party checks the compliance of the

non-financial performance statement and the reliability of the information published.

2.6.7 METHODOLOGY USED TO CALCULATE GREENHOUSE GAS EMISSIONS - SCOPES 1 AND 2

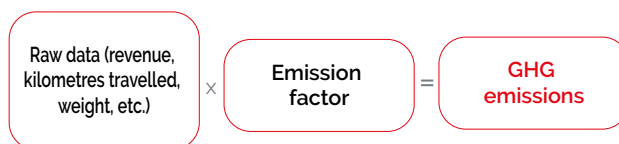
In order to comply with the carbon reporting standards established by the GHG Protocol, major changes in method and scope have been introduced in the 2021 non-financial performance statement:

Change in distribution of emission sources between Scopes 1 & 2:

- Scope 1: GHG emissions from gas consumption (previously this consumption was included in Scope 2) and refrigerant leaks;
- Scope 2: GHG emissions from electricity consumption and heating networks (previously this consumption was not systematically taken into account in all countries).

In 2022, New Immo Holding included these changes in method and scope in the non-financial performance statement, thus showing significant changes in energy consumption.

> THE CALCULATION OF THE GHG EMISSIONS CAN BE SUMMARISED AS FOLLOWS:



The emission factors used are mainly taken from ADEME's carbon database, or directly from our energy suppliers, and are reviewed each year. The presented calculation of our emissions is based on the **"location-based"** method as well as on the **"market-based"** method. Both calculations are presented.

2.6.8 METHODOLOGY USED TO CALCULATE GREENHOUSE GAS EMISSIONS - SCOPE 3

2.6.8.1 Methodology used to calculate emissions from freight transport

Scopes

The transport of goods at Auchan Retail is very largely subcontracted and is therefore part of our Scope 3 indirect emissions.

Organisational scope: the transport flows of an international distributor are numerous and complex. Initially, we chose to limit our measurement to the flow of goods from country warehouses to country stores. Since 2021, this scope includes deliveries between the hypermarket and the Auchan Piéton (pick-up point) entity in France. In 2021, the scope of the Worldwide Products Department's non-food products (Auchan Retail's own international brands, non-food) was added. This scope therefore excludes the following scopes: direct purchases from suppliers, international purchases, purchases of goods by the Worldwide Products Department, upstream from suppliers, downstream from and to customers.

The temporal and geographical scopes are the same as the scopes of this report. All modes of goods transport (air, sea, road, rail) are taken into account.

In 2020, the raw data used to calculate the carbon footprint of transport was the expenditure in euros for the transport of goods. In 2021, the method changed to take into account only the tonne-kilometres travelled. This change in methodology allows us to refine our measurement of the carbon footprint linked to the transport of goods.

Calculations and data sources

Source data are reported in tonne-kilometre only. This standardisation of the data source explains the observation of a significant increase in GHG emissions between the 2020 and

2021 financial years. Indeed, in 2020, other sources of data were accepted to calculate the carbon footprint of the Group's Scope 3 transport (purchase amount of goods, CO₂ emissions of the carrier).

The emission factors associated with each type of transport are taken from ADEME's carbon database.

2.6.8.2 Methodology used to calculate emissions from products sold in stores

Scopes, calculations and data sources

The GHG emissions of products sold in stores take into account Scopes 1, 2 and 3 of these products because the emission factors are derived from life cycle analyses of these products or their main ingredients.

Organisational scope: the products sold in stores can be own-brand products or national-brand products. This scope includes fuels sold in stations. Given the very high number of product items concerned, a significant amount of sampling was carried out. Work has also been carried out to standardise nomenclatures in order to harmonise the Universes - Departments - Categories of products sold in stores between the various countries. In 2020, this method was used for all food and non-food scopes. Since 2021, this method is only used for non-food products. In order to refine our calculation for food products, we used the figures from the carbon footprint of the food industry of our Worldwide Products Department (DPW, which manages the Auchan International and France own-brand products) in order to extrapolate these figures. results for the entire food product offering (own brands and national brands) of Auchan Retail.

The temporal and geographical scopes are the same as the scopes of this report.

The carbon footprint of food on the Worldwide Products Department scope (200 products) was carried out using the following method:

For each product reference, the main ingredients were determined and the packaging identified. The carbon footprint

of each product category was calculated from the LCA (source SIMAPRO) of the main ingredients identified and the packaging.

The carbon footprint of food products carried out by the Worldwide Products Department was extrapolated to all food products sold by Auchan Retail in 2020 based on revenue.

2.6.9 METHODOLOGY FOLLOWED FOR THE CALCULATION OF PLASTIC INDICATORS

In 2021, for the first time, Auchan Retail conducted a campaign to estimate the total tonnage of plastic used for the packaging of its own-brand products.

Once again this year, as data is not available for all scopes, part of the calculation is based on estimates. In particular in the Spain, France and Romania scopes, where the representation rates are 20%, 69% and 88% respectively.

The data reported for private label products correspond to the FMCG scope, which includes prepackaged food, hygiene and household products, excluding fruit and vegetables.

The indicators Weight of the plastics used for in-store packaging in the market area (stands and fruit/vegetable bags) (in tonnes), Percentage of recycled plastic incorporated in packaging in the market area (in %), Weight of the plastics used in check-out bags (in tonnes) and Percentage of the recycled plastics incorporated in check-out bags (in %) are based on data collection conducted directly from our non-commercial packaging suppliers.

As the conflict in Ukraine has severely disrupted supplies and the ability to monitor plastic consumption, data for the EU are published for comparison with previous years.

2.7 SUMMARY TABLE OF INDICATORS

The following table lists the main performance indicators monitored over the period between October 2019 and September 2022. It also includes the associated objectives when they have been set.

Indicator	Scope	2020	2021	2022	Objective	Comment
INTRODUCTION						
ESG rating (Moody's ESG Solutions)	ELO	49	62		60 in 2022	The 2022 objective was achieved in 2021. The 2022 assessment is expected in March 2023.
						
CDP Rating - Climate change	ELO	B	B	B	A in 2022	This score recognises the advanced management level on climate issues within ELO, particularly in terms of reducing GHG emissions (Scopes 1 and 2). The A score was not achieved because the climate plan had not been validated by the SBTi in 2022. The validation process began in January 2023.
						
PROPOSE A HEALTHY, QUALITY AND RESPONSIBLE FOOD OFFER						
Eating well and the nutritional quality of products						
Percentage of private label and international private label products with a nutritional label on the packaging	Auchan Retail	45%	48%	45%		Private labels International private labels
COMMITMENT WITH PASSIONATE EMPLOYEES						
Job structuring						
Total workforce at the end of the period	Auchan Retail	173,412	163,098	160,407		The ELO workforce decreased slightly by 1.7% between 2021 and 2022. This decrease in headcount is mainly due to the development of an increasingly digitised business with the implementation of optimised processes, leading to some redeployment of staff, in particular to new business lines (IT, data, "last mile" supply chain, etc.).
Total workforce at the end of the period	New Immo	970	1,082	1,069		
Total workforce at the end of the period	ELO	174,382	164,180	161,468		
Breakdown of workforce by fixed-term/permanent contracts (as a% of total workforce)	ELO	7.6/92.4	8.3/91.7	7.0/93.0		
Breakdown of workforce by male/female employees	ELO	65,294/ 109,088	61,942/ 102,238	61,590/ 99,886		
Percentage of employees aged under 25 in the total workforce	ELO	15.3%	15.3%	15.8%		
Percentage of employees aged 25 to 35 in the total workforce	ELO	20.5%	20%	18.6%		
Percentage of employees aged 35 to 50 in the total workforce	ELO	38.0%	37.7%	37.0%		
Percentage of employees aged 50 or more in the total workforce	ELO	26.3%	27.5%	28.6%		
Breakdown of workforce by full-time/part-time employees	ELO	73.6/26.4	73.3/26.7	73.8/26.2		
Number of people hired on permanent contracts	ELO	32,449	31,442	41,686		
Number of dismissals (all reasons) of permanent employees	ELO	6,264	5,934	5,676		
Turnover of permanent employees	ELO	23.1	26.9	30.04		

Indicator	Scope	2020	2021	2022	Objective	Comment
Employee development						
Internal promotion rate	ELO	29.3%	35.3%	29.6%		
Internal promotion rate of women	ELO	31.6%	38.8%	34.8%		
Internal promotion rate of men	ELO	27.1%	31.4%	23.6%		
Total training hours	ELO	2,367,729	2,383,626	2,207,366		
Internal promotion rate	ELO	0.9%	1.0%	1.0%		
Employee commitment						
Number of employees involved in CSR actions	Auchan Retail	11,649	21,068	71,349		
Occupational health and safety						
Frequency rate of workplace accidents with lost time	ELO	23.8	21.4	19.22		
Severity rate of workplace accidents with lost time	ELO	0.7%	0.8	0.9		
Absenteeism rate (illness)	ELO	5.7%	5.9%	5.8%		
Social dialogue						
Number of meetings with employee representatives	ELO	8,527	6,006	5,131		
Percentage of employee shareholders of the company	ELO	72.8%	73.3%	73.7%		
Diversity and equal opportunities						
Percentage of employees with a disability As of 09/30/2020 - Auchan Retail	Auchan Retail	4.0%	4.6%	4.1%		
Percentage of employees with a disability As of 09/30/2020 - Ceetrus	Ceetrus	1.6%	1.7%	1.9%		
Breakdown of total ELO workforce by gender (in %) ELO	ELO	62.6/37.4	62.3/37.7	62.2/37.8		
Breakdown of ELO managers by gender (in %)	ELO	50.3/49.8	50.5/49.5	51.1/48.9		

Indicator	Scope	2020	2021	2022	Objective	Comment
LIMIT THE ENVIRONMENTAL IMPACT OF OUR ACTIVITIES						
Climate change and GHG reduction						
Energy consumption (in KWh/m ²)	Auchan Retail	481.90	452.65	445.75	(25%) in 2022 (baseline 2014, like-for-like)	The 2022 target was achieved this year, with a 25.69% decrease in the energy intensity of stores (excluding district heating networks) in 2022 since 2014. The like-for-like country basis includes the same geographic scopes for 2014 and 2022, i.e. Auchan Retail France, Portugal, Spain, Hungary, Russia, Ukraine, Poland, Luxembourg and Romania. The square metres taken into account in these countries may change as stores open or close.
Electricity consumption (in KWh/m ²)	Auchan Retail	412.40	391.69	386.78	(25%) in 2022 (baseline 2014, like-for-like)	The decrease in the energy intensity of stores in 2022 is 24.79% since the 2014 financial year. The like-for-like scope includes the same geographic scopes for 2014 and 2022, i.e. Auchan Retail France, Portugal, Spain, Hungary, Russia, Ukraine, Poland, Luxembourg and Romania. The square metres taken into account in these countries may change as stores open or close.
Rollout of the ISO 50001 standard in EU countries	Auchan Retail (EU countries)	-	36%	48%	100% of the m ² of stores covered in 2023	
Renewable electricity consumption (as% of overall electricity consumption)	Auchan Retail	18.1%	16.94%	26.73%	100% renewable electricity consumption by 2030	Since January 2022, Poland has been supplied with 100% renewable electricity, in addition to Portugal and Spain.
Scope 1 CO ₂ emissions (tonnes of CO ₂ equivalent)	Auchan Retail	544,660.10*	397,031.30	355,628		Scope 1 CO ₂ emissions (tonnes of CO ₂ equivalent) decreased by 10.4% thanks to the actions undertaken as part of the energy efficiency plan.
Scope 2 CO ₂ emissions (tonnes of CO ₂ equivalent)	Auchan Retail	698,700.70*	653,238.50	730,858.34		Scope 2 CO ₂ emissions (tonnes of CO ₂ equivalent) increased by 11.9%. The increase is due to an unfavourable change in emission factors, particularly in the heating networks of certain countries (Poland, Hungary) and in the electricity mix in France, which is more emissive, in the difficult geopolitical context of 2022.
Scope 3 CO ₂ emissions related to transport (tonnes of CO ₂ equivalent)	Auchan Retail	223,407.43*	452,204.80	464,150		

Indicator	Scope	2020	2021	2022	Objective	Comment
Biodiversity						
Total water consumption (in m³) - HYPER	Auchan Retail	3,328,907	3,277,153	3,092,646		Like-for-like scope (stores opened in 2021 and 2022)
Total water consumption (in m³) - SUPER		137,405	153,422	148,039		Like-for-like scope (stores opened in 2021 and 2022)
Total water consumption (in m³)	New Immo Holding	1,009,118	844,563	1,345,155		The variation is due to the reopening of galleries (notably restaurant spaces) partially closed in 2021 for health reasons.
Percentage of certified private label coffee references	Worldwide Products Department (DPW)			72%		For coffee and chocolate bars, references under the Rainforest Alliance, UTZ, Max Havelaar or Filière Auchan label are considered certified.
Percentage of certified private label chocolate bars	Worldwide Products Department (DPW)			90%		
% BREEAM In-Use certified fair value	New Immo Holding			94%	100%	
Fight against plastic pollution						
2.a Weight of the plastics used in the packaging of our own-brand food products	Auchan Retail Global EU		36,437 33,542	NC 27,093		The changes are partly due to better representativeness (67% in 2022 vs 51% in 2021).
2.b Percentage of reusable, recyclable or compostable own-brand food product packaging	Auchan Retail Global EU		47.1% 56.7%	NC 64.1%		The recyclability varies greatly from one country to another due to the available recycling facilities.
4.a Weight of the plastics used for in-store packaging in the market area (stands and fruit/vegetable bags) (in tonnes)	Auchan Retail Global EU	12,031* 6,721*	14,218 ⁽¹⁾ 7,977	NC 6,554		* The indicator did not include Poland in 2020.
4.b Percentage of recycled plastic incorporated in market area packaging (in %)	Auchan Retail Global EU		7.1% 11.4%	NC 13.8%		
5.a Weight of the plastics used in check-out bags (in tonnes)	Auchan Retail Global EU	5,510 4,991**	8,261 5,147**	NC 5,676		** Indicator 5.a did not include Poland in 2020 and 2021, on a like-for-like basis (excluding Poland), it amounted to 4,768 t in 2022, a reduction of 7% compared to 2021.
5.b Percentage of recycled plastic incorporated in check-out bags (in %)	Auchan Retail Global EU	-	57.2% 80.9%	NC 62.5%		

Indicator	Scope	2020	2021	2022	Objective	Comment
Reduce waste and fight against food and non-food waste						
Number of Too Good To Go baskets	Auchan Retail	520,492	639,446	638,993		
Food waste rate	Auchan Retail			143%		
Total volume of waste (in tonnes) - HYPER	Auchan Retail	406,751	396,046	389,551		Excluding Senegal
Total volume of recovered waste (in tonnes) - HYPER	Auchan Retail	279,934	277,586	279,060		Excluding Senegal
Waste recovery rate (in %) - HYPER	Auchan Retail	69%	70%	72%		Excluding Senegal
Total volume of waste (in tonnes) - SUPER	Auchan Retail		67,267	81,716		
Total volume of recovered waste (in tonnes) - SUPER	Auchan Retail	43,160	55,852	51,078		
Waste recovery rate (in %) - SUPER	Auchan Retail		83%	63%		
ESTABLISH RESPONSIBLE AND ETHICAL BUSINESS RELATIONSHIPS						
Sustainable purchasing relationships with our suppliers						
Order rate linked to the production site	Auchan Retail - Worldwide Products Department	95.1%	97.5%	96.4%	96%	Worldwide Products Department scope. This rate cannot reach the score of 100% due to a small number of orders that cannot be placed with sufficient anticipation by suppliers in the dedicated tool.
Coverage rate of sites with valid social audit	Auchan Retail - Worldwide Products Department	95%	97%	96%	98%	Worldwide Products Department scope. A valid social audit achieves the minimum score expected by the company over a period of two years. For 2022, the results obtained on this indicator failed to reach their objectives due to the global health crisis which made it impossible to carry out a number of scheduled audits.
Number of suppliers assessed in the Ecovadis platform	Auchan Retail - non-commercial purchases		423	666		Quantitative indicator to trigger the start of the programme, based on a calendar year
Percentage of total purchases assessed (%)	Auchan Retail - non-commercial purchases		36%	60.5%		Quantitative indicator to trigger the start of the programme, based on a calendar year. The 2022 data for Ukraine and Russia are not shared, because due to the conflict the ECOVADIS evaluations in Russia were not possible to organise, while for Ukraine the priority was given to other topics.

(1) Including 13,137 t vs. 12,000 t in 2020 on a like-for-like basis (excluding Poland).

* Significant methodological changes took place between 2020 and 2021 explaining these changes

2.8 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

For the year ended 31 December 2022

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Annual General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (COFRAC) under number 3-1884⁽¹⁾, we have undertaken a limited assurance engagement on the historical financial information (observed or extrapolated) in the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2022 (hereinafter, the "Information" and the "Statement" respectively), presented in the Group's management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

The non-financial performance statement was initially approved by your Management Board on February 27, 2023. This statement was the subject of our first report dated February 28, 2023.

Since then, calculation errors have been identified in the values of certain key performance indicators within the scope of New Immo Holding and a new non-financial performance statement has been adopted by your Chairman on delegation from the Management Board on May 16, 2023 in order to correct these errors.

We are therefore required to issue a new report which replaces our first report of February 28, 2023.

CONCLUSION

Based on the procedures we have performed, as described under the "Nature and scope of procedures" and the evidence we have obtained, nothing has come to our attention that cause us to believe that the non-financial statement is not prepared in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The absence of a commonly used generally accepted reporting framework or a significant body of established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, summarized in the Statement and available on the Entity's website or on request from its headquarters.

INHERENT LIMITATIONS IN PREPARING THE INFORMATION

As discussed in the Statement, the Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

RESPONSIBILITY OF THE ENTITY

The Management Board's is responsible for:

- Selecting or establishing suitable criteria for preparing the information;
- Preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators, and the information set out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- Repairing the Statement by applying the Entity's "Guidelines" as referred above and

(1) Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr

- Designing, implementing and maintaining internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by the Management Board.

Responsibility of the Statutory Auditor, appointed as independent third party/independent third party

Based on our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- The compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- The fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e., the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information".

As we are engaged to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information as doing so may compromise our independence.

It is not our responsibility to report on:

- The entity's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the French Duty of care law, and provisions against corruption and tax evasion);
- The fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (GreenTaxonomy);
- The compliance of products and services with the applicable regulations.

APPLICABLE REGULATORY PROVISIONS AND PROFESSIONAL GUIDANCE

We performed the work described below in accordance with Articles A. 225-1 et seq. of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) applicable to such engagement, in particular the professional guidance issued by the Compagnie Nationale des Commissaires aux Comptes, "Intervention du commissaire aux comptes - Intervention de l'OTI - Déclaration de performance extra-financière", acting as the verification program, and with the International Standard on Assurance Engagements 3000 (revised)⁽¹⁾.

OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics for Statutory Auditors (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

MEANS AND RESOURCES

Our work engaged the skills of seven people between September 2022 and March 2023 and took a total of seven weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted approximately ten interviews with the people responsible for preparing the Statement.

NATURE AND SCOPE OF PROCEDURES

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Information is likely to arise.

The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Information:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code; We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

(1) ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

We referred to documentary sources and conducted interviews to:

- assess the process used to identify and confirm the main risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the main risks and the policies presented;
- corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. For some risks⁽¹⁾, our work was carried out at the head office of the consolidating entity, for other risks, our work was carried out at the head office of the consolidating entity and in a selection of entities⁽²⁾.
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the Entity has implemented and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of definitions and procedures and reconcile the data with supporting documents. This work was carried out on a selection of contributing entities⁴ and covers between 19% and 100% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;

We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance review are less in extent than for a reasonable assurance opinion in accordance with the professional guidance of the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, on May, 16th 2023

KPMG S.A.

Caroline Bruno-Diaz
Partner

Anne Garans
ESG Expert

(1) Agricultural practices or methods of production and selection of non-sustainable raw materials; Human rights and fundamental freedoms; Forced labor/working conditions of migrants and posted workers/child labor; Control of the entire value chain; Impact on safety and hygiene in the processing chain of marketed food products; Sanitary impact associated with storage, management in warehouses and delivery of products; Lack of traceability of raw materials and ingredients used in the composition of distributed products; Non-respect of animal welfare.

(2) Auchan Retail Spain ; Auchan Retail Portugal ; Auchan Retail Romania

APPENDIX

Qualitative information (actions and results) considered most important

Employee health and well-being policy

Training initiatives to reduce the environmental impact of activities

Actions implemented to promote a circular economy

Commitments and actions to reduce the environmental impact of activities

Measures taken in favor of the respect of human rights

Actions to assess the social and environmental responsibility of suppliers and subcontractors

Commitments in favor of the quality of the food supply

Commitments and actions in favor of animal welfare

Key performance indicators and other quantitative results considered most important

Total workforce at the end of the period and breakdown by gender

Permanent employee turnover rate

Internal promotion rate

Rate of training hours

Frequency rate of workplace accidents with lost time

Severity rate of workplace accidents

Weight of plastic used in packaging in the market area

Share of own-brand product packaging that is reusable, recyclable or compostable

Food waste rate

Waste recovery rate

Energy consumption per m²

Evolution of the energy consumption per m² - COP 21 objectives

Store carbon intensity

Evolution of the store carbon intensity

Share of renewable electricity consumption

Number of responsible supply chains

2

RISK MANAGEMENT

3

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3.1 RISK FACTORS

ELO and its business lines are subject to a certain number of risks: operational, strategic, compliance and financial, which are presented and updated each year in the EMTN prospectus available at: www.groupe-ELO.com.

3.2 ACTIVITIES IN RUSSIA AND UKRAINE

As of December 31st, 2022, Auchan Retail operated 230 stores in Russia and 44 stores in Ukraine and was developing an e-commerce and home delivery business in each country.

The exposure of New Immo Holding is more limited, with Russia and Ukraine combined representing approximately 3% of the total net carrying amount of the assets and 5% of the net rental income of the activity as of December 31st, 2022.

These two countries generated approximately 13% of ELO's revenue in the 2022 financial year and represented 9% of non-current assets.

Since the start of the war between Russia and Ukraine, on February 24th, 2022, Auchan Retail has been calling for peace between the two countries. At the same time, the company has chosen to continue, despite the difficulties, its activity in these two countries in order to continue to fully carry out its mission of providing inhabitants with quality food at the fairest price.

From the first day of the conflict, the company set up an international crisis unit to monitor the situation on a daily basis with a single objective: to ensure the safety of employees, customers and activities.

In Russia, Auchan Retail scrupulously complies with the international embargoes and sanctions. Auchan Russia's teams operate with maximum autonomy and maintain the food distribution activity in the service of the population.

The outlook to date does not call into question the financial position of ELO in a context of high uncertainty as regards the extent, outcome and consequences of the ongoing conflict.

Actions taken as part of the implementation of the sanctions policy

The restrictive measures adopted by the European Union with regard to Russia apply to ELO as well as to its subsidiaries established within the European Union. In this context, ELO and Auchan Retail, in particular, have put in place appropriate procedures to ensure full compliance with these measures.

Third parties

Under the Sapin 2 law and its internal sanctions policy, third parties in business relations with Auchan Retail are subject to prior checks, including checks on the company itself but also on its executives, shareholders and ultimate beneficiaries. These checks are carried out by the Economic Security Department and are based in particular on recognised international databases. Actions, on a case-by-case basis, are undertaken on the basis of alerts from screening tools, according to the principles set out in Auchan Retail International's sanctions policy but also according to the evolution of international sanctions.

Products and services

Auchan Retail complies with the regulations prohibiting and restricting trade in goods, technologies or targeted services with Russia. A procedure for prior verification with suppliers of the compliance criteria for any equipment that may be exported to Russia has also been put in place.

However, Auchan's activity in Russia relies mainly on local, regional and national supply chains, thus limiting the risk related to export controls.

Financing

The Group scrupulously ensures compliance with the sanctions concerning financial flows with Russia. In particular, Auchan Retail stopped all investment and financing activities for its subsidiary in Russia from the first days of the conflict, leaving it to operate independently.

The Group also ensures compliance with the sanctions issued by jurisdictions other than the European Union that could indirectly affect its activities.

3.3 FINANCIAL RISK MANAGEMENT

ELO and its subsidiaries are exposed, as a result of their activity, to various risks: interest rates, foreign exchange, credit and liquidity risks. They use derivatives to mitigate these risks.

See note 10.5 to the financial statements for a fuller description of financial risk management, which is summarised below.

3.3.1 CREDIT RISK

ELO and its subsidiaries only work with a list of banks authorised by the Finance Committee.

With regard to investments, the policy of ELO and its subsidiaries is to invest surpluses with authorised counterparties. Limits in terms of amounts and durations are set by the Finance Committee, according to a rating grid.

Trade and other receivables do not involve any significant risk.

3.3.2 LIQUIDITY RISK

The policy of ELO and its subsidiaries is to maintain adequate medium- and long-term funding at all times to cover their needs at the bottom of the seasonal cycle and provide themselves with a safety margin.

ELO and its subsidiaries adopt a policy aimed at diversifying the sources of refinancing (bond issuance, bank loans, etc.) and their counterparties in order to ensure satisfactory distribution of risk.

In addition, ELO and its subsidiaries have confirmed refinancing lines with banks to guarantee a minimal level of flexibility in the event of a liquidity crisis.

The medium and long-term bank financing facilities contain the usual commitments and default clauses for this type of contract, i.e. undertaking to maintain the loan at its initial level of seniority (*pari/passu*), limits on the *collateral* provided to other lenders (Negative Pledge), limits on substantial asset disposals and cross-default and material *adverse change clauses*.

