

ELO

Annual financial report and non-financial performance statement

2023

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ELO

PRESENTATION OF THE GROUP

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1.1 GROUP PROFIL

ELO

ELO 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 155,179 employees. ELO also holds a 49.9% stake 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 12 countries, **Auchan Retail** brings together all food retail formats (hypermarkets, supermarkets, convenience stores, drive-throughs, digital) with 2,354 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 153,965 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 refers to the holding company that brings together all the real estate business lines by separating real estate assets and services activities, into 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 224 shopping centres, 1.8 million m² of gross leasing area (GLA), 1.5 m² of retail parks, offices, hypermarkets, located on two continents, namely Europe and (Western) Africa.

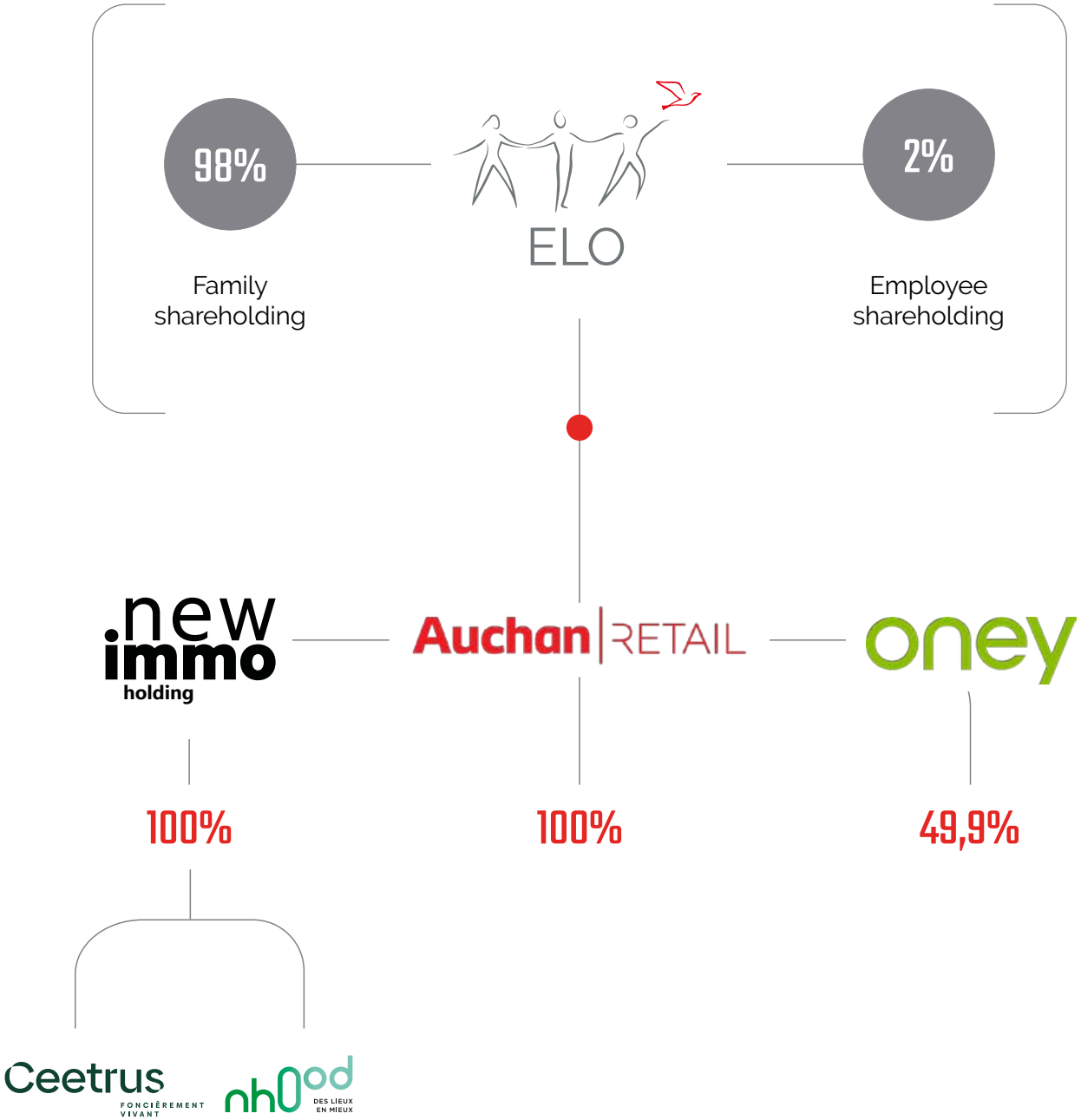
The second is **Nhood**, a real estate services and solutions company acting through service provision mandates entrusted by real estate companies such as Foncière Ceetrus, Auchan Retail or other companies, to manage, animate, develop and transform existing sites into new living spaces with a triple positive impact. Nhood has €14 billion of real estate assets under management, nearly 1000 sites and 1,173 employees..

oney

Since 2019, ELO has held 49.9% of the share capital of **Oney**. Oney designs innovative 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 6,500 retail partners and e-retailers in nearly 17,000 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.

1.2 BREAKDOWN OF ELO'S CAPITAL

A company made up of family and employee shareholding, **ELO** combines two complementary companies, **Auchan Retail** and **New Immo Holding**, and holds 49,9% in Oney alongside BPCE since 2019.



1.3 KEY FIGURES

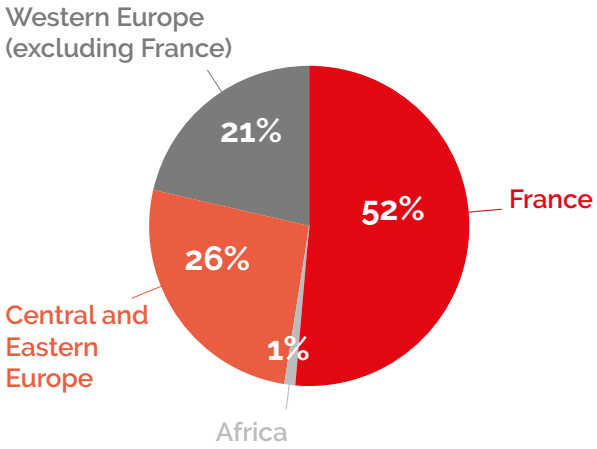
BREAKDOWN OF REVENUE BY BUSINESS LINE

REVENUE
€32,902 M

Auchan RETAIL **98%**

new immo holding **2%**

BREAKDOWN OF REVENUE BY GEOGRAPHICAL AREA



Presence in 13 countries

155,179
EMPLOYEES
including **86 166** employee shareholders

Auchan RETAIL **153,965** Employees

new immo holding **1,214** Employees

CURRENT INVESTMENTS
2023
€1,081 M

EBITDA
2023
€1,528 M

NET FINANCIAL DEBT (1)
2023
€2 917 M

(1) Hors dette IFRS 16

LOCATIONS AS OF DECEMBER 31ST, 2023

	AUCHAN RETAIL (1)						New Immo Holding
					DIGITAL		
	Hypermarkets	Supermarkets	Convenience stores	Click & Collect(2)	Home deliveries (3)	TOTAL	
FRANCE	**135**	**275**	**32**	**243**	Yes	**685**	**651**
Spain	79	294	158		Yes	531	33
Portugal	31	21	47	35	Yes	134	14
Luxembourg	3		16	4	Yes	23	4
Italy							49
WESTERN EUROPE (EXCLUDING FRANCE)	**113**	**315**	**221**	**39**		**688**	**100**
Poland	72	30	80		Yes	182	53
Hungary	19	5	1	5	Yes	30	18
Romania	33	8	397	1	Yes	439	21
Russia	94	138			Yes	232	130
Ukraine	19	4	16	1	Yes	40	9
CENTRAL AND EASTERN EUROPE	**237**	**186**	**494**	**7**		**923**	**231**
Senegal	1	27	13	1	Yes	42	
Ivory Coast		8	8		Yes	16	2
Tunisia (4)					N/A		
AFRICA	**1**	**35**	**21**	**1**		**58**	**2**
TOTAL	**486**	**811**	**768**	**290**		**2 354**	**984**

(1) Including franchisees.
(2) Drive-throughs.
(3) Including quick commerce.
(4) 10% stake in Magasin général.

1.4 AMBITIONS

Auchan RETAIL

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 to ensure its mission as close as possible to inhabitants, namely that of providing them with quality food at the fairest price.

Auchan Retail's Vision 2032 is the foundation of reference and meaning for all actions and strategies, focused on a mission that contributes to:

"Eating well and living better, while protecting the earth".

Eating well & living better, *while protecting the earth*
Auchan 2032

IT IS BASED ON **THREE COMMITMENTS**:

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. Almost 7.5% of **Auchan Retail**'s revenue was generated via digital channels in 2023.

TO ACT FOR THE GOOD, THE HEALTHY AND THE LOCAL:

through the selection and design of a unique, fair and responsible offering. While promoting good, healthy and local food, the Group must also contribute to the food sovereignty of the countries where it operates. **Auchan**-brand products and the catering trades are the heart of the project.

The **Grow the Good** products embody this project through firm commitments made by the company through proactive steps taken to respect the environment for the environment and animal welfare, through demanding, sustainable, balanced and fair agricultural partnerships that share value with producers.



FOR THE PLANET:

with the contributions of its employees, partners and customers, **Auchan Retail** is working to decarbonise its value chain, fight against plastic pollution, reduce food waste and contribute to the protection of biodiversity.

The preservation of the natural resources essential to **Auchan Retail**'s activities is the only guarantee of their sustainable availability. The company therefore strives to develop more virtuous production or operating schemes: use of recycled and/or recyclable raw materials, reduction of overwrapping, eco-design, second-hand, reduction of waste production, etc.

FOR A MORE HUMANE WORLD:

based on its values inherited from its status as a family business, **Auchan Retail** works for thousands of residents driven by the desire to **#VivreMieux** (Live Better). Customers, partners, employees and shareholders are all concerned by the company's ambition to continue its investments and share value fairly, for the benefit of social protection, the transmission of knowledge and the right to work with dignity.

1

New Immo Holding is the holding company for all the group's real estate business lines. Its creation in 2021 confirms the separation of real estate assets and services, within two distinct entities

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 1,173 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 224 retail sites, 1.8 million m2 of gross leasing area (GLA), 1.5 million m² of retail parks, offices and hypermarkets located on two continents, namely 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** manages, coordinates, develops and transforms existing sites into new living spaces with a triple positive impact. **Nhood** brings together teams dedicated to marketing, asset management and development/promotion, and now those of a fourth business line, with transitional urban planning and prefiguration that 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 2023, **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 three positive impactst: people, planet, profit;
- by regenerating sites into better, multi-use, more liveable and lively places.

1.5 BUSINESS PLAN Auchan | RETAIL

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 **12** countries
- **2,354** 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-. Negative outlook" rating

Committed employees
- **153,965** employees
- **85,827** employee shareholders

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 where it has operations

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.)

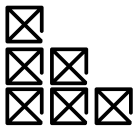
Auchan, a brand emblematic of the democratisation of consumption, continues its mission: be useful to residents by offering them quality food at the best price while preserving the planet.

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

Procurement



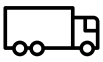
WAREHOUSES



ORDER PREPARATION PLATFORM







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 2023

- Revenue: **€32.3 bn**
- Digital: almost **7.5%** of revenue
- EBITDA: **€1.1 bn**
- **A positive net cash** position for **Auchan Retail**

Protected human capital

- Percentage of permanent contracts in total workforce: **94%**
- Percentage of female managers: **52%**
- Percentage of employees having completed training: **86%**
- Percentage of internal promotion from non-managers to managers: **27%**
- Percentage of employees with disabilities: **4.4%**

Responsible offer for customer satisfaction

- **1,186** responsible agricultural production chains at the end of 2023

Strengthened environmental commitments

- GHG emissions from stores (Scopes 1 and 2): **-44%** vs 2019
- Renewable electricity consumption as a percentage of overall electricity consumption: **34%**
- Climate Ambition for 2030
  - Scopes 1 and 2: **-46%** CO_2 emissions vs 2019
  - Scope 3: **-25%** vs 2020

Progress recognised by non-financial ratings agencies

- Moody's ESG Solutions: Rating **62/100** (2023 score; +25 points vs 2019)

SUSTAINABLE DEVELOPMENT GOALS

Encourage healthy eating



Fight against food waste and plastic pollution



Reduce our carbon footprint



Our social commitments



1.6 BUSINESS MODEL

NEW IMMO HOLDING, A MODEL FOR THE SUSTAINABLE TRANSFORMATION

MARKET TRENDS

- REAL ESTATE IS TRANSFORMING
- CHANGES IN THE RETAIL SECTOR
- POOLING OF KNOW-HOW
- ENVIRONMENTAL AND SOCIETAL TRANSFORMATION
- GEOPOLITICAL CONTEXT

STRENGTHS

TWO COMPANIES SERVING THE SUSTAINABLE TRANSFORMATION OF REAL ESTATE AND RETAIL

Ceetrus FONCIÈREMENT VIVANT

- **224** sites, living spaces and owned businesses
- **€7,3 billion** in real estate assets (fair value)
- **2** Continents Europe / (Western) Africa

nhOod DES LIEUX EN MIEUX

- **984** sites, living spaces and businesses
- **2** Continents Europe / (Western) Africa
- **1,173** committed employees, of which 59% are women

Ethics, Process and Climate Fresco training courses accessible to 100% of Nhooders

Values that encourage commitment
PROXIMITY
EMPOWERMENT
POSITIVE IMPACT

Actions assessed according to their three-fold positive impact: :
PEOPLE PLANET PROFIT

1

OF REAL ESTATE AND RETAIL FOR BETTER LIVING

BUSINESS MODEL

Develop mixed use on our managed and to be transformed sites

Generate attractiveness on all sites

Win new mandates and attract new partners and investors

Create value throughout the life of an asset

INVEST | **ARBITRATE** | **SELL**

A TRIPLE RESPONSIBILITY

PEOPLE
diversity, inclusion, accessibility

PLANET
regeneration, deartificialisation (ZAN)

PROFIT
Economic impact of regions and corporate profitability

VALUE CREATION

SOLID FINANCIAL INCOME

- EBITDA = **€392 million** (+6,2% vs. 2022)
- Gross investments = **€321 million**

FONCIÈRE (Ceetrus)

- Revenue = **608 M€** (+5% vs. 2019)
- Fair value of the assets: **€7.3 billion**
- Gross investments = **€206 million**

SERVICES IMMOBILIERS (Nhood)

- Revenue = **168 M€**
- **25** new customers

ASSETS WITH AN IMPACT

- 100% of sites with a carbon assessment carried out on Scopes 1 and 2.
- 100% of the sites are on a **CRREM** trajectory

INTENSIFICATION OF THE ENERGY EFFICIENCY MEASURES

- **22,1%** decrease in electricity and gas consumption per m² in 2023 vs 2022 on managed sites.
- **more than 150** renaturation projects proposed to owners

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

- A Nhood exclusive - RQR, a new rating standard for assessing the social, environmental and economic impact of a site

1.7 COMPANIES COMMITTED TO THE CLIMATE

AUCHAN RETAIL'S COMMITMENT TO THE CLIMATE IS REFLECTED IN A GLOBAL CLIMATE STRATEGY FOR ALL COUNTRIES WHERE THE COMPANY OPERATES. IT HAS ESTABLISHED A DECARBONISATION TRAJECTORY ACROSS ITS ENTIRE SCOPE OF ACTIVITY (SCOPES 1, 2 AND 3), WHICH 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 put Auchan Retail on a 1.5°C trajectory. At the end of 2023, the direct emissions from stores had already decreased by 44% compared to 2019.
- **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 the logistics and transport of goods. The commitments and action plans put Auchan Retail on a "well below 2°C" trajectory. In 2023, the company launched its "**Partners for Decarbonation 2030**" supplier commitment programme which establishes a dialogue with its suppliers to decarbonise their products. In 2023, a first wave of suppliers was associated with this approach, covering around 30% of **Auchan Retail**'s greenhouse gas emissions. The aim of the programme is to work towards 100% coverage of the product-related emissions.

In 2023, the Science Based Target initiative (SBTi), led by the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF), approved the targets set out in **Auchan Retail**'s 2030 Climate Plan, recognising the serious nature of the stated targets and the means to achieve them.

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

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 2030, energy consumption will be reduced by 40%, thus eventually reducing **New Immo Holding**'s carbon footprint by 70%.

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

The energy consumption at managed sites decreased by over 20% in 2023.

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 was covered in 2023.

BREEAM®

In 2023, more than 60% of Foncière **Ceetrus**' portfolio was **BREEAM IN USE** certified.
Action plans are underway to achieve **BREEAM** *minimum very good* certification for all assets.
It should be noted that 100% of the sites are on a CRREM trajectory.

1.8 MAIN SIGNIFICANT EVENTS OF ELO IN 2023

MARCH 9TH, 2023
The Spanish competition authority approved Alcampo's acquisition of **217 Dia stores** (the integration of which was completed in July 2023).

APRIL 13TH, 2023
The international organisation Science Based Target initiative (SBTi) **validates the targets** of **Auchan Retail**'s 2030 Climate Plan.

August 3RD, 2023
Auchan Retail announces the planned acquisition of **100% of the Dia group's activities** in Portugal.

September 22ND
ELO successfully places its first **Sustainability-Linked Bond issue** for a total amount of €750 million, with a coupon of 6% and a maturity of 5.5 years.

October 4TH, 2023
Chairman of the Board of Directors of **New Immo Holding**, **Antoine Grolin** is appointed Chief Executive Officer of **ELO**.

NOVEMBER 15TH, 2023
Ceetrus (co-owner and co-investor) and **Nhood** (designer and director) inaugurate the **Merlata Bloom Milan** site, the largest lifestyle centre of the city.

DECEMBER 5TH, 2023
Groupe BPCE and **ELO** reaffirm their strategic interest in **Oney** by giving it full resources for its growth through a capital increase of €200 million

DECEMBER 5TH, 2023
Auchan Retail and Intermarché announce that they have entered into discussions about the bases of **a long-term purchasing alliance**.

DECEMBER 18TH, 2023
As part of a joint initiative, **Auchan Retail** and Intermarché announce that they are entering into exclusive negotiations for **the acquisition of 313 Casino supermarkets** and hypermarkets in France.

ELO

2

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 2023 were approved by the Board of directors on February, 21st 2024.

2.1 SIGNIFICANT EVENTS AND MAIN CHANGES IN SCOPE

2.1.1 CHANGES IN THE STORE AND SHOPPING MALL NETWORK

The number of points of sale operated by Auchan Retail changed as follows in 2023:

- in Western Europe, the number of points of sale increased by 195 units (of which, net, (32) in France, +214 in Spain and +13 in Portugal);
- in Central and Eastern Europe, the number of points of sale increased by 4, net (4 openings in Poland);
- in Africa, the store network increased by 11 units including 4 in Senegal and 7 in Ivory Coast.

New Immo Holding's portfolio of mandates increased by 517 sites compared to 2022. This change is due to the signing of a mandate with Auchan Retail France for the management of its assets (514 sites).

2.1.2 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.

2.1.3 SIGNIFICANT EVENTS

2.1.3.1 Impact of the Russian-Ukrainian conflict

As of December 31st, 2023, Auchan Retail operated 232 stores in Russia and 39 stores in Ukraine and was developing an e-commerce and home delivery business in each country. New Immo Holding's exposure is more limited. For the Group, Russia and Ukraine combined represented approximately 6% of the total net carrying amount of the assets and 10% of the income as of December 31st, 2023.

The group scrupulously monitors compliance with the terms of the embargo and sanctions, in particular for money moving into and out of Russia. Notably, Auchan Retail stopped all investment and financing activities for its Russian subsidiary from the first days of the conflict, leaving local management the ability to operate independently.

Under extremely uncertain conditions regarding the extent, outcome and consequences of the ongoing armed conflict, the outlook at present does not call into question ELO's financial situation.

Russia

The Retail activity in Russia slowed down sharply throughout 2023. It was affected by a decrease in store traffic, particularly in large shopping centres. The 2022 financial year, and in particular the first half of the year, benefited from a stockpiling effect due to the outbreak of the conflict.

In view of these indicators of impairment loss, the Group carried out impairment tests for these indicators (see note 6.6), leading to a €122 million impairment loss being recorded for stores.

As of December 31st, 2023, the foreign currency translation reserve relating to operations in Russia corresponded to a debit of €712 million.

The company in Russia had a sufficient level of liquidity at the end of December (€178 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.

Ukraine

In 2023, Auchan Retail Ukraine suffered from traffic disruptions due to alerts, as well as population movements to the west of the country where Auchan Retail's network is less dense. At the end of December 2023, Auchan Retail Ukraine announced the permanent closure of the Zaporizhzhia and Krivoy Rog stores and the maintenance of e-commerce activities in these two cities. Already planned before the outbreak of the war due to the unfavourable financial conditions of the lease, these closures are expected to make it possible to resume the expansion of the business in the west of the country. All the employees concerned were offered a new position in the other stores in the country and support for the move.

As of December 31st, 2023, a €3 million loss for store impairment in Ukraine was recorded.

Reopening of the Odessa store in Ukraine

Since the start of the conflict in Ukraine, Auchan has stood alongside the local civilian populations to fulfil its mission of providing everyone with healthy food at the best prices, while also prioritising employee safety.

Under these conditions, the Odessa hypermarket, which was damaged when the city was bombed in May 2022, reopened on April 21st, 2023 as a symbol of Auchan Retail's unwavering support for its Ukrainian teams. The reopening also demonstrates the Ukrainian employees' desire to rebuild their country with the support of the Group.

Since July 2022, Auchan Ukraine has been able to open or reopen 5 new stores, including 2 in Kyiv, 1 in Irpin, 1 in Boucha and 1 in Odessa. This brings the number of operational stores in the country to 39, in addition to e-commerce.

2.1.3.2 Other significant events

Auchan Retail's climate plan targets approved by the SBTi

In April 2023, the international organisation The Science Based Target initiative (SBTi), led by the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF), approved the targets set out in Auchan Retail's 2030 Climate Plan, recognising the serious nature of the stated targets and the means to achieve them.

Auchan Retail's climate commitment has ramped up significantly since 2020, with a global strategy for all the countries in which it operates. In 2021, the company set out a decarbonisation plan for the entire scope of its operations. At the beginning of 2022, this resulted in two targets subject to SBTi approval:

- A 46% reduction by 2030 of the direct emissions of its stores (Scopes 1 and 2) vs 2019, i.e. a limitation of warming to 1.5°C;
- A 25% reduction by 2030 of the emissions relating to products and transport (Scope 3) vs 2020, i.e. global warming limited to "well below 2°C".

The SBTi has approved both the method adopted by Auchan Retail to monitor its greenhouse gas emissions and its reduction targets for 2030. This approval demonstrates that the stated targets and their means of achievement are in line with current climate science data.

Auchan Retail thus enters a select group of the world's leading certified food companies.

ELO aligns its new financing with its climate policy

On September 22nd, 2023, ELO successfully placed a fixed-rate bond issue for a total amount of €750 million, with a coupon of 6% and a maturity of 5.5 years. Based on the new Sustainability-Linked Framework (sustainable financing "charter") of the Group, it is indexed to its sustainable development objectives as certified by the SBTi in April 2023.

Moody's Investor Service, which is responsible for independently assessing the Framework, awarded the score of "Very good" to the Group's sustainable development approach.

ELO will report every year on the levels of progress of these objectives in its non-financial performance statement.

This issue was very well received by the market, with a total demand of nearly €2 billion, which enabled rapid execution and a final issue of €750 million.

The cash raised is intended to finance the Group's general needs.

The success of this issue reflects the attractiveness of ELO's bond signature, as well as the merits of the climate approach of its subsidiaries, Auchan Retail and New Immo Holding.

New governance for ELO

On the proposal of the Board of Directors, Antoine Grolin was appointed as General Manager of the ELO group in October 2023. He also remains Chairman of the Board of Directors of New Immo Holding.

Antoine Grolin took over from Edgard Bonte, who had held this position since 2018.

New Immo Holding - Gare du Nord dispute

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 €198 million. On the basis of the procedures initiated at the end of the 2021 financial year and continuing in 2023, the Group has set aside a provision that corresponds to its best estimate of the risk.

In addition, on September 22nd, 2023, the Commercial Court ordered New Immo Holding to pay SNCF Gares et Connexions the sum of €47 million in execution of the completion guarantee for the Gare du Nord 2024 project issued by New Immo Holding. New Immo Holding has appealed this decision to the Paris Court of Appeal, whose decision is expected in the first half of 2024.

As of December 31st, 2023, no provision for the completion of works guarantee had been set aside in the Group's financial statements in view of the elements constituting the case that will enable the Court of Appeal to rule. On December 20th, 2023, the shareholders of ELO SA subscribed to a capital increase of €100 million, in order to support the Group in its development and transformation of its businesses.

Capital increase of ELO S.A.

As of December 20th, 2023, shareholders of ELO S.A. subscribed a capital increase for an amount of €100 million, in order to support the Group in its expansion and the change of its business.

Acceleration of Oney's development thanks to a capital increase of €200 million

Groupe BPCE (50.1% of the share capital) and ELO (49.9%) reaffirmed their strategic interest in Oney by giving it the full resources for its growth through a capital increase of €200 million subscribed jointly up to their respective shareholdings.

In an environment marked by inflation and high refinancing rates, this support enables Oney to accelerate the transformation undertaken since the beginning of 2023 and to support its development ambitions for 2024-2027, approved by the shareholders, namely to:

- enrich its range of financing and insurance solutions, in order to meet the new consumption habits and financing needs of customers, particularly in their energy transition;
- accelerate the digitisation of purchasing pathways and solutions offered online and in-store;
- deploy a selective international presence to support the development of its retailer partners.

2.1.3.3 Activities

Agreements between Intermarché and Auchan Retail on a purchasing alliance project

Auchan Retail and Les Mousquetaires have taken steps leading to a very long-term (10 years) purchasing alliance, the objective of which is to capitalise on the strengths and complementarities of the two groups and to enable each group to improve its costs and selling prices. This project aims to create the first French purchasing centre.

Very broad, the scope of this alliance may include negotiating the purchase of consumer food products from major national brands, negotiating the purchase of non-food products but also items relating to non-commercial purchases, energy or the manufacture of private label products.

Project to acquire Casino stores in France

As part of a joint initiative, on December 18th, 2023, Auchan Retail and Intermarché entered into exclusive negotiations with a view to the acquisition of Casino's supermarkets and hypermarkets in France.

This transaction is a very important opportunity for Auchan France. It will enable Auchan France to contribute to the consolidation of the market, to regain market share and to consolidate its living areas.

Casino's decision marks a new stage with, on the one hand, the long-term alliance with Intermarché, and on the other hand, the expansion of the store network in new territories, as close as possible to new customers.

On January 24th, 2024, Auchan Retail and Groupement des Mousquetaires announced the signing of a firm agreement to take over 288 Casino supermarkets and hypermarkets in France. This transaction is detailed in note 16.

The transaction remains subject to the approval of the competition authorities and is expected to be finalised in the coming months.

Integration of the Dia supermarkets in Spain

Following the announcement of the deal in August 2022, Alcampo's acquisition of 217 Dia stores was approved by the Spanish competition authority in March 2023. The stores are located in the provinces of Castile and León, Madrid, Aragon, Asturias, Galicia, Basque Country, Cantabria, Navarre and Castile-La Mancha. There are also two logistics warehouses in Villanubla (Valladolid).

More than 3,100 employees joined the Alcampo teams and the new centres all opened under their new brand in July 2023.

This deal adds an approximate sales area of 164,000 m². The complementarity with the existing Spanish sites is excellent, thus accelerating Alcampo's growth in the country. Alcampo now has a presence in all of Spain's autonomous communities, consolidating its position as the retailer with the largest sales area in zones such as Zaragoza, La Rioja, Burgos and Teruel. This is even the case in the autonomous community of Aragon.

The strategic acquisition confirms Alcampo's ambition to be Spain's leading phygital food retailer.

The impact on the Group's financial statements is detailed in note 6.4.

Proposed acquisition of Dia's activities in Portugal

On August 3rd, 2023, Auchan Retail announced the planned acquisition of 100% of the Dia group's activities in Portugal, thus contributing to the consolidation of the Portuguese market and allowing the extension of its store network.

The scope of the transaction includes the 489 stores of the Minipreço and Mais Perto brands, owned or franchised, three warehouses, as well as the contracts, licenses and assets necessary for the transaction. The agreement between Auchan Retail and Dia also provides for the transfer of 2,650 employees.

The transaction is subject to the approval of the Portuguese competition authority and is expected to be finalised in the first half of 2024.

At the end of this transaction, Auchan Portugal will become a key player in Portuguese local retail thanks to the presence of the Minipreço stores all over the country. It will own the largest network in terms of number of stores and will strengthen its omnichannel offer (physical and digital).

Merlata Bloom Milano, or how to improve the local network thanks to a shopping centre

Inaugurated on November 15th, 2023 by Ceetrus (co-owner and co-investor) and Nhood (designer and director), the Merlata Bloom Milano site, located in the centre of Milan's first smart district, to the northwest of the city, wants to be the crossroads of a rapidly expanding area.

The site was designed to be open to the outside world to consolidate the links of a unique neighbourhood: it combines a hospital, a green research and innovation centre, a university campus and a residential neighbourhood. Merlata Bloom Milano is a meeting place, run by and for those who live or work there.

2.2 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 (see Note 3.2 to the consolidated financial statements).

2.2.1 AUCHAN RETAIL ACTIVITY

As of December 31st, 2023, Auchan Retail operated with own subsidiaries in 11 countries, through 468 hypermarkets, 735 supermarkets, 547 convenience stores and 284 click & collect points of sale.

The consolidated store network excluding franchised stores as of December 31st, 2023 was as follows:

Country	Hypermarkets	Supermarkets	Convenience stores	Click & Collect
France	119	236	10	237
Spain	79	274	49	
Portugal	31	5	47	35
Luxembourg	3			4
Poland	70	30	6	
Hungary	19	5	1	5
Romania	33	8	397	1
Ukraine	19	4	16	1
Russia	94	138		
Senegal	1	27	13	1
Ivory Coast		8	8	
TOTAL	**468**	**735**	**547**	**284**

Including the franchised store network (321, compared to 275 in 2022), the total number of points of sale at December, 31st 2023 was 2,354.

Auchan Retail's revenue in 2023, including sales of goods to franchisees, amounted to €32.9 billion (-1.7% compared to 2022). Auchan Retail's activities outside France accounted for 48.2% of total revenue. Auchan Retail's recurring operating income decreased by 60% and amounted to €207 million in 2023, mainly due to the deteriorated economic context in 2023, accentuated by the Group's desire to defend the purchasing power of its customers and thus not to pass on all of the inflation of its operating expenses in its prices.

2.2.2 NEW IMMO HOLDING PROPERTY MANAGEMENT ACTIVITY

As of December, 31st 2023, the property management activity of the ELO group and its subsidiaries included the management by New Immo Holding of 984 commercial sites (shopping malls and retail parks), of which 224 were fully owned or leased, 24 in partnership and 736 were under management contracts, in 11 countries.

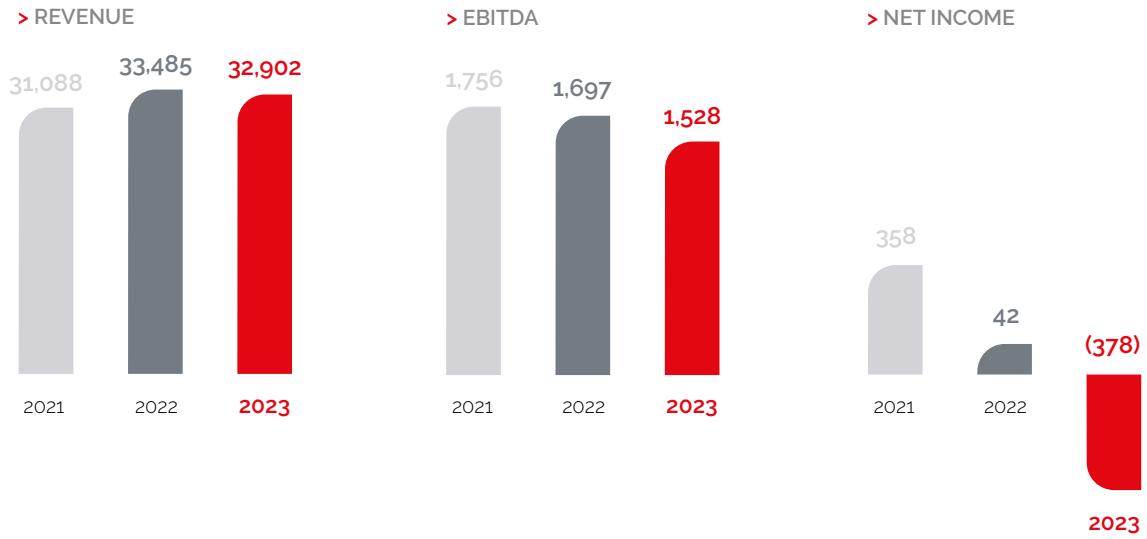
New Immo Holding's revenue represented €655 million in 2023, up by 11.07% compared to 2022. New Immo Holding generated 49.8% of its revenue outside France.

New Immo Holding's recurring operating income increased by €12 million and amounted to €167 million.

2.2.3 COMMENTS ON THE 2023 FINANCIAL YEAR

Comments on the income statement

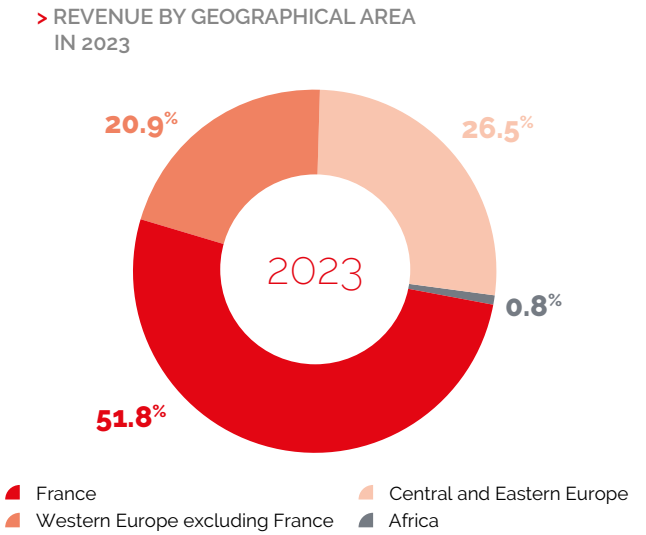
The operating income of the consolidated entities amounted to €32.9 billion, down by 1.7% compared to 2022.

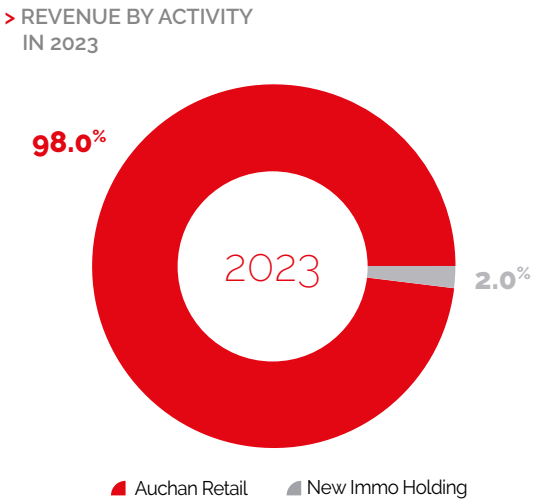


At constant exchange rates, the revenue increased by 0.3%.

Auchan Retail's business represented 98% of the revenue, while the property management activity represented 2.0%.

By geographical area, 51.8% of the revenue was generated in France, 20.9% in Western Europe excluding France (Spain, Portugal, Italy and Luxembourg), 26.5% in Eastern Europe (Poland, Hungary, Romania, Ukraine and Russia), and 0.8% in Africa (Senegal and Ivory Coast).





The gross margin improved by 1.5% and amounted to €8,082 million; the margin rate improved significantly to 24.6% in 2023 compared to 23.8% in 2022.

The recurring operating expenses (payroll expenses, external expenses, amortisation, depreciation, provisions and impairment, other operating income and expenses) increased by 5.6% and are mainly impacted by the increase in external expenses (+6.6%).

The other recurring income and expenses represent an expense of €12 million (compared to an income of €39 million in 2022), 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 44.5% to €369 million. EBITDA held up better with a decrease of 10% to €1,528 million.

After taking into account "Non-recurring income and expenses", the operating income decreased markedly from €380 million to €(14) million. The change is mainly due to a high level of impairment of the goodwill of the Retail France activity in 2023 as well as the impairment of Russian and Ukrainian assets.

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

(in €m)	12/31/2023	12/31/2022
Net impairment of assets (excluding Russia and Ukraine)	**(236)**	**(123)**
• of which impairment of Retail France goodwill	(190)	(126)
• of which impairment of net tangible assets	(46)	3
Assets disposals	**64**	**22**
• of which disposals for Retail activity	10	20
• of which disposals for Real Estate activity	54	1
Russia - Ukraine	**(124)**	**(156)**
• of which goodwill impairment (Ukraine)	0	(30)
• of which impairment of net property, plant and equipment	(123)	(123)
• of which losses on inventories	0	(3)
Others	**(87)**	**(41)**
TOTAL NON-RECURRING INCOME AND EXPENSES	**(383)**	**(298)**

Financial income is broken down into:

- the net cost of financial debt, which increased to €(180) million (compared to €(117) million in 2022);
- the other financial income and expenses, up by €39 million back to €131 million (compared to a financial expense of €170 million in 2022).

The income before tax of the consolidated companies was €(327) million (compared to a profit of €78 million in 2022), which resulted in an effective tax rate of 1.6% in 2023, compared to 188.4% in 2022.

The share of net income of associates was a loss of €56 million in 2023 compared to a loss of €6 million in 2022.

The net income from continuing operations represented a net loss of €377 million in 2023 compared to a net loss of €74 million in 2022.

The net income of discontinued operations was €(1) in 2023 (compared to €117 million in 2022). The amount for 2022 mainly includes the result of the activity of the Retail subsidiaries in Taiwan until the date of loss of control, as well as the capital gain resulting from this disposal.

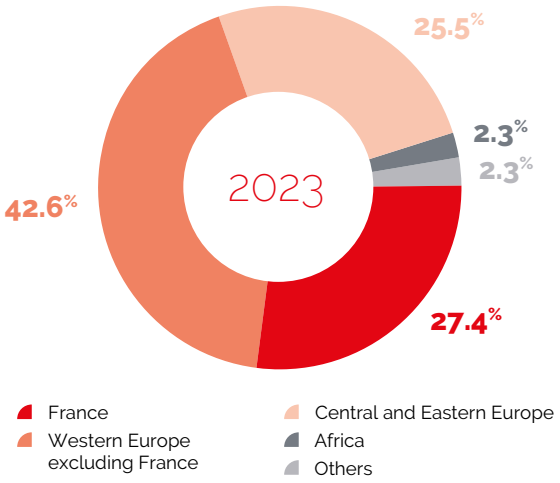
Taking into account the net income of discontinued operations or activities held for sale, the net income (Group share) amounted to €(379) million, compared to €33 million in 2022. The cash flows from operations was stable overall at €1,016 million in 2023 (€1,261 million in 2022).

