

Measurement methodology for Auchan Retail's Scope 3 CO₂ emissions and baseline (re)calculation principles

- **Reporting standards used:**
 - **GHG protocol**
 - **SBTi methodology**
 - **SBTi FLAG methodology:** As the forest, land and agriculture (FLAG) sector has been historically difficult to evaluate with GHG accounting and target-setting approaches, the SBTi has developed a new FLAG Science Based Target-Setting Guidance. **Companies in food and staples retailing should set FLAG and non-FLAG targets for scope 3 emissions by end 2024**
- **Scope:**
 1. The 2020 baseline includes the GHG Protocol scope 3 categories **3.1, 3.4, 3.11 and 3.12**
 2. The 2020 baseline covers 93,7% of Auchan Retail's scope 3 emissions. This initial baseline was used for the SBTi target validated in April 2023
 3. All Auchan Retail countries are in scope [(excluding Russia and Ukraine)]: France, Spain, Portugal, Poland, Romania, Hungary, Luxembourg, Senegal
 4. All emissions of products sold by Auchan to franchises are in scope, but products purchased elsewhere, and Scope 1 and 2 GHG emissions of franchises are excluded
 5. Business growth will most likely result in higher emissions, which would need to be compensated by more reduction measures to achieve the target
- **Recalculation of key performance indicators or targets:**
 - The Key Performance Indicator (KPI) baseline and any associated sustainability performance target may be recalculated or the KPI's perimeter redefined in good faith by ELO to reflect material changes:
 1. **in ELO's perimeter** (due to an acquisition, a merger or a demerger or other restructuring), an amalgamation, a consolidation or other form of reorganization with similar effect, a spin-off, a disposal, or a sale of assets); or
 2. **in any applicable laws**, regulations, rules, guidelines, and policies relating to the business of the Group, including transition plan disclosure regulation; or
 3. **to the methodology for calculation** of any KPI to reflect changes in the market practice, or the relevant market standards, or updated emission factors, which, individually or in aggregate, has a significant impact on the level of any sustainability performance target or any KPI or KPI baseline. For example, as a result of a change in the relevant market standards, a KPI may be split into more than one indicator, which could then be considered separately or be summed up for purpose of performance tracking against a target; or
 4. **in ELO's ability and autonomy to calculate its KPIs**, for example as a result of data accessibility, or data quality, a data error, or a number of cumulative errors that together are significant. In other cases, a proxy can be used. An example of such a proxy is extrapolation of earlier reported emissions if a supplier is not providing the figures in time.
 - Any such adjustments will be reported by ELO in the annual report
- **Third party data:** data reported by suppliers or other external parties are not externally audited or verified
- This methodology, including the updated baseline calculation outlined below, is subject to change

Measurement of Absolute Scope 3 GHG Emissions

Initial baseline

The initial baseline calculation for the Scope 3 GHG Emissions was approved by the SBTi in April 2023

3.1 Purchased goods and services

~70% of Auchan Retail Scope 3 emissions

Includes **own-brand products** (private labels), **national brand products** and **locally purchased products**

- **Food:** catering trades, consumer goods and fresh industrial products
- **Non-Food:** textile, household appliances and consumer electronics, home decoration, outdoor leisure, auto, DIY, stationery, toys, health

It is estimated by extrapolating key products of each country on a **quantity-based approach**

3.4 Upstream transportation & distribution

Includes all emissions related to **inbound transport** between Tier 1 suppliers and our warehouses, as well as emissions between our warehouses and our shops, for all products

3.11 Use of sold products

Fuel sold in Auchan's petrol stations and emissions related to the use of sold products in the EEGP categories (consumer electronics and household appliances) and garden/do-it-yourself

3.12 End of life treatments of sold products

All the sold products

~23% of Auchan Retail Scope 3 emissions

The methodology baseline calculation has been validated by the SBTi. It is calculated based on the "GHG protocol scope 3 calculation guidance"

Updated baseline

An updated baseline is expected to be calculated in the 2nd half of 2024 or 1st half of 2025, based on the SBTi FLAG methodology, and will be submitted to the SBTi for approval (as part of submission of new FLAG and non-FLAG targets)

3.1 category will be estimated via a **dual approach**:

Products from suppliers participating to the "Partner for Decarbonation 2030" (PFD) programme

As part of the programme, buyers will collect from their suppliers several information on their climate commitments. The following information will be used to calculate the **supplier carbon impact** related to Auchan revenues:

Weight of Auchan Retail in your revenue (in %)		
Have you already carried out a calculation of your carbon footprint?		
If yes, do you have an official calculation of your carbon footprint based on international reporting standards (GHG protocol/Bilan Carbone® /ISO 14064)?		
Year 2022 Absolute Scope 1	FLAG	Non-FLAG
Year 2022 Absolute Scope 2 (location-based / market-based)	FLAG	Non-FLAG
Year 2022 Absolute Scope 3 – 3.1 / 3.4 / 3.9 / 3.10 / 3.11 / 3.12	FLAG	Non-FLAG

Products from other suppliers:

Calculated on a **weight or volume base** with an appropriate **emission factor** (from internationally recognized databases or LCAs), through our carbon tracking tool yet to be developed

If the supplier does not use any official calculation standard (Q3.5), the CO2 value will be excluded and estimated with the alternative approach.

FLAG and non-FLAG emissions will be separated. We will calculate Land Management (LM) emissions and Land Use Change (LUC) emissions in our value chain. It is anticipated that LM and LUC emissions will mostly occur on food and non-food products in 3.1 category (beef, soy, cocoa, coffee, cotton, rice...)

The approach for measuring emissions in the **categories 3.4, 3.11 and 3.12** will remain the same but may be adjusted due to a better accessibility of the data.

Scope 3 emissions will be based on the latest GHG protocol guidelines, in particular the "Land Sector and Removals Guidance" published in 2023. Calculation will be made by a GHG protocol compliant software, developed by an **accredited third-party verifier**

Annual Progress Monitoring

- 1 **Estimate GHG emissions** from purchased goods and services at Auchan by applying GHG emissions factors to volume/weight based on product categories for the previous year
- 2 **Collect GHG emissions** from suppliers participating in PFD and allocate Auchan's share of sale
- 3 **Subtract Auchan's spend on PFD participating suppliers** – It is expected that, assuming spend by supplier is available, replacing spend-based estimates with actual emissions will reduce Auchan's Scope 3 emissions due to more accurate data. However, because this reduction is based on a change of the calculation methodology, it cannot be counted as progress towards the target, rather it will be an adjustment of the baseline
- 4 Add actual GHG emissions from participating suppliers to the remaining volume/weight-based emissions to calculate the previous year's final emissions