The ELO SA Euro Medium-Term Note (EMTN) programme, under which bonds are issued, contains an undertaking limiting the collateral provided to other bond holders (Negative Pledge) and a cross-default clause.

Certain medium- and long-term bank financing facilities (confirmed credit lines not used As of December 31st, 2022) contain an early "callability" clause in the event of non-compliance, on the closing date, with the following ratio: consolidated net financial debt/consolidated EBITDA < 3.5.

As of December 31st, 2022, the ratios were in compliance. None of the financial borrowings includes any commitment or default clause linked to a downgrade of ELO's ratings.

3.3.3 INTEREST RATE RISK

ELO and its subsidiaries use interest rate derivatives with the sole aim of reducing their exposure to the impact of changes in interest rates on their debt. Transactions on the derivative markets are undertaken solely for hedging purposes.

The interest rate transactions designated as fair value hedges concern transactions designed to change bond debt into floating rate debt.

Historically, given the decrease in interest rates, the Group systematically converted fixed rate into variable rate for its borrowings at the time of issuance. In view of the significant increase in interest rates in recent months, this policy has evolved towards a more measured systematic variability (50% of the debt issued).

For ELO "stand alone", they consist of:

- either *euro swaps* in which ELO is a fixed-rate borrower and a floating-rate lender. These swaps qualify as cash flow hedges;
- or options (*caps or swaptions*), *not* recognised as hedges (trading).

As of December 31st, 2022, no macro-hedging was in place on "stand-alone" ELO.

For ELO's subsidiaries, interest rate hedges are present in the same form (swaps or options) but they are in foreign currency and are not qualified as hedges (trading).

3.3.4 FOREIGN EXCHANGE RISK

ELO and its subsidiaries are exposed to foreign exchange risk on:

- purchases of goods (transactional foreign exchange);
- internal and external financing denominated in a currency other than the euro (translation risk);
- the value of subsidiaries' net assets in foreign currencies (net investment hedges).

As of December 31st, 2022, the main currencies concerned were the US dollar, Polish zloty, Hungarian forint, Russian rouble and Romanian leu.

Foreign exchange transactions that qualify as cash flow hedges consist of foreign exchange swaps, forward foreign exchange purchases or sales, and combinations of currency options. These transactions are used to hedge projected dividends, goods purchasing and rental flows denominated in foreign currencies.

The transactions to hedge translation risk concern foreign currency loans granted to foreign subsidiaries (outside the euro zone).

3.3.5 RISKS TO PHYSICAL ASSETS RELATED TO SOCIETAL CHANGE

Societal changes entail new consumer habits and preferences. Many consumers go to convenience stores, promote e-commerce or limit their consumption in general.

The amplification of these external societal changes to the company would result in a decrease in traffic within the assets owned or managed by the operators of New Immo Holding and therefore lower income for tenants. This would result in a decrease in rental income.

The company's current development strategy, which aims to add value to real estate assets and create mixed-use zones, limits our exposure to retail parks. These projects tend to align the portfolio more closely with current consumer preferences, particularly in terms of brands and services. In addition, the various projects aimed at further diversifying the portfolio in the office and hotel market also contribute to limiting this risk.

3.3.6 FINANCIAL RISKS RELATED TO THE EFFECTS OF CLIMATE CHANGE

There are two types of financial risks related to the effects of climate change: physical risks and transition risks. ELO's companies are exposed to these risks in different ways depending on their activities, the countries where their assets are located and their supply chains.

For New Immo Holding

Risk management

In 2022, New Immo Holding updated its mapping of the physical risks (heat waves, increase in average temperature, storms, marine flooding, extreme rainfall, drought) related to global warming on 100% of its assets and projects.

This work was based on the analysis of two warming scenarios:

- one compatible with a warming limited to 2°C;
- a *business as usual* scenario.

Strategy

This study made it possible to identify the sites most at risk. The objective was to assess investments, identify action plans and renovations capable of making assets more resilient.

Governance

The evolution, management and monitoring of climate risks and their related activities are reported to the Audit, Risks and Compliance committee.

In accordance with the recommendations of the *Taskforce on Climate Financial Disclosure* (TCFD), New Immo Holding has defined a governance, a strategy, a risk management and *objectives and indicators* to address the financial risks and opportunities related to global warming.

For Auchan Retail

Risk management

In 2021, Auchan Retail mapped all the risks and opportunities related to global warming in line with the recommendations of the TCFD: four main climate risks were identified:

- the increase and volatility of commodity prices (energy, other commodities);
- sourcing in countries that are themselves at risk of global warming;
- the risk of disputes related to global warming;
- the risk of impact on revenue from a change in consumer behaviour towards certain products.

These risks were studied using three scenarios:

- a scenario compatible with global warming limited to below 2°C;
- a scenario based on the policies declared by the States to date;
- a scenario focused on agricultural and consumer transformations.

Strategy

This scenario-based study of the risks related to global warming illustrated the potential impacts on Auchan Retail and informed strategic decision-making. The objectives of Auchan Retail's climate strategy are explained in section 2.4 "Acting to preserve the planet" of the non-financial performance statement of this report.

Objectives and Indicators

The detailed objectives of, and indicators for monitoring, Auchan Retail's climate strategy are explained in section 2.4 "Acting to preserve the planet" of the non-financial performance statement of this report.

Governance

In 2021, Auchan Retail set up a governance linked to the climate challenges, with the launch of a Sustainability committee, reporting to the Auchan Retail Management committee and composed of members of the operational departments (Technical, Logistics, Products, CSR, Finance, Risks, HR). The purpose of this committee is to steer Auchan Retail's GHG emissions reduction trajectory and to manage the response to the various risks and opportunities identified.

In 2022, Auchan Retail strengthened its governance on energy issues in order to accelerate its efforts to reduce consumption, notably through an additional Energy Efficiency Plan to address the first of the four main climate risks.

3.4 INTERNAL CONTROL PROCEDURES

This section covers the internal control and risk management procedures implemented for all of the consolidated companies for the preparation and treatment of accounting and financial information.

3.4.1 PROCEDURE FOR THE PRODUCTION OF FINANCIAL STATEMENTS

3.4.1.1 Management and structure of the ELO Finance Department

General Management relies on the Treasury, Accounting, Consolidation and reporting, Legal and Tax Departments of Auchan Retail International and New Immo Holding for the production of the financial statements.

The Finance Department of ELO (the company), made up of the various departments mentioned above, establishes a timetable of:

- month-end closures and related analyses;
- half-yearly pre-closure meetings.

The forecasting operations, including the budget, are managed by the financial control team.

The business lines' Finance and Performance Departments produce the analytical information.

The company employs qualified accounting personnel who ensure appropriate accounting practices in line with generally accepted accounting principles. These employees are trained in the accounting systems used.

3.4.1.2 Accounting IT systems

Accounting operations and events are entered either directly in the standard accounting software applications or via upstream applications (in-house or standard applications). This input generates accounting entries which are automatically or manually entered into the standard accounting applications. These interfaces and entries are subject to automatic or manual controls.

The standard accounting applications are developed and configured by functional and technical directors, who define the functionalities, the accounting basis and the financial statements that may be created.

3.4.1.3 Accounting basis

ELO's consolidated financial statements are established in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board and approved by the European Union as of December 31st, 2022.

These statements are prepared based on the information communicated by the business lines' finance departments. In this regard, a reporting and consolidation framework (manual of principles and accounting rules, chart of accounts) has been

established and distributed to the business lines. It is updated regularly and can now be consulted on the intranet, including by the Statutory Auditors.

There is also an accounting basis by country. They are linked to the consolidation chart of accounts and featured in the accounting system, and contain mandatory accounting rules. The accounting basis by country is defined, updated and documented by the Country or International Methodology Department.

An International Department that reports to Auchan Retail is responsible for the functional administration of the shared accounting application "Oracle Financials" (general ledger and sub-ledger accounting).

3.4.1.4 Procedures for approving the statutory financial statements and the consolidated financial statements

ELO and its subsidiaries prepare monthly financial statements for the Retail activity and quarterly statements for the Real Estate business. The June 30th closure is subject to a limited review and the December 31st closure is subject to an audit by the Statutory Auditors. They are presented to the ELO Audit Committee and published. The statements dated March 31st and September 30th are sent to the members of the Board of directors, the Audit Committee and the Statutory Auditors, but they do not undergo an audit or limited review.

Since January 1st, 2016, specific Audit Committees have been set up for Auchan Retail International and New Immo Holding. The role of these Audit Committees is to review the accounts and accounting closure options specific to each of the two business lines.

The Statutory Auditors' observations and findings are reported first to the local Finance Departments, then in a more centralised manner to the General Management of ELO and to the Audit Committees of ELO and the two business lines. The main procedures to be carried out are as follows:

Concerning the consolidated financial statements

The interim financial statements are prepared according to the same valuation and presentation methods as at December 31st of the previous year, taking into account, however, the changes in standards imposed by IFRS and approved by the European Union.

Since the 2022 financial year, consolidation has been carried out with the common IT tool OneStream (OS), which is deployed in ELO's subsidiaries. It uses the shared consolidation chart of accounts, a methodology that is updated every quarter and IFRS-compliant accounting policies. The chart of accounts is defined and documented by ELO's Consolidation Department, which configures the consolidation tool accordingly.

The half-yearly and annual consolidation and reporting process incorporates, via the same shared tool, the compilation of information for the notes to ELO's consolidated financial statements.

Pre-closure meetings

The closing process described above is supplemented by preparatory meetings for the half-yearly and annual closures, in May and November respectively.

The main Finance Department heads of the relevant business lines attend these meetings along with the finance team of the country and business line concerned. These pre-closing meetings and the monthly closings make it possible to prepare the annual closing by anticipating the treatment of significant events and specific transactions that may have occurred. The valuation of the company's assets and its investment properties, as well as the identification and estimation of risks also take place during this period.

These closings and the options used are audited by our Statutory Auditors and are presented to the company's Audit Committee in June and December.

Accounts closure meetings

The consolidated annual financial statements are audited and are presented to the Audit Committee in February.

3.4.2 PROCEDURES HAVING AN IMPACT ON ACCOUNTING AND FINANCIAL INFORMATION**3.4.2.1 Procedures for managing and monitoring inventories**

An inventory of "fresh products" is carried out physically at all stores every month, and adjustments are made where necessary.

A full physical inventory is carried out on all other products at least once a year or on a rolling basis, at all stores and warehouses. These inventories, along with the impairment entries, are monitored on a sample basis by the Statutory Auditors and Internal Audit Department.

3.4.2.2 Procedures for monitoring inventory and valuation of non-current assets

There is a procedure in place setting out the rules for approving investments for all projects of a significant value. Agreement is given based on the Internal Rate of Return (IRR) and the return on capital employed.

The financial control department of each entity oversees budget monitoring of all major investment projects.

The recoverable value of property, plant and equipment and intangible assets is tested for impairment as soon as there is any indication of a loss of value. This test is carried out once a year for assets with an indefinite life span.

As regards investment properties, half-yearly and annual valuations are carried out by experts to determine their fair value. These valuations are exhaustive where New Immo Holding is concerned but carried out on a sample basis for each country where Auchan Retail International is concerned.

3.4.2.3 Procedures for monitoring and inventorying employee benefits

The company lists and records all benefits granted to employees. Each core business participates in the setting up of retirement plans for employees in accordance with the laws and practices of each country. The larger plans are assessed each year by independent actuaries and other plans are assessed regularly.

3.4.2.4 Procedures for monitoring cash flows

The analysis of the financial debt and the financial result is included in ELO's financials. These reports enable ELO's Treasury Department and Financial Control Department to monitor and respond quickly to changes in the financial debt and financial income in relation to the budget. The reports are communicated monthly to the governance of ELO.

Moreover, every month the subsidiaries send a report to ELO's Treasury Department showing details of all credit facilities authorised, used and available, and all investments. These data are consolidated.

In line with the budget process and the construction of the business lines' strategic plans, a financial trajectory has been put in place to monitor changes in the main financial indicators (EBITDA, net financial debt, free cash flow and ratios). This document is communicated to all committees as well as to the Board of directors of ELO.

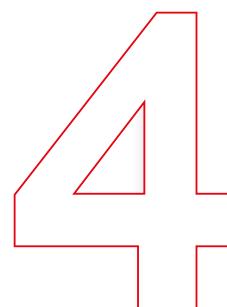
Lastly, a monthly treasury report is prepared, taking into account all market risks (interest rate, foreign exchange and counterparty).

3.4.2.5 Legal and tax policies

The legal and tax policies and key related operations are presented on a regular basis either to the Finance Committee or the Board of directors. The validation of legal structures is overseen by the Legal and Tax Department in collaboration with the business lines' Finance Departments, and is updated quarterly.

CONSOLIDATED FINANCIAL STATEMENTS

Financial year ended December 31st, 2022



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4.1 CONSOLIDATED FINANCIAL STATEMENTS

The financial statements for the financial year ended December 31st, 2022 were approved by the Board of directors on February 27th, 2023.

4.1.1 CONSOLIDATED INCOME STATEMENT

(In €m)	Notes	12/31/2022	12/31/2021
Revenue	4.1	33,485	31,088
Cost of sales	4.1	(25,522)	(23,466)
Gross margin	4.1	7,963	7,622
Payroll expenses	11.1	(4,215)	(4,044)
External expenses		(2,108)	(1,798)
Depreciation and amortisation	4.2	(1,004)	(1,006)
Provisions and impairment	4.2	(12)	(115)
Other recurring income and expenses	4.2	39	77
RECURRING OPERATING INCOME		664	736
Non-recurring income and expenses	4.3	(298)	207
OPERATING INCOME		366	943
Income from cash and cash equivalents		28	12
Gross cost of financial debt		(146)	(157)
Net cost of financial debt	10.2	(117)	(145)
Other financial income	10.3	12	23
Other financial expenses	10.3	(182)	(254)
INCOME BEFORE TAX		78	568
Share of net income of associates	7	(6)	19
Income tax expense	12	(147)	(233)
NET INCOME FROM CONTINUING OPERATIONS		(74)	353
Net income from assets held for sale and discontinued operations ⁽¹⁾		117	5
NET INCOME		42	358
<i>of which net income - Group share</i>		33	344
<i>of which net income attributable to non-controlling interests</i>		9	14
EARNINGS PER SHARE FROM CONTINUING OPERATIONS – GROUP SHARE (IN €)			
• basic	8.2	(2.81)	12.17
• diluted	8.2	(2.81)	12.17
EBITDA⁽²⁾	4.2	1,697	1,756

(1) Contribution of the Retail activity in Taiwan (see note 2.3 Significant events)

(2) Since January 1st, 2022, the Group has reviewed its definition of EBITDA as presented in note 1.9 and modified the EBITDA presented for the 2021 financial year so that the information is comparable.

The EBITDA reported in 2021 for 2021 amounted to €1,817 million. Retaining the initial definition, 2022 EBITDA would have been €1,640 million.

4.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In €m)	12/31/2022			12/31/2021		
	Gross amount	Income tax	Net	Gross amount	Income tax	Net
Net income for the period			42			358
Change in equity instruments at fair value through other comprehensive income	(15)	4	(11)	(24)	6	(18)
Revaluation of net liabilities in respect of defined benefits plans	32	(8)	24	21	(6)	15
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO NET INCOME	18	(5)	13	(3)	0	(3)
Exchange differences on translating foreign operations	(30)		(30)	33		33
Change in fair value						
• of net foreign investment hedge	(7)	2	(5)			
• of cash flow and forex hedge derivatives	130	(34)	96	72	(18)	54
TOTAL ITEMS THAT MAY BE RECLASSIFIED TO NET INCOME	93	(32)	61	105	(18)	87
TOTAL OTHER COMPREHENSIVE INCOME	110	(37)	73	102	(18)	84
Total comprehensive income for the period			116			442
<i>Attributable to:</i>						
• Group share			103			423
• non-controlling interests			12			19

4.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets (in €m)	Notes	12/31/2022	12/31/2021
Goodwill	6.1	1,743	1,927
Other intangible assets	6.2	155	165
Property, plant and equipment	6.3	5,181	5,112
Right-of-use assets	6.4	1,082	1,123
Investment properties	6.5	3,555	3,524
Investments in associates	7	625	663
Non-current financial assets	10.6	327	294
Non-current derivative instruments	10.4	152	56
Deferred tax assets	12	319	328
Other non-current assets		97	53
NON-CURRENT ASSETS		13,236	13,245
Inventories	4.4	2,709	2,362
Trade receivables	10.5	507	437
Current tax assets	12	71	140
Trade and other receivables	10.5	1,312	1,446
Current financial assets	10.6	603	680
Current derivative instruments	10.4	87	88
Cash and cash equivalents	10.1	2,006	2,247
Assets held for sale	3.2	98	546
CURRENT ASSETS		7,393	7,946
TOTAL ASSETS		20,628	21,190

Equity and liabilities (in €m)	Notes	12/31/2022	12/31/2021
Share capital	8.1.2	574	574
Share premiums		1,914	1,914
Reserves and net income - Group share		3,642	3,760
EQUITY - GROUP SHARE		6,130	6,248
Non-controlling interests	8.1.6	194	206
TOTAL EQUITY		6,324	6,454
Non-current provisions	9.1	166	174
Non-current borrowings and other financial liabilities	10.7.1	4,332	4,357
Non-current derivative instruments	10.4	262	29
Non-current lease liabilities		1,121	1,187
Deferred tax liabilities	12	167	162
Other non-current liabilities	10.7.2	157	165
NON-CURRENT LIABILITIES		6,206	6,075
Current provisions	9.1	194	282
Current borrowings and other financial liabilities	10.7.1	698	749
Current derivative instruments	10.4	21	17
Current lease liabilities		302	289
Trade payables	10.7.2	5,033	4,904
Current tax liabilities	12	46	82
Other current liabilities	10.7.2	1,796	1,951
Liabilities associated with assets classified as held for sale	3.2	8	388
CURRENT LIABILITIES		8,098	8,661
TOTAL EQUITY AND LIABILITIES		20,628	21,190

4.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(In €m)	Notes	12/31/2022	12/31/2021
Consolidated net income (including non-controlling interests)		42	358
Share of net income of associates		6	(19)
Dividends received (non-consolidated investments)		(2)	(2)
Net cost of financial debt and lease interests ⁽¹⁾		224	268
Income tax expense (including deferred taxes)		148	235
Net amortisation, depreciation, provisions and impairment expenses (other than on current assets)		1,321	1,046
Expenses and income related to share-based payments without cash consideration		15	15
Capital gains and losses net of tax and goodwill ⁽²⁾		(121)	(267)
Cash flows from operations before net cost of financial debt, lease interest and tax		1,633	1,635
Income tax paid		(147)	(130)
Interest paid and lease interest ⁽¹⁾		(256)	(280)
Other financial items		30	12
Cash flows from operations after net cost of financial debt and tax		1,261	1,237
Changes in working capital requirement	13	(313)	19
Net cash from (used in) operating activities		948	1,256
Disbursements related to acquisitions of property, plant and equipment, intangible assets and investment properties		(1,127)	(814)
Proceeds from disposals of property, plant and equipment, intangible assets and investment properties ⁽²⁾		85	509
Disbursements related to shares in non-consolidated companies including investments in associates		(35)	(14)
Proceeds from sales of shares in non-consolidated companies including investments in associates		27	
Disbursements related to business combinations net of cash acquired		0	(1)
Disposals of operations net of cash sold		132	
Dividends received (non-consolidated investments)		16	7
Changes in loans and advances granted	13	(17)	(45)
Net cash from (used in) investing activities		(920)	(421)
Purchases and sales of treasury shares		(10)	5
Dividends paid during the financial year	13	(201)	(758)
Acquisitions and disposals of interests without change in control	13	(23)	16
Payment of lease liabilities		(315)	(296)
Change in net financial debt	13	234	(1,858)
Net cash from (used in) financing activities		(315)	(2,890)
Effect of changes in foreign exchange rates ⁽³⁾		4	1
Cash and cash equivalents classified under IFRS 5		56	(63)
Net increase (decrease) in cash and cash equivalents		(227)	(2,054)
Cash and cash equivalents at the beginning of period	13	2,211	4,265
Cash and cash equivalents at the end of period	13	1,984	2,211
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(227)	(2,054)

(1) Including financial interest under IFRS 16 for €93 million included in other financial expenses (vs €121 million as of December 31st, 2021).

(2) Tax on capital gains on disposals is now fully classified as operating activities and the data for December 31st, 2021 have been restated accordingly.

(3) Mainly impact of the rouble for €(17) million offset by the zloty for €6 million, the forint for €6 million and the hryvnia for €7 million as of December 31st, 2022.

4.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In €m)	Share capital	Share premiums ⁽¹⁾	Treasury shares ⁽²⁾	Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses ⁽³⁾	Reserves and consolidated income	Equity		Total
						Group share	Non-controlling interests	
As of 01/01/2021	576	1,914	(143)	(1,077)	5,269	6,538	186	6,724
Net income for the period					344	344	14	358
Total other comprehensive income				79		79	5	84
Total comprehensive income for the period				79	344	423	19	442
Capital reduction	(2)				(26)	(28)		(28)
Treasury shares			35			35		35
Dividend distributions					(747)	(747)	(11)	(758)
Changes in consolidation scope					(2)	(2)	(31)	(33)
Changes in put options granted to non-controlling interests and repurchase commitments					28	28	43	71
Other								
AS OF 12/31/2021	574	1,914	(108)	(998)	4,867	6,248	206	6,454
As of 01/01/2022	574	1,914	(108)	(998)	4,867	6,248	206	6,454
Net income for the period					33	33	9	42
Total other comprehensive income				70		70	3	73
Total comprehensive income for the period				70	33	103	12	116
Capital reduction								
Treasury shares			(7)		(3)	(10)		(10)
Dividend distributions					(200)	(200)	(2)	(201)
Changes in consolidation scope					(4)	(4)	(28)	(32)
Changes in put options granted to non-controlling interests and repurchase commitments					(6)	(6)	5	(1)
Other					(2)	(2)	0	(2)
AS OF 12/31/2022	574	1,914	(115)	(928)	4,686	6,129	194	6,324

(1) Share premiums include share issue, merger and contribution premiums

(2) Please refer to note 8.1.3.

(3) Please refer to note 8.1.5.

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

ELO's consolidated financial statements were approved by the Board of directors on February 27th, 2023. They will not be finalised until they have been approved by the Ordinary General Meeting of Shareholders scheduled for May 17th, 2023.

The consolidated financial statements are presented in euros and are rounded up or down to the nearest million.

1.1 STATEMENT OF COMPLIANCE

ELO's consolidated financial statements have been prepared in compliance with international accounting standards, comprising the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), and the interpretations thereof issued by the International Accounting Standards Board (IASB) and by the International Financial Reporting Standards Interpretations committee (IFRIC), as approved by the European Union as of December 31st, 2022.

1.2 STANDARDS APPLIED

The accounting policies applied by ELO and its subsidiaries for the consolidated financial statements as of December 31st, 2022 are identical to those used for the consolidated financial statements as of December 31st, 2021 with the exception of the changes, amendments and interpretations of standards with mandatory application as of January 1st, 2022.

Amendments and standards adopted by the European Union, applicable from financial years beginning on January 1st, 2022

- Amendments limited to IFRS 3 "Definition of a Business".
- Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use".
- Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract".
- 2018-2020 cycles of annual improvements to the IFRS including clarifications of:
 - IFRS 1 "First-time Adoption of International Financial Reporting Standards", relating to the treatment of the translation reserve of a company whose parent applies IFRS,
 - IFRS 9 "Financial Instruments", relating to the costs to be taken into account when carrying out derecognition testing of a financial liability,
 - IFRS 16 "Leases", relating to the examples presented in the standard,
 - IAS 41 "Agriculture", relating to cash flows to be taken into account in fair value measurements.

These amendments do not affect the Group's financial statements at the reporting date.

Amendments and standards adopted by the European Union, not early applied

The Group has not early adopted the following new standards or amendments that will become applicable:

- as of January 1st, 2023: Amendments to IAS 1 "Presentation of Financial Statements" and to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors";
- as of January 1st, 2023: Amendments to IAS 12 "Income Taxes", dealing with deferred taxes relating to assets and liabilities arising from a single transaction.

1.3 USE OF JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires Management to make judgements and estimates and use assumptions that could affect the carrying amounts of certain assets and liabilities and revenue and expenses as well as the information provided in the notes to the financial statements.

In preparing the consolidated financial statements, the following items were the subject of significant judgements and estimates made by Management in applying ELO's accounting policies:

- the period over which non-current assets are **depreciated** (see note 6.3);
- the terms of leases falling within the scope of IFRS 16 (see note 6.4);
- the measurement of provisions and amounts due from suppliers (see note 9);
- the measurement of retirement benefit obligations (see note 11.2);
- the assumptions used to calculate the recoverable amounts in the context of impairment tests on property, plant and equipment, intangible assets and goodwill (see note 6.6);
- the measurement of the total deferred tax assets (including those relating to tax losses carried forward) (see note 12.1);
- the fair value measurement of the identifiable assets and liabilities in the context of business combinations (see note 1.5);
- the information on the fair value of the investment properties provided in the notes to the financial statements (see note 6.5).

These estimates may be revised if the circumstances on which they were based change or as the result of new information. The actual values may be different from the estimated amounts.

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1.4 CLIMATE

The risks resulting from climate change are considered to have moderate consequences on the Group's activities. These various risks and the short-term projects initiated by the Group in this regard have been included in the strategic plans and are described in note 6.6. In view of the risks faced, no significant provision of this kind has been recognised in the financial statements.