Comments on the statement of balance sheet

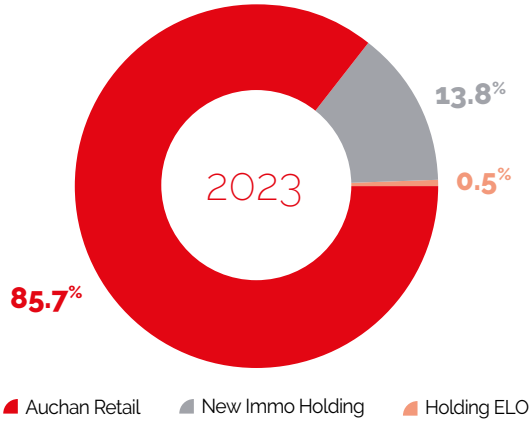
Assets:

The current investments excluding business combinations (acquisitions of intangible assets, property, plant and equipment and investment properties) amounted to €1,428 million (rights-of-use included). The volume of current investments decreased compared to 2022 (€1,445 million) and confirmed the Group's commitment to the climate and also its desire to modernise its store network.

> CURRENT INVESTMENTS BY GEOGRAPHICAL AREA IN 2023



> CURRENT INVESTMENTS BY ACTIVITY IN 2023



The breakdown of investments was 29.6% in France (61.0% in 2022), 42.6% in Western Europe excluding France (16.7% in 2022), 25.5% in Central and Eastern Europe (20.6% in 2022) and 2.3% in Africa (1.8% in 2022).

Liabilities:

Equity stood at €5,804 million as of December 31st, 2023, compared to €6,324 million as of December 31st, 2022.

Equity (Group share) amounted to €5.626 million, down by €504 million. The main changes were as follows (in millions of euros):

Net income for 2023	(378)
Treasury shares	2
Other comprehensive income	(119)
Change in capital	82
Change in debt related to put options granted and repurchase commitments (net of total deferred tax)	10
Changes in consolidation scope	5
Dividend distribution	(100)
Others	(5)

The non-controlling interests amounted to €178 million, compared to €194 million as of December 31st, 2022.

The net financial debt, as defined in note 10.1 to the consolidated financial statements, amounted to €2,917 million as of December 31st, 2023 compared to €2,579 million as of December 31st, 2022. It represented 50.26% of equity, compared with 40.8% as of December 31st, 2022, and 2.1 years of cash flows from operations and 1.9 years of EBITDA (2.8 years including IFRS 16 lease liabilities).

2.3 CORPORATE SOCIAL RESPONSIBILITY

The company's non-financial performance is described in chapter 3 of this document - Non-financial performance statement.

2.4 SUBSEQUENT EVENTS

After the entry into exclusive negotiations with the Casino group, as announced on December 18th, 2023, Auchan Retail and Groupement des Mousquetaires on January 24th, 2024 announced the signature of a firm agreement to take over 288 Casino supermarkets and hypermarkets in France.

For its part, Auchan France will transform, by the summer of 2024, 98 points of sale (70 supermarkets, 26 hypermarkets, and 2 drive-throughs), mainly in the Paris region, Rhône-Alpes and southern France (Provence, Côte d'Azur, Occitanie) regions, as well as 63 gas stations and a PGC warehouse in Aix-en-Provence.

Through this acquisition, Auchan Retail is carrying out a responsible operation with Les Mousquetaires that preserves employment in the stores taken over by Auchan. All Auchan France teams are mobilised to make the store transfers and the reception of Casino group employees successful. Once the project has obtained the approval of the Competition Authority, the closing should take place in several stages during the second and third quarters.

2.5 OUTLOOK

In 2023, ELO's financial results were satisfactory. Despite a difficult global situation, Auchan Retail and New Immo Holding remain conquerors by maintaining a significant investment policy, particularly in the Iberian peninsula and in France.

This policy will accelerate in 2024 with in particular the acquisition of the Casino stores in France. These investments aim to strengthen the positions of Auchan Retail France in a context that will remain challenging (high food prices, energy prices) and uncertain (geopolitical situation).

Auchan Retail will continue to play its role as an inflation buffer for consumers and continue to look to the future as part of its Vision 2032 as regards both financial and non-financial matters.

2024 should also mark the start of the very long-term purchasing alliance with the Les Mousquetaires Group, which notably aims to create the first French purchasing centre.

For its part, New Immo Holding will continue its strategy of reinventing real estate, thus enhancing the attractiveness of its sites, through dynamic management of the assets it manages, and first and foremost 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

3

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This part of this report presents a summary of the main social and environmental issues related to the activities of the ELO Group companies, the actions they are implementing in connection with these issues, and the progress and results of these actions.

Auchan Retail represents more than 98% of the consolidated revenue and more than 99% of the ELO Group's workforce. The discussion that follows is therefore largely devoted to this subject and the information relating to New Immo Holding is therefore more ad hoc.

For compliance with the applicable regulations:

- the information relating to the non-financial performance statement referred to in Article L. 225-102-1 of the French Commercial Code is available in sections 1.5 and 1.6 (for the presentation of business models), in section 3.1.3. (for the risk mappings), in sections 3.2 to 3.5 (for the corresponding policies, action plans and key performance indicators), in section 3.8. (for the methodology and summary of the key performance indicators), and in section 3.9. (for the report of the independent third party);
- the duty of care plan referred to in Article L. 225-102-4 of the French Commercial Code, and the report on its implementation, are dealt with in section 3.6;
- the information relating to the European green taxonomy defined by regulation (EU) 2020/852 of 18 June 2020, is available in section 3.7.

3.1 CSR APPROACH AND NON-FINANCIAL CHALLENGES

ELO's companies operate with a commitment to value creation for all their stakeholders. They pursue an approach of progress with regard to the various components of corporate social responsibility (CSR). They have a dedicated CSR governance. They engage in active dialogue with their stakeholders. They periodically analyse the CSR impacts and risks related to their activities. This approach enables them to adjust the focus of their activities and change their CSR roadmaps.

3.1.1 CSR GOVERNANCE

> Auchan Retail

Auchan Retail has set up a dedicated CSR governance, both at international and national level.

At the international level

Auchan Retail's CSR Department, which reports directly to its General Manager, contributes to the definition of the company's CSR roadmap, and coordinates the implementation of this roadmap within the subsidiaries.

The departments in charge of Human Resources, Quality, Compliance and Ethics are, along with the CSR Department, the main contributors to the development and management of this roadmap.

To this end, the aforementioned departments collaborate with the representatives of Auchan Retail's business lines (Worldwide Products Department[1], Technical Department, Financial Department, etc.) and with the representatives of the CSR functions of the subsidiaries in each of the countries where Auchan Retail is present

Since 2022, the CSR Department has been coordinating:

- the International CSR committee, which is composed of representatives of the aforementioned departments, the Auchan Retail's business lines and the functions in charge of CSR in its subsidiaries, and is responsible for coordinating the implementation of the CSR roadmap within the Auchan Retail group and for promoting synergies in this area between its entities; and
- the International Climate committee, which is more specifically responsible for coordinating and monitoring the implementation of the climate roadmap within the Auchan Retail group, and whose composition and operating procedures are described below (see section 3.4.1.1 "Climate governance").

In 2023, the Board of directors of Auchan Retail set up an ESG committee to assist it in overseeing the company's consideration of the CSR issues related to its activities.

At the national level

In each country where the Auchan Retail group operates, the head of the CSR function of the local subsidiary contributes to the definition of the said subsidiary's CSR roadmap, based on the Auchan Retail CSR roadmap and taking into account local issues, and steers its implementation within this subsidiary.

The head of the local subsidiary's CSR function coordinates:

- in each subsidiary, a CSR committee responsible for coordinating the implementation of the subsidiary's CSR roadmap; and
- in the main subsidiaries, a Climate committee, which is more specifically responsible for coordinating and monitoring the implementation of the subsidiary's climate roadmap.

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

> New Immo Holding

In 2023, the two constituent entities of New Immo Holding each set up their own CSR governance. Given the complementary nature of their activities, a cross-functional governance body was also created.

At Nhood

A CSR director has been appointed at group level, whose mission is to contribute to the definition and help the implementation of Nhood's CSR strategy, drawing on the local CSR contacts present in the subsidiaries. He is also responsible for supporting and accelerating the implementation of the triple positive impact (People, Planet, Profit) within all subsidiaries and with Nhood's customers. In this context, the CSR director:

- participates in the ESG committee, which brings together Nhood's CSR, Human Resources, Finance, Legal and Compliance Departments every quarter to coordinate the implementation of their respective roadmaps within the Nhood group; and
- leads the CSR Synergy, which brings together once a month the CSR director and the representatives of the functions in charge of CSR in Nhood's subsidiaries to coordinate and monitor the implementation of Nhood's CSR roadmap within its subsidiaries.

At the local level, each subsidiary has a CSR contact or team responsible for the operational implementation of the CSR roadmap within the subsidiary.

At Ceetrus

Ceetrus' Executive Management defines the company's CSR strategy and steers its implementation, with the support of its portfolio managers.

To implement this strategy at the local level, the company relies on Nhood's operational teams for site management operations and development projects.

Cross-functional governance

Given the complementary nature of the activities of Nhood and Ceetrus, a Cross-Functional committee brings together Nhood's CSR Department and Ceetrus' Executive Management every month to coordinate the operational implementation of the real estate company's asset management strategies.

3

3.1.2 DIALOGUE WITH STAKEHOLDERS

The companies of the ELO group maintain a regular dialogue with their stakeholders. This dialogue feeds into the reflection on the activities and strategic orientations of the companies and contributes to the proximity sought by the companies with regard to their stakeholders.

> Periodic consultations

Stakeholders are consulted periodically as part of the updating of the materiality analyses that make it possible to identify and prioritise the CSR issues related to the companies' activities. The consultation methodologies and materiality matrices resulting from the analyses carried out by Auchan Retail in 2021 and by Nhood in 2022 are presented in section 3.1.3 below.

> Ongoing dialogue

In addition to these periodic consultations, the companies of the ELO group maintain an ongoing dialogue with their stakeholders in the context of their activities. Different methods of dialogue are used depending on the companies, stakeholder categories and issues. The table below shows examples of the continuation of this dialogue in 2023.

Employees	• Organisation of regular exchanges between the management of the companies and their employees • Implementation of internal commitment and satisfaction surveys • Communication of results and improvement action plans to employees
Social partners	• Coordination of a CSR Commission within ELO's European Works Council
Investors	• Sharing of non-financial performance assessments and roadshows carried out by the Finance Department • Sharing of the strategic, financial, operational and CSR progress of the ELO group and its subsidiaries at the half-yearly meeting held to present ELO's financial results • Regular individual discussions with investors and other banking institutions about the activities of the ELO group and its subsidiaries
Customers/Residents	• Organisation by Auchan Retail of meetings with consumers, known as "Focus Groups", to test new concepts (new positioning of product brands, new packaging graphic charters, Auchan-brand communication such as Qilive and Actuel, etc.) • Continuation by Auchan Retail of the "Trends that count" programme to develop product categories in line with consumer expectations • Co-construction by Auchan Retail and consumers of certain flagship products (coffee machines, vacuum cleaners, coats, underwear, etc.) • Organisation of local meetings with customers using Auchan-brand non-food products, to better understand their conditions of use and the improvements to be made • Assessment of the image of Auchan Retail's product brands through opinion surveys in the various countries in order to identify areas of improvement • NIH kingsley tenant satisfaction survey • Regular listening to customers/users of NIH sites
Industrial partners/players in the Retail and Property management sectors	• Contribution of Auchan Retail to discussions on CSR issues within national and European federations representing retail and distribution • Auchan Retail's participation in the exchanges of the *European Plastic Pact* (until the summer of 2023, the *European Plastic Pact* brought together companies, NGOs and European governments to follow a roadmap to combat plastic pollution) • Participation of Auchan Retail in the work of the Ellen MacArthur Foundation network (The Ellen MacArthur Foundation network brings together companies working to promote the circular economy) • Participation of Auchan Retail in the working groups of the *Fashion Pact* (The *Fashion Pact* is a series of environmental commitments signed by several fashion companies in 2019 aimed at reducing their environmental impact) • Participation of New Immo Holding in the technical, legal and CSR committees of the French Federation of Retailers in the Territories (Fédération des acteurs du commerce dans les territoires, formerly CNCC) • Through its development activities, Nhood is a member of the French Federation of Real Estate Developers (Fédération des promoteurs immobiliers) • Nhood and Ceetrus are members of the French Sustainable Real Estate Observatory (Observatoire de l'immobilier durable) • Nhood is a member of the French Institute for Building Performance (Institut français pour la performance du bâtiment, or IFPEB) and has joined its Reuse Booster and Low-carbon Specifiers hubs • Nhood is a partner of the Entrepreneurship Territory Innovation Chair (Chaire entrepreneuriat territoire innovation) at the University of Paris 1 and the Urban Economy Chair (Chaire d'économie urbaine) at the ESSEC business school • Nhood has joined the IF initiative of Carbone 4 (a leading player in decarbonisation in France) by aiming at reconciling corporate strategies with global resource limits. This ecosystem brings together different economic players around the sustainable transformation of business models
Local producers/farmers	• Organisation of the "Auchan Tour" in France during which Auchan Retail employees and customers were able to meet local producers, particularly within the Auchan Grow the Good supply chains
Suppliers	• Organisation by Auchan Retail of an annual Indirect Purchasing Convention to which all suppliers of Auchan Retail's non-market products and services are invited
Journalists	• Regular press releases on CSR, strategic, financial and operational news of the ELO group and its subsidiaries • Responses to requests for interviews and additional information concerning the ELO group and its subsidiaries
Local and national administrative authorities	• Participation of Auchan Retail and New Immo Holding in government or local programmes on specific topics such as energy efficiency

3.1.3 MATERIAL ISSUES AND MAIN NON-FINANCIAL RISKS

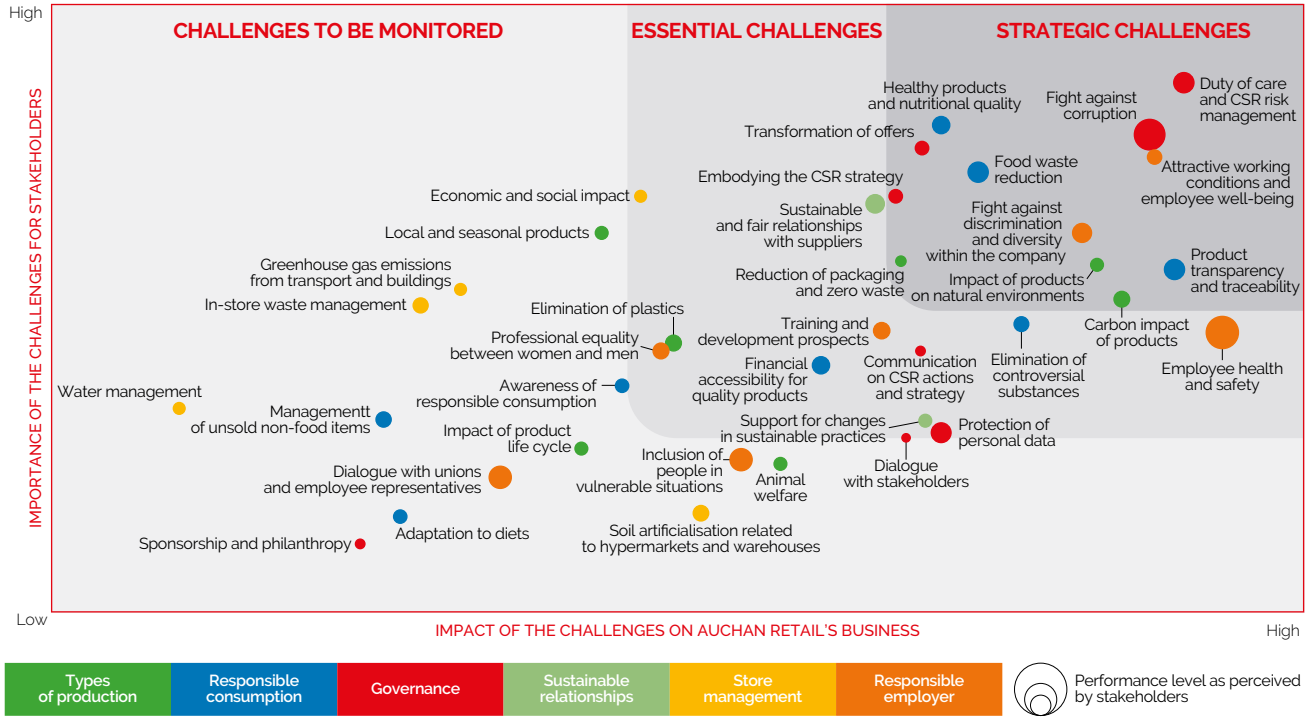
> Materiality matrix

Auchan Retail

In 2021, Auchan Retail developed a materiality matrix of its CSR challenges based on international and local analyses (Spain, France, Hungary, Poland, Portugal, Romania, Russia, Senegal, Ukraine). See the methodology presented in section 3.8.2.

At the Group level, the results of these analyses are presented in the materiality matrix below:

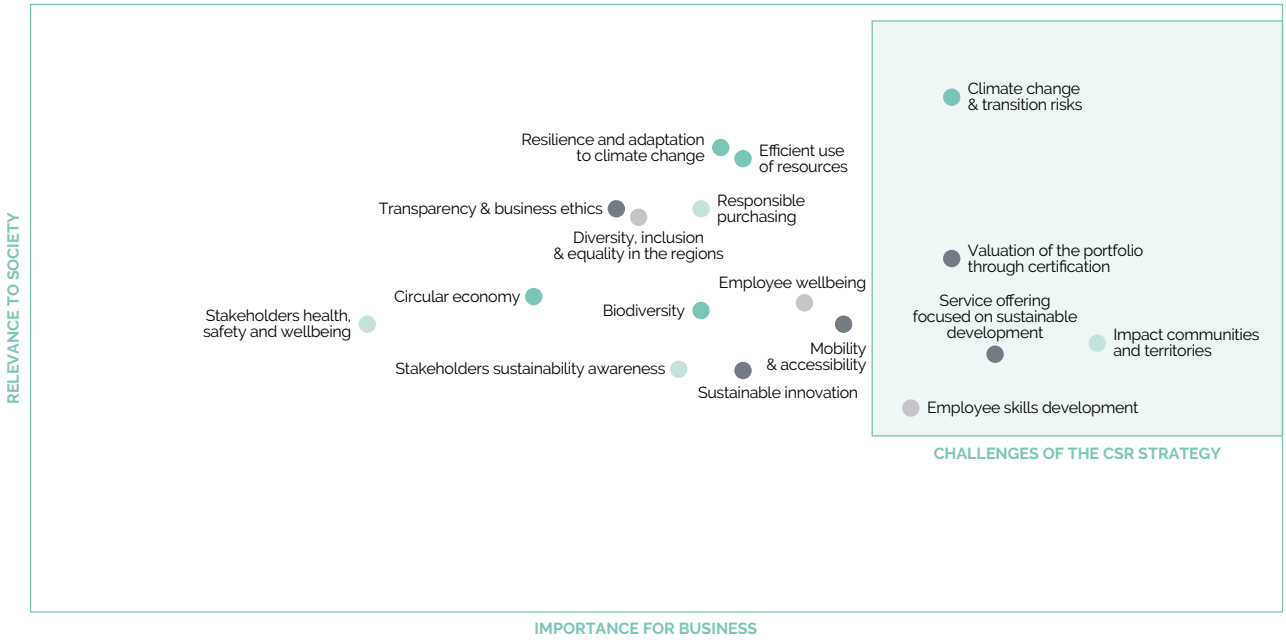
> MATERIALITY ANALYSIS RESULTS



New Immo Holding

In 2022, Nhood has set up a materiality matrix of its CSR challenges after consulting with the main stakeholders in the various countries where the company operates, making it possible to identify and prioritise the expectations for the real estate segment. See the methodology in section 3.8.2.

> NHOOD MATERIALITY MATRIX (CSR STRATEGY CLUSTER)

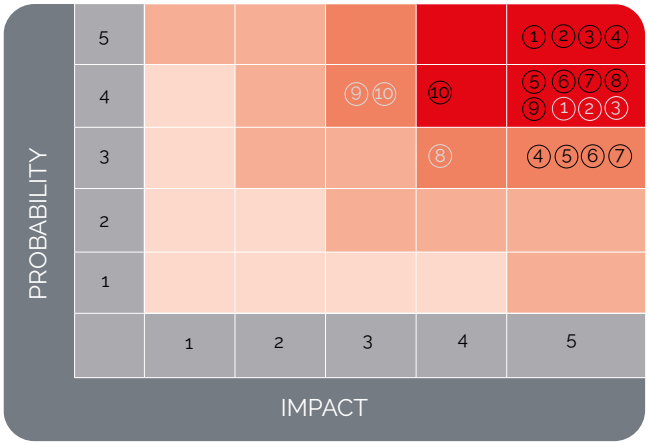


> CSR risk mapping

Auchan Retail

The mapping below, which is based on the methodology described in section 3.8.2, highlights the main CSR 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



Main exposures

① Control of the entire value chain
② Products - Impact on safety and hygiene in the processing chain of marketed food products
③ Environment - Unsustainable agricultural practices or production methods and selection of raw materials
④ Human rights and fundamental freedoms - forced labour/working conditions of migrants and posted workers/child labour
⑤ Environment - Climate risk
⑥ Environment - Lack of traceability of raw materials and ingredients used in the composition of the products distributed
⑦ Products - Health impact associated with storage, management in warehouses and delivery of products to customers
⑧ Environment - Non-respect of animal welfare
⑨ Employees - Occupational health and safety
⑩ Employees - Failure to respect work-life balance

Auchan Retail has chosen to present the gross and net risks identified for the company. The gross risk is the level of inherent 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	Section 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	3.4.1 Auchan Retail's climate plan 3.5.4 Filieres Auchan Grow the Good integrating human rights and environmental dimensions 3.5.5 Business integrity at Auchan Retail 3.6 Duty of care plan
Risks related to 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) • Filieres Auchan Grow the Good	3.3.5 Health, safety and quality of life at work 3.2.2 Nutritional quality and diversification of product ranges 3.2.3 Guiding customers towards more responsible eating 3.5.1 "Auchan Grow the Good" supply chains

Risks	Level of risk	Challenges	Policy	Section 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.	• Filieres Auchan Grow the Good and LCA products • Group and country carbon roadmap • Supplier commitment • Anti-deforestation policy • Labour, environmental and quality-related audits • Responsible purchasing policy	3.2.2 Nutritional quality and diversification of product ranges 3.4.1 Auchan Retail's climate plan 3.4.4 Biodiversity 3.5.1 "Auchan Grow the Good" supply chains 3.5.4 Filieres Auchan Grow the Good 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 • CSR assessments • EcoVadis • Whistle-blowing procedure	3.3.4 Social dialogue 3.3.6 Diversity and equal opportunities 3.4.1 Auchan Retail's climate plan 3.5.4 Filieres Auchan Grow the Good integrating human rights and environmental dimensions 3.5.5 Business integrity at Auchan Retail 2.5.7 Duty of care plan
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 project/Worldwide Products Department) • Food waste policy • Anti-deforestation policy • Plastic pollution policy • Store energy efficiency plan	3.4.1 Auchan Retail's climate plan 3.4.6 Reducing waste and fighting against food and non-food waste 3.4.7 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 Filieres Auchan Grow the Good and product LCA • Labour and quality-related auditing • Supplier training • Random checks on sites	3.2.1 Product safety and traceability 3.5.4 Filieres Auchan Grow the Good 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 • HACCP quality audits	3.2.1 Product safety and traceability 3.5.1 "Auchan Cultivons le Bon" supply 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)	3.5.1 "Auchan Cultivons le Bon" supply chains 3.5.3 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	3.3.5 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	3.3.2 Employee development 3.3.5 Health, safety and quality of life at work 3.3.6 Diversity and equal opportunities 3.5.4 Responsible supply chains integrating human rights and environmental dimensions

New Immo Holding

The methodology used to map the gross and net risks of the New Immo Holding group is based on the best professional risk management practices established by COSO and IFACI (see section 3.8.2).

New Immo Holding has chosen to present the net risks identified for the company in the table below. The net risk includes the mitigation actions deployed by the company to reduce the impact and the gross probability identified.

Category	Risks	Policy	Sections dealing with the subject
Environment	Pollution	• Nhood code of ethical conduct for employees • Business and partner code of ethics • Responsible construction sites charter • Responsible purchasing policy – France • Sustainability appendix to tenant leases • An international CSR roadmap	3.4.2 New Immo Holding climate change mitigation and adaptation plan 3.5.4 Responsible supply chains integrating human rights and environmental dimensions
	Energy consumption and CO_2 emissions	• Nhood business and partner code of ethics • Code of ethical conduct for employees • Responsible construction sites charter • Responsible purchasing policy – France • Sustainability appendix to tenant leases • Member of the Low-carbon expert Hub since 2022	3.4.2 New Immo Holding climate change mitigation and adaptation plan 3.5.4 Responsible supply chains integrating human rights and environmental dimensions 2.5.6 Business integrity at New Immo Holding
	Harm to biodiversity and stress on resources	• Nhood business and partner code of ethics • Responsible construction sites charter • Responsible purchasing policy – France • Sustainability appendix to tenant leases	3.4.2 New Immo Holding climate change mitigation and adaptation plan 3.5.4 Responsible supply chains integrating human rights and environmental dimensions 3.5.6 Business integrity at New Immo Holding
	Waste	• Nhood business and partner code of ethics • Code of ethical conduct for employees • Responsible construction sites charter	3.5.6 Business integrity at New Immo Holding
Fundamental human rights	Forced labour	• Code of ethical conduct for employees • Nhood business and partner code of ethics • Third-party due diligence policy • Standard compliance clauses in contracts	3.5.6 Business integrity at New Immo Holding 3.6 Duty of care plan
	Child labour	• Code of ethical conduct for employees • Nhood business and partner code of ethics • Third-party due diligence policy • Standard compliance clauses in contracts	3.5.6 Business integrity at New Immo Holding 3.6 Duty of care plan
	Infringement of the freedom of association	• Code of ethical conduct for employees • Nhood business and partner code of ethics • Third-party due diligence policy • Standard compliance clauses in contracts	3.5.6 Business integrity at New Immo Holding 3.6 Duty of care plan
	Discrimination and infringement of equality	• Code of ethical conduct for employees • Nhood business and partner code of ethics • Third-party due diligence policy • Standard compliance clauses in contracts	3.3.6 Diversity and equal opportunities 3.5.6 Business integrity at New Immo Holding 3.6 Duty of care plan
	Harm to economic and social development	• Nhood business and partner code of ethics • Code of ethical conduct for employees • Third-party due diligence policy • Standard compliance clauses in contracts	3.5.6 Business integrity at New Immo Holding

Category	Risks	Policy	Sections dealing with the subject
Health and safety	Health and safety of stakeholders on sites and construction sites	• Nhood business and partner code of ethics • Code of ethical conduct for employees • Group crisis management handbook and its operational action sheets • Responsible construction sites charter	3.3.5 Health, safety and quality of life at work 3.5.6 Business integrity at New Immo Holding
	Employee health and safety	• Employee career path policy: selection, reception, pay, development, and social benefits • Joint project on change management, pay, HR policies including employee career paths • Employee commitment and satisfaction survey • Individual interview ritual for 100% of employees, including individual development plans • As part of the "living better together" approach, an annual activity plan is structured to promote exchanges and give employees a voice • The implementation of HR indicator management, with identical reporting for all subsidiaries, will make it possible as of 2023 to improve responsiveness in the event of an increase in HR risks	3.3.5 Health, safety and quality of life at work



CORALINE BARRÉ

CSR Leader Auchan Retail

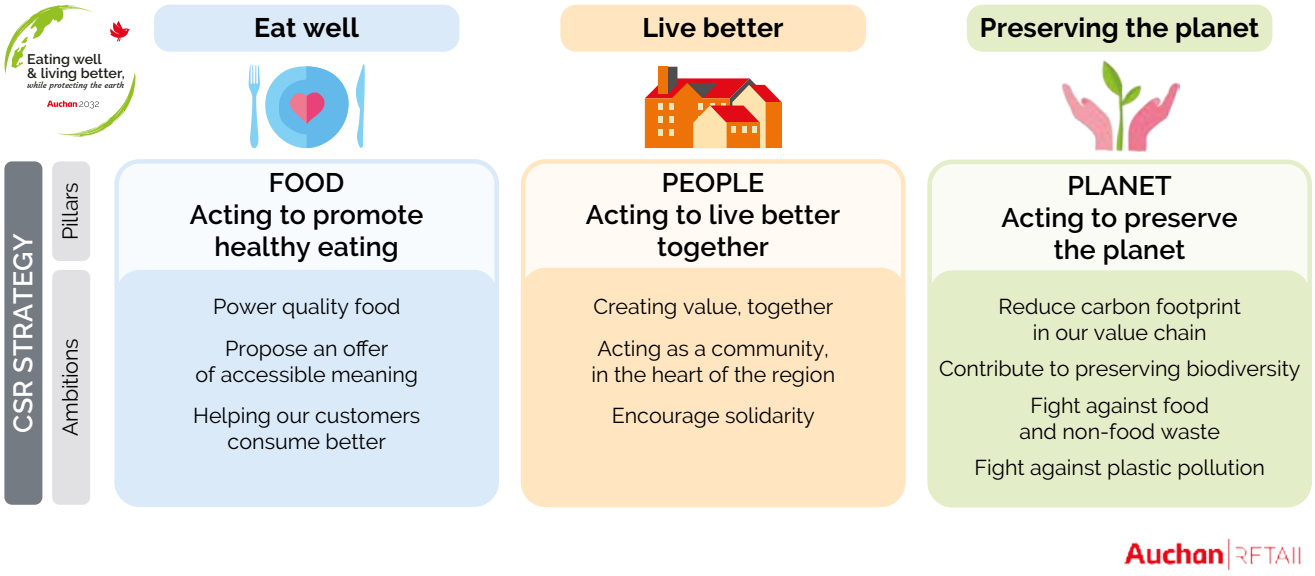
"Continuing the momentum already underway, our new roadmap enhances the meaning and determination of our Vision 2032. It incorporates our CSR action in all our strategic, organisational and operational decisions. We developed this project jointly with the Auchan Retail countries and business line experts within the framework of a collective seminar. The commitments and quantitative targets were presented during the first quarter of 2023 and reviews will be conducted every two years. Equipped and implemented with method and realism, our environmental approach aims to make Auchan a committed player capable of facing global challenges."

3.1.4 CSR AMBITIONS AND ROADMAPS

> Auchan Retail

In 2023, Auchan Retail finalised its CSR roadmap, in line with the company's Vision 2032: "Eating well and living better, while protecting the earth". This roadmap is based on three pillars: Food, People and Planet.

> AUCHAN'S CSR STRATEGY: **3 PILLARS AND 10 AMBITIONS**





> FOOD
ACTING TO PROMOTE HEALTHY EATING

Promote quality food	Propose an offer of accessible meaning	Helping our customers consume better
AMBITIONS 2032		
• Be recognised for our procedures: **quality, security, compliance, traceability.** • Give to our customers the pleasure of a **good nutrition**: healthy, helping to preserve the environment, and a source of pleasure for our taste buds.	• Develop and enhance **more responsible** supply chains in the countries where we operate. • Our products **own brand** are at the heart of our offer and **recognised as enabling one good food.** • Promote products and **local know-how.**	• **Inform** our customers and **raise awareness** to a more responsible food: in stores, online and by family of products. • Develop **nutritional skills and knowledge** of our teams. • Rely on third parties **experts** trust to help our customers consume better.



> PEOPLE
ACTING TO LIVE BETTER TOGETHER

Creating value, together	Acting as a community, in the heart of the region	Encourage solidarity
AMBITIONS 2032		
• Promote a work environment that combines **autonomy, diversity, performance and conviviality** for our employees. • Acting for **dignity, safety and health** at work and in our value chain. • **Share** economic **value** created by the Company with our employees.	• Embark our employees in **actions with a positive impact locally.** • Making our **living areas** the place of **link building** and experience with our local communities.	• Be recognised for our **solidarity actions**, particularly in the field of food. • Enabling employees to **make a personal commitment** alongside the Company.



> PLANET
ACTING TO PRESERVE THE PLANET

Reduce carbon footprint in our value chain	Contribute to preserving biodiversity	Fight against food and non-food waste	Fight against plastic pollution
AMBITIONS 2032			
• Adapt our **business model** to make it more resilient to climate risks. • Strengthen our **energy efficiency** and our **production of renewable electricity.** • Build a **more low-carbon offering** in partnership with our suppliers.	• Reduce the **biodiversity footprint** of our activities (products and stores) with a particular focus on forest, marine and soil ecosystems. • Contribute to the **regeneration of nature.** • Better manage **risks and dependencies** with respect to ecosystem services in our business model.	• Accelerate our **fight against food waste** before, during and after the arrival of products in stores. • Encourage our **customers and employees** to be **stakeholders** of this fight.	• **Reduce our usage** of single-use plastic. • Develop the use of **reuse and recyclability,** in conjunction with our products.

The action plans detailed in the following chapters specify the actions taken in 2023 in relation to these ambitions.

Every year, Auchan Retail reaffirms its support for the ten principles of the United Nations Global Compact concerning respect for human rights and international labour standards, environmental protection and the fight against corruption by incorporating these principles into the company's CSR strategy.

> New Immo Holding

Nhood CSR roadmap

Since December 2022, Nhood has been implementing a CSR roadmap based on a vision covering three dimensions - *People, Planet, Profit*. This roadmap aims to mobilise the teams by implementing action plans, along with key performance indicators, in order to achieve objectives. It makes it possible to involve all Nhood subsidiaries in a process of progress.

People: Enhance employee commitment and well-being

For Nhood, a real estate services company, its employees represent one of its greatest assets. The company therefore pays particular attention to their well-being and commitment to work. The People roadmap focuses on the following areas:

- act in favour of diversity and inclusion;
- monitor the commitment and satisfaction of its employees;
- improve the well-being of its employees at work to promote their commitment.

Planet: Reduce the negative impact of the company's activities on the environment

In a context marked by climate change and growing awareness of environmental issues, Nhood is committed to reducing the negative impacts of its activities on the environment. Its "Planet" roadmap focuses on the following areas:

- reduce the energy consumption of its offices;
- promote sustainable mobility, by encouraging low-carbon solutions for employees' business travel;
- reduce the company's carbon footprint;
- improve the knowledge and commitment of its employees with regard to the environment and, more generally, in terms of CSR.

Profit: Improve the information for stakeholders

Nhood strives to improve the quality of the information it communicates to its stakeholders in terms of CSR and to better report on its progress in terms of CSR.

Ceetrus CSR roadmap

Ceetrus recently adopted a new strategic direction by targeting to become an impact property company. Its intention is to "achieve a thriving portfolio, with and for all living things". The company has put in place an impact framework defining its ambitions as well as measurable objectives through key performance indicators. The company intends to contribute to 13 of the 17 United Nations Sustainable Development Goals (SDGs), namely:



3.1.5 NON-FINANCIAL ASSESSMENTS AND AWARDS OBTAINED BY ELO COMPANIES

> Auchan Retail

Non-financial assessments

			2020	2021	2022	2023	
CDP (1)	Climate	ELO	B	B	B	A-	
	Forests	ELO				B-	
Moody's ESG Solutions		ELO	49	62	x	62	
SBTi		ARI			Submitted	Validated	In 2023, the Scopes 1, 2 and 3 decarbonisation trajectory was validated by SBTi

(1) The Carbon Disclosure Project (CDP), an internationally recognised organisation, assesses the impact of companies, territories and various organisations on climate change, water, forests and supply chains.

Awards obtained in 2023

Among the awards obtained by Auchan Retail in 2023, the following can be mentioned:

- In Portugal:
  - In the second edition of The Sustainable Retailer of the Year 2023, Auchan Retail Portugal was recognised as the retail chain preferred by consumers and readers of Grande Consumo magazine.
- In Romania:
  - the Zero Waste project, launched in 2020, whose main objective is to fight against food waste, was rewarded at the 11th edition of the *Companiilor Sustenabile Romanian CSR Awards 2023 Gala* in the Environment category, winning third place;
  - at the third edition of the Community Index, Auchan Retail Romania received three awards for the investment and efforts made in projects during the year 2023:
    - an award for the Climate Month, an awareness-raising and mobilisation campaign on climate change,
    - an award for the Auchan employee personal sustainability programme (PSP),
    - an award for the "#NUEPREATARZIU Recycle with Auchan" campaign, which organises the collection and recycling of aluminium kitchenware;

    The three awarded projects were selected from over 800 CSR projects, programmes and initiatives.
- In France:
  - at the "Victories of Collaboration Awards" organised by The Field, Auchan Retail France was awarded the 2023 Grand Prix for its recycled textile tote bag,
  - at the AGIRES SYNERGIE Awards ceremony, Auchan Retail France was rewarded, for the fifth consecutive year, for the quality of its relations with schools, and obtained, for the third year in a row, the school favourite trophy,
  - at the presentation of the LSA La Grande Conso S'engage Awards, Auchan Retail France received the Food Sovereignty trophy for its "Tous aux Champs" Tour de France.
- In Luxembourg:
  - Auchan Retail Luxembourg was awarded the SuperDrecksKëscht® fir Betriber label for its commitment to the waste prevention and recovery sector. The label is a quality mark issued for ecological waste management. It is granted to companies and private and public institutions that apply the SuperDrecksKëscht® fir Betriber concept and thus actively contribute to protecting the environment through modern waste management.

> New Immo Holding

Awards obtained in 2023:

- In France:
  - Nhood France was rewarded for two of its projects, as part of the 2023 edition of the FPI FRANCE (Federation of French Property Promoters) Pyramid Ceremonies:
    - the Square Saint-Louis project in Bordeaux, which aims to clean up an existing industrial site and to renature the space through the creation of a 2,800m² garden at the heart of the block, the creation of a 400m² shared garden on the roof of the residence, created thanks to various co-construction workshops, the creation of a participatory fresco of 130m² by the artist Carni Bird, and the provision of a bicycle repair workshop, won the KOREGRAF Societal Impact Award, which rewards projects that have a significant societal impact,
    - the Allée Counord project in Bordeaux, which aims to create a real mixed-use and 100% pedestrian block in the heart of the city, thanks to a crossing green alley, an innovative concept for the Auchan supermarket, offices, shops and housing (under free and social home ownership), won the Grand Prix Régional Caisse d'Epargne - Grand Prix National SOCFIM, which rewards projects that meet multiple criteria (aesthetics, innovation in terms of design, equipment or uses, social integration, urban development, sustainable development, etc.).
- In Italy:
  - Nhood's "+ RISPETTO - GETTO" initiative on waste management, deployed in the Etnapolis shopping centre (Sicily), was awarded a certificate of merit issued by the Italian National Council of Shopping Centres (Consiglio nazionale dei centri commerciali - CNCC).
- In Luxembourg:
  - Nhood's "Silent Hours" initiative was rewarded in the "Well-being and working conditions" category at the 2023 Diversity Awards organised by Inspiring More Sustainability (IMS) Luxembourg.
- In Portugal:
  - the "Circularity All Around Us" initiative promoting reuse and developed by Nhood Portugal was rewarded with a "Circularity Award" as part of the "Distribution Masters" organised during the InRetail congress.
- In Romania:
  - Nhood was rewarded with a "Strategy with social or environmental impact Award" during the first edition of the "Sustainable Procurement Gala", organised by the NGO Asociația Centrul pentru Legislație Nonprofit, in partnership with the Cluj branch of the Civitas Foundation and the Ateliere Fara Frontiere association.
- In Russia:
  - the Aquarelle Volgograd SEC shopping centre, owned by Ceetrus and managed by Nhood, was awarded in the "Best social responsibility programme/social project" category, as part of the "Customer eXperience Awards Russia" initiative ("CX WORLD AWARDS").
- In Africa:
  - at the "Victories of Collaboration Awards" organised by The Field, the CI-nergieS West Africa project, developed by Nhood, whose objective is to develop synergies between AFM companies in Ivory Coast, won the "business technology" category.



CATIA ALEXANDRA MIGUEL

Nutritionist specialist in community nutrition and public health, Auchan Retail Portuga

"At Auchan Retail Portugal, we support our employees and customers to lead a healthy lifestyle. As a nutritionist, my role is to bring my expertise to the development of healthy product ranges and to raise awareness, through regular and appropriate communication, both of our customers and our employees. We help them make the rational and beneficial choice of healthier food."

3.2 PROPOSING A HEALTHY, QUALITY AND RESPONSIBLE FOOD OFFERING

Under the "Food: Taking action to promote healthy eating" pillar of its CSR roadmap, Auchan Retail intends to offer a healthy and quality food offering, combining safety, taste pleasure and nutritional balance.

To this end, Auchan Retail's actions focus on three areas:

- strengthen the security and traceability of Auchan-brand products;
- adapt the range of Auchan-brand products, in particular to better take into account the expected nutritional qualities and the diversity of eating habits;
- inform and raise awareness among customers to help them move towards more responsible eating.

For the implementation of these actions, Auchan Retail relies on its internal quality charter, which describes the company's ambitions in terms of the quality of Auchan-brand products according to a ten-point process following the product life cycle:



To coordinate the implementation of the aforementioned actions within the Group, once a month Auchan Retail leads an International Quality committee, composed of all the Quality directors of the countries and representatives of the other business lines involved (CSR Department, Risk Department, Compliance Department, etc.).

The subjects dealt with by the International Quality committee in 2023 focused in particular on:

- review of the development procedures for Auchan-brand products and "Auchan Grow the Good" supply chain products;
- review of the international crisis management procedure;
- definition of the minimum in-store quality control requirements;
- centralisation of the reporting of quality indicators;
- quality risk mapping;
- facilitation of the internationalisation of Auchan-brand products;
- assistance for the deployment of IT tools within the countries.

3.2.1 PRODUCT SAFETY AND TRACEABILITY

> Background

Contributing to the improvement of food product safety is at the heart of Auchan Retail's concerns. The risks related to product quality, compliance and safety are included in the company's risk assessment process (see section 3.1.3 above "Material issues and non-financial risks"), priority being given to the quality processes in the design of Auchan-brand products, the management of the traceability of these products and the application and control of standards and good hygiene practices.

> Objective

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

- ensuring the safety and compliance of Auchan-brand products;
- improving consumer information on the origin of these products.

As a food distributor, Auchan Retail is committed to:

- improving in-store and supply chain quality;
- improving its management of product withdrawals and recalls.

The company relies on internal or external experts or partner organisations (Évidence Santé, Earthworm France, etc.) in this progress approach.

> Action plan

1. Guarantee the safety and compliance of Auchan-brand products

Auchan Retail aims to ensure the safety and compliance of Auchan-brand products thanks to:

- a selection of suppliers aiming to minimise quality, social and environmental risks by geographical area, through supplier listing procedures and strict specifications ;
- audits of each production site by following Auchan Retail guidelines and/or by relying on international standards, including:
  - quality audits carried out according to standards such as those of the certifications recognised by the Global Food Safety Initiative (GFSI),
  - social audits carried out according to internationally recognised methods: Auchan is a founding member of the Initiative for Compliance and Sustainability (ICS) and the Business Social Compliance Initiative (BSCI),
  - environmental assessments carried out according to standards such as those of the ICS;
- the monitoring of the performance of our products and suppliers through regular tests carried out by accredited service providers and technical visits.

The application of these procedures is regularly checked by the Group's Internal Audit Department.

2. Inform consumers about the traceability of raw materials

Auchan Retail aims to ensure clear transparency on the origin of Auchan-brand products by:

- giving customers access to the required information on food products (traceability, labelling, web, etc.);
- informing customers about the country of production;
- informing customers about the origin of the raw materials.

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

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

- have a health control plan or HACCP[1] for all stores and internal Auchan logistics;
- train Auchan employees throughout the logistics chain in food safety and food quality requirements;
- assess all countries' points of sale according to a single procedure with reference to the international FSQS inspection standard[2];
- monitor the hygiene and safety of Auchan brand products and "craft" products (made-in-store), by taking regular samples of products in shop for microbiological and physico-chemical analysis;
- in the event of a serious crisis:
  - be able to withdraw a product worldwide,
  - have whistle-blowing systems,
  - be able to contact customers immediately in the event of a risk to their health;
- develop *Food Safety Culture* (FSC)[3] certification and awareness-raising programmes.

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

(2) The Food Store Quality Standard - a standard common to mass-market retailers that measures the level of control of points of sale with regard to the safety of the food sold.

(3) A set of shared values, beliefs and norms that affect the mindset and behaviour as regards food safety within and throughout an organisation." according to the Global Food Safety Standard (GFSI) report published in February 2019.

> Indicator

Scope	Indicator	2023
Auchan-brand food products	Share of sites with valid technical certifications	100%

> Illustrations in 2023

Theme	Entities	Actions
Safety of food products	Auchan Retail Portugal	• In 2023, health audits were carried out by external laboratories in all points of sale. In this context, during each visit, samples were taken for microbiological laboratory control of products, surfaces and handlers. Around 700 food audits were carried out and around 5,200 samples were analysed.
	Auchan Retail Luxembourg	• In 2023, all permanent store managers were trained in quality crisis management procedures (refrigeration failure, customer complaints, health inspections, etc.).
	Auchan Retail Spain	• In 2023, more than 18,000 analyses and controls of suppliers and products were carried out throughout the supply chain.
Product traceability	Auchan Retail France	• The information that appears on the packaging of the 5,800 food product references of Auchan-brand products manufactured in France explicitly indicates the origin of the ingredient on the front side and indicates that the product is made in France on the back. The origin of the milk and meat are displayed in a highly visible way and 1,100 references clearly highlight the origin of their main raw material.
Quality and management of in-store withdrawals and recalls	Auchan Retail Russia	• Over the 2023 reporting period, a total of 352 internal controls were carried out by health experts in all stores across the country.
	Auchan Retail Romania	• Every month, an outsourced functional audit (verification of the entire production and the entire scope of fresh produce and fruit and vegetables). In 2023, there were: – 394 audits initiated and managed by external auditors, – 12 audit support missions supported by the Quality Department, – 12 support missions for external auditors initiated by the coordinator of the outsourced audit services of the Internal Audit Department.

3.2.2 NUTRITIONAL QUALITY AND DIVERSIFICATION OF PRODUCT RANGES

> Background

Consumers are increasingly attentive to what they eat, because they understand that their food choices can have an impact on their health, on the health of the planet, or on the living and working conditions of the employees of the food value chain. To meet these expectations, retailers must constantly adapt their food product offering.

> Objective

Auchan Retail is committed to selecting and designing healthy and quality Auchan-brand products and to diversifying its product ranges to satisfy consumers' different food choices and lifestyles.

To this end, the company is mobilising its ecosystem: farmers and manufacturers, nutritionists and top chefs, butchers, fishmongers, bakers in its stores, store department managers and checkout assistants, logistics and digital teams, etc., and partner associations such as Bleu-Blanc-Coeur in Hungary for example.

> Action plan

1. Select and design healthy and quality Auchan-brand products

Going beyond the regulatory requirements, in 2017 Auchan Retail established a list, which it updates annually, of controversial substances whose use in the composition of Auchan-brand products is, as the case may be, either purely and simply prohibited or to be avoided as far as possible. At the end of 2023, this list included 60 substances, including:

- 36 prohibited ingredients, such as:
  - ingredients from GMOs,
  - ionised ingredients,
  - non-certified palm oil that may be linked to deforestation,
  - azo dyes,
  - glutamate,
  - ingredients in nanomaterial form,
  - sweeteners in products intended for infants and toddlers;
- 24 ingredients to avoid whenever possible, such as various colours or fructose.

Auchan Retail is also engaged in a process of reviewing the recipes of some of its products in order to improve their nutritional profile;[1] depending on the product, the company is working to reduce the levels of salt, sugar or fat, or to increase the levels of fibre.

2. Diversify the range of Auchan-brand products to meet the different nutritional choices and lifestyles of consumers

Given the societal sensitivity of consumers, Auchan Retail's subsidiaries promote agricultural initiatives that respect the environment and develop:

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

Auchan Retail is also developing ranges of vegetarian and even vegan products as an alternative to the consumption of animal proteins, for those of its customers who choose to consume less or no meat or other products of animal origin.

Auchan Retail designs or selects products for other specific consumer needs such as:

- gluten-free products;
- lactose-free products;
- low-sugar products;
- low-salt products.

In addition, Auchan Retail offers more than 2,000 Auchan-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.

(1) The principle of the "Nutritional Profile" is to classify food products according to their nutrient content.

> 2023 calendar year indicators

Indicators	2023
Total number of products whose Nutritional Profile has been improved[1]	382
Number of Auchan Bio-brand organic products[2]	1,340
Ratio of the number of "Auchan, Grow the Good" organic supply chains to the total number of "Auchan, Grow the Good" supply chains	18%
Number of Auchan-brand vegan product references[3]	173
Number of Auchan-brand gluten-free product references[4]	521

(1) Auchan-brand food products and traditional products
(2) Food products, drugstore, perfumery and hygiene
(3) Food products
(4) Food products

> Illustrations in 2023

Theme	Organisation	Initiative
Select and design healthy and quality Auchan-brand products	Auchan Retail Spain	• As part of the "*National Collaboration Plan for the Improvement of Food and Beverage Composition" set up by the Spanish Food Safety Agency (AESAN)*, Auchan Retail Spain reformulated 37 products. These reformulations made it possible to reduce fats by 3,500kg, sugar by 8,900kg and salt by 1,800kg.
Diversify the Auchan-brand product ranges	Auchan Retail Romania	• In order to best meet the needs of consumers, Auchan Retail Romania has increased its offering in alternative product ranges (gluten-free, lactose-free, vegetarian, etc.) by 35%.

3.2.3 GUIDING CUSTOMERS TOWARDS MORE RESPONSIBLE EATING

> Background

Consumers are increasingly aware of the challenges of sustainable food and want to know the nutritional profile of products as well as the societal and environmental impacts associated with their consumption.

However, the plurality and complexity of the information available in this area, in particular the diversity of societal and environmental labels and scoring initiatives, can be a source of confusion for consumers.

Retailers therefore have a role to play in informing and raising awareness among consumers to help them move towards more sustainable food.

> Objective

Auchan Retail is committed to guiding its customers towards more responsible eating through information on products and awareness of behaviours that contribute to such eating habits. The company's objective is to enable its customers to make informed choices according to their needs, their budget, but also their societal and environmental concerns.

> Action plan

1. Communicate about products to promote informed choice

In addition to the regulatory nutritional information relating to the products, and to facilitate understanding by consumers, Auchan Retail has chosen to deploy the Nutri-Score on the packaging of all Auchan-brand food products. The Nutri-Score was created in France in 2017 at the initiative of the public health authorities. It is used by producers on a voluntary basis. Its implementation is now recommended by the authorities of several European countries.



The Nutri-Score is represented[1] by a logo providing simplified and easily understandable information on the product's nutritional profile.

By the end of 2023, the Nutri-Score had been adopted for Auchan-brand products by Auchan Retail's countries in France, Spain, Poland, Ukraine and Portugal.

Auchan Retail and its countries also organise, on a permanent or recurring basis, thematic communication campaigns to consumers on products contributing to sustainable food, such as communication campaigns on the "Auchan Grow the Good" responsible supply chains (see section 3.2.1 below) or on specific Auchan-brand product families (organic products, seasonal products, etc.). These communication campaigns are carried out in particular through the provision of thematic materials, including online materials (brochures, catalogues, etc.), and the provision of information in stores (merchandising items, product tastings, etc.).

2. Raise awareness of behaviours that contribute to more responsible eating

In addition to product communication, Auchan Retail's countries also implement, on a permanent or occasional basis, events, programmes or partnerships aimed at raising consumer awareness of behaviours that contribute to more responsible eating, such as:

- the implementation of training programmes for a balanced diet and the provision of recipes, under the supervision of nutritionists;
- the organisation of awareness-raising campaigns on certain food-related pathologies (diabetes, etc.);
- the organisation of "on-farm" meetings between producers and consumers;
- the conclusion of partnerships with local or national associations. For instance, in order to help gluten intolerant people, Auchan Retail Spain, in collaboration with the Spanish Federation of Celiac Associations, has implemented specific educational signage and campaigns promoting "gluten-free" diets in its stores.

(1) The Nutri-Score is represented by a logo in the form of a scale with five letters and colours, ranging from A and dark green, for products with the most favourable nutritional profiles, to E and red, for products with the least favourable nutritional profiles.

> Indicator

Scope	Indicator	2021	2022	2023
Auchan Retail food products[1]	Percentage of local or international Auchan-brand products with the Nutri-Score label	48%	45%	56%

(1) Auchan brand products and traditional products. On a constant scope of consolidation basis in France, Spain, Poland, Ukraine and Portugal.

> Illustrations in 2023

Theme	Entity	Actions
Guiding customers towards more responsible eating	Auchan Retail France	• A monthly magazine is offered to customers that includes a selection of CSR content, tips, recipes and tutorials on the theme of responsible consumption.
	Auchan Retail Spain	• Advice on healthy eating, under the supervision of a nutrition expert, has been included in all of the company's commercial brochures concerning food products. • All the recipes offered to customers (in video or newsletter format) are prepared by the company's chef and systematically include a nutritional assessment. • Club Rik & Rok (the company's club for children) published 36 recipes for young children on its website, created a "Mini Chef" section in its magazine and organised 12 awareness-raising workshops on healthy eating. In total, in one year, this content received more than 3,000 visits on the Club's website.
	Auchan Retail Portugal	• Launch in stores of a campaign to raise awareness of better eating habits by offering customers nutritionally balanced weekly menus. • 100% of Auchan-brand products have a Nutri-Score marking on their packaging, of which 38% have a rating of A or B. Auchan Retail Portugal wants 50% of its range of Auchan-brand products to have a Nutri-Score of A or B by 2025.
	Auchan Retail Hungary	• Launch of an online customer training programme to provide practical and easy-to-understand nutrition advice. This advice is validated by nutritionists.



ASSIÉTOU DRAME

DHR Auchan Retail Senegal

“ In addition to numerous training actions for all our employees, we wanted to grow a new generation of Senegalese managers, build their loyalty and prepare them for broader and more complex responsibilities as part of the strong development of Auchan in Senegal. This is why we set up a customised diploma course combining technical, digital and managerial skills with Sup de Co Dakar. For one year, it combines strategic multi-business training, individual internal mentoring and personalised external coaching. In the end, it will have strengthened the potential, commitment and professionalism of our managers. ”

3.3 WORKING TO ENSURE THAT EVERY EMPLOYEE IN ELO COMPANIES COMMITS TO A MEANINGFUL PROFESSION

ELO and its subsidiaries employ 155,179 people worldwide, of which 61.5% are women.

The attention paid to employees in all its human and social dimensions is at the heart of the ELO companies' culture. It is essential to offer products or services that meet customer expectations and to transform the business lines of companies.

ELO's companies strive to be attractive and inspiring employers for talented and committed employees.

Professionalism, commitment, solidarity, integration, initiative in the service of customers and retail, sharing of value are principles shared and implemented within ELO's companies.

At Auchan Retail, whose employees represent 99.2% of the workforce of ELO and its subsidiaries, two major strategic areas for Human Resources have been identified as part of the company's Vision 2032:

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

As part of the "Live better together" pillar of the HR roadmap, the company's priorities are:

- the employee's experience in all aspects of his or her work environment;
- the quality of management;
- the recognition of work commitment and commitment to performance;
- support for each team in the commercial, digital and organisational transformations;
- exemplary consideration of social and societal issues, such as equity, inclusion, health and quality of life at work, and employability.

To coordinate its actions within the Group, Auchan Retail relies on an International Human Resources committee, composed of representatives of the Human Resources Department of Auchan Retail and representatives of the Human Resources Departments of its countries. Every country has a Human Resources Department, represented on the Management committee, which manages several divisions: personnel management, human resources development and training, internal communication, organisation, pay.

3.3.1 EMPLOYMENT

> Auchan Retail's employment policy

Background

In a more uncertain and complex world, companies must constantly adapt their human resources policies to anticipate and support the transformation of their businesses and meet workers' new expectations.

The Group's culture has always been based on responsibility, sharing, respect and trust; these values are still differentiating pillars in today's world.

The Group's culture is enriched by the diversity of the profiles of the employees who join the company and to whom a long-term professional perspective is offered.

Objectives/Policy

In 2023, Auchan Retail reviewed its employment policy to reaffirm its vision as a serious, loyal and responsible employer in the current context of work and the expectations of employees (current and future). This policy aims to implement:

- permanent monitoring of all subjects requiring particular attention (total rigour in the contractual relationship and in the application of labour laws; respect for work-life balance; prevention of all forms of discrimination; prevention of any form of harassment; prevention of physical and psychological risks related to working conditions; respect for collective action rights) and support for managers in these matters;
- requirements in terms of integration through employment and personal security through the employment contract;
- ambitions on the high quality of the employee's career in the company, from his or her arrival to departure, to ensure that an Auchan experience creates value and experiences for everyone;
- an improvement in the employability of employees, which is essential in a rapidly changing world;
- sstrategic management of business transformations to provide better support for change and coherent preparation of tomorrow's workforce, jobs and skills.

> illustrations in 2023

> ENGAGING EVERYONE IN THE AUCHAN ADVENTURE

In 2023, Auchan Retail Spain integrated 219 Dia stores and their 3,329 employees, in just a few weeks thanks to the mobilisation of the HR teams. The employees concerned were formally informed individually after the conclusion of the acquisition agreement. Subsequently, the brand change of each store was carried out over eight days, with a pre-opening period of four days allowing the new employees to attend a specific Auchan training course supplemented, at the opening, by technical modules concerning the checkouts and retail/management.

This onboarding was made possible thanks to a clear and organised strategy to carry out the various phases of the process and was supported by a dedicated and expert team *(task* force) which trained and supported the new employees throughout the opening process. It is the teamwork of employees, experts and committed leaders that made this brand transfer successful.

In 2024, Auchan Retail will convey its corporate culture to these new employees.

> IMPLEMENTATION OF A HR CHARTER FOR NHOOD'S "HUMAN FIRST" STRATEGY

In 2023, Nhood drafted and distributed to its employees a human resources charter that highlights the importance of the employees, considered as one of the company's primary assets, reflecting the values, strategies and vision of Nhood, while drawing on ELO's value-sharing policy and responding to current market trends.

The charter can be adapted to each country and takes into account the local situation as well as the economic context. It is the result of collaborative work between Human Resources and employees. The charter covers eight stages, which structure the journey of the Nhood employee: attract, recruit, integrate, manage performance, compensate, commit, develop and part ways.

> Workforce and breakdown

ELO's companies have a total of 155,179 employees, 153,965 for Auchan Retail and 1,214 for New Immo Holding. In 2023, ELO's activities grew, both for retail and real estate, with a new country: Ivory Coast.

> Trend in workforce numbers by business line

	Total workforce at the end of the period		
Activity	As of 09/30/2021	As of 09/30/2022	As of 09/30/2023
Auchan Retail	163,098	160,407	153,965
New Immo Holding	1,082	1,069	1,214
TOTAL ELO	**164,180**	**161,476**	**155,179**

The ELO workforce decreased by 3.9% between 2022 and 2023. This decrease concerns the Auchan Retail scope. It is mainly the result of adjustments related to the company's transformation, including in terms of skills and efficiency:

- digitisation of retail with some redeployments of staff, in particular to new business lines (IT, data, "last mile" supply chain, etc.);
- empowerment of the customer experience during in-store check-outs;
- pooling of back-office activities;
- consideration of certain very specific local realities (population flows and customer behaviour in Ukraine and Russia).

> Breakdown of workforce by country

	Total workforce at the end of the period			
	As of 09/30/2021	As of 09/30/2022	As of 09/30/2023	Change 2023 vs 2022
France	67,021	65,521	62,291	- 4.93%
Support services and new concepts	1,578	1,789	2,109	17.89%
TOTAL FRANCE	**68,599**	**67,310**	**64,400**	**- 4.32%**
Spain	19,191	19,364	19,770	2.10%
Portugal	8,593	8,653	9,052	4.61%
Luxembourg	1,310	1,298	1,330	2.47%
Italy (Nhood)	128	103	125	21.36%
TOTAL WESTERN EUROPE (EXCLUDING FRANCE)	**29,222**	**29,418**	**30,277**	**2.92%**

	Total workforce at the end of the period			
	As of 09/30/2021	As of 09/30/2022	As of 09/30/2023	Change 2023 vs 2022
Russia	28,579	28,062	24,885	- 11.32%
Poland	16,235	16,462	15,689	- 4.70%
Romania	8,238	7,868	7,456	- 5.24%
Hungary	6,438	6,076	5,754	- 5.30%
Ukraine	5,097	4,337	3,968	- 8.51%
TOTAL CENTRAL AND EASTERN EUROPE	**64,587**	**62,805**	**57,752**	**- 8.05%**
Senegal	1,772	1,943	2,175	11.94%
Ivory Coast	-	-	575	-
TOTAL AFRICA	**1,772**	**1,943**	**2,750**	**41.53%**
TOTAL ELO	**164,180**	**161,476**	**155,179**	**- 3.90%**

In France, the increase in the workforce of support services and new concepts (+ 17.89 %) is mainly due to the integration on this line by Auchan Retail of the workforce of its Simply Frais subsidiary (the "Partisans du Goût" brand), which was previously accounted for in the operating subsidiaries, and by a slight increase in the workforce of the Worldwide Products Department[1].

In Spain and Portugal, the workforce increased at Auchan Retail in particular due to the acquisition and integration of the Dia (Spain and Portugal) and the development of the digital commerce business around the Ocado concept (Spain).

In Africa, where Auchan Retail and New Immo Holding are growing, the workforce is increasing in line with the opening of new stores.

In Poland, Romania and Hungary, the workforce is decreasing due to a rationalisation of the activities in view of the economic activity of the countries and a desire to stabilise the workforce.

In Russia and Ukraine, the decrease in the workforce is mainly due to the geopolitical context.

> Breakdown of workforce by type of employment contract

	Percentage of employees on fixed-term contracts in the total workforce			Percentage of employees on permanent contracts in the total workforce		
	2021	2022	2023	2021	2022	2023
ELO	8.3%	7.0%	6.3%	91.7%	93.0%	93.7%

In their recruitment, ELO's companies favour permanent employment contracts. When looking for flexibility in their day-to-day organisations, the companies' multi-skilled and operational planning models generally provide the necessary flexibility.

However, the use of fixed-term employment contracts may prove necessary to meet certain short-term needs such as seasonal peaks in activity or to replace employees who are absent or on leave. Certain fixed-term employment contracts, such as work-study contracts in France (alternation between training periods and work periods), may also correspond to the wishes of employees. In France, to meet this expectation, the company has adopted a proactive policy: in 2023, work-study contracts represented nearly 5% of the employment rate on fixed-term contracts.

Furthermore, the need to recruit certain profiles that are scarce on the market (catering, security, etc.) may force the company to resort to other forms of contracts, such as temporary staffing.

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

> Breakdown of workforce by gender

	Total number of women in the workforce at the end of the period			Total number of men in the workforce at the end of the period		
	2021	2022	2023	2021	2022	2023
ELO	102,238	99,882	95,389	61,942	61,586	59,790

The percentage of women in ELO's companies decreased marginally from 61.9% in 2022 to 61.5% in 2023. This change is correlated with the reduction in the Auchan Retail workforce in Eastern Europe, where the percentage of women is structurally higher.

For the coming years, a challenge and concrete targets have been set to continue to increase the percentage of women, in particular in top management with the setting of a gender parity target for 2025. For the extended management committee functions of the *business units* and countries, the rates already exceed 40%.

> 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		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
ELO	15.3	15.8	15.1	20	18.6	18.4	37.7	37.0	36.4	27.5	28.6	30.1

ELO's companies encourage each employee to embark on an internal career path. As a result, over the years, our workforce is gradually shifting in terms of age groups.

With regard to the evolution of the age pyramid, ELO's companies must meet two challenges related to their ability to:

- manage the intergenerational balance (cooperation, transfer of know-how, collective maturity);
- offer adapted working conditions to "senior" employees, whose share of the workforce increased by 5% (employees aged 50 and over).

> 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		
	2021	2022	2023	2021	2022	2023
ELO	73.3%	73.8%	74.1%	26.7%	26.2%	25.9%

In their employment model, for several years ELO's companies have been aiming to make full-time the standard working time, preferring qualified, full-time jobs, organised if necessary in terms of versatility or multi-skills and thus promoting employability and a better level of compensation.

When the company's organisation so allows, part-time employment often represents a form of organisation chosen by the employees, for personal convenience.

> Workforce changes and reorganisation

	Number of people hired on permanent contracts			Number of departures of employees on permanent contracts			Turnover of permanent employees		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
ELO	31,442	41,686	40,716	48,031	45,476	48,059	26.9%	30%	32.6%

The flow of hires is mainly intended to compensate for departures. The staff turnover rate increased by more than two points between 2022 and 2023. It is mainly driven by voluntary departures (resignations) due to a job market that remained very dynamic.

At Auchan Retail, in 2023, 66.6% of the departures of employees on permanent contracts were voluntary departures (resignations). Over the same period, 1,766 employees retired, 20% more than in the previous year.

Since mid-2023, the company has been rolling out an action plan to nurture its employer brand both for employees already present in the company and for future recruits. Through this action plan, the company aims first and foremost to improve the employee experience. It also includes a target for decreasing voluntary turnover for the years 2024-2025. This plan includes around 30 concrete actions, the results of which are already visible in our TOP EMPLOYER certified countries in 2022-2023.

3.3.2 EMPLOYEE DEVELOPMENT

For several years, business models have been questioned and the job market is tight across the entire retail distribution and commercial real estate sector in all countries where ELO's companies are present.

The mass-market retailing businesses are changing rapidly (retail 2.0, widespread digitisation, new food uses, etc.).

To meet these challenges, ELO's companies are pursuing policies aimed at developing expertise and engaging talent: variety of profiles recruited, training paths, internal promotion dynamics, development of structured and supported multi-skills (source of flexibility and development of professionalism), priority to internal redeployment of staff, etc.

Auchan Retail wants its employees to embody its employer brand as ambassadors of its corporate culture, thus enabling the company to stand out in a globalised, digitised and competitive environment.

> THE AUCHAN EXPERIENCE, IT IS THE EMPLOYEES WHO TALK ABOUT IT IN THE MOST AUTHENTIC WAY

In 2023, Auchan Retail Hungary created its internal network of influencers in order to enhance its employer brand as well as its commercial brand. After a selection process among the internal candidates and a training course of several days on regulations and communication techniques, the 12 employees selected, as ambassadors of the Auchan brand, were capable of regularly publishing posts and videos on topics highlighting Auchan products or initiatives for the attention of their community.

#Auchaninfluencervagyok #Auchanhungary

3.3.2.1 Recruiting and welcoming young talents with diverse profiles

From the least qualified to the most expert, from young people to seniors, the profiles that join ELO's companies are very diversified and recruitment is based on the principle of non-discrimination and equal opportunity.

Very often, an Auchan Retail employment contract is often the first step towards a rich and diversified career.

The recruitment of young employees is done mainly through the relationships between ELO companies and schools, universities, training centres and recruitment firms. These relationships are obviously valuable for recruiting but also for spreading awareness of the ELO companies' vocation and passion for sharing knowledge.

Employees of Auchan Retail and New Immo Holding regularly speak at partner establishments (schools, universities, etc.) to present the business lines and the specificities of their companies, to offer case studies, discovery sessions at the sites, professional orientation discussions, and more. 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 in France also welcome students for introductory internships (French secondary school students) throughout the year.

> Performance indicators

ELO	2021	2022	2023
Number of school interns welcomed	2,887	2,876	2,463
Number of work-study contracts accepted	5,532	7,044	9,008

> KEY FIGURES FOR 2023 AT AUCHAN RETAIL FRANCE, WHERE THE WORK-STUDY PROGRAMME IS THE MOST DEVELOPED:

- in 2023, **5,832 work-study students** completed their work-study programme at Auchan Retail France during the 2022-2023 school year;
- in 2023, **630 work-study students** were recruited on permanent or fixed-term contracts at the end of their training;
- **1,789 interns** were welcomed at Auchan Retail France to discover real jobs.

> Highlights in 2023

Theme	Entities	Actions
Integration	Auchan Retail Poland	Deployment of a seamless 2.0 integration process for all employees, regardless of their position or workplace. The success of the onboarding is measured through a satisfaction survey and the percentage of employees still present after six months of being hired.
School relations	Auchan Retail Ivory Coast	Creation of a vocational school in collaboration with the German Development Cooperation Agency (Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ) to train 200 young people in the catering and distribution trades.

3.3.2.2 Promoting and retaining talent

The 2023 edition of the Auchan Retail commitment barometer shows that its employees have 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.

With the HR teams and managers, Auchan Retail is working to boost career paths, promote understanding of the corporate project, better acknowledge involvement and support operational managers who work closely with teams and customers. Each Auchan Retail business unit develops its own human project and its own action trajectory to serve these development ambitions.

ELO's companies are very committed to the development of their human capital through internal promotion. However, to meet the transformation needs of their business lines, ELO companies are increasingly required to diversify the profiles of their employees and integrate key skills: CSR, eCommerce, IT, Data, supply chain, etc.

Whether at the national or international level, Auchan Retail is committed to qualitative, empowering and efficient career management, in particular in order to nurture and 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 Group's various subsidiaries (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 within the local subsidiaries to define, with the support of the Auchan Retail teams, action plans: assessments, individualised development plans, coaching and mentoring, international skills acquisition pathways, future manager training programmes, etc.

At Auchan Retail, supporting international mobility is also a tool for developing the skills of future managers and their multi-country career paths.

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.

> Performance indicators

Average length of service (in years) of the total workforce (permanent and fixed-term contracts with at least six months of service)	2022	2023
Auchan Retail	8.74	8.24
New Immo Holding	6.09	5.83
TOTAL ELO	**8.09**	**7.7**

ELO	2022	2023
Number of non-managers who became managers between 10/01/2022 and 09/01/2023	737	748

ELO	2021	2022	2023
Internal promotion rate	35.3%	29.6%	25.3%
Internal promotion rate of women	38.8%	34.8%	31.7%
Internal promotion rate of men	21.4%	23.6%	17.8%

3.3.2.3 Training

Professional training is one of the pillars of the concept of "sharing" in ELO companies. "Knowledge sharing" is one of the levers of employee empowerment that the companies encourage; one that makes it possible to feel efficient, relevant, and autonomous in terms of both customer service and initiative. The sharing of knowledge within ELO companies takes place along several lines of action: sharing information internally about company life in full transparency by communicating on the company project, its results and strategy. This also means opening up to its ecosystem, being involved in workshops and conferences, and participating in permanent training, etc.

ELO's companies are aware of the transformations brought about by digitisation and new customer requirements and of the ensuing need to design new forms of skills transmission (just-in-time, in the field, collaboratively, e-learning, etc.).

For example, Auchan Retail's training policy has three main objectives:

- 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, AI, 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. In 2023, the company committed over €80 million to the training of its employees.

Develop cross-functional skills

The cross-functional skills targeted are essentially behavioural skills and "soft skills" that enable people to:

- act efficiently in a context of transformation;
- develop ethical and exemplary leadership;
- promote responsible management at all levels;
- promote consideration of social and environmental issues related to the company's activities and operations;
- constantly foster a spirit of openness and innovation.

The digitisation of training allows it to be offered to as many people as possible. In 2023, over 570,000 hours of remote training were provided to the New Immo Holding and Auchan Retail teams, which represents around a quarter of the total number of training hours provided.

To support the transformation of Auchan Retail's business lines in stores, an approach initiated in 2019 and called "*Future of work*" continues to guide the actions of the HR Departments in terms of strategic planning. Its aim is to put into perspective the changes to come for each family of professions and by subsidiary so that each can best adapt its skills and employment mapping.

Continue to roll out business line training

Training, at Auchan Retail, mainly focuses on the daily professionalisation of the business, on the quality of the customer relationship, and on the promotion of products and commercial performance.

To meet the digitisation challenges impacting all business lines, a specific training and skills development system for teams around data has been rolled out at the Auchan Retail head office. A communication campaign on this topic has been launched to introduce all employees 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.

Auchan Retail strives to promote the employability of its employees through redeployment of individual career paths, training (including certification), functional mobility and structured multi-skills.

For example, Marta, who had been a cashier in a hypermarket in Poland for several years, took advantage of the reorganisation of the in-store check-out area in her store to participate in the project to install a Self-Checkout (SCO) system in several stores across the country, and later in the project to unify the point of sale payment collection software in supermarkets. She then joined the support services for the creation of the company's internal postal service and now occupies a post as coordinator of said postal service. During her professional career, she has benefited from personalised support and management training. She also recently joined the new customer relations course organised by the Auchan Retail training academy in Poland.

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

The *Learning & Talent Management* approach implemented within Auchan Retail in 2021 for future executives is based on the assessment of their performance and their potential with regard to the profiles sought by the Group. Assessments are also carried out before an executive's change of position. This approach aims to address the following main challenges: promoting the complementarity of teams of leaders and their cultural openness, anchoring expertise, mixing profiles and taking action for gender parity.

The *Auchan International Management (AIM)* training path, frequently updated, allows some 20 managers over a period of 9 to 12 months to discover the common "toolbox" intended for all new managers of the company. Curiosity, autonomy, innovation and a "business development"-oriented mindset, necessary to understand a world characterised by volatility, uncertainty, complexity and ambiguity (VUCA), are some of the know-hows highlighted during this path, which includes, among other things, a 360° assessment, e-coaching and discussions with internal experts on cybersecurity and personal data protection. This training also includes a collective reflection on a strategic project for the Group and is supplemented by additional training modules giving rise to the issuance of a post-graduate diploma by the Nova School of Business and Executive Education (Lisbon, Portugal).

> Performance indicators

ELO	2021	2022	2023
Total training hours	2,383,626	2,207,366	2,224,454
Rate of training hours	1%	1%	1%

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

> KEY FIGURES

14 hours = the average number of training hours per employee in ELO companies in 2023;

0.97% is the share of hours worked dedicated to training in ELO companies in 2023.

> Highlights in 2023

Theme	Entities	Actions
Professionalisation	Auchan Retail Portugal	Creation of a training programme focusing on leadership development within teams; the objective is to prepare employees for the current and future challenges of retail distribution with an empowering management. 1,700 employees have already benefited from this programme, accumulating 13,000 hours of training.
	Auchan Retail Ukraine	Deployment of a new system of annual interviews based on a new international skills framework (also used for recruitment) and a new approach regarding self-assessment and self-knowledge.
Training offer	Auchan Retail France	Implementation of a digital and data training offer to acculturate employees to the new challenges of information technologies. Creation of a diversified training offer on the climate for all employees to meet the different levels of knowledge : from fundamental to expert level.
Training policy	Nhood Poland	Deployment of a new training system including four training packs, three of which are dedicated to the development of employees' skills in their professions, while the fourth is dedicated to managers. In addition to this system, each department director may be granted a training budget for more specific "job" training.

3.3.3 COMPENSATION AND VALUE SHARING

> Compensation

The compensation and value-sharing policy pursued by Auchan Retail aims to align the interests of employees with the company's objectives while promoting a culture of accountability, collaborative innovation and sustainable performance. It is part of a long-term vision that places human capital at the heart of the company's overall success.

Within the framework defined by Auchan Retail, its subsidiaries implement their own compensation policies. Each Auchan Retail subsidiary 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. This is the meaning of the *Global Benefits Management* project that the company began to roll out at the end of 2023, with strong international partners.

In the context of inflation affecting the countries where Auchan Retail operates, and in addition to the measures taken by their governments, various measures have been put in place, depending on the subsidiaries, aimed at supporting the purchasing power of their subsidiaries. employees, such as:

- maintaining the salary increase policy;
- generalising the employee rebate scheme. To date, Auchan Retail employees in seven of the Group's countries benefit from a rebate scheme on their purchases in Auchan stores. The roll-out of this system is also planned in the African subsidiaries. At the same time, certain local temporary schemes, such as the increase in the rebate on food products in France, were extended in 2023;
- co-financing of meals with, in particular, the increase of the value of meal vouchers in Romania, Spain, Poland and France;
- granting of exceptional bonuses for low-income earners, such as the "inflation bonus" in France or the "holiday bonus" in Romania;
- arbitrage in the components of compensation packages to favour the monthly net;
- implementation of initiatives to facilitate the monthly cash flow of Spanish employees via an online application.

> Value sharing

ELO is a 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 anchored in core values and is the expression of strong convictions within the Group (sharing of knowledge, power and assets). The aim is to tangibly involve employees in the company's future and results.

For Auchan Retail, this participatory policy has long involved employees in the company's success and projects:

- at the local level (stores, warehouses, head offices, etc.) through progress or performance bonuses in place in the subsidiaries in seven countries;
- at the country level through profit-sharing or performance bonuses in place in the subsidiaries in six countries;
- in terms of employee shareholding, with the matching of voluntary contributions according to the subsidiaries in place in seven countries.