The Group believes that the long-term consequences of climate change are not measurable. These estimates assume the business is a going concern and are based on past experience and other factors considered reasonable in the circumstances and using the information available at the time.

1.5 CONSOLIDATION SCOPE AND METHODS

The accounts of companies directly or indirectly controlled by ELO are consolidated in our financial statements. Control exists when ELO has the power to direct, directly or indirectly, the strategic, financial and operational policies of the entity, is exposed to or has rights to the variable returns of the entity, and has the ability to act on these returns, i.e. there is a link between returns and power. The existence and effect of potential voting rights that are substantively exercisable or convertible are taken into account for determining control. The companies over which ELO directly, indirectly or jointly exercises significant influence on management and financial policies, without exercising control, are accounted for using the equity method. ELO's share of the net income of associates is recognised in the income statement under the heading "Share of net income of associates". If ELO's share of the losses of a company accounted for using the equity method is equal to or exceeds its shareholding, in its consolidated financial statements, ELO ceases to recognise its share of the losses unless it has a legal or implicit obligation to do so, or must make payments on behalf of said company.

Consolidation is based on the financial statements for the year ended December 31st for all the entities included in the consolidation scope. The consolidated financial statements include the financial statements of the acquired companies from the date on which control is transferred to ELO and those of the companies sold up to the date of loss of control.

All transactions and balances between companies that are included within the consolidation scope are eliminated.

1.6 BUSINESS COMBINATIONS

In the context of a business combination defined by *IFRS 3 - Business Combinations*, all identifiable elements of the assets acquired, liabilities and contingent liabilities assumed are measured and recognised at fair value on the date control is acquired. The consideration transferred is measured at the fair

value of the assets, equity and liabilities at the acquisition date. The costs arising directly from the business combination are recorded as an expense for the period. The excess of the consideration transferred over ELO's share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity are recognised as an asset under goodwill on the balance sheet.

At the date of acquisition of control and for each business combination, ELO can opt to record either partial goodwill (corresponding to the share acquired by ELO and its subsidiaries) or full goodwill in its consolidated financial statements. In the latter case, the non-controlling interests are measured at fair value and ELO records goodwill on the totality of the identifiable assets and liabilities in its consolidated financial statements. The goodwill is measured on the date control is acquired and is not adjusted after the end of the valuation period. Subsequent changes in percentage interests in a subsidiary without change in control are recorded directly in Group equity.

In the case of step acquisitions, the share previously held by ELO and its subsidiaries is remeasured at its fair value. The difference between the fair value and the net carrying amount of the interest is recognised in comprehensive income when a step results in the acquisition of control. If control is already established, the difference is recognised as the net difference. In the case of loss of control of an entity, any interest retained directly or indirectly by ELO is remeasured at its fair value as a counter-entry in the income statement.

The goodwill related to an investment valued using the equity method is recognised under "Investments in associates". Any negative *goodwill* is recognised immediately in the income statement.

In its consolidated financial statements, ELO has a period of twelve months from the date of acquisition of control to finalise the initial assessment of identifiable assets, liabilities and contingent liabilities, the consideration transferred and non-controlling interests on condition that the elements used to adjust these amounts correspond to new information that has come to the acquiring company's knowledge but arising from events and circumstances prior to the acquisition date. Earn-outs are included in the consideration transferred at their fair value at the date of acquisition of control, even if they are of a conditional nature, and charged against equity or debt (depending on the payment method). During the valuation period, subsequent adjustments to these additional payments are recognised in goodwill when they relate to events and circumstances prior to the acquisition date; otherwise, they are recognised in the income statement unless they had an equity instrument as a counter-entry. Any deferred tax assets of the acquired entity not recognised at the date control was acquired or during the assessment period are subsequently recognised in the income statement without any *goodwill adjustment*.

1.7 FOREIGN CURRENCY TRANSACTIONS

The functional currency of ELO and the presentation currency of the consolidated financial statements is the euro.

Translation of the financial statements of foreign subsidiaries

ELO has no subsidiaries operating in a hyperinflationary economy. The financial statements of all entities whose operating currency is not the euro are therefore translated into euros using the following method:

- balance sheet assets and liabilities, except for equity, which is maintained at the historical exchange rate, are translated at the exchange rate applicable on the reporting date;
- income and expense items are translated at the average exchange rate for the period;
- flows are translated at the average exchange rate for the period.

The translation differences resulting from the application of this method are recognised under "Translation differences" in other comprehensive income in the consolidated statement of comprehensive income and are recognised in the income statement on disposal of the net investment in question. The *goodwill* and fair value adjustments resulting from a business combination with an activity whose operating currency is not the euro are considered as part of the subsidiary's assets and liabilities. They are expressed in the operating currency of the acquired entity and translated into euros at the closing rates. Any resulting currency translation differences are recognised under "Translation differences resulting from the conversion of activities abroad" in the consolidated statement of comprehensive income.

Recognition of foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate on the transaction date. The monetary assets and liabilities denominated in a foreign currency, whether hedged or not, are translated into euros at the exchange rate at year-end and the resulting exchange differences are recognised in net income for the period. The foreign currency-denominated non-monetary assets and liabilities valued at historical cost are translated at the exchange rate prevailing on the initial transaction date. The foreign currency-denominated non-monetary assets and liabilities valued at fair value are translated at the exchange rate prevailing on the date the fair value was determined.

1.8 PRESENTATION OF FINANCIAL INFORMATION

Arithmetic calculations based on rounded items may differ from the aggregates or subtotals displayed.

Statement of financial position

The assets and liabilities involved in the normal cycle of operations are classified as current items. The other assets and liabilities are classified as current or non-current depending on whether their expected date of recovery or payment is within

twelve months from the accounts closing date. ELO's statement of cash flows is prepared in compliance with IAS 7, using the indirect method, based on the net income of all companies in the consolidation scope, and is broken down into three categories:

- cash flows from operations (including taxes);
- cash flows from investing activities (in particular the purchase and sale of equity investments, and non-current assets);
- cash flows from financing activities (in particular debt issuance and redemptions, treasury share buybacks, dividend payments).

1.9 ALTERNATIVE PERFORMANCE INDICATORS

EBITDA

Since January 1st, 2022, the Group includes in its EBITDA the change in the impairment of trade receivables, as well as the provisions and reversals for risks and charges. As a result, EBITDA now corresponds to recurring operating income, minus amortisation and other recurring income and expenses. The data As of December 31st, 2021 have been restated accordingly in order to make the information comparable.

Other non-recurring income and expenses

Non-recurring transactions in significant amounts which could distort recurring operating performance are recorded under other non-recurring income and expenses in accordance with Recommendation No. 2020-R.01 of the French Accounting Standards Authority (ANC – Autorité des normes comptables). This item includes, in particular, impairment of goodwill, impairment of property, plant and equipment, capital gains or losses on asset disposals, as well as items that are unusual, abnormal, significant and not relevant to current operations, such as major restructuring costs or exceptional indemnities on contract termination.

Net financial debt

The net financial debt consists of current and non-current borrowings and other financial liabilities, the fair value of derivatives that qualify as hedging instruments for an item of net financial debt, plus related accrued interest and minus net cash and cash equivalents and positive margin calls on derivatives that qualify as hedging instruments for an item of net financial debt. The negative margin calls (which correspond to the margins received from counterparties) are included in current borrowings and other financial liabilities.

The net financial debt does not include the liabilities related to put options granted to non-controlling interests.

Net financial debt

ELO defines net financial debt as net financial debt plus the fair value of the derivatives that do not qualify as hedging instruments for an item of financial debt. It also includes margin calls on derivatives that do not qualify as hedging instruments and short-term cash investments not covered by the definition of "Cash and cash equivalents".

NOTE 2 SIGNIFICANT EVENTS

2.1 IMPACT OF THE RUSSIAN-UKRAINIAN CONFLICT

ELO's companies, Auchan Retail and New Immo Holding, have been operating in Ukraine and Russia for more than 15 years.

As of December 31st, 2022, Auchan Retail operated 230 stores in Russia and 44 stores in Ukraine and was developing an e-commerce and home delivery business in each country.

The exposure of New Immo Holding is more limited, with Russia and Ukraine combined representing approximately 3% of the total net carrying amount of the assets and 5% of the net rental income of the activity as of December 31st, 2022.

These two countries generated approximately 13% of Auchan's revenue in the 2022 financial year.

Since the start of the war between Russia and Ukraine, on February 24th, 2022, Auchan Retail has been calling for peace between the two countries. At the same time, the company has chosen to continue, despite the difficulties, its activity in these two countries in order to continue to fully carry out its mission, that of providing the inhabitants with quality food at the fairest price.

From the first day of the conflict, the company set up an international crisis unit to monitor the situation on a daily basis with a single objective: to ensure the safety of employees, customers and activities. At the same time, the various countries of Auchan have joined forces with their customers to provide to Ukrainians, refugees and residents, significant assistance. NGOs working in neighbouring countries have received numerous donations in kind or in cash. Similarly, Auchan stores in Europe have welcomed Auchan Ukraine employees fleeing from the war and have provided them with housing and professional activities. In Ukraine, directly and despite the very difficult situation, Auchan Ukraine has provided food for the displaced populations and financial support for its employees in distress. An International Solidarity Fund endowed by the Group has also been created to match the support projects led by Auchan Ukraine. Overall, the financial aid amounted to more than €5.5 million as of December 31st, and more than 2,300 tonnes of in-kind donations (food and non-food).

At the end of December 2022, 41 out of the 44 stores in Ukraine remained open, as did the e-commerce and home delivery business. 90% of hypermarkets and supermarkets are equipped with a generator, enabling Auchan to preserve the food chain in the country and to provide the population with access to Auchan's offer. Of the three stores closed, two are closed because they were damaged as a result of shelling (Kharkiv and Odessa). Since the beginning of the conflict, no more than three stores have been closed simultaneously in Ukraine and the e-commerce business has continued to operate, thanks to local team efforts and particularly from a logistical perspective. When local supply has been hampered by the conflict, Auchan Ukraine has been able to rely on the support of Auchan teams in neighbouring countries. A supply

chain from Poland, Romania and Hungary but also France has been set up to maintain the supply of food products (fresh and mass consumption) for the benefit of the population and employees. In the second half of 2022, development resumed with the opening of four ultra-convenience stores. The particularly difficult business conditions nevertheless have a significant impact on the economic performance of Auchan in Ukraine.

In Russia, Auchan Retail scrupulously complies with the international embargoes and sanctions. Auchan Russia's teams operate with maximum autonomy and maintain the food distribution activity in the service of the population. Auchan Retail halted its investments in Russia as of the first day of the conflict. From an operational point of view, the first quarter of 2022 was marked by an increase in activity linked to a hoarding effect, followed by a significant drop in traffic, which weighed on revenues. Over the financial year, revenues grew slightly, but significantly lower than the inflation rate.

ELO remains particularly cautious about the impacts of the conflict in the coming months (impacts of sanctions, inflation, supply, household morale and currency exchange rates, etc.).

The outlook to date does not call into question the financial position of ELO in a context of high uncertainty as regards the extent, outcome and consequences of the ongoing conflict.

Financing

Auchan Retail Ukraine is mainly financed by local banks and benefits from intragroup financing.

Auchan Retail in Russia had a sufficient level of liquidity at the end of December (€139 million) enabling it to meet its commitments. It also benefits from a RUB 10 billion credit line with a local bank. In accordance with the European regulations currently in force, Auchan Russia has not received any new financial support (investment, intragroup financing, etc.) from its mother company since February 24th, 2022. It will not receive any support as long as the current conditions of the financial embargo are in place.

Asset valuation

In Russia

As of December 31st, 2022, the net non-current assets related to the activities in Russia represented 8% of the Group's non-current assets.

After analysing the profitability outlook, the change in the vacancy rate and the very limited liquidity of assets held in Russia, the Group recognised an impairment loss on investment properties.

The Group also carried out impairment tests on the assets, including the stores, of the Auchan Retail Russia cash-generating unit (the goodwill associated with the Retail activity in Russia had already been fully impaired during the 2020 financial year).

All of these items were recognised in "Other non-recurring income and expenses" and breaks down as follows:

- impairment of stores; €35 million;
- impairment of investment properties; €61 million.

As of December 31st, 2022, the translation reserve allocated to the activity in Russia corresponded to a debit amount of €625 million.

In Ukraine

As of December 31st, 2022, the net non-current assets related to the activities in Ukraine represented 1% of the Group's non-current assets.

Impairment was recorded on stores and shopping centres that were already in difficulty at the end of the 2021 financial year, as well as on stores that suffered significant damage. The uncertainty weighing on this activity has also led us to impair all the goodwill associated with it.

The exceptional commitment of the employees resulted in a break-even recurring operating income over the 2022 financial year, despite the loss-making first half. However, the activity remains affected by the very difficult operating conditions and by a decrease in footfall.

All impairments, i.e. €60 million, were recognised in "Other non-recurring income and expenses" and breaks down as follows:

- impairment of stores; €22 million;
- impairment of investment properties; €5 million;
- impairment of the goodwill related to the Retail activity; €30 million.

2.2 CAPITAL AND FINANCING

Financing transactions

On December 8th, 2022, ELO issued a new bond under its EMTN programme for an amount of €650 million maturing on December 8th, 2028, at a fixed rate of 4.875%. This issue is part of the Group's active liquidity management by allowing the refinancing of its existing debt.

In addition, ELO negotiated a new sustainability-linked RCF of €850 million maturing in December 2027 with an option to extend it for two times one year, replacing the €800 million RCF maturing in June 2024.

A sustainability-linked term loan of €400 million was also set up in December 2022. It had not been used as of December 31st, 2022.

2.3 ACTIVITIES

Opening of the activity in Ivory Coast

Ivory Coast is the 14th country in the world where ELO operates and the second, under own ownership, on the African continent, after Senegal. In Senegal, Auchan has become, since

its launch in 2015, the leader in food distribution with its 38 own points of sales and its retail site coupled with a drive-through and home delivery service. Taking its first steps in Ivory Coast, in 2022 Auchan opened nine stores in Abidjan in areas adapted to neighbourhood life (300 to 900 m²). Designed to meet the needs of the Ivorian population, these stores offer a varied range, mainly food, consisting of local products and products of the Auchan brand. Auchan Ivory Coast has established itself, from its start, as a project carried out for Ivorians, by Ivorians and with Ivorians. With this in mind, the brand is committed to offering its customers, employees and partners a unique experience based on three fundamental pillars: offering healthy food at unbeatable prices, offering a unique experience to its employees, and making a social commitment to contribute to the economy of Ivory Coast, particularly with local agricultural producers and employment. New Immo Holding, an active player in the development and transformation of Ivory Coast, supports companies, including ELO, thanks to its expertise and know-how, from the design to the delivery of new living spaces through mixed-use projects, from the design to the delivery of these new living spaces

Acquisition of 235 stores in Spain

On August 2nd, 2022, Alcampo, a Spanish subsidiary of Auchan Retail, entered into an agreement with the DIA Group to acquire 235 supermarkets and a warehouse located in the regions of Madrid, Aragon, Asturias, Castile and León, Galicia, Cantabria, Navarra and the Basque Country. As a result, Alcampo will be present in 16 of Spain's 17 autonomous communities. The transaction remains subject to the approval of the competition authorities.

Gare du Nord

Gare du Nord 2024, an associate, was placed in voluntary liquidation on September 21st, 2021. New Immo Holding holds a receivable on Gare du Nord 2024, amounting to €189 million. In addition, New Immo Holding received a notification under the project completion guarantee pertaining to Gare du Nord for an amount of €47 million, representing the maximum exposure for the Group. On the basis of the procedures initiated at the end of the 2021 financial year and continuing in 2022, the Group has set aside a provision that corresponds to its best estimate of the risk.

2.4 ASSET DISPOSALS AND DISCONTINUED OPERATIONS

Disposal of Auchan Retail's activity in Taiwan

Announced in October 2021, the disposal of Auchan Retail's activities in Taiwan was completed on September 6th, 2022, after the validation process by the competent authorities. Auchan Retail sold its 64.83% stake in RT-Mart, its distribution activity in Taiwan, to the Taiwanese group PX-Mart. This transaction marks the final withdrawal of Auchan Retail from the Asian continent.

NOTE 3 CONSOLIDATION SCOPE

3.1 GENERAL DESCRIPTION OF THE CONSOLIDATION SCOPE

ELO S.A., the holding company of the consolidated entities, is a French company with its registered office located at 40, avenue de Flandre, Croix, France. ELO SA is present in 14 countries and employs 166,397 people through the companies included in the consolidation scope.

As of December 31st, 2022, ELO and its subsidiaries include two business lines:

- Auchan Retail International, a food and non-food retailer that consolidates 467 hypermarkets, 494 supermarkets, 545 convenience stores and 320 integrated digital points of sale, as well as e-commerce and drive-through activities (Chronodrive and Auchan Drive);
- New Immo Holding and its subsidiaries providing property management (467 sites, mainly shopping centres with shopping malls and retail parks);

In addition, ELO SA holds a stake of 49.9% in Oney Bank, a specialist in payment, financing and digital identification solutions. Oney Bank is accounted for using the equity method in ELO's consolidated financial statements (see note 3.3).

Changes in the store network and real estate assets

New Immo Holding - Changes in real estate assets

New Immo Holding's portfolio of mandates increased by 5 sites compared to 2021. This change is due to the signing of new mandates (+4 in Portugal, +1 in France).

Auchan Retail – Changes in the store network

The number of integrated points of sale operated by Auchan Retail International changed as follows during the financial year:

- in Western Europe, the number of points of sale increased by 51 units (of which, net, +40 in France including 31 Auchan Piéton (pick-up points) and 1 Partisan du Goût, +6 in Spain and +5 in Portugal);
- in Central and Eastern Europe, the number of points of sale decreased by 4 units (including, net, -1 in Russia, -6 in Romania and +3 in Ukraine);
- in Africa, the store network increased by 11 units including 2 in Senegal and 9 in Ivory Coast.

Changes in the consolidation scope

With the exception of the information provided below, the scope of consolidation did not change significantly during the financial year.

3.2 DISCONTINUED OPERATIONS, OPERATIONS BEING SOLD AND ASSETS HELD FOR SALE

3.2.1 Retail activities in Taiwan

On October 22nd, 2021, Auchan Retail signed an agreement to sell its stake (64.83%) in RT-Mart, its distribution activity in Taiwan, to the Taiwanese group PX-Mart. Following the approval of the local competition authorities, on September 6th, 2022, the Group finalised the sale of this stake, thus marking its total withdrawal from Asia.

In accordance with the criteria determined by IFRS 5, the contributions of RT-Mart and its subsidiaries have been classified in the income statement under the heading "Net income from discontinued operations or assets held for sale" in the consolidated financial statements drawn up as of December 31st, 2021 and 2022. The amount recognised over the financial year includes the income (expense) realised until the disposal date, as well as the realised capital gain, i.e. a total of €127 million, of which €11 million corresponding to the net income for the period.

The assets and liabilities of RT-Mart and its subsidiaries have been classified in the headings "Assets held for sale" and "Liabilities associated with assets classified as held for sale" in the consolidated balance sheet of ELO as of December 31st, 2021.

3.2.2 Retail and Real Estate activities in Hungary

Following the announcement made on September 1st, 2021 of the entry into exclusive negotiations between ELO and Indotek Group, on March 24th, 2022 ELO signed an agreement for the partial sale of a 47% stake in Auchan Hungary and Ceetrus Hungary to Indotek Group.

The objective of this alliance is to accelerate the development of the companies in Hungary through the knowledge and expertise of Indotek in the Hungarian retail market. The completion of this transaction remains subject to the approval of the competent local authorities.

In accordance with the control analysis and in compliance with the criteria determined by IFRS 5, the assets and liabilities of Ceetrus Hungary are presented on the lines "Assets held for sale" and "Liabilities associated with assets held for sale". Regarding the Retail activity, no reclassification was made insofar as the Group will retain control over this activity.

3.2.3 Impacts on the financial statements

Breakdown of net income in the financial statements of activities, sold or held for sale

(In €m)	12/31/2022	12/31/2021
Revenue	552	779
Gross margin	133	192
RECURRING OPERATING INCOME	30	46
Non-recurring income and expenses	105	(15)
OPERATING INCOME	135	31
Net cost of financial debt	1	-
Other financial income and expenses	(17)	(25)
INCOME BEFORE TAX	119	7
Income tax expense	(3)	(2)
NET INCOME	117	5
EBITDA	55	82

Where appropriate, the results of the disposal of the various activities are shown in the line "Other non-recurring income and expenses" of the income statement presented above. As of December 31st, 2022, the figures correspond mainly to the result of the disposal of the Retail activity in Taiwan, i.e. €127 million.

Details of assets and liabilities held for sale

(In €m)	12/31/2022	12/31/2021
NON-CURRENT ASSETS	89	402
<i>of which property, plant and equipment</i>	0	88
<i>of which investment property</i>	89	26
CURRENT ASSETS	8	145
<i>of which inventories</i>	0	71
TOTAL ASSETS	98	546
NON-CURRENT LIABILITIES	3	124
<i>of which borrowings and lease liabilities</i>	0	121
CURRENT LIABILITIES	5	264
<i>of which trade payables</i>	3	159
TOTAL LIABILITIES	8	388

As of December 31st, 2022, the data corresponded to the assets held by Ceetrus in Hungary. As of December 31st, 2021, the data corresponded to the assets and liabilities held by Auchan Retail in Taiwan.

Breakdown of cash flows in the cash flow statement

(In €m)	12/31/2022	12/31/2021
Net cash from (used in) operating activities	45	62
Net cash from (used in) investing activities	128	(10)
<i>Of which disposal price net of cash sold</i>	132	0
Net cash from (used in) financing activities	(10)	(62)
Effect of changes in foreign exchange rates	3	9
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	166	(1)

3.3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The line "Investments in associates" presented in the balance sheet includes in particular the 49.9% holding in Oney Bank (Oney Bank specialises in payment, financing and digital identification solutions) for €268 million of which €7 million of

net income, and the investments of New Immo Holding in companies that own real estate assets in France and Europe (€344 million against €358 million as of December 31st, 2021). Details of investments are provided in note 7.

NOTE 4 OPERATING DATA

4.1 REVENUE/GROSS MARGIN

Accounting principles

Revenue consists of pre-tax revenue and other income. Revenue includes sales of goods and services from stores and petrol stations, on e-commerce sites, revenue from franchise activities and rental revenue from the property management activity.

Other revenue includes franchise fees, lease premiums collected by the shopping malls and retail parks, commissions for the sale of services and warranty extension premiums.

Revenue is assessed on the basis of the contractual price corresponding to the amount of compensation to which the Group expects to be entitled, in exchange for providing goods or services. The cost of the transaction is allocated to each of the performance obligations in the contract, which constitutes the unit of account for recognising income. Revenue is recognised when the performance obligation is fulfilled, i.e. when the customer obtains control of the good or service. Revenue can therefore be recognised at a given moment or continuously (i.e. percentage of completion).

The breakdown of the Group's main sources of revenue is as follows:

- sales of goods: in this case, the Group has only one performance obligation, which is the delivery of the good to the customer. Revenue from these sales is recognised at the moment when the control of the good has been transferred to the customer, generally at the time of delivery. Given the Group's activities, the transfer of control takes place:
 - when customers go through checkout for in-store sales,
 - when goods are received by franchisees and affiliates,
 - when goods are received by the customer for e-commerce sales;
- provision of services, such as franchise fees, logistics services, property income (rental income, rental management fees): in this case, the Group has only one performance obligation, namely delivery of the service. Revenue from these services is recognised continuously over the period in which the services are provided;

- revenue from real estate development activities: in this case, the Group generally has several performance obligations, some of which may be carried out at a given moment and others continuously according to the percentage of completion method. Completion-based net income is calculated using the projected net income at completion, weighted by the rate of progression determined according to the costs incurred.

The Group offers customers loyalty programmes through which they enjoy reductions or other benefits when they make subsequent purchases. The benefits accumulated by customers from loyalty programmes constitute a performance obligation that is separate from the initial sale. For this reason, a contract liability is recognised in respect of this performance obligation. The revenue from these rights accorded is deferred until the date on which the customers use the benefits.

The cost of sales comprises the cost of purchases net of rebates and commercial cooperation fees received by the Group, changes in inventories net of any impairment loss, logistics costs, cash discounts obtained and exchange gains and losses on the purchase of goods.

The rebates and commercial cooperations, recognised as a deduction from the cost of sales, result from contractual agreements signed by the Group companies with their suppliers. These agreements, which are specific from one supplier to another, include rebates calculated according to the volume of purchases of goods made, as well as rebates for commercial cooperation actions invoiced to suppliers. These commercial cooperation actions are the subject of contractual agreements.

Rebates are obtained when the associated performance conditions are met. These performance conditions generally require the Group to comply with certain volume thresholds. Discounts under commercial cooperation agreements are recognised during their period of realisation. They are recorded in accordance with the terms and conditions provided for in the contractual agreements concluded with the Group's suppliers until their expiry.

The Gross margin is the difference between the Revenue and the Cost of sales.

(In €m)	12/31/2022	12/31/2021
Revenue	33,242	30,860
Other revenue	243	228
Revenue	33,485	31,088
Purchases net of rebates, commercial cooperation services and ancillary and logistics costs	(25,854)	(23,559)
Change in inventories (net of impairment)	332	93
Cost of sales	(25,522)	(23,466)
Gross margin	7,963	7,622

Since January 1st, 2022, home delivery costs have been excluded from the gross margin and are now classified as external expenses. The gross margin as of December 31st, 2021, presented above, includes an amount of €67 million in this respect.