An Employee Shareholding committee, including employee shareholder representatives, is in place in each Auchan Retail subsidiary.

At the Group level, an Employee Shareholding committee is responsible for:

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

> Indicators

ELO	2021	2022	2023
Percentage of employee shareholders of the company	73.3%	73.7%	77.34%

The percentage of employee shareholders in ELO's companies increased significantly in 2023, testifying to the company's desire to promote shareholding for as many people as possible. As there are no employee shareholders in some countries, the Group is working to extend the possibility of becoming a shareholder of the company to all subsidiaries.

> Highlights in 2023

Theme	Entities	Actions
Annual bonus	Auchan Retail Portugal	Implementation of an annual bonus per living area calculated on the EBITDA results compared to the budget. It is accessible to all employees having joined the company before 1 February of the year in question and who have at least eight months of service.
Employee shareholding	Auchan Retail Romania	Preparation for the opening of an employee shareholding fund.
Rebates	Auchan Retail and Chronodrive	Extension of the rebate scheme on purchases for the benefit of employees: a total of nearly 150,000 employees in nine European Group countries now benefit from a rebate scheme on their purchases in the Group's stores.
Inflation scheme	Corporate teams at Auchan Retail	Implementation of a fuel bonus of €35 net per month and an inflation bonus of a variable amount depending on the employee's status.

3.3.4 SOCIAL DIALOGUE

> Social dialogue at Auchan Retail

In a context of social relations that are becoming more global, more professional and more complex, Auchan Retail is committed to:

- promoting the most serene, positive and authentic social climate possible to enable the company to carry out its activities and its responsibilities as an employer under the best possible conditions;
- taking action for the reputation and image of its employer brand;
- improving the quality of operation of the staff representative bodies at all levels (Group, country, sites, headquarters, etc.).

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

To make the dialogue more efficient, Group social data and data at the subsidiary 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 some countries, Life committees have been set up in the stores to facilitate dialogue between management and employees.

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, in addition to the local bodies, the company 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 the staff representatives;
- interact with the representatives and answer their questions.

In 2023, Auchan Retail France hosted the European Works Council, which was held over three days during which the staff representatives were able to discuss the company's projects and strategies such as the integration of the Dia stores in Spain and Portugal, the development of franchises, the safety of people and property, and cybersecurity awareness. Each topic is presented by an expert to promote rich and constructive discussions.

The staff representatives once again testified to the quality of the meeting and the discussions and again provided relevant ideas for improvement.

> Indicators for ELO's companies

ELO	2021	2022	2023
Number of meetings with employee representatives	6,006	5,131	4,834
Number of collective agreements signed with the staff representatives	50	47	52

The change in the number of meetings from one year to another depends mainly on the social activity in the Group's entities:

- Auchan Retail Spain held fewer meetings in 2023; the year 2022 was marked by the acquisition of a company;
- Auchan Retail International and the Intra-Group Purchasing Organisation held their professional elections in 2023;
- Auchan Retail Senegal has set up a Health and Safety committee to focus work and exchanges on health and safety at work.

> Highlights in 2023

Theme	Entities	Actions
Three-year agreement	Auchan Retail Luxembourg	The legal and automatic indexation of wages in Luxembourg places companies under great strain, particularly in 2023. During the year, three indexations of 2.50% as well as a 3.2% increase in the social minimum wage impacted Auchan Retail Luxembourg's payroll by nearly 10%. The quality of the social dialogue within Auchan Retail Luxembourg has led to the conclusion of a three-year social agreement which provides for the staggered creation of salary grids, a salary increase scheduled for January 1st, 2025, and various qualitative measures to further reward the employees' professionalism.
Agreements	Nhood Services France and Nhood Holding	Signature in 2023 of eight company agreements, which demonstrate the dynamism of the social dialogue, with in particular the first agreement on quality of life at work for Nhood Services France and Nhood Holding, introducing measures such as support for gradual retirement, a one-day programme for solidarity actions and the evolution of teleworking rules in our companies.
Hygiene, Safety and Working Conditions committee	Auchan Retail Senegal	Establishment of a Health and Safety committee.

3.3.5 HEALTH, SAFETY AND QUALITY OF LIFE AT WORK

> Background of working conditions

ELO's companies pay constant attention to the quality of working conditions and the health of their employees.

They strive to develop a safe, 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 takes the necessary measures to ensure the safety of its employees and to protect their physical and mental health.

In this context, ELO's companies have set up:

- actions to prevent occupational risks;
- centralised monitoring of actions and results in each country;
- a measurement tool of employee perception on these topics;
- 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. In this respect, Auchan Retail scrupulously complies with the local regulatory frameworks and also disseminates best prevention practices in all its business units.

Auchan Retail also conducts discussions on the physical and sports activity of its employees. Actions are already in place in the subsidiaries, with Auchan Retail's teams coordinating these initiatives, such as the MOVE 2023, a solidarity race in which employees were able to participate.

In addition, in connection with Auchan Retail's corporate project, particular attention is paid to healthy food not only for its customers but also for its employees, in particular through the distribution of nutrition advice and assistance with the purchase of healthy products and diabetes support actions (France, Senegal), and more.

> 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 Auchan Retail's social policy. The project team dedicated to quality of life at work includes members of the corporate teams, human resources directors of subsidiaries, and the working conditions specialist of each subsidiary. Its role is to monitor the actions which, on the basis of a common methodology, are implemented in the subsidiaries according to their specific characteristics and the regulatory framework. It organises exchanges of best practices within the Group 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.

A quality of life at work (QLW) maturity grid has been established at Group level to monitor the actions carried out in the subsidiaries with a view to making the necessary improvements in accordance with local regulations.

In respect of the link between the army and the nation, ELO and its subsidiaries encourage their employees' civic commitments, in particular within the framework of the National Guard or Operational Reserve. Absences for military reserve service are facilitated. In their hiring profiles, in particular for logistics- and security-related positions, ELO's companies purposely reach out to military personnel moving towards a second part of their career.

> Indicators

ELO	2021	2022	2023
Frequency rate of workplace accidents with lost time	21.4	19.22	23.77
Severity rate of workplace accidents with lost time	0.8	0.9	0.6
Absenteeism rate (illness)	5.9	5.8	5.7

Although the frequency rate of workplace accidents is increasing, the severity rate is decreasing: there are more accidents but, due to the preventive actions on health and safety at work carried out in all ELO companies, they entail shorter work stoppages.

- For Auchan Retail France, the number of accidents increased compared to 2022 but the situation is not comparable: (see section 3.8.4 on the methodology relating to social indicators). The corrected frequency rate for 2022 would be 21.97 and the severity rate would be 0.7.
- For Auchan Retail Russia, the increase in the number of accidents is partly due to legislative changes that specify a new type of injury: micro-injuries not requiring lost time. Nevertheless, for the sake of prudence, healthcare professionals prescribe a few days of sick leave for this type of injury.
- For Auchan Retail Spain, the increase in the number of workplace accidents is correlated with the increase in the workforce.

> Highlights in 2023

Theme	Entity	Initiative
Quality of life and working conditions	Auchan Retail France	Calls for projects with stores to select initiatives aimed at improving working conditions to be financed by Auchan Retail France and to make the brand's CSR approach visible.
Hygiene, Safety and Working Conditions committee	Auchan Retail Senegal	Establishment of a Hygiene, Safety and Working Conditions committee and launch of a self-assessment of occupational health and safety as well as an assessment of occupational risks.
Caregiver assistance	Corporate teams at Auchan Retail	To help employees in their role as caregivers (having a loved one requiring regular assistance with daily living activities), the company has set up mechanisms such as conferences, training, remote work adaptation and Humania support - a psychological and social support system for Auchan France employees.
Physical and sports activities	Auchan Retail Ukraine	In 2023, Auchan Ukraine resumed its participation in the "Race under the chestnut trees" with over 300 employees participating in the 30th edition of this event for the benefit of children with heart problems.

3.3.6 DIVERSITY AND EQUAL OPPORTUNITIES

> Background

Established in different countries with very diverse activities and customers, ELO's companies strive to ensure that all employees feel good as they are and that they reflect cultural diversity.

The diversity of talents, ideas and experiences is essential to the success of the Group, which is convinced that each individual brings a unique value to his or her organisation. This diversity is a lever for creativity, performance, responsibility and attractiveness.

> Policy

Committed to preserving an inclusive environment, the Group's companies have undertaken to:

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

All managers are invited to encourage diversity within their teams. All employees must comply with the ethical rules based on respect for dignity and human rights.

> Fighting against discrimination

In accordance with the principles of the International Labour Organization, 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 developed its whistle-blowing system and set up a platform called Speak Up, which makes it possible to collect and process reports concerning reprehensible behaviour or actions. 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.

Human resources stakeholders (recruitment, people reviews, succession organisation charts, salary increases, career committee, etc.) as well as managers are made aware of stereotypes and are trained in inclusive communication. ELO's companies promote mutual respect among employees. The HR processes themselves are reviewed regularly to ensure fairness.

> Promoting equal opportunities between women and men

The companies headquartered in France that publish a "gender equality index", in accordance with the law, obtained the following scores in 2023:

- Auchan France: 89/100;
- Worldwide Products Department: 91/100;
- Auchan Retail International: 81/100;
- Nhood France: 76/100.

In terms of wages, measures are taken during salary increases if unjustified differences are noted.

To promote equal opportunities, ELO's companies strive to ensure equity in the access to resources for individual development, for 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 the management of talent and management succession organisation charts, gender equity objectives are defined and closely monitored. At the level of the company's top management (Management committees of the countries and entities), the teams are composed of more than 40% of women, thus approaching the percentage of women in management as a whole (51.6% in 2023).

At Auchan Retail, the internal principles and rules in terms of equal opportunities are formalised in the company's code of ethics and internal regulations. They are also the subject of training provided to employees. The code of ethics and the Speak Up whistle-blowing system are easily accessible on the company's website (www.auchan-retail.com).

> Promoting the integration of people with disabilities into the workplace

ELO's companies meet the legal obligations of their country of operation with regard to the employment of disabled people. Going further than their legal obligations, some Auchan Retail subsidiaries have embarked on more proactive local policies in this area.

Specific recruitment actions are regularly carried out and campaigns encouraging employees to make themselves known are held.

In order to facilitate the integration of new employees with disabilities, actions are implemented by ELO's companies, in particular:

- partnerships with companies in the sheltered and adapted sector;
- workstation layout;
- workplace layout: 100% of workplaces are accessible to employees with disabilities;
- awareness raising among all employees about the acceptance of others with their differences.

> AUCHAN RETAIL FRANCE IS COMMITTED TO PROFESSIONAL EQUALITY AND DISABILITY

Diversity and inclusion, at Auchan Retail France, are experienced on a daily basis by welcoming difference in its teams as well as among its customers. And while for us this conviction is historic, it now finds a new dimension, more structured and more concrete. Auchan Retail France has therefore placed this issue at the heart of its human project "All equal, all different". Concretely, the company has undertaken two flagship actions: the establishment in June 2023 of an operational community "Diversity and Inclusion" and a commitment survey open to all to assess perceived diversity and experienced diversity, the results of which will guide its multi-year action plan.

"We are moving from being an inclusive company by nature, with convictions based on the DNA of a retailer committed from the outset, to an impact strategy whose benefits will amplify for Auchan and its employees as well as for society as a whole." (Philippe Brochard, General Manager of Auchan Retail France, at the 2023 Economic Inclusion Summit).

> Indicators

	Auchan Retail			Nhood		
As of 09/30/2023	2021	2022	2023	2021	2022	2023
Percentage of employees with a disability	4.5%	4.8%	4.4%	1.7%	1.9%	2.2%

	Percentage of females in the total workforce			Percentage of males in the total workforce		
As of 09/30/2023	2021	2022	2023	2021	2022	2023
ELO	62.3%	62,2%	61.5%	37.7%	37,8%	38.5%

	Percentage of female managers			Percentage of male managers		
As of 09/30/2023	2021	2022	2023	2021	2022	2023
ELO	50.5%	51.1%	51.6%	49.5%	48.9%	48.4%

> Highlights in 2023

Theme	Entities	Actions
Inclusion	Auchan Retail Senegal	Signature, in September 2023, of an agreement with the NGO Humanité & Inclusion to train and raise awareness among the company's Senegalese employees on the subject of disability and inclusion.
Professional equality	Auchan Retail Spain	Signature, in April 2023, of the third plan for gender equality, applicable to all Alcampo employees, setting out a set of objectives and measures in terms of equal opportunities for women and men in the company.
Diversity	Auchan Retail France	Organisation of the first Diversity & Inclusion survey in June 2023.
Disability	Nhood Holding	Renewal of the internal company agreement on employees with disabilities.

3.3.7 ENCOURAGING EMPLOYEES' SOCIETAL COMMITMENT AND SOLIDARITY

> Background

The professional landscape is changing, and societal transformations affect the expectations of employees and candidates. The latter are no longer simply looking for a job, but aspire to join committed companies, conveying societal and environmental values, which enable them to flourish and give meaning to their work.

ELO's companies encourage their employees to get involved beyond their professional missions, by contributing to projects, through the companies' foundations and solidarity actions.

> Societal commitment for local action

The projects carried out by the foundations of ELO's companies, like the associative projects supported by the companies themselves at the local level, are oriented towards the beneficiaries, are intended to be useful for ELO's companies and be sources of motivation and pride for their employees.

In accordance with its corporate project, on a daily basis Auchan Retail promotes "Eating well and living better, while protecting the earth" by interacting with associations present in its living areas and encouraging its employees to commit to civic actions in all their forms, thus promoting their commitment to responsible living. Since 2022, every employee may commit one working day per year to an association or a solidarity project promoting:

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

This initiative has enabled employees to devote time to associations as part of events such as:

- organisation of physical or digital food drives;
- enhancement of Auchan Retail's offering with, for example, revised recipes;
- actions to raise awareness among employees and/or customers.

> Highlights in 2023

Theme	Entities	Actions
Local partnerships	Auchan Retail Hungary	Auchan Hungary organised the sixth edition of its collection of school supplies, with the participation of its 24 stores, for the benefit of children from disadvantaged families. In 2023, 9,600 parcels were distributed to children.
	Auchan Retail Ukraine	In 2023, 4,026 employees took part in solidarity actions through food banks and humanitarian missions such as the distribution of hot meals or the collection of funds for hospitals, orphanages or charities.
	Nhood France	In a company agreement covering "quality of life at work", Nhood France has included a civic commitment day allowing every employee to dedicate one working day per year to an association as part of civic activities. In this context, Nhood France has set up a "Friday" citizen commitment platform, enabling its employees to get involved with associations near their homes.

> Foundations at the heart of the ELO group's DNA

Auchan Retail

> THE AUCHAN FOUNDATION

Launched in October 2021, the result of the convergence of Fondation Auchan pour la Jeunesse and Weave Our Future Foundation, Auchan Foundation's mission is to promote access to good food, as a priority for those in need, by understanding all aspects of food: pleasure, identity, socialisation and nutrition.

The Auchan Foundation supports innovative initiatives, with a strong social impact, aimed at promoting food knowledge and know-how, creating social ties through food and combating malnutrition.

Supported by employees, it operates in the vicinity of the stores in the 12 countries where Auchan Retail operates, as well as in Bangladesh and India, where the Group has sourcing offices.

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

In 2023, the Auchan Foundation supported 44 projects. For example, it has undertaken to:

- in France, with the Les Petites Cantines network, contribute to the development and sustainability of the network's actions by either participating in the opening of new branches in France or supporting the testing of a solidarity meal vouchers system;
- in Hungary, with the National Federation of Dieticians, continue an awareness-raising programme on good nutrition for children aged 6 to 7 years old;
- in Romania, alongside the Sarbatoarea Gustului association, help promote healthy and quality food among residents.

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.

The Auchan Generation Foundation reviewed its focuses on three areas:

- promote good nutrition, a healthy lifestyle and rational consumption through educational projects;
- promote the development of environmental awareness through environmental projects;
- provide assistance to children and young people in difficulty by promoting social integration.

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

In 2023, the flagship projects of the Auchan Generation Foundation were the social project "Cooking is accessible to all" and the ecological project "Green generation":

- the aim of the "Cooking is accessible to all" project, which took place throughout the year, was to help develop children's food skills through cooking classes;
- the objective of the "Green generation" ecological project is to contribute to promoting the conservation, development and revival of natural spaces through forest regeneration activities. The project is implemented in partnership with a non-profit organisation professionally engaged in reforestation.

New Immo Holding

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 the regions where Ceetrus operates in mainland France.

It contributes to the emergence of new services and activities that meet the essential needs of citizens and regions.

It fulfils its general interest mission in the service of the inhabitants while being in tune with the purpose and values of the company, of which it is a lever of expression.

In 2023, it supported 13 projects for a total amount of €206,000 spread over five areas:

- the fight against vulnerability;
- integration through employment;
- education;
- the environment;
- social enterprise incubation.

The Les Petites Cantines association received a grant to finance work to refurbish and equip a new responsible, participatory and supportive neighbourhood canteen in Villeurbanne. By supporting this project, the foundation is helping to create quality links in the region based on trust, collaboration and mutual aid.

For the first time in 2023, as a signatory of the manifesto of the French Coalition of Climate Foundations, the Ceetrus Foundation provided increased financial support to three companies to help them take into account climate transition issues.

> Auchan International Solidarity Fund

In 2022, Auchan Retail created the Auchan International Solidarity Fund to develop solidarity for and among Auchan Retail's employees. Through financial assistance provided to projects supported by the local solidarity funds of the subsidiaries, 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.

In 2023, in view of the urgency of the needs related to the conflict in Ukraine, this fund was dedicated exclusively to supporting employees affected by this conflict, by financially supporting the actions carried out by the Auchan With You Fund created by Auchan Retail Ukraine (see below).

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

> AUCHAN WITH YOU FUND CREATED BY AUCHAN RETAIL UKRAINE

To help its employees, Auchan Retail Ukraine has created the Auchan With You local charity fund. The focus is on housing assistance, food aid, physical health and psychological support. Depending on needs and projects, this fund may request additional support from the International Solidarity Fund. Since 2022, 55 compensation cases have been examined, for a total compensation amount of €322,000.

Furthermore, numerous measures have been taken by Auchan Retail Ukraine 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.



ÉRIC BOGNE

Energy Transition Director, Auchan Retail

“Auchan Retail’s Climate-Energy commitment dates back to COP 21 in 2015 with results that met the targets. Faced with the energy crisis, as a result of the recovery in global activity and the recent geopolitical situation, Auchan Retail has accelerated its efforts to reduce consumption in line with the additional efforts required. both by the European Union and the various governments for the period 2023 and 2024.”

3.4 HELPING TO PRESERVE THE PLANET

3.4.1 AUCHAN RETAIL'S CLIMATE PLAN

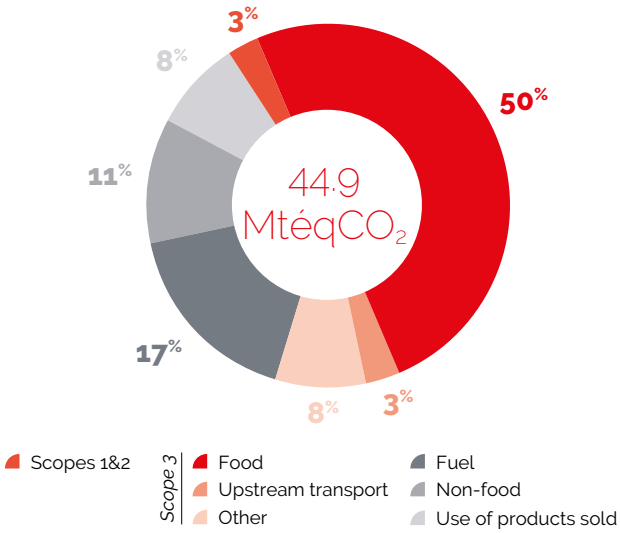
> Background

In its sixth report, published in March 2023, the Intergovernmental Panel on Climate Change (IPCC) reaffirmed the urgency of acting collectively to limit the increase in global temperatures to between +1.5°C and 2°C compared to the pre-industrial era, in particular through the reduction of global greenhouse gas emissions.

In 2023, Auchan Retail updated the assesment of its 2020 carbon footprint covering greenhouse gas emissions on Scope 1, 2 (emissions related to the operation of stores) and Scope 3 (emissions related to the upstream and downstream activities of stores) for the years 2020 and 2021. These assessments were submitted to the Science Based Targets Initiative (SBTi), which validated the overall methodology.

After updating, the total emissions of the Auchan Retail Group in 2020 were estimated at 44.9 million metric tonnes of CO_2 equivalent, of which 2.9% for Scopes 1 and 2, and 97.1% for Scope 3.

> CARBON FOOTPRINT OF AUCHAN RETAIL 2020



> Objectives and action plans

In 2021, Auchan Retail defined a decarbonisation trajectory on its Scopes 1, 2 and 3. These objectives were submitted in 2022 to the SBTi, which validated them in March 2023. They cover more than 93% of Auchan Retail's greenhouse gas emissions.

Auchan Retail's objectives are as follows:

Scopes 1&2



Greenhouse gas emissions
related to store operations

1 **Refrigeration equipment**

2 **Energy consumption**

1.5°
2019-2030

-46.2% absolute GHG emissions
100% renewable electricity

Operations store
- Refrigeration equipment
- Energy consumption

Scope 3



Greenhouse gas emissions
upstream and downstream of the store

3 **Goods transport**

4 **Product life cycle**
(Private labels or National brands)

Well Below 2°
2020-2030

-25% absolute GHG emissions
-25% absolute GHG emissions from fuels sold

Upstream / Downstream
- Product life cycle
- Fuel sales
- Goods transport...

In 2024, the objectives will be reassessed using the SBTi's new Forest, Land and Agriculture (FLAG) methodology. The Group's greenhouse gas emissions for the previous years will also be recalculated using this methodology to ensure data comparability.

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

3.4.1.1 Climate governance

In 2022, Auchan Retail created an International Climate committee, which is composed of representatives of the company's CSR, Technical, Worldwide Products[1], Supply, Financial Performance, Human Resources, Digital and Risk departments, and which is responsible for coordinating and monitoring the implementation of the Group's climate roadmap by its constituent entities. This committee meets every quarter. In 2023, the topics dealt with by the Climate Quality committee included the progress reports of the:

- carbon trajectory monitoring;
- deployment of climate governance in the countries;
- deployment of the Carbon Tracking programme;
- deployment of the supplier commitment programme.

Within the subsidiaries, CSR managers participate in the development of local climate roadmaps, based on the Group's climate roadmap, and supervise their implementation within their respective subsidiaries. In 2023, Auchan Retail's main subsidiaries, representing more than 80% of the company's revenue, set up local Climate committees. The purpose of these committees is to closely monitor the evolution of the carbon footprint of the subsidiaries concerned and, if necessary, to implement corrective actions.

In 2023, an Operational Climate committee was set up. It meets every six weeks, bringing together the climate officers of all the company's subsidiaries as well as the key functions involved in the implementation of the climate roadmaps. This committee, led by Auchan Retail's CSR Department, aims to share the progress of the projects presented to the Group's International Climate committee, such as the supplier commitment programme and the carbon emissions monitoring programme. In addition, it offers subsidiaries the opportunity to exchange operational information relating to the implementation of their climate plans, in particular technical challenges and best practices.

> **TAKING INTO ACCOUNT AUCHAN RETAIL'S CARBON FOOTPRINT REDUCTION OBJECTIVES IN THE EXTERNAL FINANCING SUBSCRIBED BY ELO**

When ELO calls on the financial markets, it may decide to incorporate Auchan Retail's carbon footprint reduction objectives into the terms of the financing it takes out. For example:

- Sustainability-Linked Bond (SLB): in September 2023, ELO placed a bond issue on the market for a total amount of €750 million which, based on ELO's new Sustainability-Linked Framework, is indexed on Auchan Retail's carbon footprint reduction targets:
  - 46% reduction in greenhouse gas emissions on Auchan Retail's Scopes 1 and 2 in 2030 compared to 2019,
  - 25% reduction in greenhouse gas emissions on Auchan Retail's Scope 3 in 2030 compared to 2020.

Acting as Second Party Opinion on the Sustainability-Linked Framework, Moody's Investors Service assigned a score of "Very good" to the Group's sustainable development approach.

- Sustainability-Linked Loan (SLL): in December 2022, ELO also took out a loan and a bank credit line, for a maximum amount of €1.25 billion, maturing in 2028, indexed to two types of Auchan Retail societal and environmental objectives:
  - KPI 1a: GHG emissions on Scopes 1 and 2, aligned with the SBTi objectives,
  - KPI 1b: GHG emissions in Scope 3, aligned with the SBTi objectives (from 2025),
  - KPI 2: number of Filieres Auchan Grow the Good.

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

3.4.1.2 Integrating climate risks into strategic ecisions

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.

This mapping enables Auchan Retail to direct its strategic decisions according to a concrete risk-benefit approach.

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.
Price increase and volatility.	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.
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	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.

More details can be found in the risk management section of this report, from section 4.3.

3.4.1.3 Main action levers to achieve the objectives

In order to reduce its greenhouse gas emissions, Auchan Retail must mobilise various internal levers within the Group and with its suppliers. These levers encompass various aspects such as operations, finance, human resources, organisational culture, and technology.

To boost international momentum around the Auchan 2032 Vision "Eating well and living better while respecting the planet" and the objectives presented to the SBTi, each subsidiary was encouraged to develop and implement its own local climate roadmap, based on the Group's climate roadmap and following a common methodology. The subsidiaries mobilised all departments, including product managers, quality engineers, customer marketing, supply chain managers, buyers, data and legal experts, as well as internal and external experts. The objective was to identify the main decarbonisation levers throughout their value chain. Several workshops were organised according to country specificities:

- workshops on Scopes 1 & 2 (stores) in all countries;
- food-related workshops held in six countries;
- non-food workshop organised by the Worldwide Products Department.

The local climate plans are organised according to key priorities, including energy efficiency, development of a flexitarian offer in the food market, reduction of the supply chain's carbon footprint, promotion of deforestation-free labels, promotion of renewable energies in the supply chain, promotion of the circular economy, recycling and improvement of packaging practices.

Reduce emissions on Scopes 1 and 2

Since 2015, Auchan Retail has been implementing measures and action plans to reduce the direct and indirect emissions from its stores in all countries where the company operates. These initiatives focus mainly on reducing energy consumption, through energy-efficiency practices and equipment improvements, investment in refrigeration systems using refrigerants with low global warming potential (GWP), as well as the development of renewable energy sources.

Reduction of energy consumption

In 2022, Auchan Retail rolled out an energy efficiency plan for all of the Group's subsidiaries. This plan aims to achieve a 40% reduction in energy consumption per m² between 2015 and 2030.

The main actions implemented under this plan relate to:

- 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.

In addition to the energy efficiency plan, each subsidiary also implements actions identified as priorities by Auchan Retail, in order to achieve the energy consumption reduction targets set for the Group as a whole. These actions include:

- the installation of closed doors on positive refrigeration units;
- the use of divisional meters;
- the change of heating and ventilation equipment;
- the widespread use of low-consumption LED lighting.

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 2023, 52% 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.

Thanks to these actions, the energy consumption by surface area decreased by 9% between 2022 and 2023.

Investments in refrigeration equipment

The refrigerants used for food refrigeration systems and air conditioning are the second largest source of greenhouse gas emissions in stores. In compliance with the European Union's F-Gas regulations, Auchan Retail is modernising and restructuring its refrigeration production units. As part of this commitment, the company is gradually replacing its hydrofluorocarbon (HFC) gases with refrigerant gases with a lower global warming potential (GWP). This approach takes the form of significant investments to renew equipment with less energy-intensive units, as well as to install smart level detectors to limit refrigerant leaks. The objective to be achieved is the complete renewal of the fleet within the next five years.

Since 2023, Auchan Retail has applied an Internal Carbon Price (ICP) set at €100 per tonne for Scope 1 and 2 investments made by the company. This price is applied in particular when replacing refrigeration units.

The development of renewable energies

To achieve its objective of 100% electricity consumed from renewable sources 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 off-site corporate power purchase agreements (PPA). The first long-term agreements were signed in Portugal, Poland 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 2023, Spain, Portugal, Luxembourg and Poland were supplied with 100% renewable electricity.

Since 2019, Auchan Retail's Scope 1 and 2 emissions have been reduced by 59.6%(1).

In 2023, Auchan Retail's capital expenditure corresponding to the "Installation, maintenance and repair of energy efficiency equipment" activity of the taxonomy amounted to €79 million.

Reducing Scope 3 emissions

Reduction of the carbon footprint of the food offering

The main levers for reducing the carbon footprint of the food offering, which represents 50% of Auchan Retail's carbon footprint, are as follows:

- changes in agricultural practices;
- development of the flexitarian offer;
- reduction of deforestation;
- reduction of the carbon footprint of suppliers;
- fight against food waste;
- improving energy efficiency at suppliers.

The levers above, listed in decreasing order of their expected contribution to the reduction of the carbon footprint of Auchan Retail's food offering, are now included in the climate roadmaps of the company's various entities.

Reduction of the carbon footprint of the non-food offering

The main levers for reducing the carbon footprint of the non-food offer, which represents 11% of Auchan Retail's carbon footprint, are as follows:

- reduction of the energy carbon footprint of suppliers;
- development of new business models (reuse, repairs, etc.);
- improved product life and eco-design;
- sourcing of less carbon-intensive products;
- improving energy efficiency at suppliers;
- development of bio-sourced materials.

Reduction of the carbon footprint of goods transport

Auchan Retail is seeking to better measure the carbon footprint of goods transport by measuring the GHG emissions for each of the categories of 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).

Auchan Retail's CO_2 emissions related to all goods transport flows represent approximately 3% of its overall emissions. The transportation of goods between Auchan warehouses and stores generated the emission of 407,902 teqCO_2 in 2023.

> THE COMMITMENT OF SUPPLIERS TO REDUCING THEIR CARBON FOOTPRINT



The reduction of Auchan Retail's carbon footprint in Scope 3, in terms of products, is based on two main pillars, namely:

- the commitment of its suppliers to a greenhouse gas emissions reduction trajectory;
- Auchan Retail's ability to select and offer its customers less emissive products.

As more than 95% of Auchan Retail's carbon footprint comes from the activities of its suppliers, the company is committed to involving them in a process of reducing their own carbon footprint. To this end, Auchan Retail has set up a dedicated supplier commitment programme, called "Partners for Decarbonation 2030".

This programme makes it possible to:

- target the suppliers representing the largest share of Auchan Retail's Scope 3 carbon footprint: 1,200 suppliers were contacted in 2023, and the company aims to contact 1,200 additional suppliers in 2024, i.e. a total cumulative number of suppliers representing 50% of the company's Scope 3 emissions;
- assess the state of the practices of the suppliers participating in the programme, using a questionnaire enabling Auchan Retail to know their level of maturity on climate issues;
- commit, in a differentiated manner according to their level of maturity, each supplier participating in the programme, to take effective measures to reduce their carbon footprint (carrying out their carbon footprint assessment, defining levers for reducing their carbon footprint affecting different aspects of the supply chain, such as agricultural production, waste management, eco-design, transport optimisation or energy efficiency improvement, etc.).

Auchan Retail intends to roll out this programme to a new wave of suppliers every year until 2026, to eventually cover almost all of the company's Scope 3 emissions related to products.

(1) Indicator calculated using a market-based methodology, excluding Russia, Ukraine and Senegal. The 2019 reference year is calculated on a calendar basis, while 2023 is calculated from October 2022 to September 2023. The emission factors used are those for 2019. They will be updated next year. For Auchan Retail in all countries, the variation between 2019 and 2023 is (44.3)%.

> Highlights in 2023

Theme	Entities	Actions
Products	Auchan Retail France	In 2022, Auchan Retail France launched a programme to measure the greenhouse gas emissions related to the activities of partner farms within the "Auchan Cultivons le Bon" supply chains. By the end of 2023, the emissions of 69 partner farms had been measured. The results are encouraging since many products appear to be significantly less emitting than their equivalent in the Agribalyse database. In 2024, the company's objective is to roll out the approach to as many partner farms as possible.
	Auchan Retail Ukraine	Auchan Retail Ukraine has included a clause in its supplier contracts informing them of the company's objectives in terms of reducing its carbon footprint and requiring each supplier to define climate objectives and implement plans to reduce its carbon footprint.
	Auchan Retail Hungary	In February 2023, Auchan Retail Hungary organised an operation called "Greenweeks", during which responsible products were showcased in all stores: recycled, organic or vegan products, reduced carbon footprint, etc. This selection of more responsible products was also published in a dedicated newspaper.
	Auchan Retail Spain	Alcampo has developed an IT platform dedicated to monitoring the carbon footprint and plans to reduce the carbon footprint of its suppliers. This tool will make it possible to manage Alcampo's Scope 3 carbon footprint and ensure that the targets set are met.

Creating a climate culture

In order to promote collective and individual awareness, Auchan Retail has initiated a training and awareness-raising plan for its teams, including specific educational objectives for each category of learner. This plan is currently being rolled out in the subsidiaries. Auchan Retail's objective is to inform and train as many employees as possible using materials adapted to their duties and responsibilities. All categories of learners are involved in this process.

A mandatory programme has been set up for the members of the TOP 750 (members of the Management committees and their direct staff). This course consists of:

- a Climate Fresco (95% training rate in 2023) for the TOP 150 (members of the Management committees of each country);
- a thematic climate awareness module of 90 minutes adapted to the TOP 750 professions;
- four webinars in French and English:
  1. The company faced with climate risks, the insurer's point of view,
  2. Deployment of a reduction/offsetting programme - context and inspiring examples,
  3. How to reconcile climate strategy and economic challenges? The question of the ROI,
  4. Food and agricultural issues with regard to climate change;
- six e-learning modules dedicated to executives, available in all local languages:
  1. Popularisation of the climate issue on a global scale, the associated challenges,
  2. In this global context, what is the "contribution" of the Retail activities?,
  3. Focus on the risks associated with inaction,
  4. Focus on the opportunities associated with the validation of a business strategy integrating the climate issue,
  5. Managerial courage for the transition and the Auchan Retail climate roadmap,
  6. Adjustment of our business model.

E-learning modules specific to certain business lines have also been developed by the company and rolled out in 2023. They concern the following topics:

- products/purchases;
- logistics;
- local manager;
- communication/marketing;
- finance;
- IT;
- all employees (general awareness).

3.4.2 NEW IMMO HOLDING CLIMATE CHANGE MITIGATION AND ADAPTATION PLAN

> Background

Convinced that the real estate sector has a key role to play in both reducing negative impacts and regeneration dynamics, the integration of climate change issues is one of the founding axes of the recent development of New Immo Holding.

> Objectives and action plans

The development of New Immo Holding is characterised in particular by an organisation that distinguishes the two activities of the company: the property activities (carried out by Ceetrus) and the property services operator activities (carried out by Nhood). This new organisation, which has now reached maturity, has enabled each of these two entities to commit to defining actions and objectives related to the specific nature of their activities.

For Ceetrus, an impact framework has been put in place.

For Nhood, a CSR roadmap has been drawn up, foreshadowing a more ambitious and detailed strategy that is currently being validated (see section 3.1.4).

Regarding the Planet component of this roadmap, the company's objective is to reduce its environmental impact.

To this end, three areas of action have been identified:

- the impacts related to Nhood's activities and operations, by measuring and reducing the company's carbon footprint, but also by improving the energy performance of offices;
- the impacts related to real estate development projects for clients supported by Nhood, by measuring and reducing their carbon footprint;
- the impacts of Nhood's client assets under management, by measuring and reducing their greenhouse gas emissions.

1/ Climate change mitigation

The actions related to climate change mitigation focus on two themes, energy and greenhouse gas emissions, and are broken down as follows:

Energy

One of the major levers for climate change mitigation is energy management, through the energy efficiency of buildings and the source of this energy. In this area, Nhood's roadmap includes the following ambitions:

Scope	2022	2023	2024	2025
Nhood offices	In each country where it operates, the local subsidiary has presented a plan to reduce the energy consumption of its premises	5% reduction in energy by country of operation (reference year 2022)	10% reduction in energy by country of operation (reference year 2022)	15% reduction in energy by country of operation (reference year 2022)
Sites under management	Drafting of an emergency plan to achieve energy savings at local and Group level (electricity, lighting, heating, air conditioning, infrastructure, etc.)	10% reduction in energy consumption by country of operation (reference year 2022)	15% reduction in energy consumption by country of operation (reference year 2022)	25% reduction in energy consumption by country of operation (reference year 2022)
	In each country of operation, the local subsidiary has set a ratio of local energy production or renewable energy supply	30% of sites identified with photovoltaic panels installed, in each country of operation	60% of sites identified with photovoltaic panels installed, in each country of operation	100% of sites identified with photovoltaic panels installed, in each country of operation

Greenhouse gas emissions

The other action lever in terms of climate change mitigation is the control of greenhouse gas emissions. In this area, Nhood's roadmap includes the following ambitions:

Scope	Theme	2022	2023	2024	2025
Nhood company	Carbon footprint	All countries involved in a carbon footprint assessment process	Definition of emission reduction plans by country 10% reduction in carbon footprint (Scopes 1 & 2) by country (reference year 2022)	20% reduction in carbon emissions (Scopes 1 & 2) by country (reference year 2022)	30% reduction in carbon emissions (Scopes 1 & 2) by country (reference year 2022)
	Mobility policy	Diagnosis of European legislation and benchmark of competitors in each country	All new professional vehicle contracts exclusively include vehicles with low carbon emissions in countries where this is possible and relevant (depending on the energy mix of each country)		
Development projects supported by Nhood	Life cycle analyses		From 2023, definition of a global life cycle analysis methodology for development projects From January 1st, 2024, all new development projects include a life cycle analysis and an action plan to reduce their carbon impact		
Ceetrus sites managed by Nhood	Carbon footprint	Assessment of the overall carbon footprint of the sites under management	100% of sites with a measured carbon footprint and a defined carbon reduction trajectory (Scopes 1 & 2)	100% of sites with a measured carbon footprint (Scopes 1, 2 & 3)	50% reduction in emissions (Scopes 1 & 2), across all sites (reference year 2022) NIH decarbonisation trajectory submitted to SBTi

2/ Climate change adaptation

In addition to the actions taken to mitigate climate change, Nhood's roadmap includes actions specifically aimed at adapting the real estate portfolio of Ceetrus' clients to this change:

Scope	2022	2023	2024	2025
Ceetrus sites managed by Nhood	Assessment and monitoring of the exposure to climate risks for 100% of the portfolio of Ceetrus' clients			
	Definition of a methodology for establishing climate resilience action plans Five Ceetrus client pilot sites have an action plan	100% of the sites of Ceetrus' clients have a climate resilience action plan	Implementation of climate risk action plans for the portfolio of Ceetrus' clients Continuous monitoring and adaptation of the plans in relation to climate change issues	

> Monitoring of NIH actions in 2023

Nhood monitors the various actions implemented by its subsidiaries to meet the objectives in terms of reducing energy consumption and greenhouse gas emissions and adapting to climate change. The achievements made in 2023 were as follows:

> OPTIMISATION OF ENERGY CONSUMPTION 2022 - 2023

		ACTION	SPA	FRA	HUN	ITA	LUX	POL	POR	ROM	RUS	UKR
Energy	Nhood entity	5% reduction of the energy consumption of offices (reference year 2022)	●	○	●	○	○	○	●	●	●	N/A
	Sites under Nhood management	10% reduction of the energy consumption (reference year 2022)	○	○	○	○	○	○	●	○	○	○
		Study and installation of photovoltaic panels	○	○	○	●	○	○	○	○	●	●
		Limitation of the temperature set points in winter and summer	○	○	○	○	○	○	●	○	●	○
		Deployment of LED lighting	○	○	○	●	○	○	○	●	○	○
		Installation of energy management solution / sub-metering / deployment of energy audits	○	○	●	●	●	○	○	○	○	○
		Limitation of the lighting during periods of full natural light	●	○	●	○	○	○	●	○	○	○
		Communication plan for suppliers / tenants / visitors	○	○	●	○	○	●	●	●	●	○
		30% of sites identified with photovoltaic panels installed	●	●	○	●	○	●	○	●	●	●
Carbon	Nhood entity	Definition of carbon reduction plans by country	○	○	○	●	●	○	●	●	●	●
		10% reduction of the carbon footprint (Scopes 1 & 2) (reference year 2022)	○	●	●	●	●	●	●	●	●	●
		Definition of the mobility policy by country	●	○	●	○	●	●	●	●	●	●
		All new contracts exclusively include vehicles with low carbon emissions in countries where this is possible and relevant	●	○	●	○	○	●	●	●	●	●
	Development projects	Definition of a global life cycle analysis methodology	○	○	○	●	○	○	○	○	○	○
		All new projects with a life cycle analysis and an action plan to reduce the carbon impact	●	○	○	●	●	●	●	●	●	●
	Sites under Nhood management	100% sites with a carbon footprint (Scopes 1, 2)	○	○	○	○	○	○	○	○	○	○
		100% sites with a carbon trajectory (Scopes 1, 2)	●	●	●	●	●	●	●	●	●	●
Climate	Sites under Nhood management	Assessment of the exposure to climate risks for 100% of the portfolio	○	○	○	○	○	○	○	○	○	○
		100% of the Ceetrus sites with a climate resilience action plan	○	●	●	●	○	○	○	○	●	●

○ Action already taken ● Action in progress **N/A** : Not applicable

3.4.3 CLIMATE INDICATORS

> Energy consumption *(Kwh/m²)*

Energy consumption *(Kwh/m²)*	2021	2022	2023	Change 2023 vs 2022
Auchan Retail[1]	493.91	486.67[2]	445.28	(9)%
New Immo Holding	232.20	265.27[3]	206.70	(22)%

(1) Aside from the Petrom stations in Romania, see section 3.83.

(2) Following an in-depth review of the electricity consumption data in Senegal, Auchan Retail has decided to adjust the 2022 data. These adjustments are the result of a transparent approach, with the aim of providing accurate and up-to-date information.

(3) Following an in-depth analysis of the methodological processes and the installation of sub-meters allowing precise management of resources, we have identified errors and inconsistencies in our data. As a result, a correction was made for the sake of the transparency and accuracy of our information.

The reduction in energy consumption at Auchan Retail and New Immo Holding stems from the measures taken as part of the energy efficiency plans deployed within their respective subsidiaries, as detailed in sections 3.4.1 and 3.4.2. Auchan Retail has implemented various actions to this end, while New Immo Holding has focused its efforts on the deployment of programmes to improve the energy efficiency of its buildings, as explained in these two sections.

> Energy consumption per square metre of surface area

Energy consumption per square metre of surface area - COP21 targets - Auchan Retail[1] (reference year 2014)	2021	2022	2023
Energy	(24.54)%	(25.69)%	(32.69)%
Electricity	(23.84)%	(24.76)%	(30.94)%

(1) On a like-for-like country basis over the 2014 reference year, i.e. Auchan Retail France, Portugal, Spain, Hungary, Russia, Ukraine, Poland, Luxembourg and Romania (excluding the Petrom stations - see section 3.8.3.

> Share of renewable electricity consumption

Consumption of electricity from renewable sources *(as % of overall electricity consumption)*	2021	2022	2023	Change 2023 vs 2022
Auchan Retail[1]	16.94%	28.94%[2]	34.39%	+19%
New Immo Holding	42.5%	40.87%	41.27%	+1%

(1) Excluding Petrom station in Romania, see section 3.8.3

(2) Update of the 2022 data: the consumption of electricity from renewable sources has been corrected to include on-site and off-site Power Purchase Agreements (PPA), thus increasing the share of renewable energies in the overall electricity consumption.

The significant change in electricity consumption from renewable sources, for Auchan Retail, is mainly due to the projects set up in Poland, Romania (excluding Petrom station - see section 3.8.3) and Hungary (PPA or purchases of guarantees of origin).

> Intensity of GHG emissions, Scopes 1 & 2

GHG emissions *($KgCO_2eq/m^2$)*	2021	2022	2023	Change 2023 vs 2022
Auchan Retail	190.37	196.97[1]	183.32	(7)%
New Immo Holding[2]	74.47	83.24	66.44	(20)%

(1) Scope excluding Petrom stations in Romania, see section 3.8.3, and excluding Senegal - Following an in-depth study of the methodological processes and tools, it appeared that the data relating to refrigerant leaks and electricity consumption in Senegal are not reliable enough to be consolidated in the Group's Scopes 1 and 2. As the country represents only 0.4% of the total store surface area, it was decided to exclude this data this year. The data for 2021 and 2022 on all the indicators concerned have been updated.

(2) Romania is excluded from the calculation of GHG emissions scopes 1 & 2 of the New Immo Holding scope.

The significant 20% decrease in New Immo Holding's energy consumption is partly due to the deployment of building energy efficiency programmes (see the actions implemented in section 3.4.2). However, this decrease cannot be completely decorrelated from the climate scenario for the year in question. It should also be noted that in 2022 the sum did not include fugitive emissions from the Romanian portfolio (due to lack of data), i.e. for 11% of the total surface areas considered. For 2023, these emissions have been calculated and included in the totals.

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

GHG emissions *($tCO_2eq.$)*	Entity	2021	2022	2023	Change 2023 vs 2022
	Auchan Retail[1]	395,415	355,541[1]	341,470	(4)%
	Auchan Retail - excluding countries at war and Senegal	216,055	199,227	175,819	(12)%
Scope 1	New Immo Holding[2]	21,968	27,405	20,420	(25)%
	Auchan Retail[1]	648,382	723,843[1]	673,195	(7)%
	Auchan Retail - excluding countries at war and Senegal	402,169	436,702	390,391	(11)%
Scope 2 - Location Based	New Immo Holding[2]	63,761	69,586	62,991	(9)%
	Auchan Retail[1]	517,857	579,387[1]	364,370	(37)%
	Auchan Retail - excluding countries at war and Senegal	286,917	307,064	96,073	(69)%
Scope 2 - Market Based	New Immo Holding[2]	NC[3]	NC[3]	16,976	
Auchan Retail Scope 3 - Goods transport	Auchan Retail	452,206	464,150	407,902	(12)%

(1) Scope excluding Petrom stations in Romania, see section 3.8.3, and excluding Senegal - Following an in-depth study of the methodological processes and tools, it appeared that the data relating to refrigerant leaks and electricity consumption in Senegal are not reliable enough to be consolidated in the Group's Scopes 1 and 2. As the country represents only 0.4% of the total store surface area, it was decided to exclude this data this year. The data for 2021 and 2022 on all the indicators concerned have been updated.

(2) Romania is excluded from the calculation of GHG emissions scopes 1 & 2 of the New Immo Holding scope.

(3) New Immo Holding has decided not to include renewable energy certificates in its carbon footprint.

> Auchan Retail

Scope 1 and 2:

The significant change in Scope 1 and Scope 2 location-based emissions (-11%) is due to the continuation of the company's energy efficiency plan and the constant investment in energy efficiency solutions, as described in this report.

The significant changes in Scope 2 market-based emissions (-37% and -69%) are mainly due to the projects set up in Poland, Romania and Hungary (PPA or purchases of guarantees of origin).

Scope 3:

The significant change in Scope 3 freight transport emissions is due to the implementation of actions to optimise goods transport (optimisation of loading rates, revision of master plans, development of multimodal transport, etc.) and the gradual improvement of the emissivity of the vehicles used.

> New Immo Holding

The significant reductions in emissions on Scopes 1 and 2 (location-based) of New Immo Holding are to be matched with the reductions in energy consumption achieved during the year. Concerning Scope 1 more specifically, part of this reduction (-25%) is also explained by the continuation of Ceetrus' policy to remove gas heating equipment during site renovations.

> Auchan Retail GHG emissions by Scope 3 categories of the GHG Protocol, as communicated to the SBTi[1]

GHG Protocol categories	2020 emissions	2021 emissions
Category 1: Purchase of goods and services	28,172,529	27,627,862
Category 2: Fixed assets	176,211	194,647
Category 3: Energy-related activities	305,341	252,991
Category 4: Upstream transport and distribution	1,398,914	1,361,216
Category 5: Waste generated	298,358	299,835
Category 6: Business travel	10,985	11,065
Category 7: Commuting	294,800	277,267
Category 8: Upstream leased assets	173,203	173,203
Category 9: Downstream transport and distribution	150,403	153,422
Category 11: Use of products sold	11,117,557	12,775,664
Category 12: End of life of products sold	202,283	200,101
Category 14: Franchises	1,343,267	2,807,842

Categories 10, 13 and 15 of the GHG Protocol are not considered applicable to Auchan Retail's business (see section 3.8.6.3).

3.4.4 BIODIVERSITY

Auchan Retail

> Background

In its report on the global assessment of biodiversity and ecosystem services[2], IPBES[3] warns that "biodiversity - the diversity within and between species, as well as the diversity of ecosystems - is declining more rapidly than ever in human history."

This same report also identifies "the five direct drivers of change that affect nature and that have the strongest impacts on a global scale. The factors responsible are, in decreasing order: (1) changes in land and sea use; (2) the direct exploitation of certain organisms; (3) climate change; (4) pollution; and (5) invasive alien species."

However, as recalled by the Kunming-Montreal Global Biodiversity Framework[4]: "Biodiversity is essential to human well-being, the health of the planet and the economic prosperity of all people."

As a selector and distributor of food and non-food products derived from the exploitation of natural resources, particularly through agriculture, Auchan Retail has a role to play in the preservation of biodiversity.

(1) Scope 3 emissions were calculated exhaustively for the 2020 and 2021 financial years, as part of the SBTi approach. The 2023 data will be published in the next reporting exercise.
(2) Version of 6 April 2022.
(3) Intergovernmental science and policy platform on biodiversity and ecosystem services.
(4) Decision of the Conference of the Parties to the Convention on Biological Diversity adopting the Kunming-Montreal Global Biodiversity Framework (19 December 2022).

> Objectives

Auchan Retail has been committed for several years to an approach aimed at promoting more responsible agricultural sectors (see section 3.5.1), more sustainable fishing, non-deforestation practices, and the fight against plastic pollution (see section 3.4.5).

Signatory, since the end of 2022 on the occasion of COP15 Biodiversity, of the call for an obligation for all large companies and financial institutions to assess and disclose their impacts and dependencies on biodiversity by 2030 (#MakeItMandatory campaign led by Business For Nature), in 2023 Auchan Retail launched its own biodiversity footprint analysis: inspired by the SBTn[1] methodology the analysis consisted of a sectoral materiality analysis (based on the SMT - Sectoral Materiality Tool and the ENCORE tool) and an analysis of the impacts and dependencies on ecosystems (based on the CBF - Corporate Biodiversity Footprint methodology).

> DEPENDENCIES OF AUCHAN'S VALUE CHAIN ON ECOSYSTEM SERVICES

		Upstream			Direct	Indirect	Direct	
		Agricultural Production			Processing & Packaging	Freight	Infrastructure holdings	Oil & gas
Category of services	Type of service	Livestock*	Fishery*	Crops*				
Provisioning *Direct physical input*	Fibres and other materials							
	Genetic materials							
	Surface water							
	Ground water							
	Animal-based energy							
Supporting *Enables production process*	Soil quality							
	Water flow maintenance							
	Water quality							
	Ventilation							
	Pollination							
	Maintain nursery habitats							
Regulating *Mitigates direct impacts or protects from disruption*	Bio-remediation							
	Filtration							
	Dilution by atmosphere and ecosystems							
	Mediation of sensory impacts							
	Mass stabilisation and erosion control							
	Buffering and attenuation of mass flows							
	Climate regulation							
	Flood and storm protection							
	Pest control							
	Disease control							

Very high · High · Medium · Low · Very low · No dependence · * Highest value within this category of products

The dependencies of Auchan Retail's value chain on ecosystem services mainly relate to the part of this chain located upstream of the company. These dependencies are mainly related to agricultural production activities, which represent the majority of the upstream activities of the company's value chain.

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

> MAIN IMPACTS OF AUCHAN RETAIL ON BIODIVERSITY



Main pressures on biodiversity	Upstream impacts	Direct impacts	Downstream impacts
Land occupation	73% Agricultural land use, farming practices and mineral extraction for non-food products		
Land transformation	4% Deforestation due to farming	Land occupation of buildings and to produce the electricity used	
Climate change	1% GHG emissions linked to farming & fuel production	Energy production, for the energy used in buildings	Logistics and fuel retailed combustion
Air pollution	1% Polluants emissions linked to farming & fuel production	Energy production, for the energy used in buildings	Logistics and fuel retailed combustion
Water pollution	12% Pollutions of water mainly through farming & mineral extraction for non-food products		
Water stress	9% Water use mainly for farming	Water consumption	

Level of impact (% based on km².MSA.yr):
Very high High Low

The main impacts of Auchan Retail's activities on biodiversity are also located upstream of its value chain and are closely linked to agricultural activities.

The assessment of Auchan Retail's biodiversity footprint for the 2022 calendar year came to 9,195km²/MSA/year(1) for a scope covering products sold (all brands combined), upstream transportation and fuel sales, in all countries where Auchan Retail operates directly (excluding Ivory Coast).

The data still needs to be made more reliable and refined so that the km²/MSA footprint estimate can be used as a performance indicator.

This analysis made it possible to confirm four priority actions for Auchan Retail:

- contribute to transforming agricultural practices by promoting practices with a positive contribution;
- promote and support better fishing and aquaculture practices;
- fight against the destruction and degradation of forests and other natural ecosystems;
- reduce the impacts of Auchan Retail's sites on biodiversity.

The action plans associated with these issues are being revised to address climate and biodiversity issues in a joint approach, building on the actions already carried out in the subsidiaries and identifying the necessary additional actions.

(1) An impact of 1km²/MSA/year is equivalent in terms of biodiversity loss to the total destruction of 1km2 of virgin (undisturbed) ecosystem during a year of activity.

> Action levers

Contribute to transforming agricultural practices by promoting practices with a positive contribution

Auchan Retail acts in favour of sustainable agriculture, in particular by:

- offering ranges of products from organic farming;
- offering products from sectors without pesticide residues;
- promoting environmentally-friendly agricultural practices through 1,186 "Auchan Cultivons le Bon" supply chains at the end of 2023 (see section 3.5.1).

Promote and support better fishing and aquaculture practices

Auchan Retail has identified three major biodiversity issues concerning fishing:

1) contribute to limiting the pressure on inventories;
2) take action to limit the impact on the seabed when catching demersal species;
3) contribute to limiting the impact of bycatch.

These points are supplemented by issues specific to aquaculture, in particular those related to water circulation, exotic species and meat-eating species.

Since 2006, Auchan Retail has been taking action to promote more sustainable fishing through, for example:

- stopping the marketing of endangered shark species;(1)
- stopping the marketing of Adour salmon, eels, grenadiers, emperor fish.

These practical commitments of the Group are supplemented, in certain subsidiaries, by fishing policies adapted to the resources, consumption and needs in the countries where it operates. This is the case in Spain, France and Portugal.

Fight against the destruction and degradation of forests and other natural ecosystems

Auchan Retail has identified three major challenges concerning forests and natural ecosystems:

1) take action for non-deforestation and non-conversion;
2) contribute to the protection and restoration of forests and natural ecosystems;
3) take action for the rights of indigenous peoples and local communities.

As regards coffee and cocoa, Auchan Retail favours the development and distribution of international Auchan-brand products:

- bearing the UTZ label or Rainforest Alliance label to promote biodiversity;
- sourced from responsible agricultural production chains, particularly in agroforestry, but also in favour of fair trade with the Max Havelaar label (fight against the poverty of producers in developing countries).

With regard to soybeans, Auchan Retail supports a supply for the Auchan brand or the "Auchan Cultivons le Bon" supply chains with products of animal origin from farms that use feed:

- made from insect-based inputs (Auchan Cultivons le Bon supply chains);
- made from zero deforestation or conversion (ZDC) soybeans;
- made from soybeans grown in Europe (all Auchan France poultry, for example).

Auchan Retail does not sell beef from Brazil in Auchan-brand products or in its meat departments.

With regard to palm oil, Auchan Retail removes this ingredient from Auchan-brand products as soon as possible and, when substitution is impossible, works to ensure that the palm oil is RSPO-certified, by prioritising preserved identity (IP) and segregation (SG) as much as possible.

With regard to wood-based products (charcoal, paper, furniture), Auchan Retail asks its suppliers of Auchan-brand products to ensure that the raw materials containing wood or plant fibre are:

- harvested, purchased, transported and exported from their countries of origin in accordance with the applicable laws;
- traceable in the supply chain;
- not taken from species of wood that are included on IUCN's Red List of Threatened Species;(2)
- not taken from species included in Appendices 1, 2 and 3 of CITES;(3)
- 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.

These practical commitments by the Group are supplemented, in certain subsidiaries, by local policies:

- in France, Auchan Retail France published its policy to combat deforestation (updated in 2023)(4), which aims for the following objective in 2025: 100% of products using forest resources will come from sustainably managed forests. Auchan Retail France has also signed the Soy Manifesto(5) and actively participates in the French Cocoa Initiative;(6)
- in Spain, in 2017, Alcampo published its policy to combat deforestation, which includes, in particular, a target for the certification of all Auchan-brand products made from wood or paper, and a partnership with the WWF on a reforestation project in the Toledo area. This local policy is currently being updated.

(1) With the exception of fruit bats (Scyliorhinus canicula and stellaris), emissoles (Mustellus mustelus, asterias and punctualatus) and spiny dogfish on the American east coast.

(2) The International Union for Conservation of Nature.

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

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

(5) An initiative of the Earthworm Foundation, this collective commitment aims to ensure a supply of soybeans not linked to deforestation or the conversion of ecosystems by bringing together as many players as possible around similar criteria, throughout the value chain, up to and including the soybean production location.

(6) This initiative of the Syndicat du Chocolat brings together different players working together to develop sustainable solutions for the cultivation of cocoa in producing regions (social, economic and environmental objectives).

Reduce the impacts of Auchan Retail's sites on biodiversity

Auchan Retail strives to limit the impact of its sites on local ecosystems through the implementation of the Group's internal charter on site biodiversity, which defines certain best practices (limiting light pollution and the frequency of mowing, promoting hedges, etc.).

A number of pilot store projects have also been launched to test a complete site renaturation methodology (two sites in France in 2023).

An overall assessment of the geolocation of the Group's sites in relation to protected and sensitive areas is also underway.

Auchan Retail also relies on the expertise of New Immo Holding, whose subsidiaries are managers and/or co-owners of part of the company's real estate portfolio (see the section below on New Immo Holding's approach to biodiversity).

> Indicators

Biodiversity indicators		Scope	2022	2023
Forests	CDP Rating - Forest - Soybeans	ELO		B-
	Percentage of certified cocoa footprint (bar and spread)	Auchan Retail	62%	
	Percentage of certified coffee footprint	Auchan Retail	31%	
	Percentage of Auchan-brand product references containing palm oil with RSPO Identity Preserved (IP) or Segregated (SG) certification	Global Excluding Russia	NC	59% 74%

The cocoa and coffee footprints were measured as part of the response to the 2023 CDP Forest Rating on the basis of 2022 data.

For coffee and chocolate bars, references under the Rainforest Alliance, UTZ, Max Havelaar and "Auchan Cultivons le Bon" labels are considered certified. The scope concerned is that of the Auchan-brand products.

It should be noted that most products containing non-RSPO IP or SG certified palm oil use the RSPO Mass Balanced (MB) certification.

> Highlights in 2023

Theme	Entities	Actions
Forests	Worldwide Products Department	Continued development of the organic, vegan and UTZ-certified ranges for Auchan-brand products, which include at the end of 2023: • 95 product references for chocolate and 150 for coffee; • 338 products offered for sale including FSC wood; • 507 products offered for sale including FSC paper or cardboard.
	Auchan Retail Romania	100% of Auchan-brand and artisanal products are palm oil-free.
	Auchan Retail Ukraine	60% of Auchan-brand products likely to contain palm oil are RSPO certified.
	Auchan Retail Poland	5 Auchan-brand vegetarian products are Donau Soya certified. Partnership signed with "Become a friend of the forest with Beaver Julio" to support the reforestation and restoration of biodiversity in Table Mountain National Park and its buffer zone: 11,200 trees planted.
Oceans	Auchan Retail France	Renewal of the partnership with Mister Goodfish: European programme to raise awareness of the sustainable consumption of seafood products.
	Auchan Retail Spain	Alcampo received the "Seas for Forever" award for its Auchan-brand canned food as part of the MSC label communication campaign: crayfish, red sea bream fillet and blue shark back.
	Auchan Retail Poland	Creation of a responsible supply chain for rainbow trout (Oncorhynchus mykiss) raised in geothermal water sources and without antibiotics.
Land	Auchan Retail France	Achievement of the HVE label for the Auchan Cultivons le Bon supply chains; the HVE (High Environmental Value) label guarantees that the agricultural practices implemented throughout the farm preserve the ecosystems and limit the pressure on the environment (soil, water, biodiversity). Organisation of a rounding campaign at check-outs for the Noé association: €323,231 raised. In partnership with the URGC association, continuation of a project to protect biodiversity: identification of unlisted vegetable varieties, collection of know-how and rare or forgotten seeds to put them back into cultivation for future marketing (six lost varieties identified).
	Auchan Retail Hungary	At the end of 2023, 35 Auchan-brand products were certified with the Bleu-Blanc-Coeur label (Bleu-Bland-Coeur is a non-profit association that works to reduce the environmental footprint of human food, notably through biodiversity-friendly practices). Creation of a more responsible maize supply chain with agricultural methods that promote soil regeneration (including soil monitoring, microbial inoculants, no more deep ploughing, etc.).

New Immo Holding

> Background

Active in both the development of built spaces and non-artificial spaces, New Immo Holding considers biodiversity not only as an asset to be preserved but also as a resource that can generate technical solutions and create value.

To translate this conviction into operational action, the company has chosen an ecosystem services approach.

> Commitment/Policy

To promote the emergence of technical solutions based on nature, Ceetrus and Nhood collaborated in the organisation of a first internal call for projects, carried out at the level of the Group in order, initially, to create a reference framework of documented precedents, assessed based on the experience of operational teams and, subsequently, to facilitate the dissemination of the best practices identified.

Biodiversity issues are also taken into consideration in the planning of spaces under management included in the development and major restructuring projects financed by Ceetrus and operated by Nhood.

> Action plans

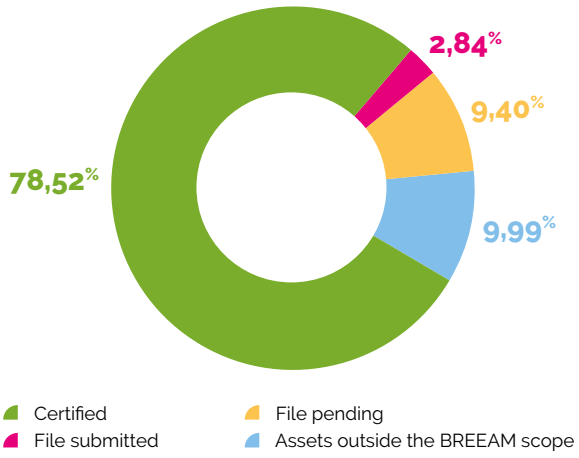
The action plans implemented by the company to take into consideration biodiversity-related issues are as follows:

Scope	Theme	2023	2024	2025
Sites under management	Biodiversity	100% of BREEAM priority assets (assets of strategic importance) must be subject to a biodiversity assessment (environmental study) Definition and implementation of action plans resulting from the environmental studies		Net gain of 5% in biodiversity at all major sites
	BREEAM In-Use	Develop action plans to increase the BREEAM In-Use rating of each BREEAM priority asset	Implementation of the action plans	No BREEAM priority assets rated below "Very good"
	Renaturation	2023: Develop an action plan for implementation by country of operation	10% of m² re-planted throughout the Ceetrus portfolio	15% of m² re-planted throughout the Ceetrus portfolio

Ceetrus and Nhood, in collaboration with CDC Biodiversité (Caisse des Dépôts group), have also drawn up and distributed an internal guide concerning ecosystem services. The latter enables their operational teams to identify nature-based solutions for the needs of the development and implementation of their projects (limitation of the heat island effect, improvement of the energy performance of buildings, improvement of air quality, enhanced attractiveness of the site and visitor well-being, etc.).

> Indicators

> DISTRIBUTION BREEAM IN-USE - CEETRUS PORTFOLIO (% FAIR VALUE)



At the end of 2023, excluding the assets present in Russia and Ukraine, 90% of the fair value of the portfolio under management was certified or registered in the BREEAM In-Use certification process.

In 2023, the company also carried out a "1,000m²" call for projects. This initiative aims to develop replicable internal solutions in terms of re-vegetation and has led to the development of 159 renaturation projects at Group level. These projects will enter the execution phase in 2024. This call for projects was also an opportunity to launch the first "Ceetrus Renaturation Awards" under which four projects were awarded by Ceetrus and will be financed and rolled out in 2024:

- "m² > m6: La Cloche d'Or" award - Luxembourg: urban farm project covering 2,000m² and open to residents, in partnership with the University of Liège;
- "Vivant au coeur de l'action" award - Maglod, Hungary: a comprehensive renaturation project including the planting of Miyawaki forest, the densification of green spaces and the creation of eco-play spaces for children;
- "Transformer autrement" award - Porte des Alpes, France: project to renature the site's forecourts with a 50% increase in non-waterproofed spaces;
- Ceetrus medal – Cluj, Romania: creation of an urban park open to the public to reconnect the site with nature.

The year 2023 was also devoted to the characterisation and classification of the sites under management according to their intrinsic challenges in terms of biodiversity. Indeed, given the complexity of the subject, the choice was made to not deploy a unified approach. For sites with the highest stakes, the support of experts and the completion of a study by an ecologist become the standard approach. For the other sites, the distribution of the decision-making tool co-developed with CDC Biodiversité will enable the operational teams to define the main orientations to be prioritised as part of the implementation of the action plans quantified at the level of each site.

Lastly, during 2023, a certification campaign was rolled out across the Ceetrus portfolio using the framework developed by the Real Quality Rating (RQR) platform. This initiative aims to integrate sustainable development factors into the financial values in order to approach the concepts of green value and brown discount in the real estate industry in a standardised manner. By the end of the 2023 financial year, 39% of the assets in Ceetrus' portfolio had been assessed.

> Common indicators to Auchan Retail and New Immo Holding

Water consumption *(in m³)*	2021	2022	2023	Change n-1
Auchan Retail Hyper	3,346,965	3,137,704	2,856,226	(9)%
Auchan Retail Super	148,989	319,944	321,801	+1%
New Immo Holding	844,563	1,345,155	1,654,883	+23%

For Auchan Retail, on a like-for-like basis, the water consumption at the Group level decreased in accordance with the data in the table above between 2022 and 2023. On a non-like-for-like basis, it decreased by 1% between 2022 and 2023. A programme aiming to improve the reliability of the water consumption data through actual monitoring (some consumption items are currently estimated in relation to the amounts invoiced) is being developed within the Group.

For New Immo Holding, the increase in the water consumption is the result of an overall increase in site visits, and therefore more intense use of buildings, as well as a continuous improvement in the monitoring of the water consumption data, in particular through the deployment of remote reading sub-meters in the French (phase 1) and international (phase 2) portfolio.

3.4.5 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.

> Objectives/Policy

Fighting against plastic pollution is one of the four priorities of the "Planet" pillar of Auchan Retail's CSR roadmap.

> PARTNERSHIPS

The reduction of the use of plastic (especially 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 by Auchan Retail in March 2020. In the summer of 2023, following the decision of the Steering committee of the European Plastics Pact to end its activities, Auchan Retail chose to join the Ellen MacArthur Foundation network to continue its action and clarify its objectives.

For its part, Auchan France joined the National Plastic Packaging Pact in 2020.

Auchan Retail's policy on the 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.



(1) Fight Against Plastic Pollution Policy.

Auchan Retail's objectives in terms of combating plastic pollution, defined in 2022, are to:

- extend the share of reusable Auchan-brand food product packaging[1], 85% recyclable or compostable at home in 2024, and aim for 100% by 2025 (see indicator 2.b below);
- reduce the weight of the plastics used in the packaging of Auchan-brand food products by 10% between 2021 and 2024, on a like-for-like basis[2] (see indicator 2.a below);
- reduce the annual volume of plastic used by 2,000 tonnes by 2024 and by 6,000 tonnes by 2032 (comparison of the annual volumes for 2024 and 2032 to the annual volume for 2021) in the self-service fresh food, fruit and vegetable departments for service packaging (see indicator 4.a below).

In 2023, the company developed an automated packaging data monitoring tool that will be rolled out within the Group in 2024.

Since 30 November 2023, Romanian regulations require all distributors to collect a deposit of 10 leu cents on all PET or glass bottles and aluminium cans. This deposit can be recovered by customers by returning the containers to return machines (RVM) installed by the distributors.

Auchan Retail Romania has taken the lead by setting up collection and recycling points in 37 stores, from 18 April 2023, inviting customers to actively contribute to the reduction of waste, in particular plastic, by returning their packaging to Auchan stores. By so doing before 30 November customers will receive a 10 leu cents bonus credited to their loyalty card without having paid the initial deposit.

This action aims to encourage customers and, more generally, citizens to behave responsibly and thus familiarise them with a systematic and automatic beverage packaging recycling system. This commitment has already entailed the collection of 30.6 million bottles.

> Plastic indicators

Collecting data on packaging remains a real challenge that mobilises the teams in order to improve its reliability every year. Auchan Retail is rolling out a training plan for its teams on the environmental issues related to plastics and packaging. Over 600 Group employees were trained under this plan in 2023.

Indicator	Scope	2021	2022	2023
2.a Weight of the plastics used in the packaging of Auchan-brand products (food) *(in tonnes)*	Global EU	36,437 33,542	NC 27,093	35,208 26,483
2.b Percentage of reusable, recyclable or compostable Auchan-brand product packaging (food)	Global EU[1]	46.6% 57.9%	46.8% 59.5%	74.0% 70.3%
4.a Weight of the plastic used in packaging in the market area (stands and fruit/vegetable) *(in tonnes)*	Global EU[2]	10,872 7,977	9,181 6,916	8,293 6,263
4.b Weight of the conventional plastic used in packaging in the market area (excluding bio-sourced and home-compostable plastic) *(in tonnes)*	Global EU	9,213 6,317	8,038 5,773	7,476 5,396
4.c Percentage of recycled plastic incorporated in market area packaging	Global EU	9.8% 12.2%	11.7% 12.8%	23.9% 14.9%
5.a Weight of the plastic used in check-out bags *(in tonnes)*	Global EU	8,261[3] 5,147*	NC 5,676	6,345 3,846
5.b Percentage of recycled plastic incorporated in check-out bags	Global EU	57.2% 80.9%	NC 62.5%	55.4% 61.7%

(1) The data for Spain were excluded because the representativeness of the information collected was too low (recyclability rate estimated at 90%). A tool is being rolled out to improve this data. Spain accounted for 11% of the quantities of Auchan-brand food products sold.

(2) Several corrections were made to the historical data following checks: the Russian data for 2021 were corrected downwards, the Polish data for 2022 were revised upwards.

(3) Indicator 5.a did not include Poland in 2021.

- Indicator 2.a: increases in Spain, following the acquisition of the Dia stores, offset by decreases in France and Romania.
- Indicator 2.b: the recyclability criteria are stricter in the European Union. The increase in the rate is linked to the integration of Romanian data following the deployment of a packaging data control tool; the rates previously recorded being 0% in 2022 and 45% in 2021.
- Indicators 4.a and 4.b: the main decrease between 2022 and 2023 is linked to the replacement of compostable bags by paper bags for fruit and vegetables at Auchan France.
- Indicator 5.a: the roll-out of recycled textile check-out bags has led to a sharp reduction in the use of plastic in check-out packaging for Auchan France.

(1) In the sense of reuse as defined in Article L. 541-1-1 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 for which they were designed. Reusable packaging is designed for multiple trips, extended life and to be reused without compromising its protective function.

(2) A target of -50% has been set for the non-food sector; tools are being rolled out to automate the monitoring of this target.

> Highlights in 2023

Theme	Entities	Actions
Plastic products	Auchan Retail Luxembourg	Test of the deposit of cups for reuse with the Spin solution, in partnership with Valorlux.
Household product packaging	Auchan Retail France	Creation, in the Hauts-de-France region, of four collection points for beer bottles for reuse in partnership with Haut la Consigne and La Déconsigne (average collection of between 300 and 500 bottles per month). Validation of two Auchan-brand beers in these reuse channels. Continuation of the partnership with Cristaline relating to the installation of Ecobox kiosks (109 stores are equipped and 30,000,000 bottles were collected between January and September 2023).
	Auchan Retail Spain	At the end of 2023, the company had 900 bulk product references, including over 100 organic products and 300 frozen products.
Packaging used for in-store distribution	Auchan Retail	Widespread sale of reusable bags in fruit/vegetable departments in Portugal, Spain, France, Luxembourg, Poland and Hungary.
	Auchan Retail Russia	Elimination of single-use plastic cutlery in stands since August 2023 ((1.5) tonne).
	Auchan Retail Luxembourg	Plant fibre trays represent 100% of packaging in the butchery, cheese and fish departments (excluding vacuum packaging).
	Auchan Retail Senegal	Exclusive use of Kraft bags in bakery stands.
Checkout packaging	Auchan Retail France	Provision of recycled textile shopping bags in collaboration with Indispensac (an intra-company of Tissages de Charlieu): 1,628,000 bags sold since the beginning of 2023.

> PARTNERSHIP BETWEEN AUCHAN RETAIL AND INDISPENSAC



Auchan and its partner Indispensac (a company of Tissages de Charlieu) create a solid and virtuous shopping bag. Made in France, this shopping bag is produced within a circular economy supply chain. It is made of recycled textile and its patterns are composed during weaving, no ink is added for colouring: 1,628,000 bags have been sold since the beginning of 2023.

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

> Background

In 2019, the Food and Agriculture Organization of the United Nations (FAO) estimated that around 14% of global food production was lost before it even reached stores, and that an additional 17% was wasted during distribution and in homes.(1)

According to the French Ministry of Agriculture and Food Sovereignty, food waste was estimated at 8.7 million tons in France in 2020, including 7% generated by the distribution sector.(2)

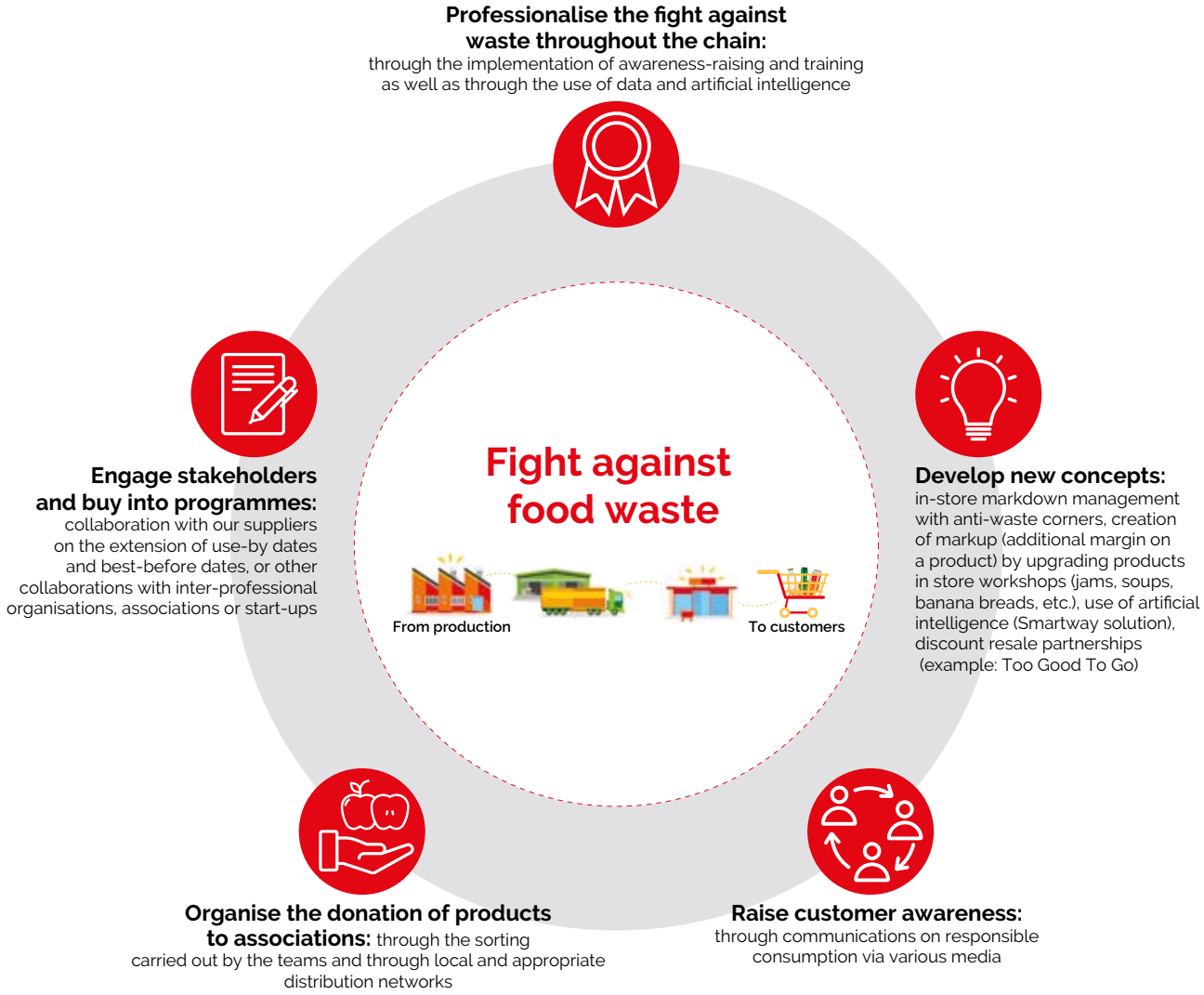
In 2019, ADEME estimated unsold non-food items at more than €4.3 billion in market value and the average share of unsold items at 3% of companies' revenue.(3)

As a player in retail distribution, Auchan Retail is mobilised to fight against food and non-food waste, to reduce waste and promote the circular economy by supporting consumers, innovating in its stores and improving the management of its unsold items, and by recovering its operational waste.