4.2 EBITDA

Accounting principles

Since January 1st, 2022, the Group includes in its EBITDA the change in the impairment of trade receivables, as well as the provisions and reversals for risks and charges. As a result, EBITDA now corresponds to recurring operating income, minus amortisation and other recurring income and expenses. The data as of December 31st, 2021 have been restated accordingly in order to make the information comparable.

Other operating income and expenses mainly include disposals of assets for which amounts are not individually significant. Store pre-opening costs are recognised in operating expenses when they occur.

(In €m)	12/31/2022	12/31/2021
Recurring operating income	664	736
• Other recurring income and expenses ⁽¹⁾	39	77
• Depreciation and amortisation	(1,004)	(1,006)
• Impairment of assets ⁽²⁾	22	(0)
• Depreciation and amortisation included in logistics costs deducted from gross margin	(89)	(91)
EBITDA	1,697	1,756

(1) Mainly capital gains on various asset disposals and effects of exchange rate variations.

(2) Excluding impairment on inventories and trade receivables.

4.3 OTHER NON-RECURRING INCOME AND EXPENSES

Accounting principles

Non-recurring transactions in significant amounts which could distort recurring operating performance are recorded under *other non-recurring income and expenses* in accordance with Recommendation No. 2020-R.01 of the French Accounting Standards Authority (ANC – Autorité des normes comptables).

This item includes in particular impairment *recognised* on goodwill, significant impairment losses recognised on property, plant and equipment, capital gains or losses on asset disposals, and items that are exceptional, unusual and material and which are unrelated to ordinary operations, such as expenses for major restructuring or exceptional indemnities on contract termination.

(In €m)	12/31/2022	12/31/2021
Net impairment of assets (excluding Russia and Ukraine)	(123)	8
• of which impairment of Retail France goodwill	(126)	8
• of which impairment of net tangible assets	3	
Assets disposals	22	166
• of which disposals for Retail activity	20	166
• of which disposals for Real Estate activity	1	
Russia – Ukraine	(156)	0
• of which goodwill impairment (Ukraine)	(30)	
• of which impairment of property, plant and equipment	(123)	
• of which losses on inventories	(3)	
• of which disposal of Ceetrus Russia	1	
Other	(41)	34
TOTAL NON-RECURRING INCOME AND EXPENSES	(298)	207

4.4 INVENTORIES

Accounting principles

Inventories are measured at the lower of cost and net realisable value. Their cost is net of end-of-year rebates and commercial cooperation fees and includes handling and warehousing costs directly attributable to the acquisition of the products, and the transport costs incurred in bringing the products to the stores. Inventories are valued either on the

basis of the last purchase price, a method similar to the FIFO ("First in, First out") used for rapidly moving inventories, or at the weighted average unit cost or at the selling price less the profit margin. Inventories are written down if their net realisable value is below cost.

(In €m)	12/31/2022	12/31/2021
Gross carrying amount	2,800	2,441
Impairment	(91)	(79)
NET CARRYING AMOUNT	2,709	2,362

No inventory has been pledged to secure liabilities. Allocations and reversals are included in the cost of sales.

NOTE 5 OPERATING SEGMENTS

Accounting principles

Pursuant to IFRS 8 - Operating Segments, the operating segments are determined based on the information provided to Management for assessing the activities and performances of the Group made up of ELO and its subsidiaries and those of the various segments it includes. The segments presented are operating segments or groups of similar operating segments.

An operating segment is a component of the consolidation scope that engages in activities from which it is likely to generate revenue or incur expenses, including revenue and expenses related to transactions with other components (determined under conditions of normal competition) and whose operating results are regularly reviewed by the main operational decision-maker in order to allow the allocation of resources to the various segments and the assessment of their performance. For each operating segment, separate financial information is available internally.

In light of the IFRS 8 criteria, the Group has defined its operating segments as distinct business lines, which are themselves groupings of distinct geographies.

The measurement of each operating segment's performance, used by the key operational decision-makers, is based on *recurring operating income*.

The segment assets include goodwill, other intangible assets and property, plant and equipment, right-of-use assets, investment properties, investments in associates, inventories, trade receivables, receivables and other debtors as well as current financial assets.

The segment liabilities comprise provisions, trade payables and other current liabilities.

The segment investments correspond to acquisitions of property, plant and equipment and intangible assets, including goodwill and right-of-use assets, but excluding cash flow mismatches.

5.1 SEGMENT INFORMATION BY BUSINESS ACTIVITY

Segment revenue and income as of December 31 st (in €m)	Auchan Retail		New Immo Holding		Holding		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
External revenue	32,893	30,544	591	543	0	0	33,485	31,088
Internal revenue	8	9	(2)	1	(7)	(10)	0	0
REVENUE	32,902	30,553	590	545	(7)	(10)	33,485	31,088
Depreciation and amortisation	(789)	(762)	(215)	(244)	0	0	(1,004)	(1,006)
Provisions and impairment	(12)	(83)	1	(32)	0	0	(12)	(115)
Other recurring income and expenses ⁽¹⁾⁽²⁾	39	36	0	41	0	0	39	77
Recurring operating income	518	639	155	106	(9)	(10)	664	736
Share of associates	(1)	0	2	1	(7)	18	(6)	19
Investments (gross)⁽³⁾	1,036	893	409	296	0	0	1,445	1,189

(1) Significant expenses: provisions and/or reversals of provisions and impairments other than impairment losses on assets (mainly impairment of current assets and provisions for risks and charges).

(2) Including the rights-of-use (IFRS 16).

(3) In 2021 and 2022 the Auchan Retail sector did not include the activities of Retail Taiwan, reclassified "Net income from non-current assets held for sale and discontinued operations" (IFRS 5).

Segment assets and liabilities as of December 31 st (in €m)	Auchan Retail		New Immo Holding		Holding		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Segment assets	12,148	12,021	4,602	4,629	721	790	17,472	17,440
Segment liabilities	8,125	8,251	473	518	14	16	8,612	8,786

5.2 SEGMENT INFORMATION BY GEOGRAPHICAL AREA

	France		Western Europe excluding France		Central and Eastern Europe		Rest of the world - Asia and Africa		Total	
As of December 31 st (in €m)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	17,470	16,502	6,488	5,857	9,310	8,572	218	157	33,485	31,088
Non-current segment assets excluding tax and financial assets	5,447	5,210	3,174	3,258	3,018	3,308	77	76	11,716	11,851

5.3 SEGMENT BALANCE SHEETS

The total segment assets are reconciled to the total assets of ELO and its subsidiaries as follows:

(In €m)	12/31/2022	12/31/2021
Goodwill	1,743	1,927
Other intangible assets	155	165
Property, plant and equipment	5,181	5,112
Right-of-use assets	1,082	1,123
Investment properties	3,555	3,524
Non-current segment assets excluding tax and financial assets	11,716	11,851
Investments in associates	625	663
Inventories	2,709	2,362
Trade receivables	507	437
Trade and other receivables	1,312	1,447
Current financial assets	603	680
Segment assets	17,472	17,440
Other non-current financial assets	327	294
Other non-current assets	97	53
Non-current derivative instruments	152	56
Deferred tax assets	319	328
Current tax assets	71	140
Current derivative instruments	87	88
Cash and cash equivalents	2,006	2,247
Assets held for sale	98	546
TOTAL ASSETS	20,628	21,190

Total segment liabilities are reconciled in the total liabilities of ELO and its subsidiaries as follows:

(In €m)	12/31/2022	12/31/2021
Non-current provisions	166	174
Current provisions	194	282
Trade payables	5,033	4,904
Other current liabilities	1,796	1,951
Non-current lease liabilities	1,121	1,187
Current lease liabilities	302	289
Segment liabilities	8,612	8,786
Equity	6,324	6,454
Non-current borrowings and other financial liabilities	4,332	4,357
Non-current derivative instruments	262	29
Other non-current liabilities	157	165
Deferred tax liabilities	167	162
Current borrowings and other financial liabilities	698	749
Current derivative instruments	21	17
Current tax liabilities	46	82
Liabilities associated with assets classified as held for sale	8	388
TOTAL EQUITY AND LIABILITIES	20,628	21,190

NOTE 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1 GOODWILL

Accounting principles

The accounting principles for *goodwill* are described in note 1.6.

Goodwill is tested for impairment at each year-end and more often if events or circumstances indicate that it may be impaired. Such events or circumstances relate to significant, adverse and lasting changes with an impact on economic conditions or on the assumptions and objectives adopted at the acquisition date.

Impairment losses are recognised in the income statement under "Non-recurring income and expenses".

The assets to be tested for impairment are grouped within cash generating units (CGUs). The CGU is a group of assets whose continuing use generates cash inflows that are largely independent of the cash flows from other groups of assets. ELO defines each store or shopping centre as a CGU. An impairment loss is recognised when the carrying amount of an asset, or of the CGU to which it belongs, exceeds the recoverable amount. Goodwill is tested by country, and the CGU's assets then include the property, plant and equipment, intangible assets and goodwill allocated to the country and to the business, and its working capital requirements.

The methods of these impairment tests, as well as the information relating to the sensitivity analyses of the impairment tests carried out in respect of the goodwill, are detailed in note 6.6.

	12/31/2022	12/31/2021
Goodwill value as of January 1st	1,927	2,018
Other acquisitions		1
Impairment ⁽¹⁾	(163)	
Changes in consolidation scope	(16)	
Other movements and transfers	3	(4)
Translation differences	(8)	10
Non-current assets held for sale and discontinued operations ⁽²⁾		(98)
GOODWILL VALUE AS OF DECEMBER 31ST	1,743	1,927

(1) Mainly concerns the impairment of Retail France goodwill (€126 million) and Retail Ukraine goodwill (€30 million).

(2) In 2021, the non-current assets held for sale consisted of the goodwill of Auchan Retail in Taiwan.

The goodwill by country/business line was as follows:

(In €m)	12/31/2022	12/31/2021
Retail France	1,014	1,143
Retail Spain	156	156
Retail Portugal	178	178
Retail Poland	252	257
Retail Ukraine		33
Retail - Other	81	79
New Immo Holding France	13	13
New Immo Holding Italy	2	18
New Immo Holding Portugal	43	43
New Immo Holding - Other	3	3
Other	2	3
TOTAL	1,743	1,927

6.2 OTHER INTANGIBLE ASSETS

Accounting principles

The other intangible assets mainly include software applications acquired or developed internally, and acquired leasehold rights and brands. The intangible assets acquired separately by consolidated companies are recognised at their cost price and those acquired through business combinations are recognised at their fair value. Brands that are created and developed internally are not recognised in the balance sheet.

The intangible assets with an indefinite useful life (including, mainly leasehold rights in France and brands acquired) are not amortised and are subject to a review of their valuation at the

occurrence of events likely to call into question their value and in any case at least once a year. When their recoverable amount based on criteria applied at the time of acquisition falls below their net carrying amount, an impairment loss is recognised (see note 6.6).

Other intangible assets with a defined useful life are amortised using the straight-line method over their expected useful lives.

Accordingly, acquired software and licences and internally developed software that meet all the criteria set out by IAS 38 are capitalised and amortised over a useful life of three years. As an exception, ERP software is amortised over five years as it has a highly structuring role for the business and a functional and technical architecture with a longer probable useful life.

Change in gross carrying amount

(In €m)	Licences, brands and leaseholds rights	Internal IT development costs	Total
GROSS CARRYING AMOUNT AS OF JANUARY 1ST, 2021	281	447	728
Acquisitions and internal developments	15	57	72
Assets sold or scrapped	(15)	(8)	(23)
Other movements and transfers	6	8	14
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2021	287	505	791
Acquisitions and internal developments	15	71	86
Disposals	(21)	(11)	(33)
Changes in consolidation scope	1	()	1
Exchange differences	(2)	()	(2)
Other movements and transfers	11	(6)	5
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2022	290	558	848

Change in depreciation, amortisation and impairment

(In €m)	Licences, brands and leaseholds rights	Internal IT development costs	Total
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF JANUARY 1ST, 2021	239	320	559
Amortisation for the financial year	21	63	84
Reversals of impairment	(1)		(1)
Assets sold or scrapped	(15)	(2)	(16)
Other movements and transfers	1		1
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2021	245	381	626
Amortisation for the financial year	24	71	95
Reversals of impairment	(8)		(8)
Assets sold or scrapped	(21)	(1)	(22)
Exchange differences	(2)	(1)	(2)
Other movements and transfers	4		4
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2022	242	451	693

Net carrying amount

(In €m)	Licences, brands and leaseholds rights	Internal IT development costs	Total
As of January 1 st , 2021	42	128	170
As of December 31 st , 2021	41	124	165
AS OF DECEMBER 31ST, 2022	48	107	155

No intangible assets have been assigned as liability guarantee.

6.3 PROPERTY, PLANT AND EQUIPMENT

Accounting principles

Property, plant and equipment acquired under a business combination are recorded at fair value (see note 1.6).

Property, plant and equipment acquired separately are recorded at cost less cumulative depreciation and any cumulative impairment loss. Land is stated at cost less any impairment loss. The various components of an item of property, plant or equipment are recognised separately when their estimated useful lives, and thus their depreciation periods,

are significantly different. The cost of a fixed asset includes all expenditure directly attributable to the acquisition of this asset. It includes, where applicable, the borrowing costs.

Subsequent costs are included in the carrying amount of an item of property, plant or equipment or recognised as a separate component, if appropriate, when it is probable that ELO or one of its consolidated companies will receive the future economic benefits linked to the asset and if the cost of the asset can be measured reliably. All other maintenance costs are recognised as expenses for the financial year in which they are incurred.

With the exception of land, property, plant and equipment are depreciated over their useful lives using the straight-line method, on a components basis, from the date on which they are brought into service, generally with no residual value.

Depreciation is calculated based on the following useful lives:

- buildings (structure) -30 years;
- roof waterproofing, drainage and floor covering -20 years;

- fixtures and fittings -6 2/3 years and 8 years;
- technical facilities, machinery and equipment -3 to 10 years;
- other fixed assets -3 to 5 years.

The residual values are generally zero, however, depending on certain local specificities, some residual values are retained.

The depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

Change in gross carrying amount

(In €m)	Land, buildings and facilities	Materials and other assets	Property, plant and equipment under construction ⁽¹⁾	Total
Gross carrying amount as of January 1st, 2021	11,216	2,940	424	14,580
Other acquisitions	146	150	294	591
Assets sold or scrapped	(292)	(189)	(1)	(482)
Exchange differences	70	47	7	123
Reclassifications to investment property ⁽¹⁾	(15)	(1)	(2)	(18)
Other movements and transfers	69	58	(133)	(6)
Non-current assets held for sale and discontinued operations ⁽²⁾	(122)	(161)	(1)	(283)
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2021	11,072	2,845	589	14,506
Other acquisitions	188	227	278	693
Assets sold or scrapped	(141)	(271)	(7)	(419)
Exchange differences	26	6	(5)	26
Reclassifications to investment property ⁽¹⁾	(2)		(2)	(3)
Other movements and transfers	71	118	(212)	(24)
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2022	11,215	2,924	640	14,780

(1) The assets in progress concerned the Retail activity for €621 million as of December 31st, 2022 and €554 million as of December 31st, 2021.

(2) Reclassification of assets meeting the definition of investment property.

(3) In 2021, the non-current assets held for sale corresponded to the reclassification of the assets of the Retail activity in Taiwan.

Change in depreciation, amortisation and impairment

(In €m)	Land, buildings and facilities	Materials and other assets	Property, plant and equipment under construction	Total
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF JANUARY 1ST, 2021	6,860	2,496	25	9,382
Amortisation for the financial year	339	214		553
Impairment	37	4	5	47
Reversals of impairment provisions ⁽¹⁾	(51)	(4)	(5)	(60)
Assets sold or scrapped	(229)	(183)		(413)
Exchange differences	42	36	3	81
Reclassifications to investment property	(4)	1	0	(2)
Other movements and transfers	0	2	0	2
Non-current assets held for sale and discontinued operations ⁽²⁾	(78)	(117)		(195)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2021	6,916	2,449	28	9,394
Amortisation for the financial year	338	212	0	550
Impairment ⁽¹⁾	42	12	2	56
Reversals of impairment provisions	(19)	(1)	(4)	(24)
Assets sold or scrapped	(127)	(269)	0	(396)
Exchange differences	14	5	(5)	15
Other movements and transfers	103	(100)	0	3
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2022	7,268	2,308	22	9,598

(1) In 2022 and 2021, all impairment losses were recognised under "Other non-recurring income and expenses" (see note 4.3).

(2) In 2021, the non-current assets held for sale corresponded to the reclassification of depreciation, amortisation and impairment for the Retail activity in Taiwan.

Net carrying amount

(In €m)	Land, buildings and facilities	Materials and other assets	Property, plant and equipment under construction	Total
As of January 1 st , 2021	4,356	444	399	5,198
As of December 31 st , 2021	4,156	396	560	5,112
AS OF DECEMBER 31ST, 2022	3,947	616	619	5,181

No property, plant and equipment are given as collateral for liabilities.

6.4 RIGHT-OF-USE ASSETS

Accounting principles

The Group is mainly the lessee of property intended for its distribution and warehousing. Furthermore, IFRS 16 leases also cover equipment and car leases. At the start of a contract, the Group determines whether a contract is or contains a lease. The contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

To determine whether a contract conveys the right to control an identified asset throughout the period of use of the asset, the Group assesses whether:

- the contract involves the use of an identified asset - this can be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights most relevant to changing how and for what purpose the asset is used.

The term of the lease is defined contract by contract. In regard to real estate properties, lease terms have been determined based on the format and performance of each point of sale, and taking into consideration the lease termination and renewal options that the Group is reasonably certain to exercise. The depreciation period and the value of non-removable fixtures, as well as economic incentives, are also taken into account in determining the lease term.

The duration of tacitly renewed contracts is assessed on the basis of the economic interest of each of the parties in renewing the contract.

The Group recognises a right-of-use asset and a lease liability at the beginning of the lease.

The right-of-use asset is initially measured at actual cost, which includes the initial amount of the lease liability adjusted for the lease payments made on or before the commissioning date, and added to all the direct incremental costs incurred, and an estimate of the dismantling and removal costs of the underlying asset or restoration of it or the site where it is located, net of rental incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the lease starting date until the estimated lease expiration date. In addition, the value of the right-of-use asset is adjusted to take into account certain revaluations of the lease liability and, where applicable, reduced in the event of impairment losses, in accordance with IAS 36.

The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the lessee's incremental borrowing rate that would be obtained for a term equivalent to that of the estimated lease term. The measurement of the lease liability includes the following types of lease payments:

- fixed payments, including in-substance fixed payments;
- variable lease payments indexed to an index or a rate, initially measured using the index or rate as of the commencement date;

- the exercise price of a call option that the Group is reasonably certain to exercise;
- the rent paid during the renewal period if the Group is reasonably certain to exercise an extension option;
- early termination penalties, unless the Group is reasonably certain not to terminate the lease early.

The lease liability is remeasured in the event of a change in future rents following a change in an index or rate or if the Group reassesses the lease term in the case of a significant event, as provided by IFRS 16.

Short-term leases and leases of low-value assets

The Group has chosen not to recognise right-of-use assets and lease liabilities for short-term leases of 12 months or less and leases of low-value assets. The Group recognises rents related to these leases as expenses.

Discount rates

The discount rates applied are based on ELO's marginal borrowing rate plus a spread *to take* into account the subsidiary's debt profile and the economic environments specific to each country and each activity. Discount rates are updated every quarter so that they can be used for any new lease having undergone the following changes:

- revised estimate of the term upon remeasurement of the exercise of extension or the non-exercise of a termination option (which then becomes reasonably certain);
- change in the estimate of the exercise of a purchase option, which then becomes reasonably certain;
- contractual lengthening or shortening of the term or contractual amendment of the rents;
- addition or deletion of one or more underlying assets.

Change in gross carrying amount

(In €m)	Rights-of-use of land, buildings and fixtures	Rights-of-use of equipment and other fixed assets	Total
GROSS CARRYING AMOUNT AS OF JANUARY 1ST, 2021	1,948	118	2,065
Other acquisitions	258	14	272
Assets sold or scrapped	(1)	(0)	(1)
Exchange differences	44	0	44
Other movements and transfers	(169)	(12)	(181)
Non-current assets held for sale and discontinued operations ⁽¹⁾	(172)	(2)	(174)
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2021	1,908	118	2,025
Other acquisitions ⁽²⁾	265	13	277
Assets sold or scrapped	(4)	(4)	(8)
Exchange differences	12	(1)	12
Other movements and transfers	(95)	(11)	(107)
Changes in consolidation scope	4	0	4
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2022	2,090	115	2,203

(1) In 2021, the non-current assets held for sale related to the Retail activity in Taiwan.

(2) The acquisitions of right-of-use assets include lease renewals and lease modifications (rent increases).

Change in depreciation, amortisation and impairment

(In €m)	Rights-of-use of land, buildings and fixtures	Rights-of-use of equipment and other fixed assets	Total
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF JANUARY 1ST, 2021	660	63	724
Amortisation for the financial year	256	17	273
Impairment	24	0	24
Reversals of impairment provisions	(22)	0	(22)
Exchange differences	16	0	16
Other movements and transfers	(46)	(5)	(51)
Non-current assets held for sale and discontinued operations ⁽¹⁾	(60)	(1)	(60)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2021	829	74	904
Amortisation for the financial year	257	18	275
Depreciation, amortisation and impairment on changes in scope	1	0	1
Impairment	23		23
Reversals of impairment provisions	(12)		(12)
Assets sold or scrapped	(1)	(4)	(5)
Exchange differences	2	(0)	1
Other movements and transfers	(54)	(11)	(65)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2022	1,045	77	1,122

(1) In 2021, the non-current assets held for sale related to the depreciation, amortisation and impairment of the Retail activity in Taiwan.

Net carrying amount

(In €m)	Rights-of-use of land, buildings and fixtures	Rights-of-use of equipment and other fixed assets	Total
As of January 1 st , 2021	1,288	55	1,343
As of December 31 st , 2021	1,079	44	1,123
AS OF DECEMBER 31ST, 2022	1,044	38	1,082

Analysis of expiration of lease liabilities

(In €m)	< 1 year	1 to 3 years	3 to 5 years	More than 5 years	Total
Lease liabilities	296	447	238	350	1,331

Amounts recognised in the income statement – Other lease expenses

The table below shows the rents arising from leases and service agreements:

(In €m)	12/31/2022
Variable lease payments not included in the measurement of lease liabilities	(29)
Expenses related to short-term leases	(13)
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	(5)
Other	(20)
TOTAL	(67)

Operating leases as lessor

When the Group acts as a lessor, it determines at the conclusion of each contract whether it constitutes a finance lease or an operating lease.

To qualify each contract, the Group assesses globally whether the contract transfers substantially all of the risks and rewards associated with the ownership of the underlying asset. If this is

the case, then it is a finance lease. Otherwise, it is an operating lease. For this valuation, the Group takes into account certain factors, such as the fact that the contract covers the major part of the economic life of the asset.

The analysis below shows the minimum future payments to be received on non-cancellable leases:

(In €m)	12/31/2022	12/31/2021
Less than one year	362	372
1 to 5 years	1,075	1,134
More than 5 years	656	464
TOTAL	2,092	1,970

Assets received as guarantees

The consolidated entities receive security deposits for the investment properties that they lease out.

The total amount received as security deposits was €53 million as of December 31st, 2022, compared to €56 million as of December 31st, 2021.

The conditions of use are generally:

- a guarantee deposit corresponding to three months of rent. This amount is reviewed annually. The deposit is held by the lessor until the lessee departs, and is reimbursed in full subject to payment of the amounts due.

6.5 INVESTMENT PROPERTIES

Accounting principles

Investment property is property held as a source of rental revenue or appreciation of capital or both. Investment property is recorded, from the outset, on a separate line on the asset side of the balance sheet.

Shopping malls, retail parks and undeveloped land are recognised as investment property based on the cost model. It measures investment property at cost less accumulated depreciation and any impairment loss, in the same way as property, plant and equipment.

In accordance with IAS 40, a property valuation process has been put in place to estimate the fair value of the investment properties twice a year. The fair value measurements correspond to a Level 3 hierarchy as defined in note 10.8. Two independent real estate experts intervene, dividing the work on the valuation of investment properties in the whole group. For all assets, the fair value is determined by reference to external valuations based on the 10-year discounted cash flow method ("DCF method") for shopping malls and retail parks and on the sales comparison approach or promoter's balance sheet method according to ongoing development projects for undeveloped land.

This estimation exercise requires significant judgements to determine the appropriate assumptions, in particular discount rates, market rental values, estimates of works to be carried out and estimated date of completion (in particular for assets in the development phase) and any supporting measures by benefits to be granted to lessees. Specific information such as the type and/or location of the property is also taken into account. Given the estimated nature of this type of valuation, the gain or loss on disposal of certain real estate assets may differ from the valuation performed.

Most of the investment properties were valued as of December 31st, 2022. The Group considers that the fair value estimated by the appraisers reflect reasonably the fair value of the property portfolio.

Recognition of eviction indemnities paid to shopping mall and retail park lessees

If the lessor cancels a running lease, it must pay an eviction indemnity to the lessee concerned. This indemnity is recognised in the cost of the asset if the payment leads to a change in the asset's performance (new lease on better financial conditions following recovery of the premises for extension works or the transfer of the former lessees to a new site). In all other cases, eviction indemnities are recognised as prepaid expenses spread over the term of the leases.