> Objectives/Policy

Auchan Retail's objective is to move towards zero in-store food waste by 2032.

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



(1) https://www.fao.org/newsroom/detail/FAO-UNEP-agriculture-environment-food-loss-waste-day-2022/en.
(2) Ministry of Agriculture and Food Sovereignty.
(3) ADEME bookstore link.

In 2023, the food drives organised by Auchan Retail's subsidiaries in France, Spain, Portugal, Ukraine, Hungary, Romania and Luxembourg, for the benefit of national food banks or associations working in favour of underprivileged populations, raised more than 1,283 metric tonnes of donations, representing a total value of approximately €5.3 million. Nearly 270 Group employees took part in these collections on a voluntary basis.

These actions were supplemented, also in 2023, by the creation and deployment within the Group of an e-learning module to raise employee awareness of the fight against food waste.

The company is also committed to the fight against non-food waste, which is the tenth pillar of its internal quality charter (see section 3.2).

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

1. development of new concepts, such as the creation of corners for second life products (see section 3.4.7);
2. promotion of upcycling, i.e. the recovery of materials or products that are no longer used to manufacture high-quality objects (consumer jeans transformed into shopping bags, overstock of bed linen transformed into pyjamas, etc.);
3. organisation of product donations to associations in order to limit the destruction of unsold non-food items;
4. collection of products for reuse or donation, such as bottles, school bags, coffee capsules, or small household appliances (Waste Electrical or Electronic Equipment);
5. waste recovery, such as recovery through recycling or energy recovery.

> FIGHTING FOOD WASTE WITH ARTIFICIAL INTELLIGENCE

Since 2022, Auchan Retail has been investing in the deployment of a technological platform based on artificial intelligence that aims to optimise the management of products with short dates. It enables:

- Operational efficiency:
  - in-store teams can roll out date control actions four times faster,
  - sourcing teams can replenish fresh products as accurately as possible thanks to more detailed sales monitoring;
- Commercial efficiency by providing a suggestion of the price to be applied to optimise sales.

At the end of 2023, this technological solution was deployed in all the stores of the Romanian, Russian, French and Luxembourg subsidiaries of Auchan Retail. The Portuguese, Polish and Hungarian subsidiaries are working on its deployment. Thus, in 2023, the company avoided the waste of 73.64 million products, i.e. a volume of 35,716 tonnes for all subsidiaries in France, Hungary, Luxembourg, Poland, Romania and Russia.

> TOO GOOD TO GO ANTI-WASTE BASKETS

By offering customers baskets of short-date products at reduced prices through a mobile application, the Too Good To Go baskets are part of the anti-food waste initiatives offered in stores. The application connects committed Auchan supermarkets and hypermarkets with a community of consumers who can quickly discover the baskets to be saved. In 2023, a total of 781,468 Too Good To Go baskets were sold by Auchan Retail in France, Spain, Portugal and Poland (Data collected as at December 10, 2023).

> Indicators

Food waste	Scope	2021	2022	2023
Food waste rate[1]	Auchan Retail	1.66%	1.43%	1.40%

(1) The food waste rate indicator does not take into account data for Ivory Coast (representing less than 0.2% of the total store surfaces).

Operational waste[1]		2021	2022	2023	Change N-1
Total volume of waste *(in tonnes)*	Hyper	396,046	389,511	356,176	(9)%
	Super	67,268	81,716	87,239	7%
	Drive-throughs	3,875	5,642	5,664	0%
Volume of recovered waste *(in tonnes)*	Hyper	277,856	279,062	255,888	(8)%
	Super	55,852	51,078	48,879	(4)%
	Drive-throughs	3,709	5,365	5,199	(3)%
Recovery rate	Hyper	70%	72%	72%	0pt
	Super	83%	63%	56%	(10) pts
	Drive-throughs	96%	95%	92%	(3) pts

(1) These data do not include Ivory Coast (representing less than 0.2% of the total store surfaces), the five Hungarian supermarkets (0.2% of the total surfaces), the Dia stores in Portugal and the Petrom stations in Romania (representing less than 20% of the total revenue in Romania). In 2023, the data does not include Senegal (representing less than 0.4% of total store surfaces).

Between 2022 and 2023, despite a waste recovery rate down by 1.3 point, the 6% decrease in the total volume of store waste led to a decrease in the absolute tonnage of non-recovered waste ((2,253) tonnes).

> Highlights in 2023

Theme	Entities	Actions
Professionalise the fight against waste and waste management throughout the chain	Auchan Retail	100% of Auchan stores carry out promotions or are equipped with anti-waste areas in France, Poland, Russia, Spain, Romania, Luxembourg and Hungary (deployment underway in Portugal).
Develop new concepts	Auchan Retail Portugal	Creation of the "Happy Box", a basket containing damaged but still edible fruit and vegetables - objective at the end of 2023: avoid throwing away 44 tonnes of fruit. Production of fresh fruit juice in-store from unsold items. Establishment of the Gwiker Project: dehydration of unsold fruit and vegetables.
	Auchan Retail Senegal	Establishment of a partnership with Agrofeed: organic waste from stores is recovered to be used in fly breeding or agricultural fertilizer production.
Donation, recycling and upcycling (non-food)	Auchan Retail Spain	Establishment of 124 eco-parks (spaces available to customers to drop off various waste items); located in store car parks, these spaces simplify sorting and recycling.

3.4.7 OFFERING MORE RESPONSIBLE PRODUCTS

> Background

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

> Objectives/Policy

Auchan Retail's ambition is to develop its offer by developing eco-design and eco-selection for Auchan-brand products and by developing an offer of used (textile) or reconditioned products (telephones).

The company's approach in this area is guided by innovation, in particular through its ECOYODA project.

ECOYODA project

Launched in 2021 by Auchan Retail, the ECOYODA project aims to create an internal eco-selection and eco-design framework for Auchan-brand products. It includes the formalisation of guide sheets, intended for the product design teams, pertaining to around 30 types of food and non-food products.

The ECOYODA project is financially supported by ADEME[1] and supported by an external centre of expertise: the national eco-design centre.

In 2022, two products were developed (a backpack and a t-shirt). At the end of 2023, around 30 non-food product projects were under development.

Auchan Retail has set itself the target of having 100% of the products developed by the company pass through the filter of this standard by 2032. In order to meet this objective, a dual approach has been established:

- 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. Auchan Retail's quality engineers have been trained in performing life cycle analysis (LCA) and the product, sourcing and quality teams have been familiarised with the methodology. The target products are products with a strong impact in terms of volumes sold (e.g. bedding, underwear, filing cabinets, etc.). Eleven eco-guides have already been produced for products in the non-food sector (textiles, plastic, metal, glass, ceramics, light bulbs, wood, paper, cardboard, fuels, batteries, multi-material products);
- 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. Eco-selection is also being developed for the Auchan Retail's 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. Easier to implement than eco-design, this process makes it possible to efficiently assess a greater number of products.

> Highlights in 2023

Theme	Entities	Actions
Product design	Worldwide Products Department	In 2023, the total number of product references under development or already marketed reached 186 references for eco-design (such as biodegradable wind shield washer fluid or class A electric bulbs) and eco-selection (such as computer mice, mouse pads, luggage products).
		Development of a user-repairable gasifier (spare parts available on the Eurosaw partner site) with 35% of the product's total weight coming from recycled plastics (marketed in 2024).
	Auchan Retail Spain	93 stores offer shopping carts containing 25% recycled waste ropes and fishing nets.
Second hand	Worldwide Products Department	Establishment, with Reconomia, of a platform enabling customers to purchase spare parts for Auchan-brand consumer electronics and appliances, and to obtain manuals for certain products as well as live troubleshooting assistance.
	Auchan Retail	Provision of a second-hand textile offer through 199 dedicated corners in the Group's stores located in Romania, Hungary, Portugal, Poland, France and Spain.
	Auchan Retail Spain	Establishment of a partnership with Reware in 51 stores for the sale of reconditioned telephone and computer products, and in 2 stores for buyback/repair services for these second-hand products.

(1) French Environment and Energy Management Agency (Agence française de l'environnement et de la maîtrise de l'énergie).



JOËL CLERGUE

breeder and Chairman of SA4R

"The supply chain, initiated 27 years ago, between Auchan and the calf farmers of Aveyron and Ségala, grouped together under the SA4R, is a model for our profession. Thanks to it, we have been able to perpetuate local agricultural employment, ensure the economic visibility of our farms and benefit from a fair and remunerative price. Long-term projects in agriculture are rare, Auchan makes them possible. For 27 years, young farmers have settled down, which would not have been possible without this relationship of trust forged with the Auchan teams. This is why, together, we consolidated this balanced and positive approach in 2023."

3.5 WORKING FOR ETHICAL AND RESPONSIBLE BUSINESS RELATIONSHIPS

3.5.1 "AUCHAN CULTIVONS LE BON" SUPPLY CHAINS

> Background

Consumers are increasingly attentive to the impacts on people and the environment of the food products they consume. The origin and conditions of production or processing of products, particularly those from breeding and agriculture, are decisive criteria for a growing number of consumers.

> Objectives

For several years, Auchan Retail has been developing food supply chains in the various countries where it operates through long-term partnerships with producers, breeders and processors wishing to promote more responsible eating.

These chains aim to offer consumers good and healthy products with exemplary traceability, which are also respectful of the environment and animal welfare. Through this approach, Auchan Retail also intends to contribute to the sustainability of local know-how and activities.

Since 2022, these responsible supply chains are called "Auchan Cultivons le Bon". This change is part of a policy aimed at improving the clarity and legibility of the company's brands to meet an ambition: "With Auchan, it's simple to choose better to eat better."

> "CULTIVONS LE BON" SUPPLY CHAINS

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



The development of the "Auchan Cultivons le Bon" supply chains

The development of each "Cultivons le Bon" supply chain is carried out according to a procedure established by Auchan Retail's International Quality committee, which defines the requirements applicable to the development and production of the products concerned in order to guarantee the quality and positioning expected by the company. These requirements concern in particular:

- the respect for the uniqueness of the supply chain, both in terms of the products concerned and the players involved throughout the production chain, in order to meet the four pillars and three areas presented above;
- the qualification of the producers involved in the supply chain, which includes a technical, social and environmental assessment (in this regard, an assessment specific to the type of product concerned is carried out in order to reduce any risks identified and to list any points requiring improvement);
- the process of validation of applications by a Supply Chain committee;
- 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 selection of products for the "Auchan Cultivons le Bon" supply chain label

For a product to benefit from the "Auchan Cultivons le Bon" supply chain label, indicated by the corresponding logo displayed on the product's packaging, the application submitted by the producer concerned must have been approved by a Supply Chain committee created by the local Auchan Retail subsidiary to monitor the supply chain in question. Each Supply Chain committee is made up of representatives of the various functions of the company involved (such as Purchasing, Quality, Supply Chain, CSR or Marketing) and external players (such as agronomists or representatives of agricultural professions). The objective of this validation procedure is to ensure the consistency and the level of requirement expected of the supply chain concerned.

The application submitted to the Supply Chain committee must include:

- the presentation of the companies involved in the supply chain;
- the production plan;
- the commitments of the companies concerned on the four pillars and three areas presented above;
- the positioning in the range, offering, price, etc.;
- the progress plan.

When approving a product for which an application is made, the Supply Chain committee defines:

- the range to which the product belongs;
- the product validation date;
- the period of validity in relation to the progress plan presented.

> Action plans

Auchan Retail supports the development of its "Auchan Cultivons le Bon" supply chains through six types of actions:

- definition of the offering, through the creation of target ranges of products;
- intensification of communication, through the use of appropriate communication channels;
- development of training for the company's employees on supply chain-related issues;
- measuring the economic performance of the supply chains, in particular through the implementation of common indicators within the Group;
- anchoring the company's quality requirements with regard to supply chain products, in particular through the revision of its internal rating system for these products;
- actions aimed at maintaining a quality relationship between the company and the producers concerned.

> Indicators

Scope	Indicators	2022	2023
Auchan Retail[1]	Number of "Auchan, Cultivons le Bon" supply chains deployed	1,052[2]	1,186
	Percentage of "Auchan Cultivons le bon" supply chain revenue to total food revenue	2.56%	2.63%

(1) Scope excluding Ivory Coast, Partisans du Goût and Chronodrive. The revenue generated by these entities is not included in the monitoring system.

(2) The number of "Auchan Cultivons le Bon" supply chains indicator was subject to a revision of the accounting method: only the supply chains created within the subsidiary in question are counted for the subsidiary. The supply chains from other subsidiaries are now excluded from the total accounting of the subsidiary in question. The 2022 data has been recalculated based on this new accounting rule. This new rule gives a more precise result.

The company's ambition is to increase the number of these supply chains to 1,500 by the end of 2025.

(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.

3.5.2 PARTNERSHIPS WITH SMES AND SMALL PRODUCERS

> Background

SMEs and small producers play a crucial role in the diversification of the product offering, the preservation of local know-how and the economic development of the regions.

> Objective

Auchan Retail is developing partnerships with SMEs and small producers wishing to promote practices that contribute to the protection of the environment, the sustainability of local know-how and activities, and greater transparency of the information provided to consumers.

> Action plans

To promote the development of local product offerings in partnership with small suppliers, Auchan Retail is implementing several types of complementary actions.

- Promotion programmes including special offers, tastings and advertising campaigns are deployed to stimulate demand.
- Educational activities, such as workshops, conferences and interactive sessions are organised in stores, to inform consumers about the nutritional and environmental benefits of local products.
- To facilitate collaboration with local producers, all Auchan Retail subsidiaries have also put in place adapted procedures, aimed at simplifying exchanges, accelerating the listing of products and reducing the associated production costs.

> Highlights in 2023

Theme	Entities	Actions
Local partnerships	Auchan Retail France	• In France, Auchan Retail has chosen to highlight its Auchan Cultivons le Bon supply chains and its local partnerships and to promote its support for the agricultural world by becoming a partner of the 2023 edition of Terre de Jim. This European open-air agricultural festival, organised by the Young Farmers Union, took place in Cambrai from 8 September to 10th, 2023. Auchan Retail held a stand there that mobilised more than 100 employees with discussions, tastings and events for young and old. • For the third consecutive year, Auchan Retail France organised a tour across France called "Tous aux Champs, le tour", as part of which it met with partners of its "Auchan Cultivons le Bon" supply chains and local suppliers, in order to reaffirm the proximity between the company and its suppliers.
	Auchan Retail Poland	• Auchan Piaseczno inaugurated a second "steakhouse" restaurant in collaboration with a local supplier, partner of an "Auchan, Cultivons le Bon" supply chain, specialising in the production of meat and delicatessen. This partnership offers customers a range of 13 beef product references, marketed at Auchan, and prepared on site in the form of meat or burgers.
Local products	Auchan Retail Senegal	• Organisation of a "Made in Senegal" week, in all stores, to raise customer awareness of short supply chains by showcasing local products and know-how.

3.5.3 ANIMAL WELFARE

> Background

Consumers, increasingly aware of ethical and environmental issues, are expecting greater transparency and commitment from companies regarding the conditions for breeding and slaughtering animals in their supply chain. The demand for products respecting animal welfare is therefore growing.

> Objectives

Auchan Retail is committed to a continuous improvement approach in the field of animal welfare.

This approach was initiated through the development of the Auchan Cultivons le Bon supply chains by integrating animal welfare requirements into the risk analyses.

The CSR and Quality teams are working together to extend this approach beyond the "Auchan Cultivons le Bon" supply chains. They are finalising the definition of a group policy on animal welfare for all Auchan-branded products, with a view to its publication in 2024. Some subsidiaries have already formalised ambitions in this area. The local policies of Auchan Retail Spain and Auchan Retail France[1] refer in particular to the living conditions of farm animals and to the reasonable use of antibiotics.

Theme	Organisation	Initiative
Animal welfare	Auchan Retail France	• In April 2023, Auchan Retail France joined Association Étiquette Bien-Être Animal (AEBEA)[1] and committed to deploying animal welfare labelling on its Label Rouge, organic and Auchan mid-range chickens. Auchan Retail France launched its first labelled products in stores in September 2023.
	Auchan Retail Poland	• Auchan Retail Poland published a statement in support of the ban on the sale of eggs from caged hens as part of the Better Chicken Commitment. The commitments made by Auchan Retail Poland in this respect are: – elimination of eggs from caged hens from Auchan-brand egg sales; – elimination of eggs from caged hens from all Auchan-brand products containing fresh and processed eggs by 2025.
	Auchan Retail Spain	• Auchan Retail Spain has extended its animal welfare policy by signing the Better Chicken Commitment[2] for all its Auchan-brand fresh, frozen and processed chicken (products containing more than 50% chicken).

(1) Auchan Retail France's animal welfare policy. See the website: Animal Welfare Label: The labelling is based on a technical reference system containing numerous measurements as regards the animal itself, its environment and the various procedures concerning it, from birth to slaughter.

(2) The Better Chicken Commitment (BCC) is a public commitment to comply by 2026 with a set of criteria on the breeding and slaughter of broilers, which aims to sustainably improve the standards of broiler farming in Europe. The BCC criteria relate in particular to: a reduction in stocking density to a maximum of 30 kg/m2; the addition of enrichments to the breeding environment enabling the birds to express their natural behaviour (natural light, perches, pecking substrates); the use of slower-growing strains whose benefit for animal welfare has been demonstrated; the implementation of certain slaughter methods.

(1) Auchan Retail France's animal welfare policy.

3.5.4 RESPONSIBLE SUPPLY CHAINS INTEGRATING HUMAN RIGHTS AND ENVIRONMENTAL DIMENSIONS

Auchan Retail

> Background

Society at large is expressing growing expectations in terms of corporate social responsibility, particularly with regard to human rights and environmental issues in companies' supply chains.

> Objectives

Auchan Retail strives to continuously improve the consideration of human rights and environmental issues in its supply chains.

To this end, Auchan Retail strives to define and implement differentiated policies and procedures according to the products or services concerned, and taking into account their origin.

These policies and procedures include the execution of procedures such as documentary checks or on-site audits, before and during the commercial relationship between the company and its suppliers, which may be carried out as part of sectoral or multi-sectoral initiatives or by the company itself.

The company implements such policies both with regard to the supply of products intended to be sold by the company (so-called "commercial purchases"), and with regard to the supply of products or services intended to be used by the company itself (so-called "non-commercial purchases"). With regard to commercial purchases, as the actions taken by Auchan Retail to supply food products have been described in the preceding chapters, the following discussion will focus on non-food products.

Actions implemented

1. For commercial purchases of non-food products

Auchan Retail is committed to continuous improvement of its purchasing practices, both in the subsidiaries and in Auchan Retail's Worldwide Products Department.

The Worldwide Products Department's Responsible Purchasing team is also responsible for actions relating to the validation of sourcing and monitoring of Auchan Retail's suppliers in France. As a result, the development of Auchan-brand non-food products is carried out for Auchan Retail France by the Worldwide Products Department teams, in accordance with a unique methodology and a shared quality process. The actions presented below are those managed by the teams of the Worldwide Products Department and concern the non-food products that these departments make available to all of the company's subsidiaries.

Participation in 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)

  The Initiative for Compliance and Sustainability (ICS) is a multi-sector initiative founded in 1998 by the Fédération Française du Commerce et de la Distribution (FCD). This initiative aims to improve the working conditions and safety of workers in global supply chains, as well as the protection of the environment at suppliers, in a collaborative approach with them. ICS brings together retailers in the textile, footwear, electronics, food and furniture sectors. ICS enables member retailers to pool audits, thus helping to reduce the number of simultaneous audits in factories, and to share, through collaborative tools, the corresponding information and best practices.

  As part of this initiative, several tools have been developed:

  - guidelines: support and advisory tools made available to the factories that supply ICS members, in order 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 initiative

  With more than 2,000 members worldwide, AMFORI is the first association to promote sustainable supply chains. It enables the exchange of information and best practices observed within supply chains.

  The AMFORI BSCI[1] initiative is based on a common code of conduct that promotes key principles, such as fair compensation and 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 Guiding Principles for Multinational Enterprises.

  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, after the Rana Plaza tragedy, even though none of its listed suppliers were in the building that collapsed, Auchan Retail contributed to the solidarity fund for the victims and their families. In 2013, Auchan Retail also signed a Fire and Building Safety Agreement (hereafter the "Agreement") aimed at guaranteeing a safe working environment for textile workers in Bangladesh. Since the signing of this Agreement, Auchan Retail 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 programmes for workers in Bangladesh. The factories for which Auchan Retail 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 Agreement and the actions carried out internally have enabled Auchan Retail 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 Agreement approach. Auchan Retail intends to continue its vigilance and its constant work to improve the working conditions and daily safety of workers in all its sourcing countries. The company ensures that demanding, clear, operational and traceable measures are implemented in full consistency with French legislation.

Training in responsible purchasing

Since 2013, Auchan Retail has been implementing a continuous training programme in responsible purchasing for buyers, product managers, negotiators and quality engineers of all subsidiaries, as well as for the offices of the Worldwide Products Department, including the purchasing offices. The objectives of this training programme are to:

- help participants identify the procurement and tender rules applicable to their business;
- implement the internal procedures for listing and delisting suppliers;
- increase participants' awareness of the social and environmental issues related to their activity.

Training in responsible purchasing is not reserved for Auchan Retail employees. The sourcing office teams carry out actions to raise awareness among suppliers (see the 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.

Social audits

Prior to any listing by Auchan Retail, its potential suppliers are subject to social audits carried out with reference to Auchan Retail's own specifications or to international standards such as ICS, AMFORI BSCI, SMETA and ICTI. The people who work in the sourcing offices draw on the findings of each audit to shape improvement strategies with the suppliers and their production site(s).

Auchan Retail may decide to not list a candidate supplier, or to terminate its commercial relationship with a supplier, in the event of non-compliance with the Group's specifications or international standards, for example:

- 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 problem(s);
- use of sandblasting[2];
- dormitories located in the same building as the production unit or a warehouse;
- use of home-working[3];
- consecutive refusals to submit to an audit;
- document forgery;
- corruption cases.

(1) Business Social Compliance Initiative.

(2) 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.

(3) The company seeks to avoid situations where workers could be exposed to hazardous working conditions, excessive hours or unsafe working environments, as well as child labour. The homes of workers cannot be audited.

Environmental auditing

The environmental 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's 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;
- CO_2 emissions into the air;
- waste management;
- pollution prevention and hazardous and potentially hazardous substances;
- emergency response management.

These audits were initially carried out in the factories of textile suppliers, in line with the Fashion Pact[1] of which Auchan Retail is a member. These audits have been carried out on the sites of Tier 1 suppliers since 2018. They have also been carried out on Tier 2 sites since 2020.

Since 2023 this approach has been extended beyond the textile sector to cover at-risk sites in the General Store[2] and Consumer Electronics and Appliances sectors[3].

In 2023, 92 new environmental audits were carried out at Auchan Retail supply chain sites, including 41 shared with other retailers, in addition to those already carried out in previous years.

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.

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 by Auchan Retail representatives to verify compliance with this obligation. In the event of undeclared subcontracting, the supplier in question can be delisted. The company has also rolled out this control approach through the use of a geolocated traceability system.

In 2023, 1,166 random production checks were carried out, including 673 by geolocation. The purpose of these controls is to verify that the products concerned are indeed manufactured in the factory declared by each supplier. In 2023, two cases of undeclared subcontracting led to the immediate delisting of the supplier concerned.

> KEY FIGURES

In 2023, the sites of the Auchan Retail supply chain under the responsibility of the Worldwide Products Department were the subject of:

- 1,236 social audits;

For a supplier base composed of:

- 442 international suppliers (representing 1,037 production sites) including:
  - 343 for textiles,
  - 166 for household equipment,
  - 528 for the general store activity.

3

> Indicators

Scope	Indicators	2021	2022	2023
Worldwide Products Department	Order rate linked to the production site	97.5%	96.4%	93%
	Coverage rate of sites with valid social audit	97.0%	96.0%	97.0%

(1) The Fashion Pact is a series of environmental commitments signed by several fashion companies in 2019 to reduce their environmental impact. The Fashion Pact brings together fashion companies, from haute couture to ready-to-wear to sportswear, that voluntarily commit to achieving concrete sustainability goals by 2030. These objectives relate in particular to reducing the environmental impact, promoting circular practices, protecting biodiversity and guaranteeing workers' social rights throughout the supply chain.

(2) General store = Outdoor leisure, car & DIY + School, office, toy & culture + Home decoration.

(3) Consumer Electronics and Appliances includes IT, telephone, image, sound, beauty, kitchen, maintenance and washing products under the Auchan "Qilive" brand.

2. For non-commercial purchases

For non-commercial purchases of goods and services, Auchan Retail also applies quality, social and environmental criteria in the selection of its suppliers.

Auchan Retail's Indirect Purchasing Department has developed a responsible purchasing strategy, from (upstream) qualification to (downstream) supplier performance control. Four objectives have been defined:

- fight climate change by reducing the carbon footprint;
- fight against packaging and plastic waste;
- fight against deforestation;
- promote workplace safety.

To assess the consideration by its suppliers of the societal and environmental issues related to their activities, the company has opted for the EcoVadis solution, which enables it to formalise and implement a method for assessing its suppliers on the basis of 21 criteria relating to:

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

The EcoVadis tool publishes assessment sheets for suppliers who have completed a self-assessment questionnaire containing proof of commitment and certifications. All buyers have been trained on this method.

> KEY FIGURES FOR 2023:

- 803 suppliers assessed;
- 172 assessments underway;
- 260 assessments refused by the supplier resulting in the latter not being listed.

The performance indicators managed by the Indirect Purchasing Department include the number of suppliers assessed as well as the coverage rate of the total purchase volume of the Auchan Retail subsidiaries per country of operation.

	2021		2022		2023	
	Number of suppliers assessed	Total purchases assessed *(%)*	Number of suppliers assessed	Total purchases assessed *(%)*	Number of suppliers assessed	Total purchases assessed *(%)*
TOTAL AUCHAN RETAIL	**423**	**36%**	**666**	**60.5%**	**803**	**74%**

In addition to this system, since 2022, Auchan Retail has also carried out, via EcoVadis, an assessment of the maturity of suppliers in terms of reducing their carbon footprint, which takes into account the suppliers' policies, actions and reporting in this area.

In addition, to enable the managers and purchasers of the Indirect Purchasing Department, in all the countries where Auchan Retail operates, to monitor the non-financial performance of suppliers, an internal tool was created to compile information relating to the expenses, as well as the results of the supplier assessments carried out using the EcoVadis tool, including in terms of carbon footprint.

The tool transcribes the scores obtained by the suppliers and positions them in a risk matrix. This matrix provides the Indirect Purchasing Department's teams with a global view of the suppliers and enables them to determine and prioritise the actions to be carried out.

The key performance indicators that can be monitored via the tool, and which will be objectified by the country where Auchan Retail operates and by category for 2024, are as follows:

- percentage of suppliers covered by an EcoVadis CSR assessment;
- average supplier score;
- percentage of expenses covered by a carbon assessment with an "intermediate" or "advanced" score.

In addition, as part of Auchan Retail's responsible purchasing approach, several projects were launched by the company in 2023 to promote the circular economy, including:

- the recycling of IT equipment in stores and in support services (resale, donations to associations, supplier's electronic waste destruction policy, etc.);
- the sale of second-hand and reconditioning of refrigeration furniture, bakery/pastry equipment;
- recycling of store signage.

New Immo Holding

> Ambitions

New Immo Holding intends to contribute to enhancing transparency, responsibility and integrity throughout its supply chain, to better take into account the social and environmental issues related to its activities.

To this end, the company implements an approach based on in-depth knowledge of risks, the adoption of both internal and external ethics standards, and the implementation of training and awareness-raising programmes for all company stakeholders concerning social and environmental issues related to the activities of the value chain, as well as the sharing of best practices identified in the various markets.

Actions implemented

In 2020 and 2023 Purchasing Departments were established in Italy and France, respectively, to supervise the markets in the main countries where the company operates, namely Italy, France and Luxembourg. This centralisation of the purchasing functions aims to streamline and optimise the procurement processes, thus promoting more consistent and strategic supply chain management across the New Immo Holding group.

The purchasing policies of these two countries include the following components:

- security and reliability in terms of compliance;
- leading by example in terms of social, societal and environmental responsibility;
- development of mutually beneficial relationships with suppliers.

These purchasing policies are accessible to potential suppliers via the company's national websites. They apply to all suppliers in these two countries.

A code of ethical business and partner conduct is appended to all of New Immo Holding's supplier contracts, whether the supplies are organised by a dedicated team of buyers or by the business lines. This code is also a constituent part of all call for tender files.

New Immo Holding also monitors advanced progress initiatives to guide its daily actions. Among the international programmes that inspire their work and their internal frameworks, New Immo Holding's entities are committed to following the guidelines of the United Nations Sustainable Development Goals, as well as those of the Acts and Facts and Corporate for Change policies.

At Ceetrus, an awareness and training programme on non-financial performance, provided by the company "Les Nouveaux Géants", was followed by all Ceetrus employees at the initiative of its Executive Management.

Nhood has launched a responsible purchasing project. Its ambition is to draft a responsible purchasing charter based on best market practices and to deploy the corresponding purchasing processes.

The implementation of this project resulted, in 2023, in the conclusion of a framework agreement with EcoVadis, which will improve Nhood's assessment of the ESG commitments of its suppliers.

The choice of the EcoVadis solution is part of the desire to establish a supplier assessment method based on:

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

Its deployment will take place as a priority on the French, Luxembourg and corporate markets of Nhood.

> Highlights in 2023

Training in responsible purchasing

In 2023, a training course was selected and developed with a third-party service provider to raise the awareness of all Nhood and Ceetrus teams concerned about the social and environmental issues related to their purchasing activities.

Distributed in 2024 in all the Group's useful languages for better appropriation, it includes fundamental items such as:

- social and environmental issues related to value chain activities;
- Company and employee obligations;
- practical cases based on the company's risk mapping and its responsible purchasing ambitions.

It is intended for all employees.

In addition, awareness-raising sessions on the CSRD[1] were shared with the employees concerned.

(1) Corporate Sustainability Reporting Directive (EU Directive 2022/2464).

3.5.5 BUSINESS INTEGRITY AT AUCHAN RETAIL

3.5.5.1 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 include ethics in its actions, Auchan Retail has drawn up an ethics charter for employees and other stakeholders of the company. It 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 towards excellence. The ethics charter was updated in 2022. It is specific to the activities of Auchan Retail.

3.5.5.2 Integrity and the active fight against corruption

Aware that its business model, involving many partners in different countries, exposes it to a risk of corruption, Auchan Retail applies a "zero tolerance" policy towards corruption.

The Compliance Department of Auchan Retail, which reports to its General Secretary, ensures its operational implementation throughout the Group, in close collaboration with other departments such as the Risk, Internal Control and Audit, Legal and Tax, Economic Security, Finance and Human Resources departments, and with the network of the subsidiaries' Compliance directors.

The Auchan Retail subsidiaries have adopted an organisation adapted to the size of their activity, in order to ensure the implementation of this policy within them. Thus, the compliance function is represented in the subsidiaries, as the case may be, by a dedicated Compliance Officer or by the subsidiaries' Legal directors.

3.5.5.2.1 Commitment of the governing body

In addition to the adoption of the policy mentioned above and the deployment of a dedicated organisation within the Group to ensure its operational implementation, the commitment of the governing body to the fight against corruption is demonstrated also through regular speaking engagements, particularly in the context of communication actions such as the "Compliance week" organised within the Group every year for the past four 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. During the 2023 edition, five subsidiaries achieved over 85% attendance, representing tens of thousands of employees, all business lines combined (stores, drive-throughs, warehouses and support services).

The commitment of the governing body is also reflected in regular reports on the progress of the programme to the supervisory bodies of Auchan Retail such as the Board of directors and its Audit, Compliance and Risk committee.

3.5.5.2.2 Corruption risk mapping

In addition to mapping the Group's general risks, Auchan Retail has drawn up a corruption risk map based in particular on 600 interviews conducted with employees in different positions and at various hierarchical levels within the company. The cornerstone of the anti-corruption system, it underwent a major overhaul at the end of 2023 under the supervision of the Compliance director. Developed according to an approach by process and risk scenarios, this mapping makes it possible to identify, assess and rank the risks in each of the Group's activities. From 2024, this mapping will be used by each subsidiary to define new prevention and detection measures. The methodology adopted by the Group makes it possible to define common and essential mitigation measures while offering subsidiaries the possibility of adopting new ones, as close as possible to the field and their challenges.

3.5.5.2.3 Risk prevention

Since 2015, Auchan Retail's ethics charter has clearly stated the company's desire to fight corruption and establishes a principle of integrity and exemplarity among employees.

The anti-corruption code of conduct illustrates, with regard to the 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 particular with regard to the prevention of conflicts of interest and the provisions applicable to gifts and invitations. If necessary, these documents have been tailored more restrictively in the subsidiaries present in the regions most at risk. They are accessible to employees through various channels, including the intranet, regular newsletters or as materials used for training sessions.

Raising employee awareness of the risk of corruption

For several years, the Group has been rolling out an e-learning module dedicated to the prevention and fight against corruption. In 2023, this module was completely revised to benefit from the contributions of a new e-learning platform and the lessons learned from the update of the risk mapping. Eight countries and more than 10,000 employees in "exposed" functions have already benefited from this new training, which will continue to be rolled out in 2024. In addition, the teams of the Worldwide Products Department also benefit from face-to-face training called "Responsible purchasing", which deals largely with the subject of preventing and combating corruption.

Assessment of third parties

Auchan Retail performs integrity checks prior to entering into business relationships. 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, in order to identify any changes in their situation (unfavourable media coverage, convictions, deteriorated financial position, etc.). Following the update of its corruption risk mapping, in 2023 Auchan Retail launched a project to equip itself with more effective third-party management and assessment tools with the aim of covering 100% of its business relationships. The company has contractual clauses specifying Auchan Retail's requirements and the terms and conditions for the application of 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.

Whistleblowing system

The company provides its internal and external stakeholders with a whistleblowing system allowing the reporting of any conduct contrary to the applicable laws or the company's code of ethics. The assessment of the system is available in the company's duty of care plan (available at https://groupe-elo.com/responsabilite/). Significant reports are anonymised and shared with the Internal Control Department in order to contribute to the strengthening of the company's control processes.

Internal control system

The control of Auchan Retail's anti-corruption system is ensured at the first level by the operational functions and their direct hierarchy. They apply the policies and procedures established by the company to prevent corruption. Auchan Retail has general accounting procedures that provide reasonable assurance as to the quality of the accounting information. The Group also implements controls to ensure that the books, registers and accounts are not used to hide acts of corruption. These controls, carried out in particular by the accounting functions, are the subject of a second-level review by the Internal Control Department. In 2023, Auchan Retail continued to roll out its new internal control framework comprising a minimum of 94 key controls. As part of these second-level controls, the expertise of specialised functions, such as the Compliance, Economic Safety and Security or Legal Departments, may also be requested. Lastly, the Internal Audit Department independently assesses the effectiveness of the controls implemented by the first two lines of defence in all Group subsidiaries. This assessment is part of an annual work programme or, if necessary, takes the form of ad hoc assignments.

3.5.5.3 Compliance with 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. Given the international nature of Auchan Retail's activities and the fact that these sanctions apply across borders, the transactions that the company carries out on a daily basis may potentially fall within the scope of such 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.

3.5.5.4 Tax transparency

ELO wants to be a responsible and civic-minded company in tax matters. It strives to comply with all applicable tax laws and regulations in the jurisdictions in which it operates. The principles that guide its actions in this area are as follows:

Tax compliance

In the jurisdictions in which it operates, ELO ensures that it complies with tax filing deadlines, makes appropriate payments, and maintains accurate and adequate documentation to support its tax positions in compliance with transfer pricing policies.

Tax transparency

ELO promotes tax transparency by providing the required information to the competent tax authorities in the jurisdictions where it operates. The company cooperates with the tax authorities and responds to their requests for information and tax audits.

Responsible tax management

ELO verifies that the level of taxation is fair and consistent with regard to the activity carried out. The company's policy is to refrain from using aggressive tax schemes, tax evasion or any other abusive tax practice.

Relations with tax authorities

ELO maintains professional and transparent relations with the tax authorities. The company seeks to establish open and constructive communication, based on mutual respect and cooperation, by providing the necessary information to the tax authorities in an accurate, complete and timely manner.

When the company is assessed for an amount of tax that it considers incorrect, it will endeavour to find an appropriate solution in cooperation with the tax authority concerned. When the parties cannot reach such a solution, the company may have to bring the dispute before the competent authorities and/or courts.

Tax risk management

ELO carefully manages its tax risks by constantly monitoring legislative and regulatory developments, as well as changes in the interpretation of tax laws. The company strives to implement reliable procedures by which operations and organisations are analysed upstream, Financial Reporting systems through, in particular, IT tools, appropriate internal controls to ensure tax compliance and mitigate tax risks. The company's objective is to continue its activities with a low level of tax risk.

The company relies on its internal tax teams to assess risks and manage tax on a day-to-day basis. The advice of external advisors is regularly sought for all structuring transactions. The company may also request formal statements of position from the competent tax authorities.

Lastly, ELO regularly analyses the value chain of its activities and transcribes it into its transfer pricing policy, which it formalises in dedicated documentation.

Regular review

ELO regularly reviews its tax policy to ensure that the company's overall strategy is in line with changes in tax laws, practices and international standards. The company updates and improves its tax policy accordingly.

The effective tax rate and the company's income tax expense are disclosed in the section of this report dedicated to the consolidated financial statements (see notes to the consolidated financial statements).

3.5.5.5 Data protection

In the course of their activities, all Auchan Retail entities may come to process 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.(1)

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 the subsidiaries located in EU member countries, a Data Protection Officer (DPO) is present to provide his or her expertise and support on data protection issues. In subsidiaries located outside the European Union, where the GDPR is not applicable, Auchan Retail has designated a person responsible for these issues.

To date, the teams in charge of data protection comprise around ten people, not counting the people in charge of this subject in the subsidiaries located outside the European Union.