Change in gross carrying amount

	Investment properties	Right-of-use of investment property	Total
GROSS CARRYING AMOUNT AS OF JANUARY 1ST, 2021	6,491	203	6,694
Other acquisitions	249	(1)	249
Assets sold or scrapped	(585)	(7)	(592)
Exchange differences	16	2	19
Transfer from "Property, plant and equipment"	17		17
Other movements and transfers	(4)	(29)	(33)
Non-current assets held for sale and discontinued operations ⁽¹⁾	(59)	(11)	(70)
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2021	6,125	158	6,284
Other acquisitions	379	9	388
Assets sold or scrapped	(77)	(18)	(95)
Exchange differences	(13)		(12)
Transfer from "Property, plant and equipment"	(31)		(31)
Other movements and transfers	(167)	(1)	(168)
Changes in consolidation scope	44		44
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2022	6,261	149	6,410

(1) In 2021, the non-current assets held for sale related to the Retail activity in Taiwan.

Change in depreciation, amortisation and impairment

(In €m)	Investment properties	Right-of-use of investment property	Total
Depreciation, amortisation and impairment As of January 1st, 2021	2,712	50	2,762
Amortisation for the financial year	211	15	226
Impairment ⁽¹⁾	72		72
Reversals of impairment provisions	(73)	(1)	(73)
Assets sold or scrapped	(188)	(1)	(188)
Exchange differences	11		11
Transfer from "Property, plant and equipment"	2	(1)	2
Other movements and transfers	(7)	(2)	(8)
Non-current assets held for sale and discontinued operations	(42)	(2)	(44)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2021	2,698	61	2,759
Amortisation for the financial year	186	11	197
Impairment ⁽¹⁾	80	1	81
Reversals of impairment provisions	(32)	(1)	(33)
Assets sold or scrapped	(11)	(15)	(26)
Exchange differences	(12)	(1)	(12)
Transfer from "Property, plant and equipment"	(31)		(31)
Other movements and transfers	(80)	(1)	(81)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2022	2,797	57	2,854

(1) In 2022 and 2021, the impairment losses were recognised under "Other non-recurring income and expenses" (see note 4.3).

Net carrying amount

(In €m)	Investment properties	Right-of-use of investment property	Total
As of January 1 st , 2021	3,779	153	3,933
As of December 31 st , 2021	3,427	97	3,525
AS OF DECEMBER 31ST, 2022	3,464	92	3,555

In 2022, the investment properties generated rental income of €565 million (€518 million in 2021) and direct operating expenses of €312 million (of which €59 million did not generate any rental income). In 2021, these direct operating expenses amounted to €426 million of which €57 million without related rental income.

As of December 31st, 2022, the investment properties had a fair value (excluding transfer taxes) estimated at €7,390 million for a net carrying amount recorded in the balance sheet of €3,555 million (respectively €7,364 million and €3,524 million in 2021).

6.6 IMPAIRMENT

Accounting principles

IAS 36 - Impairment of Assets defines the procedures that a company must apply to ensure that the net carrying amount of its property, plant and equipment including right-of-use assets and its intangible assets including *goodwill* does not exceed their recoverable amount, i.e. the amount that will be recovered through their use or sale.

The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtained from the sale of an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. The value in use is defined as the present value of the future cash flows expected to be derived from continuing use of an asset and from its ultimate disposal.

The recoverable amount of property, plant and equipment (including right-of-use assets) and intangible assets (including goodwill) is tested for impairment as soon as there is any indication of a loss of value. This test is also performed at least once a year (on December 31st given the seasonal nature of the business) for assets with an indefinite life.

The cash flows after income tax are estimated based on 3-year forecasts updated for the past year. These budgets and plans are prepared by Management and then presented to and approved by the Board of directors. Cash flows beyond this period are extrapolated for six years by applying a constant growth rate over a period corresponding to useful life of the property, plant and equipment and the right-of-use assets. To test the impairment of assets in a given *country* (including goodwill), cash flows are estimated over a period of nine years, taking into account a terminal value calculated by discounting year-9 data to infinity.

Cash flows are discounted using the weighted average cost of capital after tax, plus a risk premium specific to each country.

Assets to be tested for impairment are grouped within cash generating units (CGUs). The CGU is a group of assets whose continuing use generates cash inflows that are largely independent of the cash flows from other groups of assets. ELO defines each store as a CGU for the Retail activity and each shopping centre as a CGU for the Real Estate activity. An impairment loss is recognised when the carrying amount of an asset, or of the CGU to which it belongs, exceeds the recoverable amount. Goodwill is tested by country and business, and the CGU assets then include property, plant and equipment, intangible assets and *goodwill* allocated to the country and to the business, and its working capital requirements.

Any impairment loss is generally allocated in priority to *goodwill*. Any impairment loss recognised on a goodwill item is irreversible. Impairment losses recognised for other assets are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The increased carrying amount of an asset attributable to a reversal of impairment loss may not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised.

Inflation

The provisional flows of purchases and revenues have been established using inflation rates from external sources projected over the years 2023 and 2024.

The projections used to assess the need or not for an adjustment in the value of the Group's assets take into account the highly inflationary context initiated during the 2022 financial year and which is expected to continue, at least, during the 2023 financial year, as well as the Group's ability to pass on these price increases.

In addition, energy-related expenses have been included in the forecasts taking into account the anticipated energy purchases made by the Group, as well as the power purchase agreements which are currently being negotiated and will be effective for the years 2023 and 2024.

Climate

The risks resulting from climate change are considered to have moderate consequences on the Group's activities in view of the very nature of its activities and their geographical location.

The short- and medium-term impacts have been reflected in future cash flows through the increase in the prices of distribution, raw materials and energy when said increase had not been hedged contractually or by the actions undertaken by the Group.

Through its Climate Plan 2030, the Group has committed to carry out actions to reduce its exposure to this type of risk: optimisation of goods transport, signature of an international partnership with Voltaia and Helexia, which covers both the supply of renewable energy and the management and optimisation of energy consumption.

The investments related to the Group's climate ambitions have also been taken into account (renewal of heating and ventilation systems, replacement of refrigeration circuits and elimination of harmful refrigerants). These modernisation investments are part of the Group's strong desire to respond with ambition to the climate challenge.

Regarding the commercial offer, Auchan Retail is committed to developing, through *responsible supply chains*, a sustainable and balanced partnership with producers, breeders and processors in the food and living chain to reconcile the pleasure of eating well, respect for the environment and animal welfare. The projections made take into account this qualitative offer that meets the new expectations of today's consumers.

Activity in Russia

The Retail activity in Russia underwent impairment tests for which a prudent approach was adopted on the growth parameters as well as on the discount rate. The investment properties held in Russia were subject to impairment based on their estimated fair values. The impairments amounted to €35 million for the Retail activity and €61 million for the Property Management activity.

As of December 31st, 2022, the asset impairments were as follows:

(In €m)	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investment properties	12/31/2022	12/31/2021
Impairment:							
• provision expenses	(163)	(0)	(56)	(23)	(81)	(323)	(142)
• reversal		8	21	12	33	75	151
• net	(163)	8	(34)	(10)	(48)	(248)	8
Reversal of impairment on sold assets			2		0	3	5
TOTAL	(163)	8	(32)	(10)	(48)	(246)	13

Depending on the CGUs or groups of CGUs, the recoverable amount of assets applied by ELO is either the value in use or the market value, according to the comparable data available on the market.

The impairment tests for 2022 led to the recognition of impairment of €227 million on the assets of Auchan Retail and

€48 million on the assets of New Immo Holding (vs. respectively, €65 million and €77 million in 2021).

Impairment was reported on the line "Non-recurring income and expenses" for a better readability of the income statement (see note 4.3).

In 2022, ELO determined differentiated discount rates for its Retail activity. For the Retail activity, the following discount rates were used:

	12/31/2022	12/31/2021
	Retail	Retail
France	6.58%	4.58%
Luxembourg	5.32%	4.59%
Spain	5.78%	5.15%
Portugal	5.69%	5.94%
Poland	6.73%	4.95%
Hungary	7.79%	6.04%
Romania	8.40%	6.40%
Ukraine	17.50%	9.70%
Russia	20.68%	7.63%
Senegal	9.54%	8.01%
Taiwan		5.04%

As in 2021, the discount rates used in 2022 by New Immo Holding were those used for the appraisals of the entire property portfolio and broken down by category of assets within the countries.

The sensitivity analyses carried out on the main values tested and relating to a change in the discount rate (+100 bps) would lead to an additional impairment of €245 million in France (mainly of goodwill).

NOTE 7 INVESTMENTS IN ASSOCIATES

Accounting principles

The companies over which ELO directly, indirectly or jointly exercises significant influence on management and financial policies, without exercising control, are accounted for using the equity method. The share of the ELO group in the profits and losses of the associate is recognised in profit or loss on the line-item *Share of net income of associates*. The share of other comprehensive income from associates is recorded on a

separate line in the consolidated statement of comprehensive income. If ELO's share of the losses of an associate is equal to or exceeds its shareholding, in its consolidated financial statements, ELO ceases to recognise its share of the losses unless it has a legal or implicit obligation to do so, or must make payments on behalf of the associate.

7.1 MAIN INVESTMENTS IN ASSOCIATES

The main investments in associates are as follows:

Business line	Company	Country	% interest		Equity value	
			12/31/2022	12/31/2021	12/31/2022	12/31/2021
Auchan Retail	mainly including:				13	29
	ARMA Inv	Poland	0%	50%	0	12
	SMG ⁽¹⁾	Tunisia	10%	10%	5	6
New Immo Holding	mainly including:				344	358
	MISAR (formerly Galleria Commerciali Sardegna) ⁽²⁾	Italy	50%	50%	116	61
	MERLATA SVILUPPO ⁽²⁾	Italy	0%	49%	-	54
	MERLATA MALL	Italy	49%	49%	-	11
	MARCONI SVILUPPO	Italy	50%	50%	12	-
	GALLERIA CINISELLO, SRL	Italy	50%	50%	76	75
	IMMAUCOM, SPPICAV	France	20%	20%	33	33
	PATRIMONIO REAL ESTATE, SPA	Italy	50%	50%	23	22
	C.C. ZENIA, SL	Spain	48%	50%	18	17
	ALEGRO ALFRAGIDE	Portugal	49%	50%	19	17
	GALERIE COMMERCIALE DE KIRCHBERG, SA	Luxembourg	20%	20%	15	16
	LCO 2, SA	Luxembourg	50%	50%	3	6
	ALEGRO SETUBAL	Portugal	49%	50%	9	11
	ALLIAGES ET TERRITOIRES	Holding	50%	50%	- 0	-
Oney Bank	ONEY GROUPE	Oney Bank	50%	50%	268	276
TOTAL INVESTMENTS IN ASSOCIATES					625	663

(1) Auchan Retail International has significant influence over SMG, although the shareholding only represents 10% of the share capital and voting rights, having representation on the Board of directors and participating in the policy-making process, especially as regards commercial and strategic matters.

(2) During the 2022 financial year, Merlata Sviluppo merged with Galleria Commerciali Sardegna, thus forming the new entity Misar.

7.2 CHANGES IN INVESTMENTS IN ASSOCIATES

(In €m)	12/31/2022	12/31/2021
As of January 1st	663	524
Results for the financial year (share of net income and impairment loss)	(6)	19
Capital distribution and return of capital	(22)	(5)
Acquisition of equity interests ⁽¹⁾	0	122
Acquisitions and increases in capital	2	6
Loss of control and change in percentage of capital held ⁽²⁾	(20)	(1)
Translation differences and other changes	7	(3)
AS OF DECEMBER 31ST	625	663

(1) In 2021, acquisition of additional stakes of 19% in Merlata Sviluppo and Merlata Mall.

(2) In 2022, sale of Arma shares (€(12) million) and takeover of Promenade de Brétigny (€(2) million).

7.3 MAIN FINANCIAL DATA OF ASSOCIATES
(at 100%, excluding goodwill, and in millions of euros)

	12/31/2022			12/31/2021		
	Oney Bank ⁽¹⁾	Auchan Retail	New Immo Holding	Oney Bank ⁽¹⁾	Auchan Retail	New Immo Holding
Non-current assets	5,215	86	1,700	5,019	119	1,770
Current assets		421	564		431	633
TOTAL ASSETS		507	2,264	5,019	550	2,403
Equity	500	8	557	516	40	860
Non-current liabilities	4,715	68	1,184	4,503	68	954
Current liabilities		431	524		442	588
TOTAL LIABILITIES		507	2,265	5,019	550	2,403
Revenue	431	318	124	434	352	102
Operating income	-21	5	-135	56	9	22
NET INCOME	-13	-8	-13	40	-7	6

(1) The main stake accounted for using the equity method is the one in Oney Bank, held at 49.9%. On the balance sheet, Oney Bank does not distinguish between current and non-current items.

NOTE 8 EQUITY AND EARNINGS PER SHARE

8.1 EQUITY

8.1.1 Shareholders

As of December 31st, 2022, ELO's share capital was mainly held by Aumarché.

Employees indirectly owned nearly 2% of the company's capital via the Valauchan and Valfrance mutual funds and via the companies included in the employee share ownership plans outside of France (Valauchan Sopaneer International, Valespaña SCA, Valpoland SCA, Valhungary International SCA, Valportugal SCA and Valrussie SCA). Only companies included

in the employee share ownership plans outside France are fully consolidated.

The Articles of Association of Valauchan Sopaneer International, Valespaña SCA, Valpoland SCA, Valhungary International SCA, Valportugal SCA and Valrussie SCA set out the terms and conditions governing share ownership. Shares in these companies are purchased and sold by affiliates throughout the year, based on a price that is calculated annually according to a financial valuation method defined by a recognised body of valuation experts and which is used consistently over time.

8.1.2 Number of shares comprising the share capital

As of December 31st, 2022, the share capital amounted to €574,184,140. It was split into 28,709,207 fully paid-up shares with a par value of €20 each. It was unchanged compared to December 31st, 2021.

	12/31/2022	12/31/2021
As of January 1 st	28,709,207	28,799,312
Issue of new shares for cash		
Capital reduction		(90,105)
AS OF DECEMBER 31ST	28,709,207	28,709,207

8.1.3 Treasury shares

All treasury shares held by ELO and the other companies within the consolidation scope are deducted from equity at cost. The gain or loss, net of tax, from any sale of treasury shares is recognised directly in equity, so that any gains or losses on disposal have no impact on the net income for the financial year.

As of December 31st, 2022, the Valauchan and Valfrance mutual funds sold 21,816 treasury shares to Valespaña SCA et Valportugal SCA. As of December 31st, 2022, the total number

of treasury shares held by ELO SA and its subsidiaries amounted to 330,731 shares (compared to 308,915 shares at the end of 2021). 58,022 ELO SA shares are held by ELO SA for a transaction cost of €18 million and 272,709 shares are held by Valauchan Sopaneer International, Valportugal SCA, Valpoland SCA, Valhungary International SCA, Valespaña SCA and Valrussie SCA for an acquisition cost of €97 million, in the context of employee share ownership.

As of December 31st, 2022, the treasury shares held by ELO SA represented 0.2% of its share capital.

8.1.4 Legal reserve

ELO SA's legal reserve amounted to €61 million as of December 31st, 2022, unchanged from December 31st, 2021.

8.1.5 Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses (Group share)

(In €m)	Currency translation reserve	Financial assets revaluation reserve estimated at fair value through OCI	Cash flow hedge reserve	Net foreign investment hedge reserve	Actuarial differences on defined-benefit plans	Total
As of January 1 st , 2021	(950)	(59)	(40)	2	(29)	(1,077)
Change	29	(18)	53		15	79
AS OF DECEMBER 31ST, 2021	(921)	(77)	13	2	(14)	(998)
As of January 1 st , 2022	(921)	(77)	13	2	(14)	(998)
Change	(32)	(11)	94	(5)	24	70
AS OF DECEMBER 31ST, 2022	(953)	(88)	107	(3)	10	(928)

The currency translation reserve (Group share) breaks down as follows by country:

(In €m)	12/31/2022	12/31/2021
Poland	(50)	(39)
Hungary	(81)	(68)
Taiwan	0	35
Russia	(625)	(655)
Ukraine	(148)	(145)
Romania	(45)	(45)
Tunisia	(5)	(5)
TOTAL	(953)	(921)

8.1.6 Non-controlling interests

The non-controlling interests amounting to €194 million consist mainly of interests in the capital of Valauchan Sopaneer International, Val Portugal SCA, Valpoland SCA, Valhungary International SCA, Valespaña SCA and Valrussie SCA for €156 million.

8.1.7 Dividends

On June 29th, 2022, ELO paid a dividend of €6.97 per share for the 2021 financial year. Thus, the total amount of the dividend paid amounted to €200 million, of which €0.4 million paid to treasury shares.

8.2 EARNINGS PER SHARE

Accounting principles

In its consolidated financial statements, ELO presents basic earnings per share and diluted earnings per share, calculated

based on the net income from continuing and discontinued operations. This information is also presented based on the net income.

The basic earnings per share are calculated by dividing the net income (Group share) for the financial year by the weighted average number of capital shares outstanding during the year, less treasury shares. The average number of shares outstanding during the financial year is the number of outstanding shares at the beginning of the year adjusted by the number of shares issued during the year.

The diluted earnings per share are calculated by dividing the net income (Group share) for the financial year by the weighted average number of outstanding shares, plus potentially dilutive shares to be created. For ELO, this concerns share purchase and subscription options and bonus share plans. The dilution linked to these options or bonus shares is determined using the share purchase method.

8.2.1 Calculation of the weighted average number of shares

	12/31/2022	12/31/2021
Number of outstanding shares as of January 1 st	28,709,207	28,799,312
Number of treasury shares as of January 1 st	(308,915)	(412,583)
Weighted average number of treasury shares acquired	(14,561)	(10,616)
Weighted average number of treasury shares sold or cancelled	5,190	66,281
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (EXCLUDING TREASURY SHARES) USED TO CALCULATE BASIC EARNINGS PER SHARE	28,390,921	28,442,394
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (EXCLUDING TREASURY SHARES) USED TO CALCULATE DILUTED EARNINGS PER SHARE	28,390,921	28,442,394

8.2.2 Calculation of earnings per share

Basic earnings per share	12/31/2022	12/31/2021
Weighted average number of outstanding shares	28,390,921	28,442,394
Net income - Group share (in €m)	33	344
Per share (in €)	1.16	12.10
Net income from assets held for sale and discontinued operations - Group share (in €m)	113	(2)
Per share (in €)	3.97	(0.07)
Net income from continuing operations - Group share (in €m)	(80)	346
Per share (in €)	(2.81)	12.17

Diluted earnings per share	12/31/2022	12/31/2021
Weighted average number of diluted shares:	28,390,921	28,442,394
Net income - Group share (in €m)	33	344
Per share (in €)	1.16	12.10
Net income from assets held for sale and discontinued operations - Group share (in €m)	113	(2)
Per share (in €)	3.97	(0.07)
Net income from continuing operations - Group share (in €m)	(80)	346
Per share (in €)	(2.81)	12.17

NOTE 9 PROVISIONS AND CONTINGENT LIABILITIES

9.1 PROVISIONS

Accounting principles

The provisions are recorded when, at year-end, ELO SA or one of its subsidiaries has an obligation to a third party as a result of a past event and this obligation is likely or certain to result in an outflow of funds representing economic benefits for the third party, the amount of which can be reliably estimated. The obligation may be legal, regulatory or contractual. These provisions are estimated according to their nature based on the most probable assumptions.

The provisions for restructuring are recognised when a consolidated entity has a detailed formal plan for the restructuring and it has been communicated to the interested parties. Some consolidated companies offer warranty extension contracts, for which income and margin are recognised over the length of the service delivered. The foreseeable expenses relating to the warranty are accrued when the corresponding sales are recorded, based on prior-year expense data. The provisions linked directly to the normal operating cycle of the business, and the portion of other provisions that matures in less than one year, are classified as current liabilities. The provisions that do not meet these criteria are classified as non-current liabilities.

Non-current provisions

(In €m)	Commercial litigation	Labour disputes	Tax disputes	Restructuring	IFRS 16	Employee benefits (retirement indemnities)	Miscellaneous	Total
As of December 31st, 2021	46	1	27	1	1	94	6	174
Provision expenses	4	0	4	0	0	19	7	34
Reversals of used provisions	(7)	(0)	(2)	(1)	0	(3)	(10)	(23)
Reversals of unused provisions	(2)	(0)	0	0	0	(0)	0	(2)
Reclassifications and other movements	(1)	0	5	(0)	0	(31)	9	(19)
AS OF DECEMBER 31ST, 2022	40	1	34	0	1	78	13	166

Current provisions

(In €m)	Commercial litigation	Labour disputes	Tax disputes	Restructuring	IFRS 16	Miscellaneous	Total
As of December 31st, 2021	67	39	9	10	22	135	282
Provision expenses	37	9	1	0	0	14	62
Reversals of used provisions	(14)	(13)	(3)	(7)	(1)	(69)	(106)
Reversals of unused provisions	(29)	(6)	(5)	(3)	0	(5)	(48)
Reclassifications and other movements	3	1	(0)	(0)	(1)	1	5
AS OF DECEMBER 31ST, 2022	65	31	1	0	20	76	194

The provision for guarantees is fully reversed at each closing date and the expense is mainly recognised in "External expenses".

9.2 CONTINGENT LIABILITIES

Consolidated companies are involved in a certain number of lawsuits or disputes in the normal course of their business, including procedures with the tax and competition authorities. Provisions have been set up for the resulting expenses considered probable by ELO and/or its subsidiaries as well as

their external advisers. To the best of the knowledge of ELO and its subsidiaries, there are no other exceptional events or litigation that could substantially affect the activity, results, assets, or financial position of ELO and/or its subsidiaries, which are not adequately covered by provisions at year-end.

NOTE 10 FINANCING AND FINANCIAL INSTRUMENTS

10.1 NET FINANCIAL DEBT

Accounting principles

The net financial debt consists of current and non-current borrowings and other financial liabilities, the fair value of derivatives that qualify as hedging instruments for an item of net financial debt, plus related accrued interest and minus net cash and cash equivalents and positive margin calls on derivatives that qualify as hedging instruments for an item of net financial debt. The negative margin calls (which correspond to the margins received from counterparties) are included in current borrowings and other financial liabilities.

ELO defines net financial debt as net financial debt plus the fair value of the derivatives that do not qualify as hedging instruments for an item of financial debt. It also includes margin calls on derivatives that do not qualify as hedging instruments and short-term cash investments not covered by the definition of "Cash and cash equivalents".

The calculation of the net financial debt does not therefore include the liabilities related to put options granted to non-controlling interests for €60 million as of December 31st, 2022.

10.1.1 Net financial debt

(In €m)	12/31/2022	12/31/2021
Borrowings and other financial liabilities ⁽¹⁾	4,970	5,026
• non-current	4,272	4,297
• current	698	728
Cash and cash equivalents	(2,006)	(2,247)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	(152)	(56)
Margin call assets on derivatives qualifying as hedging instruments	(27)	0
Net financial debt	2,785	2,723
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt	196	(42)
Other short-term investment assets ⁽²⁾	(402)	(500)
NET FINANCIAL DEBT	2,579	2,181

(1) A number of margin call agreements have been implemented to reduce counterparty risk. The amounts relating to margin calls received (liabilities) or paid (assets) are included in the net financial debt. as of December 31st, 2022, they represented a liability of €13 million included in "Borrowings and other financial liabilities".

(2) The other short-term investment assets mainly include capitalisation contracts. These assets are not very sensitive to interest rate and foreign exchange risk.

10.1.2 Change in net financial debt

(In €m)	12/31/2021	Change in cash and cash equivalents	Effects of exchange rate variations	Changes in consolidation scope	Reclassifications and other	12/31/2022
Borrowings and other financial liabilities ⁽¹⁾	5,026	(3)	(3)	(3)	(47)	4,970
• non-current	4,297	658	4	0	(688)	4,272
• current	728	(661)	(7)	(3)	641	698
Cash and cash equivalents	(2,247)	423	3	(191)	5	(2,006)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	(56)	(7)	0	0	(89)	(152)
Margin call assets on derivatives qualifying as hedging instruments	0	(27)	0	0	0	(27)
Net financial debt	2,723	381	(0)	(194)	(131)	2,785
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt	(42)	258	(0)	0	(19)	196
Other short-term investment assets	(500)	98	0	0	0	(402)
NET FINANCIAL DEBT	2,181	743	(0)	(194)	(150)	2,579

10.2 NET COST OF FINANCIAL DEBT

Net cost of financial debt includes:

- gross cost of financial debt, which includes interest expenses, and gains and losses on interest rate and foreign exchange hedges covering the debt;
- the item "Income from cash and cash equivalents", which includes income from short-term cash investments.

(In €m)	12/31/2022	12/31/2021
Income from cash and cash equivalents	28	12
Gross cost of financial debt:	(145)	(157)
• Interest expenses	(144)	(147)
• Hedging results	1	13
• Costs related to the repurchase of bonds	0	(24)
NET COST OF FINANCIAL DEBT	(117)	(145)

The net cost of financial debt amounted to €117 million (against €145 million in 2021). The change is mainly related to bond buybacks generating an additional expense of €24 million in 2021.

10.3 OTHER FINANCIAL INCOME AND EXPENSES

It includes financial income and expenses that are not part of the net cost of financial debt.

It consists mainly of dividends from non-consolidated companies, gains and losses arising from the measurement at fair value of financial assets other than cash and cash

equivalents, gains and losses on disposal of financial assets other than cash and cash equivalents, impact of discounting adjustments and exchange gains and losses on items not included in the net financial debt and cost of sales and interest expenses related to IFRS 16.