At the Group level, a Data Protection Governance committee brings together members of Auchan Retail's 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 provides concrete examples of tools;
- a Data Privacy Auchan platform, for employees in charge of projects or handling personal data, which allows them to centralise the management of their projects' compliance with the GDPR; this platform was rolled out on the occasion of the fourth anniversary of the entry into force of the GDPR, and in all the languages of the countries where Auchan Retail operates;
- GDPR training organised at two levels;
- a one-hour awareness-raising module for newcomers;
- awareness-raising sessions and events are offered on a regular basis via internal communication posts and articles intended for all employees;
- the organisation of a participatory event every year on the occasion of European Personal Data Protection Day.

(1) General Data Protection regulation. European regulation that came into force on 25 May 2018 and governs the protection of individuals with regard to the processing of personal data and the free movement of such data.

3.5.6 BUSINESS INTEGRITY AT NEW IMMO HOLDING

3.5.6.1 Ethics at the heart of New Immo Holding's actions

New Immo Holding places the principles of business ethics at the heart of its actions, encouraging its employees to follow them in their interactions with partners and all stakeholders, at all levels of its activities. The company's guidelines detail the behaviour expected, thus promoting a strong ethical culture that serves as the cornerstone of trust with third parties.

The Compliance and Ethics Department has been strengthened through the recruitment of an employee in charge of third-party assessment and business ethics, and the confirmation of an employee in charge of the implementation of the compliance programme in connection with the prevention of corruption risks. This department now has three employees under the direction of the Compliance, Ethics and Internal Control director.

In the countries where the company is established, local contacts ensure the compliance of the subsidiaries and actively contribute to the implementation of the policies, processes and tools deployed by the corporate teams.

New policies, in particular those relating to gifts and hospitality as well as to the management of conflicts of interest, have been put in place. They are part of the corruption prevention action plans of Nhood entities in the countries and the associated management of the nine major risks identified by the corruption risk mapping.

An exchange platform called "Integrity Hub" has been referenced, benefiting all subsidiaries, to disseminate and monitor the ethics policies deployed.

3.5.6.2 Integrity and fight against all forms of corruption

New Immo Holding applies a zero tolerance policy with regard to corruption, requiring the rigorous commitment of each manager and employee to comply with the standards of conduct set out in the company's code of ethics. Mandatory training is planned to ensure the understanding and application of these rules. In addition, a detailed mapping is established, identifying, for each risk and each legal entity, the level of attention required for each situation potentially generating risks of corruption, in order to ensure adequate control of these situations.

3.5.6.2.1 Commitment at the highest level

As a signatory of the internal codes of ethics for Nhood and Ceetrus employees, as well as the Nhood and Ceetrus code of business and partner ethics, the governing body clearly affirms its commitment to high ethical standards. This position reflects a policy of zero tolerance towards corruption, violations of human rights and fundamental freedoms. The governing body is part of an ethical framework in accordance with the laws, commitments and values promoted by the company, thus aiming for the highest standards.

Through its Compliance, Ethics and Internal Control Department, the governing body manages the degree of awareness of the teams and managers. This department reports directly to the General Manager of Nhood and reports regularly to the Audit, Risks and Compliance committee of the Board of directors of New Immo Holding. At the request of the committee, an update is presented several times a year to provide information on the progress made by the Compliance, Ethics and Internal Control Department.

Appointed through an engagement letter co-signed by the subsidiary's General Manager and the Compliance, Ethics and Internal Control director, the local compliance officers are responsible for disseminating the programmes in the subsidiaries and adapting them to the local regulations.

At key moments, the governing body intervenes to enhance the ethical commitment, in particular through compliance synergies within the subsidiaries. Every year, on the occasion of the International Day for the Prevention of Corruption, an event is organised to raise awareness among teams about ethics and, more specifically, the prevention of corruption. In 2023, this event took the form of videos highlighting local and corporate initiatives on the theme "What characterises an honest employee?". Experts and members of the Executive Management shared their perspectives through these videos, which were broadcasted simultaneously in all the subsidiaries, thus illustrating the ethics commitments in concrete situations.

3.5.6.2.2 Risk mapping

For New Immo Holding, risk management is based on an objective assessment of the current situation. This assessment is translated into a corruption risk mapping which aims to determine the company's position in order to establish appropriate remediation plans.

The risk mapping is reviewed by the Audit, Risk and Compliance committee, which assesses the company's exposure levels and the associated remediation plans based on risk scenarios. This assessment identified nine major risks, each linked to a specific remediation plan. This analysis is regularly updated, and the risk mapping was updated in 2023.

In 2024, the Compliance, Ethics and Internal Control Department intends to strengthen the dissemination of the mapping results to involve each employee in a continuous improvement process.

3.5.6.2.3 Preventing risks

As part of its risk prevention strategy, and in line with the recommendations issued by the French Anti-Corruption Agency, New Immo Holding has put in place tools to prevent and detect risks.

The main items of risk management are as follows:

1/ The code of conduct for employees and the code of ethics for business conduct and partners

In accordance with legal requirements and in line with its ethics policy, the company has for several years distributed an ethical code of conduct for employees, as well as a code of ethics for partners and business. Each has a similar structure and is divided into two chapters, one dedicated to respect for fundamental rights and the other to responsible business conduct. It should be noted that the code of ethics for partners is part of the company's desire for fairness; its provisions come in addition to those of the partner's code of ethics.

A list of clauses completes this system.

In 2023, internal policies and procedures translating the ethical principles into concrete rules and processes were disseminated: management of conflicts of interest, management of gifts and invitations, provision of a dynamic and online register for declaring conflicts of interest, gifts and invitations.

2/ The third-party integrity assessment policy

Established in 2022, and rolled out in 2023, the third-party integrity assessment policy was developed using a risk-based approach to first identify the intrinsic risk of a third party and then deploy a level of control relevant to this intrinsic risk.

The intrinsic risk is thus derived from factors related to the geographical area of the third party, financial criteria as well as factors related to the type of operations for which the risk is identified.

The levels of control procedures to be implemented at the end of this first stage range from a standard verification for cases where the risk is low to reinforced verifications. These make it possible to identify and assess, among other things:

- the existence of potential sanctions against the company or its executives;
- the existence of conflicts of interest;
- the presence of a politically exposed person within the governing body;
- the existence of negative media coverage concerning the company or its executives.

In a proactive manner, the company has also chosen to assess the financial strength of the partner company. The means implemented for this purpose are:

- documentary collection of administrative documents;
- dispatch of a self-declaration questionnaire;
- screening of the company using a dedicated platform.

Following the analysis carried out and depending on the net risk identified, several validation schemes were defined, ranging from a simple validation of the business relationship to escalation to the governing body for decision.

At present, the third-party integrity assessment policy is distributed to all subsidiaries. Its effective deployment, including the use of systematic controls, is underway.

3/ A basis of accounting controls

The overall internal control system called "the golden rules" aims to bring the company's processes under control and reduce the risks it faces. It also constitutes the framework for controls to guard against or identify a possible act of corruption.

As a priority, the system has been built around the company's key processes. It is enhanced and updated at least once a year.

This system corresponds to the rules resulting from best practices and regulatory systems applicable in France and to subsidiaries, regardless of their geographical location, as soon as they consolidate their activity in France. However, it does not supplement the application of other standards imposed by local regulations.

This system forms the basis of the accounting controls aimed at securing the company's assets. It makes it possible to carry out all the necessary and useful checks, making it possible to exclude all situations of corruption or wrongdoing.

All subsidiaries carry out an annual self-assessment of their level of implementation of the controls defined in the system. In 2023, for the first time, sample checks made the results of these self-assessments more reliable.

These controls are the company's second line of defence in the fight against corruption.

An internal control reporting automation project has been launched to enable controls to be carried out in line with the risk scenarios resulting from the company's corruption risk mapping.

4/ A whistleblowing line

In order to promote a transparent and open-minded corporate culture, New Immo Holding has set up a secure whistleblowing system in accordance with the Sapin 2 Law, the Duty of Care Law and the Waserman Law.(1)

This system guarantees the confidentiality of the whistleblower and of exchanges on the platform. It also allows for efficient, diligent and professional processing of alerts.

New Immo Holding encourages any person who observes behaviour that is contrary to the values and commitments of the company's code of ethics, whether they are employees or third parties to the company, to report it on the whistleblowing platform.

The Ethics, Compliance and Internal Control Department regularly works with the employee community to make them aware of the use of the whistleblowing system. At the company's head office, a communication was disseminated on the possibility of directly accessing the whistleblowing platform via a QR Code, which is permanently displayed at the company's head office.

The whistleblowing line opens with a drop-down menu that presents the types of alert likely to be raised and which range in particular from harm to the environment, non-compliance with competition rules, cases of fraud, misappropriation, corruption, even situations of harassment of any kind. It allows the opening of a dialogue with the whistleblower and the production of documents in a secure space that complies with the GDPR.

The whistleblowing line is also highlighted in the company's codes of ethics.

Depending on whether or not the reports are significant, they are reported individually or globally after being anonymised to the Audit, Risks and Compliance committee. They also contribute to strengthening the company's processes and controls, particularly in the context of the continuous improvement of the internal control framework entitled "the golden rules".

Lastly, this platform also welcomes requests for advice.

(1) Law No. 2016-1691 of December 9th, 2016 on transparency, the fight against corruption and the modernisation of economic life.
Law No. 2017-399 of March 27th, 2017 on the duty of care of parent companies and ordering companies.
Law No. 2022-401 of March 21st, 2022, on improving the protection of whistleblowers.

3.6 DUTY OF CARE PLAN

The duty of care plan deployed within the ELO group, including the report on its implementation for 2023, is available on the company's website (https://groupe-elo.com/responsabilite/). This plan aims to present, in accordance with Law No. 2017-399 of 27 March 2017, the measures taken as regards the activities of Auchan Retail (Part I) and New Immo Holding (Part II). As these two activities are structured and managed separately, it seemed more appropriate to establish a specific duty of care plan for each activity.

3.7 ELO ACTIVITIES RELATED TO 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 18 June 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,
  - 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 ecosystems;
- comply with the technical review criteria established by the Commission;
- not cause significant harm to any of the environmental objectives (DNSH "Do No Significant Harm");
- 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" which means classified in the European Taxonomy;
- "aligned" or "sustainable" which means respecting the technical criterion(s) 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, namely climate change mitigation and climate change adaptation. For the 2023 financial year, information is required for all activities concerned by one of the six environmental objectives mentioned above.

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.

> Scope

- The revenue, capital expenditure and operating expenses considered cover all of ELO's activities corresponding to the scope of the companies under its exclusive control, as defined in the notes to the consolidated financial statements of ELO.
- The 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 6 July 2021 (Delegated regulation (EU) 2021/2178).
- The financial data is taken from the consolidated financial statements as of December 31st, 2023 and the revenue and capital expenditure can therefore be reconciled with the financial statements.

> Activities eligible for 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.

Certain activities carried out by the companies of the ELO group are eligible for one or more of the following environmental objectives:

- climate change mitigation (CCM);
- climate change adaptation (CCA);
- transition to a circular economy (CE).

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The eligible activities concerned are listed below:

Breakdown of the ELO group's activities	Categories of eligible activities and chapter references of the appendices of the delegated acts
New Immo Holding as: • manager of real estate assets • developer and builder of real estate assets	CCA7.1 and CCM7.1 Construction and real estate activities CCA7.2 and CCM7.2 Renovation of existing buildings CCA7.3 and CCM7.3 Installation, maintenance and repair of energy efficiency equipment CCA7.4 and CCM7.4 Installation, maintenance and repair of charging stations for electric vehicles buildings and attached to buildings CCA7.5 and CCM7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings CCA7.6 and CCM7.6 Installation, maintenance and repair of renewable energy technologies CCA7.7 and CCM7.7 Acquisition and ownership of buildings
Auchan Retail as manager and operator of real estate assets	
Auchan Retail as a distributor involved in the collection and sorting of non-hazardous waste	CCA5.5, CCM5.5 and CE2.3 Collection and transport of non-hazardous waste
Auchan Retail as a distributor providing home delivery of goods	CCA6.4 and CCM6.4 Operation of mobility

> Assessment of the alignment of the eligible activities

Technical criteria and DNSH

To contribute to the six environmental objectives, the eligible activities identified above must meet the criteria for alignment with the European taxonomy:

		DNSH/environmental objective				
Eligible activities	**Technical criteria for alignment with the climate change adaptation objective**	**Climate change adaptation and mitigation**	**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**
CCA7.1 and CCM7.1 Construction and real estate activities	The criterion for aligning the property management activities (renovation or construction of buildings with a view to operating, renting or selling them) is that of primary energy consumption expressed in kWh/m²/year. The threshold for primary energy consumption per m² and per year was set at 180kWh/m²/year. Above this threshold, buildings were considered as not contributing to the objective of climate change adaptation.	The building is not intended for the extraction, storage, transpo-rtation or manufac-ture of fossil fuels.	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.
CCA7.2 and CCM7.2 Renovation of existing buildings						N/A
CCA7.7 and CCM7.7 Acquisition and ownership of buildings			N/A	N/A	N/A	N/A
CCA7.3 and CCM7.3 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 such as refrigeration equipment; 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
CCA7.4 and CCM7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and attached to buildings)			N/A	N/A	N/A	N/A
CCA7.5 and CCM7.5 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
CCA5.5 and CCM5.5 Collection and transportation of non-hazardous waste	The collection and sale of non-hazardous waste is aligned by nature.	N/A	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
CE2.3 Collection and transport of non-hazardous waste	The collection and sale of non-hazardous waste is aligned by nature.	N/A	N/A	N/A	The activity relies on waste collection vehicles that comply with at least EURO V standards. A management system is set up by the collection and logistics operator to manage the risks to the environment, health and safety.	N/A
CCA6.4 and CCM6.4 Operation of mobility	The mobility is 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	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

Due diligence in terms of human rights

The duty of care plans of Auchan Retail and New Immo Holding are covered in the ELO duty of care plan available at the following address: https://groupe-elo.com/responsabilite/. The 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

Sections 3.5.5.2 and 3.5.6.2 set out the guidelines that Auchan Retail and New Immo Holding have adopted to combat 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.

Due diligence in terms of compliance with competition rules

The principles and means implemented to ensure compliance with the rules of ethics within Auchan Retail and New Immo Holding are set out in sections 3.5.5.1 and 3.5.6.1 respectively.

Due diligence in terms of compliance with tax legislation

Section 3.5.5.4 of this report mentions the principles that govern the conduct of its subsidiaries in tax matters (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

See section 3.8.9.

Revenue

ELO's revenue comes from Auchan Retail and New Immo Holding as described in note 4.1 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 2023 financial year was 2.0 % out of a total revenue of €32,902 million. In 2022, the share of ELO's eligible revenue was 1.9 %.

The alignment ratio (aligned revenue in relation to eligible revenue) reached 21.3% for 2023 (vs 21.9% in 2022).

The ratios by company are presented in the table below:

	ELO		Auchan Retail International		New Immo Holding	
Revenue	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Eligibility ratio *(in % of revenue)*	2.0 %	1.9 %	0.2 %	0.3 %	91.0 %	91.9 %
Alignment ratio *(in % of revenue)*	0.4 %	0.4 %	0.1 %	0.1 %	18.1 %	16.7 %
Alignment ratio *(in % of eligible revenue)*	21.3 %	21.9 %	32.1 %	43.3 %	19.9 %	18.1 %

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 European taxonomy. These include investments in the collection and sorting of non-hazardous waste.

The share of ELO's eligible capital expenditure for the 2023 financial year was 55.8% out of a total capital expenditure of €1,428 million (gross investments of €818 million and right-of-use assets of €610 million - see note 6) and mainly covered the property management activity. In 2022, the share of ELO's eligible capital expenditure was 68.6%.

The alignment ratio (aligned capital expenditure in relation to eligible capital expenditure) reached 16.5% for 2023 (vs 14.5% in 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	
Capital expenditure	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Eligibility ratio *(in % of capital expenditure)*	56 %	68.6 %	49.2 %	57.4 %	100 %	97 %
Alignment ratio *(in % of capital expenditure)*	9.2 %	9.9 %	6.7 %	11.7 %	25.4 %	5.5 %
Alignment ratio *(in % of eligible capital expenditure)*	16.5 %	14.5 %	13.5 %	20.4 %	25.4 %	5.7 %

Operating expenses (OPEX)

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

The operating expenses as defined by the Taxonomy regulation (€391 million) were not material compared to all operating expenses included in ELO's consolidated income statement (€32,534 million). Consequently, this indicator is not presented, as it is not relevant with regard to ELO's activities.

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 sections 3.4.1 and 3.4.2) should contribute to the increase in the share of capital expenditure aligned with the objective of climate change adaptation.

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		2023 revenue	Proportion of 2023 revenue	Substantial contribution criteria: Climate change mitigation	Climate change adapta-tion	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-system	DNSH: Climate change mitigation	Climate change adapta-tion	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-system	Minimum guaran-tees	Proportion of revenue aligned with the taxonomy
ACTIVITIES ELIGIBLE FOR THE TAXONOMY																	
TAXONOMY-ALIGNED ACTIVITIES																	
Collection and transport of non-hazardous waste sorted at source	CCM 5.5 CE 2.3	23	0,1%	0%	Y	N/EL	Y	N/EL	N/EL	O	O	N/A	O	O	N/A	O	16%
Acquisition and ownership of buildings	CCM 7.7	119	0,4%	0%	Y	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	84%
TOTAL ALIGNED		**142**	**0,4%**														**100%**
ACTIVITIES NOT ALIGNED WITH TAXONOMY																	
Construction and real estate activities	CCM 7.2	3	0,0%														
Acquisition and ownership of buildings	CCM 7.7	522	1,6%														
TOTAL NOT ALIGNED		**525**	**1,6%**														
TOTAL ELIGIBLE		**667**	**2,0%**														
REVENUE NOT ELIGIBLE FOR TAXONOMY																	
TOTAL NON-ELIGIBLE		**32 238**	**98,0%**														
TOTAL REVENUE		**32 902**	**100,0%**														

> CAPITAL EXPENDITURE

List of activities Reference to the Delegated Act, Appendix I		2023 CAPEX	Proportion of 2023 CAPEX	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-soystem	DNSH: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-system	Minimum guarantees	Proportion of CAPEX aligned with taxonomy
ACTIVITIES ELIGIBLE FOR THE TAXONOMY																	
TAXONOMY-ALIGNED ACTIVITIES																	
Collection and transport of non-hazardous waste sorted at source	CCM 5.5 CE 2.3	1	0,0%	Y	N	N/EL	Y	N/EL	N/EL	O	O	N/A	O	O	N/A	O	1%
Operation of people mobility systems, cyclologistics	CCM 7.2	20	1,4%	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	O	O	O	N/A	O	15%
Renovation of existing buildings	CCM 7.3	61	4,3%	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	O	N/A	O	47%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.4	8	0,6%	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	6%
Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and in car parks attached to buildings)	CCM 7.5	2	0,1%	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	1%
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.6	3	0,2%	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	2%
Acquisition and ownership of buildings	CCM 7.7	37	2,6%	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	28%
TOTAL ALIGNED		**132**	**9,2%**	**9%**	**0%**	**N/EL**	**0%**	**N/EL**	**N/EL**								**100%**
ACTIVITIES NOT ALIGNED WITH TAXONOMY																	
Collection and transportation of non-hazardous waste sorted at source	CCM 5.5 CCA 5.5 CE 2.3	2	0,2%														
Renovation of existing buildings	CCM 7.2 CCA 7.2	447	31,3%														
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3 CCA 7.3	29	2,0%														
Acquisition and ownership of buildings	CCM 7.7 CCA 7.7	190	13,3%														
TOTAL NOT ALIGNED		**668**	**46,8%**														
TOTAL ELIGIBLE		**800**	**56,0%**														
CAPEX NOT ELIGIBLE FOR TAXONOMY																	
TOTAL NON-ELIGIBLE		**629**	**44,0%**														
TOTAL CAPEX		**1 429**	**100%**														

> OPERATING EXPENSES (OPEX)

List of activities Reference to the Delegated Act, Appendix I		Operating expenses (OPEX) 2023	Proportion of 2023 OPEX	Substantial contribution criteria						DNSH							Proportion of OPEXs aligned with the taxonomy
				Climate change mitigation	Climate change adapta-tion	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-system	Climate change mitigation	Climate change adapta-tion	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-system	Minimum guaran-tees	
ACTIVITIES ELIGIBLE FOR THE TAXONOMY																	
TAXONOMY-ALIGNED ACTIVITIES																	
Collection and transport of non-hazardous waste sorted at source	CCM 5.5 CE 2.3	N/S	N/S	Y	N	N/EL	N/S	N/EL	N/EL	O	O	N/A	O	O	N/A	O	N/S
Operation of people mobility systems, cyclologistics	CCM 6.4	N/S	N/S	Y	N	N/EL	N/EL	N/EL	N/EL	O	N/A	O	N/A	N/A	N/A	O	N/S
Renovation of existing buildings	CCM 7.2	N/S	N/S	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	O	O	O	N/A	O	N/S
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	N/S	N/S	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	O	N/A	O	N/S
Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and in car parks attached to buildings)	CCM 7.4	N/S	N/S	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	N/S
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	N/S	N/S	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	N/S
Installation, maintenance and repair of photovoltaic panels	CCM 7.6	N/S	N/S	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	N/S
Acquisition and ownership of buildings	CCM 7.7	N/S	N/S	Y	N	N/EL	N/EL	N/EL	N/EL	O	O	N/A	N/A	N/A	N/A	O	N/S
TOTAL ALIGNED		**N/S**	**N/S**														**N/S**
ACTIVITIES NOT ALIGNED WITH TAXONOMY																	
Collection and transport of non-hazardous waste sorted at source	CCM 5.5 CE 2.3	N/S	N/S														
Operation of people mobility systems, cyclologistics	CCM 6.4	N/S	N/S														
Renovation of existing buildings	CCM 7.2	N/S	N/S														
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	N/S	N/S														
Installation, maintenance and repair of charging stations for electric vehicles inside buildings (and in car parks attache to buildings)	CCM 7.4	N/S	N/S														
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	N/S	N/S														
Acquisition and ownership of buildings	CCM 7.7	N/S	N/S														
TOTAL NOT ALIGNED		**0**	**0%**														
TOTAL ELIGIBLE		**0**	**N/S**														
OPEX NOT ELIGIBLE FOR TAXONOMY																	
TOTAL NON-ELIGIBLE		**391**	**100%**														
TOTAL OPEX		**391**	**N/S**														

3.8 METHODOLOGY

3.8.1 ORGANISATION OF REPORTING

In each country in which the ELO group operates, the subsidiaries concerned appoint a Corporate Social Responsibility (CSR) manager to disseminate the guidelines relating to environmental and societal reporting to all sites and services within its scope. The designated manager monitors the indicators and coordinates the feedback of employees, who, within their respective entities, are responsible for this task. To this end, they have the necessary IT tools to consolidate this information. With regard to the social aspect, the Human Resources directors (HRDs) share this same responsibility with their Management committee and all operational contributors. In order to ensure the consistency and quality of the information transmitted, Auchan Retail's International CSR committee makes an updated version, translated into English, of the reporting protocol available to all parties 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.

3.8.2 METHODOLOGY FOR ASSESSING THE MATERIAL CHALLENGES AND MAIN RISKS OF THE ELO GROUP

> Auchan Retail

Materiality matrix

The materiality matrix of Auchan Retail's CSR issues, presented in section 3.1.3 ("Material issues and main non-financial risks") above, is the result of the materiality analysis carried out by the company in 2021. The materiality analysis is a tool that makes it possible to identify the company's priority CSR issues, based on stakeholder expectations and weak societal trends and signals.

For the purposes of this analysis, the various aspects of the CSR issues were addressed in collaboration with the 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, in the form of a questionnaire, was carried out among internal and external stakeholders, resulting in more than 2,000 responses.

These consultations made it possible to identify the themes of importance for Auchan Retail's stakeholders and to prioritise them in the form of issues.

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

Risk mapping

The CSR risk mapping established by Auchan Retail in 2020, which is presented in section 3.1.3 ("Material issues and main non-financial risks") above, was carried out according to the methodology set out below.

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 is 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. This assessment also takes into account the suppliers and subcontractors of each of the Auchan Retail entities.

The objective of this review is 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 periodically. In addition to this periodic update, it may be reviewed from time to time when a serious incident leads the company to re-assess a specific risk.

> New Immo Holding

Materiality matrix

In 2022, Nhood drew up a materiality matrix of the CSR issues related to its activities (see section 3.1.3) after consulting the main stakeholders in the various countries where the company operates, making it possible to identify and prioritise the expectations concerning the real estate sector.

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 General Managers committee determined the impact of these CSR issues on Nhood's activity.

Risk mapping

The risk mapping of the New Immo Holding group presented above (in section 3.1.3) was established by reference to the best professional risk management practices established by COSO and IFACI, and in accordance with the Group's risk management and internal control policy. This approach consists of four distinct steps:

Step 1: Value chain development

The Group's value chain identifies the value-generating activities, thus delimiting New Immo Holding's sphere of influence by including the internal and external stakeholders. It is composed of five main activities, namely Property Management and Asset Services, Property Development, Fund Management, Back Office Services, and Property Activities.

Step 2: Identification of risk categories and risk analysis

The identification of risks and their categorisation was carried out in 2022, involving the leaders of different functions in all countries. Interviews, workshops and a documentary study made it possible to specify the causes of the risks, the associated scenarios, and to enrich the risk universe. Individual risk maps were produced to guide contributors and assessors.

Step 3: Development of the risk assessment scale

A risk assessment scale aligned with best practices has been developed. It takes into account three assessment criteria: the impact on health, the social impact and the environmental impact. The contributors also assess the likelihood of the risk occurring or worsening. In 2023, a third criterion, means of remediation, was added.

Step 4: Risk prioritisation

The risks were ranked in 2022 according to their impact and probability of occurrence. In 2023, the assessment was enhanced by taking into account remedial measures. The business line leaders in every country took part in the assessment, resulting in a unique mapping representing 70% of the consolidated revenue of the countries. The net risk mapping for 2023 was developed by assessing risk management, involving specific leaders for each type of risk.

The methodology emphasises a comprehensive approach to risk management, from identification to prioritisation, relying on the active participation of business line leaders at all levels of the organisation. This approach aims to ensure a common understanding and effective management of risks within the New Immo Holding group.

3.8.3 DATA COLLECTION

> Collection method

In order to ensure the consistency of the indicators at the global level, a reporting protocol was drawn up in French before being translated into English. This protocol sets out in detail the methodologies to be followed for the collection and verification of indicators, including definitions, methodological principles, roles and responsibilities of internal stakeholders, data sources, as well as the relevant calculation formulas.

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.

> 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 Nhood 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 subject to estimates, particularly in the case of energy consumption indicators, which are calculated based on the amount invoiced, with the use of an allocation key between the shopping mall and the store. In such cases, the countries are required to specify and 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).

> Temporal and spatial scope

The quantitative and qualitative data in this document summarise 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 retail outlets are included in the calculation of the indicators. Are not taken into account: logistics sites, central services, affiliated stores, etc.;
- only the shopping malls owned by Ceetrus are included in the calculation of the indicators. Shopping malls where Nhood 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.

> Societal indicators

The scope of the HR component changed between 2022 and 2023:

- the collection points of the property management activity have been renamed "Nhood";
- for international markets: the Ceetrus Finance collection point has been eliminated since there are no longer any employees;
- in Ivory Coast, the Nhood Ivory Coast (for property) and Ivory Coast Supermarkets (for retail) collection points were created following the expansion of these activities in the country.

> Temporal indicators

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):

- breakage rate of fresh produce;
- number of "Auchan, Cultivons le Bon" supply chains deployed;
- ratio of supply chain revenue to food revenue;
- percentage of sites with a valid technical certification;
- number of Auchan-brand products whose Nutritional Profile has been improved;
- number of Auchan Bio-brand organic products;
- percentage of "Auchan, Cultivons le Bon" organic supply chain products to the number of "Auchan, Cultivons le Bon" supply chains;
- number of Auchan-brand vegan product references;
- number of Auchan-brand gluten free product references;
- percentage of local or international Auchan-brand products with the Nutri-Score label on the packaging.

> Comparability and coverage of the main indicators

For the main indicators, and within the Auchan Retail scope, a coverage rate is calculated based on the number of sites or countries that have responded.

> Coverage rate for the main indicators *(as a % of the m² covered)*

Energy consumption per square metre of surface area	99%
Refrigerant leakage rate	99%
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	97%
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	97%
Total volume of recovered waste (*in tonnes*) - DRIVE	37%
Total water consumption (*in m³*) - HYPER	88%
Total water consumption (*in m³*) - SUPER	60%

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.

Significant disposals in 2019, 2020 and 2021 strongly impacted the reporting scope (disposal of the Auchan Retail activities in Italy and Vietnam in 2019, disposal of the activities in China in 2020, disposal of the activities in Taiwan in 2021). In order to have comparable data, the indicators relating to previous years have been restated to be on a like-for-like basis.

> Summary tables of scopes

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

2023 non-financial performance statement	**Surface area** *(in thousands of sqm)*
Scope used for the 2023 reporting for 2019 (excluding activities in China and Taiwan)	5,402
Scope used for the 2023 reporting for 2020 (excluding activities in China and Taiwan)	5,491
Scope used for the 2023 reporting for 2021	5,517
Scope used for the 2023 reporting for 2022	5,506
Scope used for the 2023 reporting for 2023	5,542

Regarding energy consumption, it should be noted that the "Auchan Station" stores in Romania (representing less than 20% of the revenue of the fleet of Romanian stores), are not included in the scope this year but that work is underway to integrate them in coming years.

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.

Some indicators benefit from a one-year history since they are monitored for the first year in 2023, these indicators are as follows:

- number of "Auchan, Cultivons le Bon" supply chains deployed;
- ratio of supply chain revenue to food revenue;
- total ratio of technically qualified sites;
- total number of products whose Nutritional Profile has been improved;
- number of Auchan Bio-brand organic products;
- share of "Auchan, Cultivons le Bon" organic supply chains in the total number of "Auchan, Cultivons le Bon" supply chains;
- number of Auchan-brand vegan product references;
- number of Auchan-brand gluten free product references;
- ratio of "Auchan, Cultivons le Bon" supply chain revenue to food revenue.

Other indicators benefit from a one-year history since data was not available for publication in 2022 for the following indicators:

- number of Auchan-brand organic products;
- percentage of Auchan-brand products in organic products;
- percentage of local or international Auchan-brand products with the Nutri-Score label on the packaging.

3.8.4 LABOUR INFORMATION

> Scope

The quantitative and qualitative data in this document summarise 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. 233-3 of said code.

The scope is modified compared to the previous scope: exit of the Ceetrus Finances activity and addition of the retail and real estate activities in Ivory Coast.

Following the audit conducted on the France scope, the analysis of the annual changes between the 2022 and 2023 data revealed inconsistencies in the data reported in 2022. These data were taken from the Prevention tool, for the number of workplace accidents, and from the HR Access tool, for the number of days of work stoppage, neither of the two tools fully meeting the requirements of the reporting procedures set by the Group. The 2022 values initially reported were incorrect and were therefore recalculated using the HR Access tool, to which the 2022 Prevention history was integrated during the 2023 reporting period by applying the method used for the 2023 data.

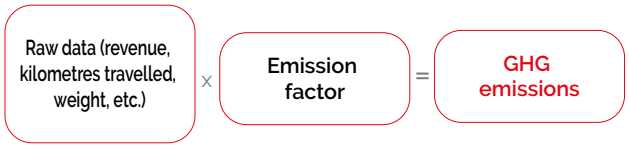
The data recalculated for 2022 are as follows:

- number of workplace accidents with lost time: 3,250 (formerly 2,547);
- number of days lost due to workplace accidents: 159,653 (formerly 226,563);
- frequency rate: 21.97 (formerly 19.22);
- severity rate: 0.7 (formerly 0.9).

As these 2022 data cannot be corrected in the Tennaxia tool or in the 2023 non-financial performance statement, this statement must explain the non-comparability of the data for 2022 and 2023 concerning workplace accidents (impacting the retail activity in France).

3.8.5 METHODOLOGY USED TO CALCULATE GREENHOUSE GAS EMISSIONS - SCOPES 1 AND 2

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.

3.8.6 METHODOLOGY USED TO CALCULATE GREENHOUSE GAS EMISSIONS - SCOPE 3

3.8.6.1 Methodology used to calculate the emissions from goods 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, the company 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, food purchases 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, CO_2 emissions of the carrier).

The emission factors associated with each type of transport are taken from ADEME's carbon database.

3.8.6.2 Methodology used to calculate the 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 Auchan-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. In 2021, this method was only used for non-food. In order to refine the calculation for food products, the figures from the carbon footprint of the food sector of the Worldwide Products Department (which manages the international and French Auchan-brand products) were used in order to extrapolate these results for the entire food product offering (Auchan brand 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.

3.8.6.3 Methodology used to calculate the emissions by GHG protocol categories, communicated to SBTi

Scope

The assessment of the greenhouse gas emissions carried out over the years 2020 and 2021 covers all of Auchan Retail's activities, from upstream to downstream, in all the countries in which it operates, including the franchise stores.

Calculations and data sources

The calculation methods follow the recommendations of the GHG Protocol. Their application has been verified by the SBTi.

- Category 1: See methodology presented in the previous section 3.8.6.2.

  The indirect purchases are calculated using monetary ratios.
- Category 2: Relates to emissions related to the manufacture and renovation of Auchan Retail's buildings, calculated using monetary ratios.
- Category 3: Corresponds to the emissions upstream of the energy consumption accounted for in Scopes 1 and 2 emissions.
- Category 4: Corresponds to the emissions related to the transport of goods between suppliers and warehouses, then between warehouses and stores.

  The supplier-warehouse flow is estimated using statistical data derived from broken down emission factors, while the warehouse-store flow is calculated by the t.km tracked by the company (see 3.8.6.1).
- Category 5: Corresponds to the waste generated in Auchan Retail stores. The company monitors the quantities generated by type of waste, and their end-of-life treatment.
- Category 6: Corresponds to business travel made by car, train and plane by employees, on a monetary basis (source: Quantis), calculated according to the Well-to-Wheel (WTW) methodology.
- Category 7: Corresponds to home-work travel for all company employees. Calculated on the basis of the number of employees and an average impact ratio (source: Quantis) per employee.
- Category 8: Corresponds to the energy-related emissions from warehouses not included in the company's Scopes 1 and 2. They are estimated on the basis of the warehouse surface area and sectoral average data (source: Quantis).
- Category 9: Corresponds to customer trips to points of sale and "last mile" delivery by Auchan Retail.

  The emissions related to customer travel are obtained by extrapolating the results of a survey carried out on a sample of stores. The emissions are calculated according to the Well-to-Wheel (WTW) methodology.

  The emissions related to customer deliveries are estimated on a monetary basis (source: Quantis).
- Category 11: Corresponds to the use of the fuel sold in the service stations operated by Auchan Retail and to the use of the products sold.

  The emissions related to the use of fuel are calculated on a monetary basis.

  The emissions related to the use of the products sold are calculated by taking into account the average power or consumption of products, and usage assumptions provided by national databases. Consumer Electronics and Appliances and Outdoor products were considered in the calculation.
- Category 12: Corresponds to the emissions generated by the end-of-life of food products (mainly related to food waste) and non-food products. The calculations are based on the volumes sold and end-of-life assumptions based on national statistics.
- Category 14: Corresponds to the Scopes 1, 2 and 3 emissions of the franchises. The emissions were estimated on the basis of a $teqCO_2/€$ revenue ratio calculated for the integrated Auchan Retail stores, applied to the revenue generated by the franchise stores.

Categories 10, 13 and 15 do not apply to Auchan Retail's activities.

3.8.7 METHODOLOGY USED TO CALCULATE PLASTIC INDICATORS

Since 2021, Auchan Retail has been conducting campaigns to estimate the total tonnage of plastic used in the packaging of Auchan-brand products.

The completeness of the data is improved every year, and should improve further in 2024 with the deployment of a new dedicated tool.

The lack of completeness of the information in Spain led to this scope being excluded from the calculation of the recyclability rate. A tool is being rolled out to improve this data. Spain accounted for 11% of the quantities of Auchan-brand food products sold.

As the conflict in Ukraine has severely disrupted supplies and the ability to monitor plastic consumption since 2022, data on a limited EU scope are published for comparison purposes.

The data reported for Auchan-brand 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.

The simplified recyclability matrix below is used to estimate the recyclability rates of our packaging based on the existing recycling channels in our various countries.

Materials	Component format	Component type	France	Luxem-bourg	Spain	Portugal	Poland	Hungary	Romania	Russia	Ukraine	Senegal	Theo-retical
Cellulosic / Paper			1	1	1	1	1	1	1	1	1	1	1
Cellulosic / Cardboard			1	1	1	1	1	1	1	1	1	1	1
Cellulosic / Cardboard with 1 side plastic coating			up to 6%	0	0	1	0	0	0	0	0	0	1
Cellulosic / Cardboard with 2 sides plastic coating			up to 6%	0	0	0	0	0	0	0	0	0	1
Cellulosic / Cardboard with paraffin coating or other anti-grease coatings			up to 6%	0	0	0	0	0	0	0	0	0	1
Cellulosic / Molded cellulose			1	1	1	1	1	1	1	1	1	1	1
Cellulosic / Wood			0	0	1	0	0	1	0	0	0	0	1
		Brick (card-board + alu + plastic)	1	1	1	1	1	1	1	0	0	0	1
		Brick (card-board + alu)	1	1	1	1	1	1	1	0	0	0	1
Silicates / Glass (soda-lime)			1	1	1	1	1	1	1	1	1	0	1
Metals / Steel and iron (magnetic)			1	1	1	1	1	1	1	1	0	0	1
Metals / Aluminum			1	1	1	1	1	1	0	1	0	0	1
Metals / Other metals (including non-magnetic metals)			1	1	1	1	1	1	0	1	0	0	1
Plastics / Transparent PET - Polyethylene terephthalate	Bottle		1	1	1	1	1	1	1	1	1	0	1
Plastics / Colored PET - Polyethylene terephthalate	Bottle		1	1	1	1	0	1	1	0	0	0	1
Plastics / Opaque PET - Polyethylene terephthalate	Bottle		0	0	0	1	0	1	0	0	0	0	0
Plastics / Transparent PET - Polyethylene terephthalate	Thermoform / Other rigid / Tube		1	1	0	1	0	0	0	1	0	0	1
Plastics / Colored PET - Polyethylene terephthalate	Thermoform / Other rigid / Tube		1	1	0	1	0	0	0	0	0	0	1
Plastics / Opaque PET - Polyethylene terephthalate	Thermoform / Other rigid / Tube		1	1	0	1	0	0	0	0	0	0	1
Plastics / Transparent PET - Polyethylene terephthalate	Flexible < A4 / Flexible > A4 / Other flexible		0	0	0	1	0	0	0	1	0	0	0
Plastics / Colored PET - Polyethylene terephthalate	Flexible < A4 / Flexible > A4 / Other flexible		0	0	0	1	0	0	0	0	0	0	0

Materials	Component format	Component type	France	Luxem-bourg	Spain	Portugal	Poland	Hungary	Romania	Russia	Ukraine	Senegal	Theo-retical
Plastics / Opaque PET - Polyethylene terephthalate	Flexible < A4 / Flexible > A4 / Other flexible		0	0	0	1	0	0	0	0	0	0	0
Plastics / HDPE - High density polyethylene / Surlyn	Bottle		1	1	1	1	0	1	0	1	0	0	1
Plastics / HDPE - High density polyethylene / Surlyn	Thermoform / Other rigid / Tube		1	1	0	1	0	0	0	1	0	0	1
Plastics / HDPE - High density polyethylene / Surlyn	Flexible < A4 / Flexible > A4 / Other flexible		1	1	0	1	0	0	0	1	0	0	1
Plastics / LDPE - Low density polyethylene	Thermoform / Other rigid / Tube		1	0	0	1	0	0	0	1	0	0	1
Plastics / LDPE - Low density polyethylene	Flexible < A4 / Flexible > A4 / Other flexible		1	1	1	1	0	1	0	1	0	0	1
Plastics / PP - Polypropylene	Bottle		1	1	1	1	0	1	0	1	0	0	1
Plastics / PP - Polypropylene	Thermoform / Other rigid / Tube		1	1	1	1	0	0	0	1	0	0	1
Plastics / PP - Polypropylene	Flexible < A4 / Flexible > A4 / Other flexible		0	1	0	1	0	0	0	1	0	0	0
Plastics / PS - Polystyrene			0	1	0	1	0	0	0	1	0	0	0
Plastics / EPS - Expanded / foamed polystyrene			0	0	0	0	0	0	0	0	0	0	0
Plastics / PVC - Polyvinyl Chloride			0	0	0	0	0	0	0	0	0	0	0
All Other or mixed material			0	0	0	0	0	0	0	0	0	0	0

1: Recyclable

0: Not recyclable

3.8.8 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.