(In €m)	12/31/2022	12/31/2021
Gains and losses on financial transactions not eligible for hedge accounting ⁽¹⁾	(51)	(16)
Provisions and impairment, net of reversals:	(24)	(107)
• Reversal of provisions for impairment of other financial assets	(1)	0
• Provision for impairment of other financial assets	(23)	(108)
Cost of discounting retirement obligations net of the expected return on plan assets	(1)	0
Income from equity interests	2	2
Interest expenses related to IFRS 16	(87)	(90)
Translation differences related to IFRS 16	(11)	(3)
Other	(1)	(17)
OTHER FINANCIAL INCOME AND EXPENSES	(173)	(230)

(1) Gains and losses on financial transactions not eligible for hedge accounting include, in particular, foreign exchange and other gains and losses on derivatives used to hedge foreign exchange and/or interest rate risks on intragroup loans, or to guarantee a given interest rate level for the global debt of ELO and the consolidated companies (macro-hedging swaps).

10.4 DERIVATIVES AND HEDGES

Accounting principles

Derivatives are measured and recognised at fair value on the balance sheet and their changes are always recorded in net income, except for future cash flow hedging relationships and net investments.

Derivatives with a residual maturity of more than one year are recorded in the balance sheet as non-current assets or liabilities. Other derivatives are recorded as current assets or liabilities. The accounting date for derivatives is the transaction date.

Hedging accounting applies only if three criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedging relationship meets all the following hedge effectiveness requirements:
 - there is an economic relationship between the hedged item and the hedging instrument,
 - the effect of the credit risk does not dominate the value changes that result from that economic relationship, and
 - the hedge ratio between the hedged item and the hedging instrument is suitable.

Most of the derivatives used by ELO are eligible for hedge accounting.

For derivatives eligible for hedge accounting, recognition as hedging instruments allows to reduce earnings volatility linked to changes in the value of the derivatives concerned.

There are three hedge accounting models under IFRS 9: fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation:

Fair value hedges

For derivatives documented as hedges of assets or liabilities recognised in the balance sheet (fair value hedges), the hedge accounting allows to recognise changes in the fair value of the derivatives through the income statement; the change is offset by the impact in the income statement of the change in fair value of the hedged item recognised in the balance sheet in respect of the hedged risk. These two values offset each other on the same line in the income statement and cancel each other out if the hedge is completely effective.

Hedges of future cash flows

For derivatives documented as hedges of highly probable future cash flows, changes in the value of the derivative are recognised in "Other comprehensive income" (*cash flow hedge reserve*) for the effective portion of the hedge. These reserves are recycled in net income when the hedged transaction impacts the net income or are incorporated into non-financial assets or liabilities when the latter are recognised in the balance sheet. The changes in the value of the ineffective portion are recognised in net income.

Net investment hedge

For the derivative instruments documented as hedges of net foreign investments, the change in value of the hedging instruments is recorded in other comprehensive income, the objective of these hedges being to neutralise the change in value in euros of a portion of the net assets of subsidiaries denominated in foreign currencies.

For derivatives that are not documented as hedging instruments, any change in the fair value is recognised in other financial income and expenses in the case of interest rate derivatives, or in operating income in the case of currency options used as an economic hedge of future gross margin.

The change in the fair value of the *basis spread* is not considered as a hedging component. It is recognised in the hedge reserve and is amortised through the income statement over the hedging period.

Items recognised in other comprehensive income (after deferred taxes)

(In €m)	12/31/2022	12/31/2021
IFRS 9 category		
Cash flow hedge - effective portion of the change in fair value	107	13
Cash flow hedge - reclassified to net income	(13)	41
Net foreign investment hedge	(3)	2

(In €m)	12/31/2022	12/31/2021
Change in fair value reserve	(11)	(18)
Change in cash flow hedge reserve	94	54
Change in net foreign investment hedge	(5)	0

Hedging instruments

As of December 31 st , 2022 (in €m)	Type of hedging instrument	Notional amount of the hedging instruments	Carrying amount of the hedging instrument		Item in the statement of financial position in which the hedging instrument is included	Change in the fair value of the financial instrument used	Change in OCI reserve
			Assets	Liabilities			
FAIR VALUE HEDGE							
Interest rate risk							
Bonds in euros	Interest rate swaps	3,260		257	Derivatives (assets and liabilities)	(259)	
Bonds in CHF	Cross Currency Swap	98	22			0,7	0,4

As of December 31st, 2022 (in €m)	Type of hedging instrument	Notional amount of the hedging instruments	Carrying amount of the hedging instrument		Item in the statement of financial position in which the hedging instrument is included	Changes in the fair value of the hedging item recognised in the OCI reserve*
			Assets	Liabilities		
CASH FLOW HEDGE						
Interest rate risk						
Variable rates of bank borrowings	EUR interest rate swaps	2,036	140		Derivatives (assets and liabilities)	136
	Swaptions	0				
	Cap	250	4			4
Foreign exchange risk						
Currency hedges of future sales	Forward foreign exchange	606	22	10	Derivatives (assets and liabilities)	(15)
	Foreign exchange swaps	(16)	2	8		
NET INVESTMENT HEDGE						
Foreign exchange risk						
Hedging of net investment in foreign currencies (RUB)	Cross Currency Swap	101	2	2	Derivatives (assets and liabilities)	(13)

* For cross-currency swaps qualified as NIH, the impact in OCI corresponds to the change in the fair value of the instrument since the date of qualification of the hedge, and includes the impact of the maturing derivative instrument.

At the reporting date, the amounts for items designated as hedged items were as follows:

> HEDGED ITEMS

As of December 31 st , 2022 <i>(in €m)</i>	Carrying amount of the hedged ite		Accumulated FVH adjustments included in the carrying amount of the hedged item		Item in the statement of financial position in which the hedged item is included	Change in the fair value of the financial instrument used	Ineffectiveness recognised in the income statement	Heading that includes the hedge ineffectiveness
	Assets	Liabilities	Assets	Liabilities				
FAIR VALUE HEDGE								
Interest rate risk								
Fixed-rate bonds denominated in euros		3 010		235	Borrowings and other financial liabilities	254	(6)	Net cost of financial debt
Fixed-rate bonds denominated in CHF		120		22		(0,4)	0	

As of December 31st, 2022 (in €m)	Carrying amount of the hedged item	Amount reclassified from the reserve to income	Income item affected by reclassification from OCI	Change in OCI reserve
CASH FLOW HEDGE				
Interest rate risk				
Variable rates on variable-interest bonds	2,286		Cost of financial debt	97
Foreign exchange risk				
Currency hedges of future sales		17	Other recurring expenses	(15)

	Carrying amount of the hedged item		Income item affected by reclassification from OCI	Change in OCI reserve
As of December 31st, 2022 (in €m)	Assets	Liabilities		
NET INVESTMENT HEDGE				
Foreign exchange risk				
Hedging of net investment in foreign currencies (RUB)	101		Other financial income and expenses	12

The Group's net investment in its Russian subsidiary, whose functional currency is the rouble (RUB), generates a foreign exchange risk resulting from fluctuations in the exchange rate between the rouble and the euro. This risk is hedged to avoid a decrease in the carrying amount of the Group's net investment in its subsidiary in the event of a weakening of the subsidiary's currency against the euro.

Derivatives are used as hedging instruments to prevent changes in the value of the net investment due to exchange rate fluctuations. The impacts of changes in the fair value of NIH-qualified derivatives are recognised in OCI on a symmetrical basis with the hedged items. As a result, the entire change in the fair value of hedging items is recognised in OCI.

Derivative positions not subject to offsetting

ELO enters into International Swap and Derivatives Association (ISDA) agreements or French Banking Federation (Fédération bancaire française - FBF) agreements as part of its trading activities. These contracts do not meet the same offsetting conditions as derivative positions in the balance sheet. The table below shows the recognised amounts that are subject to these agreements, solely for derivatives qualifying as interest rate and currency hedges.

	12/31/2022			12/31/2021		
	Financial instruments in the financial statements	Related non-cleared financial instruments	Net amount	Financial instruments in the financial statements	Related non-cleared financial instruments	Net amount
Financial assets						
Derivatives	238	216	22	88	62	26
TOTAL	238	216	22	88	62	26
Financial liabilities						
Derivatives	283	233	50	51	46	5
TOTAL	283	233	50	51	46	5

10.5 FINANCIAL RISK MANAGEMENT

During the usual course of their business, ELO and the consolidated companies are exposed to interest rate, foreign exchange, credit and liquidity risks. They use derivatives to mitigate these risks.

ELO and the companies in the consolidation scope have put in place an organisation to centrally manage market risks.

The market risk is controlled and monitored by the Finance Committee, which meets at least four times a year. ELO's General Management is represented in this body whose duties include in particular the assessment of the quality of counterparties, the level of the hedges put in place and their appropriateness with regard to the underlying assets, as well as the liquidity risk.

10.5.1 Credit risk

The credit risk represents the Group's risk of financial loss in the event that a customer or a counterparty to a financial instrument fails to meet their contractual obligations.

With regard to investments, the policy of ELO and the consolidated companies, other than in exceptional circumstances, is to invest cash surpluses with counterparties authorised and approved by the Finance Committee based on a rating grid.

ELO only works with a list of banks authorised by ELO's Management for financing and foreign exchange derivative transactions.

ISDA and FBF contracts have been signed with most of the bank counterparties to ensure that financial instrument operating rules are in place. In particular, these contracts set out the procedures for terminating transactions and for netting in the event of a change in the initial contractual balance, including default by the counterparty.

The measurement of the fair value of derivative instruments carried by ELO and the companies within the scope of consolidation includes a counterparty risk component (CVA) for derivative assets and an own credit risk component (DVA) for derivative instruments liabilities. Credit risk is assessed on the basis of standard mathematical models for market participants taking into account historical statistical data.

As of December 31st, 2022, the adjustments booked in relation to counterparty risk and own credit risk were not material.

The trade and other receivables include mainly receivables to franchises, participation in advertising costs and suppliers' commercial cooperation fees, and prepaid expenses. These transactions do not involve significant risk.

Impairment

(in €m)	Debt instruments at fair value through other comprehensive income	Financial assets at amortised cost
Balance as of January 1st, 2021	4	170
Net impairment	6	135
Changes in consolidation scope	0	72
Translation differences	0	1
Other changes	(1)	5
BALANCE AS OF DECEMBER 31ST, 2021	10	384
Balance as of January 1st, 2022	10	384
Net impairment	12	156
Changes in consolidation scope	(7)	(19)
Translation differences	0	1
Other changes	0	(0)
BALANCE AS OF DECEMBER 31ST, 2022	15	522

10.5.2 Liquidity risk

ELO's policy is to permanently maintain adequate medium- and long-term funding to cover its needs at the bottom of the seasonal cycle and provide it with a safety margin.

Details on the risk of early call on financial debt

The medium- and long-term bank financing facilities contain the usual commitments and default clauses for this type of contract, i.e. undertaking to maintain the loan at its initial level of seniority (*pari-passu*), limits on the collateral provided to other lenders (negative pledge), limits on substantial asset sales, and cross-default and *material adverse change clauses*.

The ELO SA Euro Medium-Term Note (EMTN) programme, under which bonds are issued, contains an undertaking limiting the collateral provided to other bond holders (negative *pledge*) and a cross-default clause.

Certain medium- and long-term bank financing facilities (e.g. confirmed credit lines not used As of December 31st, 2022) contain an early "callability" clause in the event of non-compliance, on the closing date, with certain ratios, including consolidated net financial debt/consolidated EBITDA < 3.5. As of December 31st, 2022, all of the ratios were in compliance.

None of the financial borrowings include any default clause linked to a downgrade of ELO's ratings.

Exposure to liquidity risk

The residual contractual maturities of financial liabilities break down as follows (including payment of interest):

Transactions in €m as of December 31 st , 2022	Carrying amount	Expected cash flows			
		Total	< 1 year	1 to 5 years	> 5 years
Bonds and private placements	4,362	5,103	554	3,867	682
Bank borrowings	451	451	97	353	1
Other financial liabilities ⁽¹⁾	181	181	76	105	(0)
Margin call - Liability	13	13	13	0	0
Current bank loans	22	22	22	0	0
Non-current lease liabilities	1,121	1,121	0	705	416
Other non-current liabilities	157	157	0	72	86
Current lease liabilities	302	302	302	0	0
Trade payables	5,033	5,033	5,033	0	0
Other current liabilities	1,795	1,795	1,795	0	0
Current tax liabilities	47	47	47	0	0
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	13,486	14,225	7,939	5,102	1,185
Interest rate derivatives not eligible for hedge accounting	(1)	(6)	5	(11)	
Interest rate derivatives used as hedges	340	368	105	223	40
Forward foreign exchange contracts used as hedges:	(5)				
Cash outflow		784	621	163	
Cash inflow		(789)	(628)	(161)	
Other forward foreign exchange contracts:	2				
Cash outflow		419	419		
Cash inflow		(417)	(417)		
TOTAL DERIVATIVE FINANCIAL LIABILITIES	335	359	104	214	40

(1) Include liabilities linked to put options granted to non-controlling interests of €60 million.

Transactions in €m As of December 31 st , 2021	Carrying amount	Expected cash flows			
		Total	< 1 year	1 to 5 years	> 5 years
Bonds and private placements	4,444	4,444	551	3,190	703
Bank borrowings	425	425	84	213	129
Other financial liabilities ⁽¹⁾	168	168	154	14	0
Margin call - Liability	34	34	34	0	0
Current bank loans	35	35	35	0	0
Non-current lease liabilities	1,187	1,187	0	765	422
Other non-current liabilities	165	165	0	141	24
Current lease liabilities	289	289	289	0	0
Trade payables	4,904	4,904	4,904	0	0
Other current liabilities	1,951	1,950	1,934	14	2
Current tax liabilities	82	82	82	0	0
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	13,684	13,684	8,068	4,336	1,280
Interest rate derivatives not eligible for hedge accounting	(14)	(13)	(2)	(11)	0
Interest rate derivatives used as hedges	(27)	(68)	(13)	(44)	(10)
Forward foreign exchange contracts used as hedges:	(19)				
Cash outflow		560	521	39	0
Cash inflow		(579)	(539)	(40)	0
Other forward foreign exchange contracts:	(2)				
Cash outflow		586	586	0	0
Cash inflow		(588)	(588)	0	0
TOTAL DERIVATIVE FINANCIAL LIABILITIES	(62)	(102)	(35)	(56)	(10)

(1) Include liabilities linked to put options granted to non-controlling interests of €81 million.

The carrying amount of the derivative financial liabilities corresponds to the value excluding accrued interest not yet due, and the cash flows expected from these liabilities correspond to the contractual cash flows.

10.5.3 Interest rate risk

Interest rate risk is the risk that changes in interest rates could generate an increase in ELO's net cost of debt.

ELO uses interest rate derivatives with the sole aim of reducing its exposure to the impact of changes in interest rates on its debt. Transactions on the derivative markets are undertaken solely for hedging purposes.

Historically, given the decrease in interest rates, the Group systematically changed its borrowings at the time of issuance. In view of the significant increase in interest rates in recent months, this policy has evolved towards a more measured systematic variability (50% of the debt issued).

The currencies of these transactions are the euro and the Swiss franc. The net fair value (excluding accrued interest) of these instruments recorded on the balance sheet was €(235) million as of December 31st, 2022.

The Group then, through its macro-hedging policy, reprices its debt at variable rates with shorter maturities (unchanged) than the underlying debt. The repricing policy is according to the currency in question and the term. For example, for the current year, for the currencies PLN, HUF, RUB and RON, the hedging target is respectively around 70%, 70%, 70% and 50% in year N then 50%, 50%, 50% and 30% in year N+1.

These transactions are aimed at protecting earnings against a possible rise in interest rates on the Group's variable-rate debt. They consist of *euro swaps* in which ELO is a fixed-rate borrower and a floating-rate lender. ELO had no direct outstanding transactions as of December 31st, 2022. However, New Immo Holding had qualifying transactions for a market value of €143 million.

The Group determines that there is an economic relationship between the hedging instrument and the hedged instrument in accordance with the reference interest rates, the periods for which they are established, the determination dates, the maturity, and the notional or nominal amounts. It uses a hypothetical derivative to determine whether it is expected that the designated derivative in each hedging relationship is effective in offsetting the changes in cash flows from the hedged item.

Other macro-hedging transactions recognised at fair value through net income

However, some macro-hedging transactions used to hedge interest rate risk do not qualify for hedge accounting. They are then classified as items held for trading.

These transactions are aimed at protecting earnings against a possible rise in interest rates. They consist of swaps in which ELO is a fixed-rate borrower and a floating-rate lender, or of caps or *swaptions*. These transactions are carried out in HUF, PLN, RUB and RON. The fair value of these transactions was €1 million as of December 31st, 2022 compared to €7.2 million as of December 31st, 2021.

Exposure to interest rate risk (after management)⁽¹⁾

(In €m)	12/31/2022	12/31/2021
Fixed-rate financial liabilities	2,858	2,616
Floating-rate financial assets	2,470	2,702
Floating-rate financial liabilities	2,112	2,410

(1) Excluding operating debts and receivables.

Sensitivity to changes in interest rates

The analysis of the sensitivity of cash flows on floating-rate instruments takes into account all the variable-income flows on derivative and non-derivative instruments. The analysis is carried out based on the assumption that the amount of debt

and derivatives as of December 31st remains constant over one year. For the purpose of this analysis, all other variables, notably foreign exchange rates, are assumed to remain unchanged. The short-term financial assets and liabilities are not included in the scope of this analysis.

The sensitivity to changes in interest rates is as follows:

Impact (in €m)	Rate decrease of 0.50%		Rate increase of 0.50%	
	Equity (OCI)	Income	Equity (OCI)	Income
12/31/2021	(23)	(49)	24	34
12/31/2022	(26)	(68)	25	69

10.5.4 Foreign exchange risk

ELO is exposed to foreign exchange risk on:

- purchases of goods (transactional foreign exchange);
- internal and external financing denominated in a currency other than the euro (translation risk);
- foreign currency leases.

The currencies of these transactions as of December 31st, 2022 were mainly USD, PLN, HUF, RUB, RON and NOK.

Transactional exchange rate

The Group's risk management policy is at all times to hedge all of its estimated exposure to foreign exchange risk in respect of forecast sales and purchases for at most the next 18 months. The Group uses over-the-counter forward contracts to hedge its foreign exchange risk together with option strategies, in particular to provide volume flexibility. At the reporting date, the majority of the future contracts had maturities of more than one year. These contracts are generally designated as cash flow hedges.

Transactions on the derivative markets are undertaken solely for hedging purposes. The Group's policy prohibits outright option sales, barrier option strategies and asymmetric option strategies.

The Group designates the spot price for a forward foreign exchange contract to hedge its foreign exchange risk and applies a 1:1 hedging ratio.

The swap elements of forward foreign exchange contracts are not designated as hedging instruments and are recognised separately as "hedging costs" in the equity hedging expenses reserve. The Group's policy is aligning the basic terms and conditions of forward foreign exchange contracts with those of the hedged item.

The Group determines that there is an economic relationship between the hedging instrument and the hedged item according to the currency, the amount and the schedule of their respective cash flows.

The principal sources of ineffectiveness in these hedging relationships are:

- the impact of the counterparty's and of the Group's credit risks on the fair value of the swaps, which is not reflected in the change in the fair value of the cash flows attributable to the interest rate changes;
- the changes in the schedule of hedged transactions.

The risk hedged by these transactions is principally EUR/USD exchange risk.

(1) 1) Excluding operating debts and receivables.

Exposure of ELO As of December 31st, 2022

As of December 31 st , 2022 (in €m)	USD
Trade payables	38
Estimated forecast purchases ⁽¹⁾	609
GROSS EXPOSURE	647
Foreign exchange swaps	(585)
Currency options ⁽²⁾	(188)
NET EXPOSURE	(126)

(1) Expected purchases for the 2023 financial year.

(2) Transactions not qualified for hedge accounting.

Derivatives hedging a transactional foreign exchange risk

As of December 31 st , 2022 (in €m)	Carrying amount	Contractual cash flows			
		Total	< 1 year	1 to 5 years	> 5 years
Foreign exchange swaps	6				
Cash inflow		(190)	(161)	(29)	
Cash outflow		196	166	30	
Forward foreign exchange swaps	(11)				
Cash inflow		(598)	(467)	(131)	
Cash outflow		587	455	133	

As of December 31 st , 2021 (in €m)	Carrying amount	Contractual cash flows			
		Total	< 1 year	1 to 5 years	> 5 years
Foreign exchange swaps	3	0			
Cash inflow		162	162		
Cash outflow		(159)	(159)		
Forward foreign exchange swaps	(22)	0			
Cash inflow		399	360	39	
Cash outflow		(420)	(380)	(40)	

Balance sheet risk

The hedging transactions for balance sheet risk concern foreign currency loans granted to foreign subsidiaries. The currencies hedged are HUF, PLN, RON, USD and RUB. Although these transactions are carried out for hedging purposes, they are not documented for hedge accounting

purposes as they are naturally symmetrically offset in the income statement by the change in value of the derivatives and intragroup financing. Since 2022, our hedging transactions with Russia in roubles have been qualified as net investment hedges due to the uncertainties related to the conflict.

Exposure of ELO as of December 31st, 2022

> BALANCE SHEET RISK

As of December 31 st , 2022 (in €m)	USD	PLN	HUF	RUB	RON
Intragroup financing	23	170	119	192	188
Foreign currency deposits	0	(25)	0	0	0
Gross exposure	23	195	119	192	188
Foreign exchange swaps	23	195	119	101	188
NET EXPOSURE	0	0	0	91	0

Exposure of ELO as of December 31st, 2021

As of December 31 st , 2021 (in €m)	USD	PLN	HUF	RUB	RON
Intragroup financing	22	239	95	245	190
Gross exposure	22	239	95	245	190
Foreign exchange swaps	22	239	95	245	190
NET EXPOSURE	0	0	0	0	0

Sensitivity to changes in exchange rates

This sensitivity analysis is performed on the assumption that the variables excluding exchange rates (in particular interest rates) are constant and mainly concern USD.

Impact (in €m)	Rate decrease of 10%		Rate increase of 10%	
	Equity (OCI)	Income	Equity (OCI)	Income
12/31/2021				
EUR/USD	(36)	(7)	43	15
12/31/2022				
EUR/USD	(21)	(26)	52	39

The sensitivities presented in the table do not take into account the exposure resulting from the projected purchases in USD by the subsidiaries. Thus, the result that would be recognised on derivatives is to be compared to the result that would be realised on purchases in foreign currencies, which reduces the actual sensitivity to the EUR/USD foreign exchange risk.

ELO has a net exposure of €91 million on its intra-group financing with Russia in roubles. We performed a sensitivity analysis on the amount of our exposure assuming that the variables excluding exchange rates remain constant.

The impact of the foreign exchange effect in OCI would be +€10 million and €(8.3) million, respectively, based on a shock of +/-10% on the rouble exchange rate.

10.5.5 Other risks

ELO and the other consolidated companies enter into hedging transactions other than foreign exchange and interest rate derivative transactions, namely hedges on raw material prices, for non-material amounts.

- its contractual terms give rise to cash flows, on specific dates, that correspond solely to repayments of principal and interest payments on the principal outstanding.
- In the event of a subsequent measurement of gains and losses, these assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in net income. Gains and losses resulting from de-recognition are recognised in net income.

10.6 FINANCIAL ASSETS

Accounting principles

In accordance with IFRS 9, the main financial assets are classified in one of the following categories:

- financial assets measured at amortised cost;
- financial assets measured at fair value through other comprehensive income;
- financial assets at fair value through the income statement.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if the following two conditions are met and if it is not designated at fair value through the income statement:

it is held within the framework of a financial model whose objective is to hold assets in order to collect the contractual cash flows;

Financial assets at fair value through other comprehensive income

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met and if it is not designated at fair value through the income statement:

- it is held within the framework of a financial model whose objective is to collect the contractual cash flows and the sale of financial assets;
- its contractual terms give rise to cash flows, on specific dates, that correspond solely to repayments of principal and interest payments on the principal outstanding.

When initially recognising an equity security that is not held for trading, the Group may make the irrevocable election to present in other comprehensive income any subsequent changes in the fair value of the security. This choice applies for every investment.

In the event of measurement of gains and losses at a later date, these assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment losses are recognised in net income. Other net gains and losses are recorded in other comprehensive income. Upon de-recognition, gains and losses accumulated in other comprehensive income are reclassified to net income.

Financial assets at fair value through the income statement

All financial assets that are not classified at amortised cost or at fair value through other comprehensive income as previously described are measured at fair value through the income statement.

This is notably the case for all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that would otherwise qualify to be measured at amortised cost or at fair value through other comprehensive income at fair value through the income statement, if this designation eliminates or significantly reduces an accounting mismatch that otherwise would have occurred.

In the event of measurement of gains and losses at a later date, these assets are subsequently measured at fair value and the net gains and losses, including interest or dividends received, are recognised in profit or loss.

Assessment of the financial model

The Group assesses the business model objective of holding a financial asset at the portfolio level because this best reflects the way in which the performance of the portfolio is evaluated and communicated to the Group's management. The information taken into account is the following:

- the methods and objectives defined for the portfolio and their implementation. These include whether Management's strategy focuses on obtaining contractual interest income, maintaining a specific interest rate profile, matching the period for which they are held with the liabilities that finance them or the expected cash flows, or the obtaining of cash flow by selling these assets;
- the way in which the performance of the portfolio is evaluated and communicated to the Group's Management;
- the risks that affect the financial model (and the financial assets held within this financial model) and the way in which these risks are managed;
- the way in which executives are compensated (for example, whether the compensation is based on the fair value of the assets under management or on the contractual cash flows received);
- the frequency, value and timing of sales of financial assets in prior periods, the reasons for these sales and expectations of future sales.

Transfers of financial assets to third parties within the context of transactions that do not meet the conditions for de-recognition are not considered as sales for these purposes, in accordance with the Group's accounting policy for the recognition of these assets.

Financial assets held for trading or whose management and performance measurement are made on a fair value basis are measured at fair value through the income statement.

Assessment when the contractual cash flows correspond solely to repayments of principal and interest payments on the outstanding principal

For the purpose of this assessment, the term "principal" refers to the fair value of the financial asset upon initial recognition. "Interest" refers to the counterparty for the time value of the money, the credit risk associated with the principal outstanding for a given period of time, and the other risks and charges that are attached to a basic loan (e.g. liquidity risk and administrative charges), as well as a margin.

When determining whether a contractual cash flow corresponds solely to repayments of principal and interest payments on the outstanding principal, the Group takes into consideration the contractual terms of the financial instrument. In particular, it must assess whether the financial asset includes a contractual term that may change the schedule or the amount of the contractual cash flows so that it no longer satisfies this condition.

When making this assessment, the Group takes into account the following factors:

- contingencies that could affect the amount or schedule of the cash flows;
- the conditions that may adjust the contractual coupon rate, including variable rate features;
- early repayment and extension clauses;
- the conditions limiting the Group's recourse to obtain cash flows from certain assets (for example, in the case of a financial asset secured only by a security interest).

An early payment clause may be consistent with the "SPPI" criterion if the amount of the prepayment is essentially the principal amount outstanding and the interest thereon. It may also include a reasonable additional amount to pay for early termination of the contract. In addition, for a financial asset acquired with a discount or a premium over its contractual nominal value, a clause allowing or requiring early repayment for an amount essentially representing the contractual nominal value and the accumulated (but unpaid) contractual interest (which may include a reasonable supplement to compensate for the early termination of the contract) does not contradict the "SPPI" criterion, if the fair value of the prepayment clause is not significant upon initial recognition. An early payment clause may be consistent with the "SPPI" criterion if the amount of the early repayment is immaterial at the time of initial recognition.

Classification of financial assets by category

(In €m)		12/31/2022		12/31/2021	
Asset balance sheet item	IFRS 9 category	Non-current	Current	Non-current	Current
	Assets at fair value through the income statement ⁽¹⁾	43		34	
	Debt instrument at fair value through other comprehensive income ⁽²⁾	181		106	
Other non-current financial assets	Financial assets at amortised cost ⁽³⁾	103		155	
Other non-current assets	Financial assets at amortised cost ⁽⁴⁾	97		53	
Trade receivables	Financial assets at amortised cost ⁽⁵⁾		507		437
Trade and other receivables	Financial assets at amortised cost ⁽⁶⁾		1,312		1,447
Current financial assets	Financial assets at amortised cost ⁽³⁾		603		680
Cash and cash equivalents	Assets at fair value through the income statement ⁽¹⁾		2,006		2,247
OTHER FINANCIAL ASSETS (NET CARRYING AMOUNT)		424	4,428	347	4,811
Impairment of other financial assets		(198)	(51)	(195)	(54)

(1) The financial assets held for trading correspond to:

- for the non-current portion, to investments subject to restrictions on use by ELO for prudential or contractual reasons;
- for the current portion, to investments meeting the definition of cash and cash equivalents and included in the item "Cash and cash equivalents";
- for the current portion, to other short-term investment assets and included in financial debt (see note 10.1).

(2) The available-for-sale financial assets consist mainly of equity interests in companies that are neither controlled nor under significant influence.

(3) The trade receivables include mainly receivables relating to franchise arrangements, and rent outstanding for the Property Management business line.

(4) The financial receivables mainly include security deposits.

(5) For the non-current portion, interest-bearing or discounted receivables.

(6) The other current receivables include mainly tax and social security receivables and accrued income from suppliers.

10.7 FINANCIAL LIABILITIES

10.7.1 Borrowings and other financial liabilities

Accounting principles

The financial liabilities consist mainly of bonds, bank borrowings and bank overdrafts. Borrowings that bear interest are recognised from the outset at their fair value less direct transaction costs. After initial recognition:

- borrowings and other financial liabilities at floating rates are measured at amortised cost based on straight-line amortisation of issuance costs over the term of the borrowing, insofar as this has no material impact by comparison with the yield-to-maturity method;

- two methods are used for fixed-rate borrowings:

- the fixed-rate borrowings qualified as hedged items as part of fair value hedging relationships are recognised at amortised cost adjusted for the change in fair value corresponding to the hedged risk. The fair value is determined on the basis of future cash flows discounted using the zero-coupon in force at the reporting date, *and integrating a spread equal to the spread when the financing was put in place*,
- the other fixed-rate borrowings are recognised at amortised cost using the effective interest rate method, which incorporates an actuarial amortisation of issuance costs and premiums.

Breakdown of borrowings and other financial liabilities

(In €m)	12/31/2022		12/31/2021	
	Non-current	Current	Non-current	Current
Bonds and private placements	3,873	489	3,893	551
Bank borrowings and other financial liabilities	354	97	371	54
Other financial liabilities	44	76	33	54
Liabilities linked to put options granted to non-controlling interests ⁽¹⁾	60	0	60	21
Margin call - Liability		13	0	33
Bank overdrafts		22	0	35
TOTAL	4,332	698	4,357	749

(1) Commitments to purchase shares made by ELO and the other consolidated companies to the non-controlling shareholders of certain subsidiaries that are fully consolidated or to the Valauchan and Valfrance mutual funds under rules that govern the operation of those funds (see note 8.1.3).

Accrued interest is recognised under "Current borrowings and other financial liabilities".

Bonds and private placements

These are bonds issued under the Euro Medium-Term Note (EMTN) programme.

In December 2022, ELO issued €650 million in bonds through the EMTN programme with a maturity of six years.

Financing transactions

In December 2022, ELO set up a new RCF of €850 million maturing on December 16th, 2027 (with an option to extend it by two times one year), replacing the syndicated credit line maturing on June 22nd, 2024.

At the same time, ELO signed a term loan of €400 million maturing on December 16th, 2027 (with an option to extend it by two times one year). Considering the cash position as of December 31st, 2022, this loan has not been used.

This financing includes ESG criteria in the form of a credit margin adjustment mechanism (upwards or downwards) depending on the achievement of objectives relating to the criteria for reducing greenhouse gases and the development of responsible supply chains.

In April 2022, ELO set up a new loan of €304 million in favour of New Immo Holding. This loan makes it possible to offset the amortization of other loans of the same amount.

In September 2022, ELO set up an additional loan of €300 million in favour of New Immo Holding as part of the financing of the operation to buy the V2 shopping mall in Villeneuve d'Ascq.

(In €m)				12/31/2022		12/31/2021	
				Nominal value	Carrying amount	Nominal value	Carrying amount
Issuing companies	Nominal interest rate	Issue date	Maturity				
ELO	2.250%	04/08/2013	04/06/2023	267	267	267	277
ELO	2.250%	04/08/2013	04/06/2023	100	100	100	104
ELO ⁽¹⁾	1.510%	06/03/2014	06/03/2024	122	121	116	121
ELO	2.625%	01/30/2019	01/30/2024	746	724	746	769
ELO	2.375%	04/25/2019	04/25/2025	695	658	695	708
ELO	2.875%	04/29/2020	01/29/2026	849	765	849	861
ELO	3.250%	07/23/2020	07/23/2027	716	616	716	713
ELO	2.000%	07/30/2020	07/10/2023	50	50	50	50
ELO	4.875%	12/08/2022	12/08/2028	650	631		
New Immo Holding SA	3.000%	12/12/2018	12/11/2025	60	60	60	60
New Immo Holding SA	2.750%	11/24/2019	11/26/2026	300	298	300	298

(1) Loan issued initially for CHF 120 million.

Bank borrowings and other financial liabilities

(In €m)				12/31/2022		12/31/2021	
Issuing companies	Nominal interest rate	Issue date	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
LCO1	EUR3M +1.7%	09/11/2018	09/11/2026	159	159	163	163
Glorirequinte, Brafero, Multi 25, Forum Montijo	2.3500%	21/12/2018	21/12/2025	90	90	135	135
Glorirequinte, Brafero, Multi 25, Forum Montijo	EUR3M +1.7%	26/12/2016	21/12/2025	90	90	45	45

Other financial liabilities

This item includes commitments to purchase shares from employees of ELO and its subsidiaries for €30 million (see note 8.1.6) and payables related to employee profit-sharing for €11 million.

This heading also includes commercial paper. The main issues being as follows:

(In €m)			12/31/2022		12/31/2021	
Issuing companies	Maturity		Nominal value	Carrying amount	Nominal value	Carrying amount
ELO	less than 1 month		0	0	20	20
ELO	1 to less than 3 months		51	51		
ELO	3 to less than 6 months		20	20	20	20
ELO	6 months and over				10	10

10.7.2 Other current and non-current liabilities

Accounting principles

These current financial liabilities are valued at their nominal value to the extent that they constitute a reasonable estimate of their market value given their short-term nature.

ELO and the consolidated companies have given commitments to the non-controlling shareholders of some fully consolidated subsidiaries to buy out their interests. These commitments' exercise price may be fixed, based on an expert opinion, or based on a pre-defined calculation formula, depending on any contractual provisions setting the option valuation methods. These options may be exercised at any time or on a pre-determined date.

In application of IFRS 10, transactions with non-controlling shareholders that do not change the nature of the direct or indirect control exercised by ELO should be recognised

directly in equity. Accordingly, the impact of the repurchase commitments issued after the first application date must also be recognised in equity.

On first recognition, ELO recognises a liability in its consolidated financial statements in respect of the repurchase commitments given to non-controlling shareholders at the present value of the exercise price. The difference between the debt recognised in respect of the repurchase commitments and the carrying amount of the non-controlling interests is recorded as a charge against equity. The liability is remeasured each year and any changes are recognised in equity (including discounting effect).

If the repurchase commitment was not granted in the context of a business combination (excluding creation of new activities), subsequent changes in the liability are recognised in financial income.

Breakdown of other current and non-current liabilities

(In €m)	12/31/2022		12/31/2021	
	Non-current	Current	Non-current	Current
Trade payables⁽¹⁾	0	5,033	0	4,904
Trade payables, goods	0	4,081	0	3,914
Trade payables, general expenses	0	954	0	993
IFRS 16 trade payables, general expenses	0	(3)	0	(3)
Other liabilities, including:	1,279	2,098	1,352	2,240
Fixed assets liabilities	52	402	57	367
Tax and social liabilities	0	1,143	0	1,263
Deferred income	0	53	0	66
Other liabilities	106	198	108	257
IFRS 16 lease liabilities ⁽²⁾	1,121	302	1,187	289
TOTAL	1,279	7,130	1,352	7,144

(1) ELO has implemented several reverse factoring programmes in its main countries. These programmes consist of enabling its suppliers to benefit from early payment options. In the case in point, these programmes are transactions for the sale of trade receivables to a financial institution, a partner bank. More specifically, relations between the parties are governed by the signing of two completely independent contracts:

- ELO signs a framework contract with the partner bank under which it agrees to pay, on the due date set, the pre-approved invoices sold by its suppliers to the partner bank. Individual suppliers are free to decide whether or not to sell any of their invoices;

- ELO suppliers may, if they wish, sign a framework contract with the partner bank under which they have the option to sell their invoices, before the due date, under terms that take into consideration ELO's credit risk.

Receivables amounting to €1,184 million were sold by ELO suppliers in 2022 under these reverse factoring programmes. The balance at closing was €1,167 million.

(2) See note 6.4 on leases (IFRS 16).

10.8 BREAKDOWN OF ASSETS AND LIABILITIES AT FAIR VALUE

The financial assets and liabilities are stated in the financial statements in accordance with IFRS 9, IAS 32, IFRS 7 and IFRS 13.

IFRS 13 introduced a three-level hierarchy for fair value measurement disclosures.

Level 1: Fair value measured with reference to unadjusted quoted prices observed in active markets for identical assets or liabilities.

Level 2: Fair value measured with reference to inputs other than the quoted prices included in Level 1 that are observable for the asset or liability in question, either directly (in the form of a price) or indirectly (calculated based on a price).

Level 3: Fair value measured with reference to inputs that are not based on observable market data (unobservable inputs).

IFRS 9 category (in €m)	12/31/2022				12/31/2021			
	Market value			Carrying amount	Market value			Carrying amount
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets at fair value through the income statement	2,006	43	0	2,049	0	2,280	0	2,280
Other financial assets measured at fair value		43		43	0	34		34
Cash and cash equivalents	2,006			2,006	0	2,247		2,247
Debt instruments measured at fair value through other comprehensive income	0	181	0	181	0	106	0	106
Equity investments		181		181	0	106		106
Liabilities measured at fair value	4,321	9,032	0	13,394	0	13,602	0	13,602
Bonds and private placements	4,321			4,362		4,444		4,444
Bank borrowings and other financial liabilities, various other financial liabilities including bank overdrafts		668		668		662		662
Non-current lease liabilities		1,121		1,121		1,187		1,187
Other non-current liabilities		157		157		165		165
Current lease liabilities		302		302		289		289
Trade payables		5,033		5,033		4,904		4,904
Other current liabilities		1,795		1,795		1,951		1,951
Derivatives, of which:	0	(45)	0	(45)	0	98	0	98
Derivative instruments – assets		239		239		144		144
Derivative instruments – liabilities		283		283		46		46

* Bonds and private placements are recognised at amortised cost.

Bonds and cash open-ended funds (SICAV) are valued using quoted market prices. These securities are now considered as Level 1 financial assets and liabilities.

ELO calculated the fair value of the finance lease debts and bank loans by discounting contractual flows using market interest rates, which are observable data. The derivatives are valued using commonly accepted valuation techniques based on observable interest rate and currency market data.

NOTE 11 PAYROLL EXPENSES AND EMPLOYEE BENEFITS

11.1 PAYROLL EXPENSES

(In €m)	12/31/2022	12/31/2021
Employee compensation including social security charges and external labour	(4,032)	(3,804)
Employee incentives and profit-sharing	(153)	(207)
Employee benefits and share-based payments ⁽¹⁾	(30)	(34)
NET AMOUNT IN INCOME STATEMENT	(4,215)	(4,044)

(1) The average "full-time equivalent" workforce of the consolidated companies was 166,397 in 2022, compared with 153,005 in 2021 (including 4,239 in Taiwan).

The average "full-time equivalent" workforce of the consolidated companies was 166,397 in 2022, compared with 153,005 in 2021 (including 4,239 in Taiwan).

11.2 EMPLOYEE BENEFITS

Accounting principles

As required under IAS 19 "Employee Benefits", all entities in the consolidation scope list and record all benefits granted to employees. ELO and its subsidiaries have set up retirement plans for employees in accordance with the laws and practices of each country. Company employees receive long-term or post-employment benefits, based on the rules and practices in each country.

These supplementary benefits take the form of defined-contribution or defined-benefit plans.

Defined-contribution plans

Under defined-contribution plans, regular contributions are made to external bodies that are responsible for the plans' administrative and financial management. The contributions to these plans are expensed as incurred. The defined contributions amounted to €202 million in 2022 (same as in 2021).

Defined-benefit plans

The obligations arising from the defined-benefit plans are determined using the projected unit credit method. The larger plans are assessed each year by independent actuaries and other plans are assessed regularly. The actuarial assumptions used to determine the obligations vary according to the specific characteristics of each company (staff turnover rate, wage increases) and the economic conditions in the countries where the plans are operated (discount rate and inflation).

These plans can be funded, in which case their assets are managed separately and independently from those of ELO and its subsidiaries, or non-funded.

For non-funded defined-benefit plans, the liability recognised in the balance sheet corresponds to the present value of the obligations. Past service costs, i.e. the change in the obligation resulting from changes to or the reduction of a plan, are expensed immediately at the date of these changes.

For funded defined-benefit plans, the deficit or surplus of the fair value of the assets compared with the present value of the obligations is recognised as a liability or asset in the balance sheet. However, a surplus can only be recognised in the balance sheet to the extent that it represents future economic benefits that are actually available to ELO and/or one of its subsidiaries. If these surplus assets are not available, or do not represent future economic benefits, the amount of the assets recognised in the balance sheet is limited.

The revaluations of the net liability in respect of defined benefits comprise actuarial gains and losses, the return on plan assets and any change in the impact of the defined benefit asset limit (excluding amounts included when calculating the net interest on the net liability, where relevant). In the consolidated financial statements, ELO recognises them immediately in other comprehensive income, while all other expenses incurred in respect of defined-benefit plans are recognised under employee benefits in the income statement.

The expense recognised in the income statement for the defined-benefit plans comprises the current service cost (recognised in payroll expenses), the net interest expense (recognised in other financial income and expenses) and the past service costs for the financial year. In the consolidated financial statements, ELO and its subsidiaries calculate the net interest expense on the net liability in respect of the defined benefits for the period by applying the discount rate used at the beginning of the financial year to calculate the net liability.

In 2022, the defined-benefit plans primarily concerned retirement indemnities in France (IFC).

In France, the plans are funded and the assets are managed by a French mutual insurance company, AG2R La Mondiale, which has an A rating with stable outlook. AG2R La Mondiale has implemented a dual system to protect its customers from counterparty risk. On the one hand, by isolating the pension activity in a dedicated insurance subsidiary Arial Assurance and, on the other hand, by granting Arial Assurance the pledge of the securities held in the general assets of La Mondiale up to the level of the commitments covered.

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implemented a dual system to protect its customers from counterparty risk. On the one hand, by isolating the pension activity in a dedicated insurance subsidiary Arial Assurance and, on the other hand, by granting Arial Assurance the pledge of the securities held in the general assets of La Mondiale up to the level of the commitments covered.

The provisions (non-current and current) for employee benefits amounted to €89 million as of December 31st, 2022 (compared to €108 million as of December 31st, 2021), including €11 million for other long-term benefits and €78 million in post-employment benefits.

The main actuarial assumptions used to estimate the obligations are as follows:

Actuarial assumptions	12/31/2022	12/31/2021
Discount rate as of January 1 st	0.88%	0.60%
Discount rate as of December 31 st	3.75%	0.88%
Expected rate of salary increases	from 2.6% to 3.9%	from 1.65% to 2.95%
Table of mortality rates	TF 00-02 and TH 00-02	TF 00-02 and TH 00-02

The discount rate is based on rates for leading AA-rated bonds with a duration equivalent to existing commitments on the market.

The assumptions relating to salary increases are equal to the forecast inflation rate plus projected individual salary increases.

The mortality and staff turnover assumptions take into account the economic conditions of each company consolidated by ELO.

Sensitivity to assumptions

A 50 basis point decrease in the discount rate would increase the amount of the obligation by 4.4% (impact on other comprehensive income).

The change in the present value of the obligation in respect of the defined-benefit plans was as follows:

Change (in €m)	12/31/2022	12/31/2021
Present value of obligation as of January 1st	253	278
Interest expense	2	2
Current service cost	16	17
Past service costs	1	0
Benefits paid	(11)	(19)
Actuarial gains and losses	(34)	(17)
Translation differences	(0)	1
Liabilities associated with assets classified as held for sale	0	(8)
PRESENT VALUE OF OBLIGATION AS OF DECEMBER 31ST	227	253

The estimated benefits to be paid for 2023 amount to €14.9 million.

The change in the fair value of the defined-benefit plan assets was as follows:

(In €m)	12/31/2022	12/31/2021
Fair value of assets as of January 1 st	159	176
Expected return on plan assets	1	2
Benefits paid	(9)	(19)
Actuarial gains and losses	(2)	6
Translation differences	0	1
Liabilities associated with assets classified as held for sale	0	(7)
FAIR VALUE OF ASSETS AS OF DECEMBER 31ST	150	159

The breakdown of the defined-benefit plan assets in France by main category was as follows:

	12/31/2022	12/31/2021
Assets in euros	74%	72%
Fonds Club 3	13%	7%
Multi-strategy UCITS	12%	21%

As part of the financial management of its end-of-career benefits contract, ELO and its subsidiaries have adopted a management system backed by assets in euros with a minimum rate guarantee for general assets and unit-linked accounts measured at fair value. The gross yields allocated in respect of 2022 were set at 2.50% for the euro assets. The gross floor rate expected for 2023 is 0.50%.

Balance sheet data can be reconciled with the actuarial obligation in respect of defined benefit plans as follows:

(In €m)	12/31/2022	12/31/2021
Present value of the obligation	227	253
Fair value of assets	(150)	(159)
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	78	94

The change in the net provision recognised in the balance sheet is as follows:

(In €m)	12/31/2022	12/31/2021
Provision recognised in the balance sheet As of January 1st	94	101
Actuarial gains and losses recognised under other comprehensive income	(32)	(23)
<i>of which actuarial gains and losses on plan liabilities</i>	(34)	(17)
<i>of which actuarial gains and losses on plan assets</i>	2	(6)
Net expenses	18	17
Benefits paid	(2)	(1)
Liabilities associated with assets classified as held for sale	0	(1)
PROVISION RECOGNISED IN THE BALANCE SHEET AS OF DECEMBER 31ST	78	94

The change in actuarial gains and losses recognised in other comprehensive income as of December 31st, 2022 amounted to €24 million net of tax, compared to €15 million as of December 31st, 2021.

The breakdown of the expenses recorded in respect of the defined-benefit plans was as follows:

(In €m)	12/31/2022	12/31/2021
Current service cost	(16)	(17)
Interest expense	(2)	(2)
Past service costs	1	(0)
TOTAL EXPENSES RECOGNISED	(17)	(19)
<i>of which payroll expenses</i>	<i>(15)</i>	<i>(17)</i>
<i>of which other financial income and expenses</i>	<i>(2)</i>	<i>(2)</i>

11.3 SHARE-BASED PAYMENT

Accounting principles

In exchange for services provided, ELO SA awarded some employees stock option purchase plans or long-term incentive plans.

11.3.1 Bonus share plans by Auchan Retail International SA

Stock option purchase and bonus share plans

In accordance with IFRS 2 "Share-Based Payments", a payroll expense is recognised in respect of these benefits. This expense is spread over the vesting period for the beneficiary. A corresponding amount is recorded under liabilities (estimated at each account closing date with a corresponding amount recorded in the income statement) if ELO SA or one of its subsidiaries has undertaken to repurchase the shares.

This expense is calculated as follows:

- calculation of the options' fair value at the reporting date using a valuation model;
- use of a probability coefficient based on the relevant specific presence conditions.

The fair value of the options corresponds to the fair value of the services rendered by the beneficiaries. It is equivalent to the value of a call calculated using the binomial model, with the following inputs:

- the option's residual life;
- the option's exercise price;
- the interest rate (risk-free interest rate);
- the annual valuation of the share by a body of independent experts;
- the observed historical volatility.

The value of the underlying shares includes the impact of the dividends paid.

The Group's bonus share plans are subject to presence and, in some cases, performance conditions. This performance condition depends on the average annualised change in the ELO share or the Auchan Retail or New Immo Holding scopes and whether or not economic criteria are met. The valuation of the ELO shares or the Auchan Retail or New Immo Holding scopes is carried out each year by a panel of independent experts.

In order to benefit definitively from the allocation of all or part of the related bonus shares, the beneficiary must first achieve a minimum performance threshold. Once this threshold has been reached, the beneficiary must reach a series of levels set based on a percentage of the annualised average increase over the vesting period, on which the number of bonus shares finally allocated will depend. The value of the services rendered by the beneficiaries of bonus share plans is assessed using the Merton extension of the *Black and Scholes* model.

Characteristics and change of the bonus share plans

	1 st plan	2 nd plan	3 rd plan	4 th plan	5 th plan	6 th plan	7 th plan	8 th plan	9 th plan	Total
Grant date	11/30/2020	11/30/2020	11/30/2020	12/17/2020	11/08/2021	12/13/2022	12/13/2022	12/13/2022	12/13/2022	
Fair value in euros	92.92	92.92	108.81	92.92	67.62	108.81	65.03	82.23	86.92	
Delivery date	11/21/2023	11/21/2023	11/21/2023	06/21/2023	06/21/2024	12/14/2024	07/01/2026	07/01/2026	07/01/2026	
End of the retention period	06/21/2025	06/21/2025	06/21/2025	06/21/2025	06/21/2026	12/14/2026	07/01/2028	07/01/2028	07/01/2028	
Presence conditions	yes	yes	yes	yes	yes	yes	yes	yes	yes	
Performance conditions	yes	yes	no	yes	yes	no	yes	yes	yes	
Number of shares granted	303,068	12,193	7,034	1,903	75,635	0	0	0		399,833
Number of shares cancelled or lost	(32,037)	0	0	0	0	0	0	0		(32,037)
Adjustment of number of bonus shares ⁽¹⁾	45,200	2,351	1,045	283	0	0	0	0		48,879
Bonus shares at the beginning of the financial year	316,231	14,544	8,079	2,186	75,635	0	0	0		416,675
Number of shares granted during the financial year						2,758	266,434	4,303	6,183	279,678
Adjusted number of rights		(539)								(539)
Number of shares cancelled or lost during the financial year	(4,080)									(4,080)
Bonus shares delivered during the financial year										0
Bonus shares at the reporting date	312,151	14,005	8,079	2,186	75,635	2,758	266,434	4,303	6,183	691,734

(1) Adjustment of the number of options after transactions impacting equity.

These performance conditions are based on:

- the average annualised change in the value of the Auchan Retail International share. A minimum threshold must first be reached, then thresholds established in percentages must be crossed to be awarded all or part of the free shares;
- the achievement or not of economic criteria.

Impact on debt and income statement

The debt (including buyback commitments to beneficiaries of stock option plans or bonus share plans) amounted to €31 million as of December 31st, 2022, compared to €14 million as of December 31st, 2021.

The total amount of the plans recognised in the income statement amounted to €15 million in 2022 (€12 million in 2021).

11.3.2. Long-term incentive plans

Long-term incentive plans

ELO has set up two types of long-term incentive plans for certain employees:

- long-term incentive conditional upon presence;
- long-term incentive conditional upon presence and performance.

Long-term bonuses, which are paid in cash, result in the recognition of a payroll expense spread over the vesting period and an offsetting liability.

The fair value of the plans, which extend over four years, corresponds to the fair value of the services rendered by the beneficiaries. It is measured on the allocation date by an independent actuary, and is revised each year with a distinct mathematical method for each plan:

- long-term incentive conditional upon presence: use of the binomial model including a probability coefficient based on the relevant specific presence conditions;
- long-term incentive conditional upon presence and performance: use of a Black & Scholes model (Merton formula). The performance condition is based on the change in value after one year of a specified scope linked to the beneficiary, for which there is a "minimum" and a "maximum" incentive bonus. The reference scope is assessed annually by a body of independent experts.

As from 2015, incentive plans with presence conditions have been replaced by "value creation compensation" (RCV) plans, the features of which are described below.

No plans were issued in 2022, nor in 2021.

The last plan in force, shown below, ended in the 2022 financial year for a total amount of €4 million, of which €2 million recorded in the income statement for the financial year.

Plan name	Condition	Plan	Inception date	Underlying	Grant date	Duration
				Value of each reference scope established by a body of independent experts		
VCC*	Presence	2018/2022	10/01/20218		04/30/2022	43 months

* VCC: value creation compensation

NOTE 12 INCOME TAX

12.1 TAX ASSETS AND LIABILITIES

Accounting principles

The deferred taxes are recorded on all temporary differences between the tax basis of assets and liabilities and their carrying amounts, with the exception of goodwill not *deductible* for tax purposes and temporary differences relating to investments in joint ventures or affiliates to the extent that they will not be reversed in the foreseeable future.

The current and deferred tax liabilities and assets are measured at the amount expected to be paid to (recovered from) the tax authorities using the tax rates and tax regulations that have been enacted or substantively enacted at the closing date of the consolidated financial statements. The effect of any

change in the tax rate is recognised in the income statement, apart from changes relating to items initially recognised directly in equity.

Income tax, both current and deferred, is recognised directly in equity when it relates to an item initially recognised in equity.

The deferred tax assets and liabilities are offset when offsetting is legally allowed and the same tax authority is involved. They are not discounted and are recorded in the balance sheet under non-current assets and liabilities.

The tax losses and other temporary differences only give rise to deferred tax assets when they are likely to be used against future taxable income within a reasonable period of time or when they can be offset against deferred tax liabilities.

Breakdown of current tax assets and liabilities

(In €m)	12/31/2022	12/31/2021
Gross carrying amount	100	143
Impairment	(29)	(3)
CURRENT TAX ASSETS – NET CARRYING AMOUNT	71	140
Current tax liabilities	47	82

Breakdown of recognised deferred tax assets and liabilities

(In €m)	12/31/2022			12/31/2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net
On temporary differences	204	230	(27)	236	186	50
Non-deductible provisions	28	(69)	97	63	(62)	125
Fixed assets and amortisation	118	132	(14)	82	146	(64)
Investment property and depreciation	22	116	(94)	28	114	(86)
Inventories	12	(5)	17	7	(5)	12
Employee benefits	7	(18)	25	5	(24)	29
Regulated provisions	(1)	97	(98)	(1)	105	(105)
IFRS 16	35	(31)	65	33	(29)	63
Financial instruments	15	39	(24)	1	(12)	12
Other	(32)	(32)	0	18	(48)	66
On tax losses carried forward	115	(63)	179	92	(24)	115
DEFERRED TAX ASSETS/LIABILITIES	319	167	152	328	162	166

Deferred tax not recognised

Deferred tax assets amounting to €586 million (€508 million as of December 31st, 2021) relating to tax losses carried forward, tax credits and other temporary differences are not recognised as their recovery is not considered probable within the meaning of IAS 12. In France, the deferred taxes for tax losses

carried forward are recognised. They are recognised as a deduction to the deferred tax liability for the entity recognised at the level of ELO and the French subsidiaries. The maturity dates of the unrecognised deferred tax assets break down as follows:

(In €m)	12/31/2022
Between 2022 and 2026	20
Between 2027 and 2031	14
After 2031	420
Carried forward indefinitely or without maturity date	133
TOTAL UNRECOGNISED DEFERRED TAX ASSETS	586

Change in deferred tax assets and liabilities (+: asset or income, (): liability or expense)

(In €m)	01/01/2022	Recognised in income	Recognised in other comprehensive income	Reclas-sifications	Changes in consolidation scope	Exchange differences	12/31/2022
On temporary differences	50	(29)	(32)	(11)	(9)	4	(26)
Non-deductible provisions	125	(26)	0	(4)	0	3	97
Fixed assets and amortisation	(64)	4	0	49	0	(0)	(11)
Investment property and depreciation	(86)	(19)	0	14	(6)	1	(97)
Inventories	12	2	0	3	0	0	17
Employee benefits	29	4	(8)	(0)	0	0	25
Regulated provisions	(105)	7	0	(0)	0	(0)	(98)
IFRS 16	63	(3)	0	6	(0)	(0)	65
Financial instruments	12	(6)	(30)	(1)	(0)	(0)	(24)
Other	66	8	5	(76)	(3)	0	0
On tax losses carried forward	115	52	0	11	0	0	179
DEFERRED TAX ASSETS/LIABILITIES	166	23	(32)	0	(9)	4	152

12.2 INCOME TAX EXPENSE

Analysis of the income tax expense

(In €m)	12/31/2022	12/31/2021
Expenses/(Income)		
Current income tax payable	(170)	(174)
Deferred taxes	23	(60)
INCOME TAX EXPENSE	(147)	(233)
of which tax on "Other non-recurring income and expenses"	4	(53)

Effective tax rate (ETR)

The difference between the tax calculated using the theoretical rate in France and the tax expenses effectively recognised for the financial year can be analysed as follows:

(In €m)	12/31/2022	ETR 2022	12/31/2021	ETR 2021
Income before tax	78		568	
Theoretical tax rate (French standard rate)		25.83%		28.41%
Theoretical tax expense	(20)		(161)	
Difference in tax rates for foreign companies	7	(8.9%)	30	(5.3%)
Tax rate difference on deferred tax balance at the start of the period	0	0.0%	(22)	3.9%
Tax relief, tax credits and reduced rate taxation	(21)	50.9%	19	(3.4%)
Unrecognised tax losses for the financial year	(37)	47.9%	(12)	2.0%
Use of previously unrecognised tax losses carried forward	5	(7.0%)	17	(3.0%)
Recognition of prior period tax losses	16	(20.6%)	18	(3.2%)
Tax adjustments related to previous financial years	(13)	11.1%	(31)	5.5%
French Tax on the Added Value of Companies	(23)	22.7%	(15)	2.7%
Items recognised under "Other non-recurring income and expenses"	(42)	54.3%	(4)	0.7%
Permanent differences/Deferred tax not recognised	(10)	12.3%	(72)	12.7%
Actual tax expense	(147)		(233)	
EFFECTIVE TAX RATE (ETR)		188.4%		41.1%

NOTE 13 OFF-BALANCE SHEET COMMITMENTS

The off-balance sheet commitments correspond to commitments given or received by entities within the consolidation scope of ELO which were not recorded in the balance sheet.

13.1 OFF-BALANCE SHEET COMMITMENTS RELATED TO FIXED ASSETS

(In €m)	12/31/2022	12/31/2021
Land and property purchase options	17	16
<i>of which on investment property</i>	11	11
Conditional purchases of future non-current assets	8	13
<i>of which on investment property</i>	0	0

No property, plant and equipment are given as collateral for liabilities.

13.2 OFF-BALANCE SHEET COMMITMENTS RELATED TO FINANCING

13.2.1 Commitments received

Breakdown of long- and medium-term credit lines, granted and confirmed by the banks but unused:

(In €m)	12/31/2022	12/31/2021
Less than one year	124	144
1 to 5 years	2,175	1,759
More than 5 years	0	0
TOTAL	2,299	1,903

Certain medium- and long-term bank financing facilities (confirmed credit lines not used as of December 31st, 2021) contain an early "callability" clause in the event of non-compliance, on the closing date, with the following ratio: consolidated net financial debt/consolidated EBITDA < 3.5.

In the context of its own financing, other ratios must be respected by New Immo Holding, namely Financial Debt/Assets < 0.5; interest coverage ratio > 2.

As of December 31st, 2022, these ratios were in compliance.

After taking into account existing and unused financing and available cash, ELO considers that all projected cash flows from operations are sufficient to cover debt repayments and dividends.

In December 2022, ELO set up a new RCF of €850 million maturing on December 16th, 2027 (with an option to extend it by two times one year), replacing the syndicated credit line maturing on June 22nd, 2024.

At the same time, ELO signed a term loan of €400 million maturing on December 16th, 2027 (with an option to extend it by two times one year). Considering the cash position as of December 31st, 2022, this loan has not been used.

This financing includes ESG criteria in the form of a credit margin adjustment mechanism (upwards or downwards) depending on the achievement of objectives relating to the criteria for reducing greenhouse gases and the development of responsible supply chains.

13.2.2 Commitments given

(In €m)	12/31/2022	12/31/2021
Guarantees given	69	38
Other commitments given	680	883

The other commitments given decreased by €209 million compared to December 31st, 2021.

As part of the sale of Groupe Auchan's stake in Sun Art in 2020, ELO provided a bank guarantee to the Alibaba group in connection with compensation commitments granted to the buyer. The bank guarantee expired on November 9th, 2022. It amounted to €318 million at the end of the 2021 financial year.

Furthermore, as part of the disposal of Auchan Spa (parent entity of the retail activities in Italy) and its subsidiaries, Auchan Retail International, a wholly-owned subsidiary of ELO, granted a liability guarantee.

Where applicable, a provision is recorded in ELO's consolidated financial statements, depending on the assessment of the risks relating to the activation of the liability guarantee.

13.2.3 Secured liabilities

(In €m)	12/31/2022	12/31/2021
Guaranteed debts	376	404
Debts guaranteed by security interests	273	323
Import documentary credits	85	115

13.2.4 Put and call share options

New Immo Holding Luxembourg has commitments in terms of stock options relating to minority interests in some of its subsidiaries. As of December 31st, 2022 they amounted to €18 million (€19 million as of December 31st, 2021).

NOTE 14 OTHER

14.1 TRANSACTIONS WITH RELATED PARTIES

ELO has relations with its subsidiaries (fully consolidated) and with joint ventures and associates (consolidated using the equity method).

Related parties with control over ELO

No significant transactions with reference shareholders are to be noted with the exception, where applicable, of the dividend paid to all shareholders (see note 8.1.7).

Compensation of corporate officers

The expense recognised in 2022 in respect of executive compensation (members of the Board of directors) amounted to €1.0 million including €0.2 million as attendance fee.

Joint ventures/Associates

Information on jointly-controlled ventures and associates consolidated using the equity method is provided in note 7.

Financial transactions with these companies are carried out at arm's length conditions. No significant commitments have been entered into with these companies.

Joint arrangements

No agreements that meet the characteristics of joint arrangements within the meaning of IFRS 11 have been identified.

14.2 STATUTORY AUDITORS' FEES

As required by regulation No.2016-09 issued by the French Accounting Standards Authority (ANC - Autorité des Normes Comptables), the following table shows the pre-tax amount of fees (excluding disbursements) paid by ELO and its French subsidiaries in respect of assignments given to the Statutory Auditors:

(In €m)	2022				2021			
	PWC	KPMG	Other	Total	PWC	KPMG	Other	Total
Auditing service	3.0	2.2	0.5	5.7	3.3	2.1	0.0	5.4
Non-audit services (NAS)	0.9	0.5	0.0	1.4	0.4	0.3	0.0	0.7
TOTAL	3.9	2.7	0.5	7.1	3.7	2.4	0.0	6.1

Non-audit services include fees for work required by law, in particular the authorisation of awards of bonus shares, capital increases reserved for employees, capital decreases, as well

as certificates, comfort letters and agreed procedures and due diligence.

NOTE 15 DETAILS OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

(In €m)	12/31/2022		12/31/2021
Changes in working capital requirement:		(313)	19
• Inventories	(324)		(110)
• Trade receivables	(72)		(17)
• Trade payables	169		354
• Other assets and liabilities	(85)		(208)
Changes in loans and advances granted:		(17)	(45)
• Increase in loans and advances granted	(96)		(84)
• Decrease in loans and advances granted	79		39
Dividends paid during the financial year:		(201)	(758)
• Dividends paid to shareholders of the parent company	(198)		(747)
• Dividends paid to non-controlling interests of consolidated companies	(3)		(11)
Acquisitions and disposals of interests without change in control⁽¹⁾:		(23)	16
• Acquisitions	(53)		(23)
• Disposals	30		39
Net financial debt:		234	(1,858)
• Loans issued	1,976		1,692
• Repayments of loans (including finance leases)	(1,742)		(3,550)
Net cash and cash equivalents:		1,984	2,211
• Marketable securities with a maturity of less than three months	566		963
• Cash	1,440		1,284
• Bank overdrafts (see note 10.6)	(22)		(35)

(1) The acquisitions and disposals of interests without acquisition or loss of control mainly include share transactions with ELO employees and its subsidiaries.

NOTE 16 SUBSEQUENT EVENTS

None.

NOTE 17 LIST OF THE MAIN CONSOLIDATED COMPANIES

Country	Division/Activity	Company	% interest	
			2022	2021
France	Holding	ELO S.A.	100.0	100.0
	Auchan Retail International	Auchan Retail International and its subsidiaries	100.0	100.0
		Sogepar	99.7	99.7
		Auchan Retail France	98.5	98.3
		Auchan Hypermarché and its subsidiaries	98.5	98.3
		Auchan E-commerce France	98.5	98.3
		Auchan Carburant	98.5	98.3
		Eurauchan	94.3	94.2
		Auchan Retail Agro	98.5	98.3
		International purchasing organisation	100.0	100.0
		Auchan Supermarché and its subsidiaries	98.5	98.3
		Chronodrive	100.0	100.0
	New Immo Holding	New Immo Holding	100.0	100.0
		New Immo Holding France and its subsidiaries	100.0	100.0
		Ceetrus France and its subsidiaries	98.5	98.3
Belgium	New Immo Holding	Ceetrus Finance	100.0	100.0
Ivory Coast	Auchan Retail International	Ivory Coast Supermarchés	100.0	0.0
	New Immo Holding	New Immo Holding Service Ivory Coast	100.0	0.0
Spain	Auchan Retail International	Alcampo and its subsidiaries	96.7	96.8
		Valespaña	8.1	7.8
		Zenalco	100.0	100.0
	New Immo Holding	New Immo Holding Spain and its subsidiaries	100.0	100.0
		Ceetrus Urban Player and its subsidiaries	96.7	96.8
Italy	New Immo Holding	New Immo Holding Italy and its subsidiaries	100.0	100.0
		Ceetrus Italy and its subsidiaries	100.0	100.0
Luxembourg	Auchan Retail International	Auchan Luxembourg	100.0	100.0
		Auchan International	100.0	100.0
		Patinvest	100.0	100.0
		Christal	100.0	100.0
	New Immo Holding	New Immo Holding Luxembourg and its subsidiaries	100.0	100.0
		Ceetrus Luxembourg and its subsidiaries	100.0	100.0
Hungary	Auchan Retail International	Auchan Magyarország and its subsidiaries	99.7	99.7
		Valhungary International	78.6	78.5
	New Immo Holding	New Immo Holding Hungary and its subsidiaries	100.0	100.0
		Ceetrus Hungary KFT and its subsidiaries	100.0	0.0
Poland	Auchan Retail International	Auchan Polska and its subsidiaries	99.5	99.5
		Hyperoil	99.6	100.0
		Valpoland	10.3	8.8
	New Immo Holding	New Immo Holding Poland and its subsidiaries	100.0	100.0
		Ceetrus Polska and its subsidiaries	99.5	99.5

Country	Division/Activity	Company	% interest	
			2022	2021
Portugal	Auchan Retail International	Auchan Portugal and its subsidiaries	98.3	98.5
		Valportugal	20.6	13.1
	New Immo Holding	New Immo Holding Portugal and its subsidiaries	100.0	98.4
		Ceetrus Portugal and its subsidiaries	98.3	98.4
Romania	Auchan Retail International	Auchan Romania and its subsidiaries	100.0	100.0
	New Immo Holding	New Immo Holding SRL and its subsidiaries	100.0	100.0
		Ceetrus Romania and its subsidiaries	100.0	100.0
Russia	Auchan Retail International	Auchan Russia OIAH and its subsidiaries	99.7	99.7
		Valrussie	61.0	60.3
		Atak and its subsidiaries	99.7	99.7
	New Immo Holding	New Immo Holding and its subsidiaries	100.0	100.0
		Ceetrus LLC and its subsidiaries	99.7	99.7
Senegal	Auchan Retail International	Senas	100.0	100.0
Taiwan	Auchan Retail International	RT-Mart International	0.0	64.8
Ukraine	Auchan Retail International	FCAU and its subsidiaries	100.0	100.0
	New Immo Holding	New Immo Holding and its subsidiaries	100.0	100.0
		Ceetrus Ukraine and its subsidiaries	100.0	100.0

4.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2022)

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Shareholders Meeting, we have audited the accompanying consolidated financial statements of ELO for the year ended December 31, 2022.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2022 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment test of non-current assets (excluding investment property)

(Note 6.6 to the consolidated financial statements)

Description of risk

At as December 31, 2022, the carrying amounts of goodwill, other intangible assets, property, plant and equipment and right-of-use assets ("Non-current Assets") of the Group totaled €8.2 billion (40% of the total balance sheet). These Non-current Assets are detailed in Notes 6.1 to 6.4 of the consolidated financial statements.

These Non-current Assets are tested for impairment as soon as there is any indication of a loss of value. This test is performed once a year on a mandatory basis for assets with indefinite useful life. The recoverable amount of an asset is defined in Note 6.6 to the consolidated financial statements.

For the purposes of these impairment tests, these Non-current Assets (excluding goodwill and intangible assets with indefinite useful life) are grouped into Cash Generating Units (CGUs). The Group has defined the store as the CGU for Retail.

Goodwill and intangible assets with indefinite useful life are tested by country and by activity. The CGU group created for the purposes of this test includes the property, plant and equipment, intangible assets, right-of-use assets and goodwill allocated to the country and the activity as well as its working capital.

We deemed the measurement of the recoverable amount of these Non-current Assets to be a key audit matter given their materiality in the consolidated financial statements and because the determination of their recoverable amount, generally based on discounted future cash flow forecasts, requires the use of assumptions and estimates that are largely based on the judgement of management.

The impairment expense recognized for the 2022 financial year for Retail activities amounts to €227 million. As indicated in note 6.1, an impairment expense of €126 million was recognized on the Goodwill of Retail France, the balance amounts to €1,014 million as of December 31, 2022. As indicated in note 2.1 related to the impact of the Russian-Ukrainian conflict, the impairment tests carried out on the assets of Auchan Retail Russia led to the recording of an impairment charge of €35 million. Regarding the assets of Retail Ukraine, an impairment expense of €52 million was recorded, including €30 million for goodwill.

How our audit addressed this risk

Our audit work consisted in:

- analyzing the methods of performing these impairment tests, assessing the identification of impairment indicators as well as the relevance of the calculation models used;
- assessing the relevance of the approach adopted by management to determine the CGUs or groups of CGUs at which goodwill and other assets are tested by the Group;
- analyzing the consistency of cash flow projections and their evolution regarding the economic environments in which the Group operates;
- assessing, with the assistance of our own experts, the reasonableness of the discount rates applied to the estimated cash flows by examining in particular whether the various parameters making up the weighted average cost of capital of each CGU or group of CGUs are consistent with the rates used for companies considered to be comparable, based on market participants for similar activities;
- assessing the results of sensitivity analyzes on discount rates and perpetual growth rates prepared by management and their impact on the impairment charge for the year;
- and verifying the accuracy of the information given in this regard in Note 6.6.

Measurement of rebates and commercial cooperation

(Note 4.1 to the consolidated financial statements)

Description of risk

Rebates and commercial cooperation received by the Group from its suppliers are recognized as a reduction in cost of sales and result from contractual agreements signed by Group companies with their suppliers.

These agreements, which are specific from one supplier to another, include rebates calculated according to the volume of purchases of goods made as well as discounts for commercial cooperation actions invoiced to suppliers.

Rebates are obtained when the associated performance conditions are met. These performance conditions generally require the Group to comply with certain volume thresholds.

Discounts under commercial cooperation agreements are recognized during their period of realization. They are recorded in accordance with the terms and conditions provided for in the contractual agreements concluded with the Group's suppliers until their expiry.

The evaluation of rebates and commercial cooperation is a key audit matter because of the large number of supplier contracts, their specificities, the amounts involved and the estimates on which this evaluation is based.

How our audit addressed this risk

Our audit work consisted in:

- understanding the controls (including general IT controls) relating to the conclusion of contracts and the measurement of rebates and commercial cooperation;
- assessing the compliance and the consistency of the accounting methods applied, as described in note 4.1 of the consolidated financial statements with International Financial Reporting Standards (IFRS) as adopted by the EU;
- testing, on a sampling basis, the data entered in the information systems used to calculate rebates and commercial cooperation. These tests include the verification and consistency of (i) terms and conditions with contractual agreements, (ii) volumes and amounts of goods purchased with the Group's purchasing data and (iii) calculation of rebates and commercial cooperation;
- verifying, on a sampling basis, the recoverability of receivables from suppliers, in particular through the ageing analysis of these receivables;
- comparing the rebates and commercial cooperation received by the Group during the year with the accruals recorded at the end of the previous year in order to assess the reliability of Management's estimates;
- verifying that rebates and commercial cooperation are correctly taken into account in the valuation of inventory.

Valuation of investment properties

(Note 6.5 of the consolidated financial statements)

Description of risk

As of December 31, 2022, the value of investment properties, recognized according to the cost model on the Group's balance sheet in accordance with IAS 40 Investment property, amounted to €3.6 billion. Their fair value (net of transaction costs), disclosed in note 6.5 of the consolidated financial statements, represents an amount of €7.4 billion. Impairment was recorded as at December 31, 2022 for an amount of €81 million, including €66 million relating to assets located in Russia and Ukraine, as detailed in note 2.1 to the consolidated financial statement.

Management has implemented a process for valuing real estate assets to estimate the fair value of these assets by reference to external valuations carried out by independent experts.

The valuation of investment properties requires significant judgment and estimation from management and independent experts. These experts consider:

- information specific to each asset such as the nature of the asset, location, rental income, vacancy rate, capital expenditures
- yield and discount rates, market rental values and comparable market transactions.

As indicated in note 6.5, fair value measurements are used to determine the recoverable amount of real estate assets, of which the Cash Generating Unit (CGU) has been defined as the shopping mall.

The valuation of investment properties is considered to be a key audit matter because of the significance of these assets on the balance sheet of ELO group, their potential impact on the income statement and their sensitivity to the assumptions made by management.

How our audit addressed this risk

Our audit work consisted in:

- obtaining the engagement letters signed with the real estate experts, understanding the nature and extent of their due diligence;
- assessing the competence, independence and integrity of the independent experts appointed by the company;
- understanding the process implemented by management for the transmission of data to real estate experts and for its critical review of the appraisal values established by the latter;
- meeting with management and the real estate experts in order to assess whether the overall valuation of the assets and the appraisal values of the assets showing the most significant or atypical variances are consistent with our knowledge of the market;
- obtaining real estate appraisal reports, assess the consistency of the parameters in connection with our own real estate experts (yield rate, discount rate and market rental values) selected with observable market data available and assessing the consistency of the assumptions specific to certain assets (in particular for renovation / extension projects) with our knowledge;
- reconciling, on a sampling basis, the information provided by management to independent experts and used by them in their evaluations with the appropriate documentation, such as rental contracts;
- comparing the final values of real estate appraisals with the values retained in the consolidated financial statements;
- assessing the impact of the health crisis on valuation assumptions;
- assessing the appropriateness of the information provided in note 6.5 of the consolidated financial statements, in particular the information on fair value and note 6.6 concerning impairment of assets at historical cost.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of ELO by the annual general meetings held on May 21, 2013 for PricewaterhouseCoopers Audit and on August 30, 1961 for KPMG S.A.

As at December 31, 2022, PricewaterhouseCoopers Audit and KPMG S.A. were in the 10th year and 62nd year of total uninterrupted engagement, which are the 10th year and 20th year since securities of the Company were admitted to trading on a regulated market, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists

related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris la Défense,
February 28, 2023

The statutory auditors

PricewaterhouseCoopers

François Jaumain

Audit KPMG S.A.

Caroline Bruno Diaz

4.4 DECLARATION BY THE PERSON RESPONSIBLE FOR THE FINANCIAL REPORT

CROIX, FEBRUARY 27TH, 2023

"I certify that, to the best of my knowledge, the financial statements have been prepared in compliance with the applicable accounting standards, and give a true and fair view of the assets, financial position and results of operations of the Company and all of the companies included within the consolidation scope. The management report provides an accurate description of the business trends, results of operations and financial position of the Company and all of the companies included in the consolidation scope, as well as a description of the main risks and uncertainties that they face."

Edgard Bonte
General Manager of ELO SA



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