3.8.9 METHODOLOGY FOR COLLECTING FINANCIAL DATA (EUROPEAN TAXONOMY)

The financial data leading to the results mentioned in the tables in section 2.4.4 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.

> 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	2021	2022	2023	Objective	Comment
NON-FINANCIAL QUESTIONNAIRES						
Moody's ESG Solutions (MESG) rating	ELO	62	X	62		
CDP Rating - Climate change	ELO	B	B	A-		This score recognises the advanced management level on climate issues within ELO, particularly in terms of reducing GHG emissions (Scopes 1 and 2).
CDP Rating - Forest	ELO			B-		
SBTi	Auchan Retail		Summited	Validated		In March 2023, SBTi validated Auchan Retail's climate trajectory
PROPOSE A HEALTHY, QUALITATIVE FOOD OFFER[1]						
Product safety and traceability						
Percentage of sites with valid technical certifications	Auchan Retail			100%		
Nutritional quality of products						
Total number of products with an improved nutritional profile	Auchan Retail			382		
Encouraging customers to eat more responsibly						
Percentage of local or international Auchan-brand products with the Nutri-Score label	Auchan Retail	48%	45%	56%		
COMMITMENT WITH PASSIONATE EMPLOYEES						
Job structuring						
Total workforce at the end of the period	Auchan Retail	163,098	160,407	153,965		ELO's workforce decreased by 3.9% between 2022 and 2023. This decrease concerns the Auchan Retail scope. It is mainly the result of adjustments related to the company's transformation and reflects its desire to control the adjustment of its skills and efficiency.
Total workforce at the end of the period	New Immo Holding	1,082	1,069	1,214		
Total workforce at the end of the period	ELO	164,180	161,476	155,179		
Breakdown of workforce by fixed-term/permanent contracts *(as a % of total workforce)*	ELO	8.3% 91.7%	7.0% 93.0%	6.3% 93.7%		
Breakdown of workforce by male/female employees	ELO	61,942 102,238	61,586 99,882	59,790 95,389		
Percentage of employees aged under 25 in the total workforce	ELO	15.3%	15.8%	15.1%		
Percentage of employees aged 25 to 35 in the total workforce	ELO	20%	18.6%	18.4%		
Percentage of employees aged 35 to 50 in the total workforce	ELO	37.7%	37.0%	36.4%		
Percentage of employees aged 50 or more in the total workforce	ELO	27.5%	28.6%	30.1%		

Indicator	Scope	2021	2022	2023	Objective	Comment
Breakdown of workforce by full-time/part-time employees	ELO	73.3 26.7	73.8 26.2	74.1 25.9		
Number of people hired on permanent contracts	ELO	31,442	41,686	40,716		
Number of departures of employees on permanent contracts	ELO	48,031	45,476	48,059		
Turnover of permanent employees	ELO	26.9%	30.04%	32.6%		
Employee development						
Number of school interns welcomed	ELO	2,887	2,876	2,463		
Number of work-study students accepted	ELO	5,532	7,044	9,008		
Average length of service of permanent and fixed-term employees (at least six months of service)	Auchan Retail		8.74	8.25		
Average length of service of permanent and fixed-term employees (at least six months of service)	New Immo Holding		6.09	5.83		
Average length of service of permanent and fixed-term employees (at least six months of service)	ELO		8.09	7.7		
Number of non-managers who became managers	ELO		737	748		
Internal promotion rate	ELO	35.3%	29.6%	25.3%		
Internal promotion rate of women	ELO	38.8%	34.8%	31.7%		
Internal promotion rate of men	ELO	21.4%	23.6%	17.8%		
Total training hours	ELO	2,383,626	2,207,366	2,224,454		
Percentage of training hours out of total hours worked	ELO	1.0%	1.0%	1.0%		
Compensation and value sharing						
Percentage of employee shareholders of the company	ELO	73.3%	73.7%	77.34%		
Occupational health and safety						
Frequency rate of workplace accidents with lost time	ELO	21.4	19.22	23.77		The 2022 values initially were incorrect and have been have been recalculated using the HR Access tool Access tool, to which the 2022 Prevention was integrated during the 2023 reporting period by applying the method used for the 2023 data
Severity rate of workplace accidents with lost time	ELO	0.8	0.9	0.6		
Absenteeism rate (illness)	ELO	5.9%	5.8%	5.7%		
Social dialogue						
Number of meetings with employee representatives	ELO	6,006	5,131	4,834		
Number of collective agreements signed with employee representatives	ELO	50	47	52		
Diversity and equal opportunities						
Percentage of employees with a disability as of 09/30/2020	Auchan Retail	4.6%	4.1%	4.4%		
Percentage of employees with a disability as of 09/30/2020	New Immo Holding	1.7%	1.9%	2.2%		
Breakdown of total workforce by gender (*in %*)	ELO	62.2 37.8	62.2 38.1	61.5 38.5		
Breakdown of managers by gender (*in %*)	ELO	50.5 49.5	51.1 48.9	51.6 48.4		

Indicator	Scope	2021	2022	2023	Objective	Comment
LIMIT THE ENVIRONMENTAL IMPACT OF OUR ACTIVITIES						
Climate change and GHG reduction						
Energy consumption (*in KWh/m²*) - monitoring of the COP 21 objectives	Auchan Retail[1]	452.66	445.75	403.81		The decrease in the energy intensity of stores (excluding heating networks) in 2023 is 32.69% since the 2014 financial year.
Electricity consumption (*in KWh/m²*) - monitoring of the COP 21 objectives		391.69	386.78	355.13		The decrease in the energy intensity of stores (excluding heating networks) in 2023 is 30.94% since the 2014 financial year.
Energy consumption (*in KWh/m²*)	Auchan Retail[2]	493.91	486.67[3]	445.28		The decrease in energy consumption at Auchan Retail is due to all the actions implemented as part of the energy efficiency plans rolled out in the subsidiaries. (see section 3.4.1).
GHG emission intensity Scopes 1 & 2 (*in kgCO_2e/m²*)	Auchan Retail[4]	190.37	196.97	183.32		
Energy consumption (*in KWh/m²*)	New Immo Holding	232.20	265.27[5]	206.70		The significant 20% decrease in New Immo Holding's energy consumption is partly due to the deployment of building energy efficiency programmes (see the actions implemented in section 2.4.2). However, this decrease cannot be completely decorrelated from the climate scenario for the year in question.
GHG emission intensity Scopes 1 & 2 (*in kgCO_2e/m²*)	New Immo Holding[6]	74.47	83.24[7]	66.44		
Rollout of the ISO 50001 standard in EU countries	Auchan Retail Global EU	36%	48%	52%	100% of the m² of stores covered in 2024	Following major strategic changes, Auchan Retail has postponed the target of 100% until the end of 2024.
Renewable electricity consumption *(as % of overall electricity consumption)*	Auchan Retail	16.94%	28.94%[7]	34.39%	100% renewable electricity consumption by 2030	The significant change in electricity consumption from renewable sources, for Auchan Retail, is mainly due to the projects set up in Poland, Romania and Hungary (PPA or purchases of guarantees of origin).
	New Immo Holding	42.5%	40.87%	41.27%		
Scope 1 CO_2 emissions *(tonnes of CO_2 equivalent)*	Auchan Retail[4]	395,415	355,541	341,470		The significant change in Scope 1 emissions (-4%) and (-12%) - excluding Senegal and countries at war - is due to the continuation of the company's energy efficiency plan and the constant investment in energy efficiency solutions, as described in this report.
	Auchan Retail excluding Senegal and countries at war	216,055	199,227	175,819		
	New Immo Holding[6]	21,968	27,405	20,420		The significant reductions in emissions on Scopes 1 and 2 (location-based) of New Immo Holding are to be matched with the reductions in energy consumption achieved during the year. Concerning Scope 1 more specifically, part of this reduction (-25%) is also explained by the continuation of Ceetrus' policy to remove gas heating equipment during site renovations.

Indicator	Scope	2021	2022	2023	Objective	Comment
Scope 2 CO_2 emissions - location-based *(tonnes of CO_2 equivalent)*	Auchan Retail[4]	648,382	723,843	673,195		The significant change in Scope 2 location-based emissions (-7%) and (-11%) - excluding Senegal and countries at war - is due to the continuation of the company's energy efficiency plan and the constant investment in energy efficiency solutions, as described in this report.
	Auchan Retail - excluding Senegal and countries at war	402,169	436,702	390,391		
	New Immo Holding[6]	63,761	69,586	62,991		The significant reductions in emissions on Scopes 1 and 2 (location-based) of New Immo Holding are to be matched with the reductions in energy consumption achieved during the year. Concerning Scope 1 more specifically, part of this reduction (-25%) is also explained by the continuation of Ceetrus' policy to remove gas heating equipment during site renovations.
Scope 2 CO_2 emissions - market-based *(tonnes of CO_2 equivalent)*	Auchan Retail[4]	517,857	579,387	364,370		The significant changes in Scope 2 market-based emissions (-37% and -69%) are mainly due to the projects set up in Poland, Romania and Hungary (PPA or purchases of guarantees of origin).
	Auchan Retail - excluding Senegal and countries at war	286,917	307,064	96,073		
	New Immo Holding[6]	NC[8]	NC[8]	16,976		
Scope 3 CO_2 emissions related to transport *(tonnes of CO_2 equivalent)*	Auchan Retail	452,205	464,150	407,902		The significant change in Scope 3 freight transport emissions is due to the implementation of actions to optimise goods transport (optimisation of loading rates, revision of master plans, development of multimodal transport, etc.) and the gradual improvement of the emissivity of the vehicles used.
Biodiversity						
Total water consumption *(in m^3)* - HYPER	Auchan Retail	3,346,965	3,137,704	2,856,226		Consumption monitoring on a like-for-like basis. For Auchan Retail, on a like-for-like basis, the water consumption at the Group level decreased in accordance with the data in the table above between 2022 and 2023. On a non-like-for-like basis, it decreased by 1% between 2022 and 2023. A programme aiming to improve the reliability of the water consumption data through actual monitoring (some consumption items are currently estimated in relation to the amounts invoiced) is being developed within the Group.
Total water consumption *(in m^3)* - SUPER		148,989	319,944	321,801		

Indicator	Scope	2021	2022	2023	Objective	Comment
Total water consumption *(in m³)* – New Immo Holding	New Immo Holding	844,563	1,345,155	1,645,883		The increase in the water consumption is the result of an overall increase in site visits, and therefore more intense use of buildings, as well as a continuous improvement in the monitoring of the water consumption data, in particular through the deployment of remote reading sub-meters in the French (phase 1) and international (phase 2) portfolio.
Percentage of certified Auchan-brand coffee references	Worldwide Products Department (DPW)		31%[9]	-		The cocoa and coffee footprints were measured as part of the response to the 2023 CDP Forest Rating on the basis of 2022 data.
Percentage of certified Auchan-brand chocolate bar references	Worldwide Products Department (DPW)		62%[9]	-		
BREEAM In-Use certified fair value *(%)*	New Immo Holding		94%	90%	100%	At the end of 2023, excluding the assets present in Russia and Ukraine, 90% of the fair value of the portfolio under management was certified or registered in the BREEAM In-Use certification process.
Fight against plastic pollution[10]						
2.a Weight of the plastics used in the packaging of Auchan-brand food products	Auchan Retail Global EU	36,437 33,542	NC 27,093	35,208 26,483		Increases in Spain, following the acquisition of the Dia stores, offset by decreases in France and Romania.
2.b Percentage of reusable, recyclable or compostable Auchan-brand food product packaging	Auchan Retail Global EU[11]	46.6% 57.9%	46.8% 59.5%[12]	74.0% 70.3%		The recyclability criteria are stricter in the EU. The increase in the rate is linked to the integration of more reliable data for Romania (recorded at 45% in 2021 and 0% in 2022).
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[13]	10,872 7,977	9,181 6,916[14]	8,293 6,263		The decrease between 2022 and 2023 is linked to the replacement of compostable bags by paper bags for fruit and vegetables at Auchan France. Several corrections were made to the historical data following checks: the Russian data for 2021 have been corrected downwards, the Polish data for 2022 have been revised upwards.
4.b Weight of the conventional plastic used in packaging in the market area (excluding bio-sourced and home-compostable plastic) *(in tonnes)*	Auchan Retail Global EU	9,213 6,317	8,038 5,773	7,476 5,396		
4.c Percentage of recycled plastic incorporated in market area packaging	Auchan Retail Global EU	9.8% 12.2%	11.7% 12.8%	23.9% 14.9%		
5.a Weight of the plastics used in check-out bags *(in tonnes)*	Auchan Retail Global EU[15]	8,261 5,147	NC 5,676	6,345 3,846		The roll-out of recycled textile check-out bags has led to a sharp reduction in the use of plastic in check-out packaging for Auchan France.

Indicator	Scope	2021	2022	2023	Objective	Comment
5.b Percentage of recycled plastic incorporated in check-out bags	Auchan Retail Global EU	57.2% 80.9%	NC 62.5%	55.4% 61.7%		
Reduce waste[16] and fight against food and non-food waste						
Number of Too Good To Go baskets	Auchan Retail	639,446	638,993	781,468		
Food waste rate	Auchan Retail[17]	1.40%	1.43%	1.40%		
Total volume of waste *(in tonnes)* - HYPER	Auchan Retail	396,046	389,511	356,176		These data do not include Ivory Coast, the Dia stores in Portugal and the Petrom stations in Romania.
Total volume of recovered waste *(in tonnes)* - HYPER	Auchan Retail	277,586	279,062	255,888		These data do not include Ivory Coast, the Dia stores in Portugal and the Petrom stations in Romania.
Waste recovery rate *(in %)* - HYPER	Auchan Retail	70%	72%	72%		Between 2022 and 2023, despite a waste recovery rate down by 1.3 point, the 6% decrease in the total volume of store waste led to a decrease in the absolute tonnage of non-recovered waste ((2,253) tonnes). The 2023 data do not include Ivory Coast, the Dia stores in Portugal and the Petrom stations in Romania.
Total volume of waste *(in tonnes)* – SUPER	Auchan Retail	67,267	81,716	87,239		The 2023 data do not include Ivory Coast, the Dia stores in Portugal and the Petrom stations in Romania.
Total volume of recovered waste *(in tonnes)* – SUPER	Auchan Retail	55,852	51,078	48,879		
Waste recovery rate *(in %)* - SUPER	Auchan Retail	83%	63%	56%		
Total volume of waste *(in tonnes)* - DRIVE	Auchan Retail	3,875	5,642	5,664		
Total volume of recovered waste *(in tonnes)* - DRIVE	Auchan Retail	3,709	5,365	5,199		
Waste recovery rate *(in %)* - DRIVE	Auchan Retail	96%	95%	92%		
ESTABLISH RESPONSIBLE AND ETHICAL BUSINESS RELATIONSHIPS						
The responsible supply chain approach and the partnership with local producers						
Number of "Auchan, Cultivons le Bon" supply chains under contract	Auchan Retail[18]	972	1,052[19]	1,186	1,500 supply chains in 2025	
Ratio of revenue to food revenue			2.56%	2.63%		
Sustainable purchasing relationships with our suppliers						
Order rate linked to the production site	Auchan Retail - Worldwide Products Department	97.5%	96.5%	93%	96.0%	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.

Indicator	Scope	2021	2022	2023	Objective	Comment
Coverage rate of sites with valid social audit	Auchan Retail - Worldwide Products Department	97%	96%	97%	98%	Worldwide Products Department scope. A valid social audit achieves the minimum score expected by the company over a period of two years. For 2023, 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	803		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%	74%		Quantitative indicator to trigger the start of the programme, based on a calendar year. The 2022 data for Ukraine and Russia are not shared, as it was impossible to organise EcoVadis assessments in Russia due to the conflict, while for Ukraine priority was given to other topics.

(1) The like-for-like scope includes the same geographic scopes for 2014 and 2023, i.e. Auchan Retail France, Portugal, Spain, Hungary, Russia, Ukraine, Poland, Luxembourg and Romania (excluding Petrom stations, see section 3.8.3). The square metres taken into account in these countries may change as stores open or close.

(2) Excluding Petrom stations, see section 3.8.3.

(3) Update of the 2022 data: correction of the electricity data for Senegal.

(4) Scope excluding the Petrom stations in Romania, see section 3.8.3, and excluding Senegal - Following an in-depth study of the methodological processes and tools, it appeared that the data relating to refrigerant leaks and electricity consumption in Senegal are not reliable enough to be consolidated in the Group's Scopes 1 and 2. As the country represents only 0.4% of the total store surface area, it was decided to exclude this data this year. The data for 2021 and 2022 on all the indicators concerned have been updated.

(5) Update of the 2022 data: following an in-depth analysis of the methodological processes and the installation of sub-meters allowing precise management of resources, errors and inconsistencies in our data have been identified. As a result, a correction was made for the sake of transparency and accuracy of our information.

(6) This data do not include Romania.

(7) Update of the 2022 data: the consumption of electricity from renewable sources has been corrected to include on-site and off-site power purchase agreements (PPA), thus increasing the share of renewable energies in the overall electricity consumption.

(8) New Immo Holding no longer includes its renewable energy certificates when assessing its carbon footprint.

(9) The cocoa and coffee footprints were measured as part of the response to the 2023 CDP Forest Rating on the basis of 2022 data. For coffee and chocolate bars, references under the Rainforest Alliance, UTZ, Max Havelaar and "Auchan Cultivons le Bon" labels are considered certified. The scope concerned is that of the Auchan-brand products.

(10) Ivory Coast is excluded from all plastic indicators for the year 2023.

(11) The data for Spain were excluded because the representativeness of the information collected was too low (recyclability rate estimated at 90%). A tool is being rolled out to improve this data. Spain accounted for 11% of the quantities of Auchan-brand food products sold.

(12) Update of 2022 data, scope excluding Spain (see note above).

(13) Several corrections were made to the historical data following checks: the Russian data for 2021 have been corrected downwards, the Polish data for 2022 have been revised upwards.

(14) Update of the 2022 data following the exclusion of Spain.

(15) The indicator did not include Poland in 2021.

(16) The waste indicators do not include Ivory Coast (representing less than 0.2% of total store surfaces), the five Hungarian supermarkets (0.2% of total surface areas), DIA stores in Portugal and Petrom stations in Romania. (representing less than 20% of total € revenue for Romania). In 2023, Senegal is excluded from the waste data (representing less than 0.4% of store surfaces).

(17) The food waste rate indicator does not include Ivory Coast, DIA shops in Portugal and Petrom stations in Romania (representing less than 20% of total sales in Romania).

(18) Scope excluding Ivory Coast, Partisan du Goout and ChronoDrive. The revenue generated by these entities is not included in the monitoring system.

(19) In 2023, the number of "Auchan Cultivons le Bon" supply chains indicator was subject to a revision of the accounting method: only the supply chains created within the subsidiary in question are counted for the subsidiary. The supply chains from other subsidiaries are now excluded from the total accounting of the subsidiary in question. The 2022 data has been recalculated based on this new accounting rule. This new rule gives a more precise result.

3.9 REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

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.

Year ended December 31st 2023

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 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 December 31st, 2023 (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*).

CONCLUSION

Based on the procedures we performed as described under the "Nature and scope of procedures" paragraph and the evidence we obtained, nothing has come to our attention that causes us to believe that the consolidated 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.

COMMENT

Without modifying our conclusion and in accordance with Article A. 225-3 of the French Commercial Code, we have the following comment:

- The frequency of reporting CSR information and the associated internal controls would benefit from being strengthened.

PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The absence of a commonly used generally accepted reporting framework or of 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 stated 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

Management of the entity 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),
- Preparing the Statement by applying the entity's "Guidelines" as referred above, and
- 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.

(1) Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr

Responsibility of the Statutory Auditor, appointed as 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 historical information (observed or extrapolated) 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.

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 law),
- The fairness of information set out in Article 8 of Regulation (EU) 2020/852 (Green Taxonomy),
- The compliance of products and services with 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 engagements, 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 ISAE 3000 (revised)[1].

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 six people between September 2023 and February 2024 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 some 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 main related risks,
- 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 of the French Commercial Code as well as information regarding compliance with human rights, anti-corruption and tax avoidance legislation, 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 provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the main risks,
- We verified that the Statement presents the business model and a description of main risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, products or services, as well as policies, measures and the outcomes thereof, including key performance indicators related to the main 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 the Appendices. Concerning certain risks[1], our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities[2],
- We verified that the Statement covers the consolidated scope, i.e. all the entities within the consolidation scope 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 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 the Appendices, 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 entities[4] 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' activities.

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, February 22, 2024

KPMG S.A.

Caroline Bruno Diaz
Partner

Raffaele Gambino
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; Non-respect of animal welfare.

(2) Auchan Retail France; Auchan Retail Hungary; New Immo Holding France.

APPENDIX

Qualitative information (actions and results) considered most important
Actions and policies to protect human rights in direct activities and along the value chain as part of the vigilance plan
Actions and policies linked to audits of production sites and food quality in stores
Initiatives to protect animal welfare
Life cycle analyses of food and non-food products
Results obtained from the Carbon Disclosure Project Forest questionnaire
Health impact associated with storage, warehouse management and product delivery

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
Waste recovery rate
Energy consumption per m^2
Evolution of the energy consumption per m^2 - COP21 targets
Scope 1 and scope 2 greenhouse gas emissions (location-based)
Scope 1 and scope 2 greenhouse gas emissions (market-based)
Percentage reduction in scope 1 and 2 greenhouse gas emissions (market-based) compared with 2019
Stores carbon intensity (GHG emissions scopes 1 & 2 per m^2 of surface area)
Evolution of the stores carbon intensity compared to the previous year
Share of the renewable electricity consumption
Weight of plastic used in packaging in the market area (fruit and vegetables stands and bags)
Share of own-brand product packaging that is reusable, recyclable, or compostable (food)
Number of supply chains “Auchan, Cultivons le bon”
Share of food sales from the supply chains “Auchan, Cultivons le bon”

RISK MANAGEMENT

4

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4.1 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.

4.2 ACTIVITIES IN RUSSIA AND UKRAINE

As of December 31st, 2023, Auchan Retail operates 232 stores in Russia and 39 stores in Ukraine and is developing e-commerce and home delivery activities in each country. New Immo Holding's exposure is more limited. For the Group, Russia and Ukraine combined represent approximately 6% of the total net carrying amount of the assets and 10% of income as of December 31st, 2023.

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.

Under extremely uncertain conditions regarding the extent, outcome and consequences of the ongoing armed conflict, the outlook at present does not call into question ELO's financial situation.

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'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. Notably, Auchan Retail stopped all investment and financing activities for its Russian subsidiary 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.

4.3 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.

4.3.1 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.

4.3.2 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, 2023) 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, 2023, the ratios were in compliance. None of the financial borrowings includes any commitment or default clause linked to a downgrade of ELO's ratings.

4.3.3 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.

When interest rates were at historically low levels, the Group systematically set 100% of its borrowings at variable rates at the time of issuance. This policy has changed over time because interest rates, or interest rate expectations, have increased significantly. However, in view of the new rate cut expectations, the Group decided to set 100% of its last issue, issued in September, at variable rates.

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, 2023, no macro-hedging was in place on "stand-alone" ELO.

ELO's subsidiaries have the option of covering on a stand-alone basis their own debts in respect of their contractual or management obligations, both in euros and in foreign currencies. ELO's Treasury Department ensures that all the hedges put in place do not lead to over-hedging at the consolidated level.

4.3.4 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, 2023, 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).

4.3.5 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.

4.3.6 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.

Objectives and Indicators

The detailed objectives of, and indicators for monitoring, New Immo Holding's climate strategy are explained in section 2.4 "Acting to preserve the planet" of the non-financial performance statement of this report.

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.

In 2023, an Operational Climate committee was created to supervise and support the subsidiaries in the deployment of climate roadmaps.

4.4 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.

4.4.1 PROCEDURE FOR THE PRODUCTION OF FINANCIAL STATEMENTS

4.4.1.1 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.

4.4.1.2 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.

4.4.1.3 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, 2023.

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).

4.4.1.4 Procedures for approving the statutory and consolidated financial statements

ELO and its subsidiaries prepare monthly financial statements for the Retail activity and quarterly statements for the Real Estate business. The 30 June closure is subject to a limited review and the 31 December closure is subject to an audit by the Statutory Auditors. They are presented to the ELO Audit committee and published. The statements dated 31 March and 30 September 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 of 31 December 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.

4.4.2 PROCEDURES HAVING AN IMPACT ON ACCOUNTING AND FINANCIAL INFORMATION

4.4.2.1 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.

4.4.2.2 Procedures for monitoring inventory and evaluating 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.

4.4.2.3 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.

4.4.2.4 Procedures for monitoring cash flows

The analysis of the financial debt and the financial income 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 treasury report is prepared that takes into account all market risks (monthly for the interest rate and foreign exchange risks and quarterly for the counterparty risk).

4.4.2.5 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

5

Financial year ended December 31st, 2023

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5.1 CONSOLIDATED FINANCIAL STATEMENTS

The financial statements for the financial year ended on December 31st, 2023 were approved by the Board of directors on February 21st, 2024.

5.1.1 CONSOLIDATED INCOME STATEMENT

(in €m)	Notes	12/31/2023	12/31/2022
Revenue	**4.1**	**32,902**	**33,485**
Cost of sales	4.1	(24,821)	(25,522)
Gross margin	**4.1**	**8,082**	**7,963**
Payroll expenses	11.1	(4,325)	(4,215)
External expenses		(2,248)	(2,108)
Depreciation and amortisation	4.2	(1,071)	(1,004)
Provisions and impairments	4.2	(57)	(12)
Other recurring income and expenses	4.2	(12)	39
RECURRING OPERATING INCOME		**369**	**664**
Non-recurring income and expenses	4.3	(383)	(298)
OPERATING INCOME		**(14)**	**366**
Income from cash and cash equivalents		*64*	*28*
Gross cost of financial debt		*(247)*	*(146)*
Net cost financial debt	10.2	*(180)*	*(117)*
Other financial income	10.3	*30*	*12*
Other financial expenses	10.3	*(161)*	*(182)*
INCOME BEFORE TAX		**(327)**	**78**
Share of net income of associates	7	(56)	(6)
Income tax expense	12	6	(147)
NET INCOME FROM CONTINUING OPERATIONS		**(377)**	**(74)**
Net income from assets held for sale and discontinued operations(1)		(1)	117
NET INCOME		**(378)**	**42**
of which net income – Group share		*(379)*	*33*
of which net income attributable to non-controlling interests		*1*	*9*
EARNINGS PER SHARE FROM CONTINUING OPERATIONS – GROUP SHARE *(in €)*			
• basic	8.2	(13.33)	(2.81)
• diluted	8.2	(13.33)	(2.81)
EBITDA	**4.2**	**1,528**	**1,697**

(1) Contribution of the Retail activity in Taiwan in 2022.

5.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in €m)	12/31/2023 Gross amount	12/31/2023 Income tax	12/31/2023 Net	12/31/2022 Gross amount	12/31/2022 Income tax	12/31/2022 Net
Net income for the period			**(378)**			**42**
Change in equity instruments at fair value through other comprehensive income	(19)	5	(14)	(15)	4	(11)
Revaluation of net liabilities in respect of defined benefits plans	(5)	1	(4)	32	(8)	24
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO NET INCOME	**(24)**	**6**	**(18)**	**18**	**(5)**	**13**
Exchange differences on translating foreign operations	(35)		(35)	(30)		(30)
Change in fair value						
• of net foreign investment hedges	(22)	6	(17)	(7)	2	(5)
• of cash flow and forex hedges	(67)	17	(50)	130	(34)	96
TOTAL ITEMS THAT MAY BE RECLASSIFIED TO NET INCOME	**(125)**	**23**	**(101)**	**93**	**(32)**	**61**
TOTAL OTHER COMPREHENSIVE INCOME	**(148)**	**29**	**(120)**	**110**	**(37)**	**73**
Total comprehensive income for the period			**(497)**			**116**
Attributable to:						
• *Group share*			*(498)*			*103*
• *non-controlling interests*			*0*			*12*

5.1.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(In €m)*	Notes	12/31/2023	12/31/2022
Goodwill	6,1	1,553	1,743
Other intangible assets	6,2	128	155
Property, plant and equipment	6,3	4,954	5,181
Right-of-use assets	6,4	1,235	1,082
Investment property	6,5	3,454	3,555
Investments in associates	7	647	625
Non-current financials assets	10,6	410	327
Non-current derivative instruments	10,4	140	152
Deferred tax assets	12	371	319
Other non-current assets		104	97
NON-CURRENT ASSETS		**12,998**	**13,236**
Inventories	4,4	2,533	2,709
Trade receivables	10,5	433	507
Current tax assets	12	60	71
Trade and other receivables	10,5	1,369	1,312
Current financial assets	10,6	419	603
Current derivative instruments	10,4	80	87
Cash and cash equivalents	10,1	2,741	2,006
Assets held for sale	3,2	150	98
CURRENT ASSETS		**7,786**	**7,393**
TOTAL ASSETS		**20,784**	**20,628**

Equity and liabilities *(in €m)*	Notes	12/31/2023	12/31/2022
Share capital	8.1.2	580	574
Share premiums		2,007	1,914
Reserves and net income - Group share		3,039	3,642
EQUITY - GROUP SHARE		**5,626**	**6,130**
Non-controlling interests	8.1.6	178	194
TOTAL EQUITY		**5,804**	**6,324**
Non-current provisions	9.1	198	166
Non-current borrowings and other financial liabilities	10.7.1	4,927	4,332
Non-current derivative instruments	10.4	147	262
Non-current lease liabilities		1,099	1,121
Deferred tax liabilities	12	47	167
Other non-current liabilities	10.7.2	164	157
NON-CURRENT LIABILITIES		**6,583**	**6,206**
Current provisions	9.1	184	194
Current borrowings and other financial liabilities	10.7.1	1,070	698
Current derivative instruments	10.4	15	21
Current lease liabilities		324	302
Trade payables	10.7.2	4,979	5,033
Current tax liabilities	12	58	46
Other current liabilities	10.7.2	1,752	1,796
Liabilities associated with assets classified as held for sale	3.2	14	8
CURRENT LIABILITIES		**8,397**	**8,098**
TOTAL EQUITY AND LIABILITIES		**20,784**	**20,628**

5.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	Notes	12/31/2023	12/31/2022
Consolidated net income (including non-controlling interests)		**(378)**	**42**
Share of net income of associates		56	6
Dividends received (non-consolidated investments)		(3)	(2)
Net cost of financial debt and lease interests[1]		271	224
Income tax expense (including deferred taxes)		(6)	148
Net amortisation, depreciation, provisions and impairment expenses (other than on current assets)		1,526	1,321
Expenses and income related to share-based payments without cash consideration		(7)	15
Capital gains and losses net of tax and badwill		(70)	(121)
Cash flows from operations before net cost of financial debt, lease interest and tax		**1,387**	**1,633**
Income tax paid		(112)	(147)
Interest paid and lease interest[1]		(327)	(256)
Other financial items		67	30
Cash flows from operations after net cost of financial debt and tax		**1,016**	**1,261**
Changes in working capital requirement	15	219	(313)
Net cash from (used in) operating activities		**1,235**	**948**
Disbursements related to acquisitions of property, plant and equipment, intangible assets and investment properties		(1,081)	(1,127)
Proceeds from disposals of property, plant and equipment, intangible assets and investment properties		226	85
Disbursements related to shares in non-consolidated companies including investments in associates		(117)	(35)
Proceeds from sales of shares in non-consolidated companies including investments in associates		1	27
Disbursements related to business combinations net of cash acquired		1	()
Disposals of operations net of cash sold			132
Dividends received (non-consolidated investments)		6	16
Changes in loans and advances granted	15	(110)	(17)
Net cash from (used in) investing activities		**(1,074)**	**(920)**
Proceeds from capital increases		100	
Purchases and sales of treasury shares		(29)	(10)
Dividends paid during the financial year	15	(103)	(201)
Acquisitions and disposals of interests without change in control	15	(9)	(23)
Payment of lease liabilities		(331)	(315)
Change in net financial debt	15	1,019	234
Net cash from (used in) financing activities		**647**	**(315)**
Effect of changes in foreign exchange rates[2]		(11)	4
Cash and cash equivalents classified under IFRS 5		(50)	56
Net increase (decrease) in cash and cash equivalents		**746**	**(227)**
Cash and cash equivalents at the beginning of period	15	1,984	2,211
Cash and cash equivalents at the end of period	15	2,730	1,984
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**746**	**(227)**

(1) Including financial interest under IFRS 16 for €91 million included in other financial expenses (vs €93 million as of December 31st, 2022).

(2) Impact of the zloty for €(22) million and the forint for €(4) million offset by the rouble for €10 million, the hryvnia for €3 million and the leu for €2 million as of December 31st, 2023.

5.1.5 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 osses[3]	Reserves and consolidated income	Equity		
						Group share	Non-controlling interests	Total
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**
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)
Others					(2)	(2)	0	(2)
As of 01/01/2023	**574**	**1,914**	**(115)**	**(928)**	**4,686**	**6,129**	**194**	**6,324**
Net income for the period					*(379)*	*(379)*	*1*	*(378)*
Total other comprehensive income				*(119)*		*(119)*	*(1)*	*(120)*
Total comprehensive income for the period				**(119)**	**(379)**	**(498)**	**0**	**(497)**
Capital increase	7	93				100		100
Capital reduction	(1)				(17)	(18)		(18)
Treasury shares			2			2		2
Dividend distributions					(100)	(100)	(3)	(103)
Changes in consolidation scope					5	5	(11)	(7)
Changes in put options granted to non-controlling interests and repurchase commitments					10	10	(2)	9
Others					(5)	(5)	(0)	(6)
AS OF 12/31/2023	**580**	**2,007**	**(113)**	**(1,047)**	**4,200**	**5,626**	**178**	**5,804**

(1) The share premiums include the premiums paid for stock issued, mergers and other capital contributions.

(2) Please refer to note 8.1.3.

(3) Please refer to note 8.1.5.

5.2 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 21st, 2024. They will not be finalised until they have been approved by the Ordinary General Meeting of Shareholders scheduled for June 11th, 2024.

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, 2023.

1.2 STANDARDS APPLIED

The accounting policies applied by ELO and its subsidiaries for the consolidated financial statements as of December 31st, 2023 are identical to those used for the consolid4ated financial statements as of December 31st, 2022 with the exception of the changes, amendments and interpretations of standards with mandatory application as of January 1st, 2023.

Amendments and standards adopted by he European Union, applicable from financial years beginning on January 1st, 2023

The application of the following amendments, mandatory from January 1st, 2023, did not have a material impact on the Group's consolidated financial statements:

- Amendments to IAS 1, "Disclosure of Accounting Policies";
- Amendments to IAS 8, "Definition of Accounting Estimates";
- Amendments to IAS 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction";
- Amendments to IAS 12, "International Tax Reform—Pillar Two Model Rules";
- IFRS 17, "Insurance Contracts".

Standards and interpretations published by the IASB, applicable after January 1st, 2024 and not applied early

The Group has not applied any standards, amendments to standards or interpretations applicable in advance from 1st January 2023, whether or not adopted by the European Union. The application of the following amendments is not expected to have a material impact on the consolidated financial statements:

- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current";
- Amendment to IFRS 16, "Lease Liability in a Sale and Leaseback";
- Amendment to IAS 7 and IFRS 7, "Supplier Finance Arrangements".

International tax reform (Pillar II)

In December 2021, the OECD published the Global Anti-Base Erosion Rules (GloBE), subsequently substantially included in a directive adopted by the European Union in December 2022. The companies concerned will have to calculate an effective tax rate (ETR) according to the GloBE rules in each of the jurisdictions in which they operate and will be liable for an additional tax ("top-up tax") if this rate is lower than the minimum rate of 15%.

The ELO group operates mainly in jurisdictions with a corporate tax rate above 15%. The Group has already worked to identify the restatements and collect the information necessary to calculate the effective tax rate as defined by the GloBE rules. The Group has also carried out an initial analysis based on the Country by Country Reporting (CbCR) as provided for in the transitional measures. This preliminary work does not reveal any significant effects on the amounts of tax to be recognised by the Group.

1.3 USE OF JUDGEMENTS 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.

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 yet measurable. A macroeconomic assessment of the financial consequences, both in terms of physical risks and transition risks, is underway. 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.

Taking into account Auchan Retail's carbon footprint reduction objectives in the external financing subscribed by ELO

When ELO calls on the financial markets, it may decide to incorporate Auchan Retail's carbon footprint reduction objectives into the terms of the financing it takes out. For example:

- Sustainability Linked Bond (SLB): in September 2023, ELO placed a bond issue on the market for a total amount of €750 million which, based on ELO's new Sustainability-Linked Framework, is indexed on Auchan Retail's carbon footprint reduction targets;
  - 46% reduction in greenhouse gas emissions on Auchan Retail's Scopes 1 and 2 in 2030 compared to 2019;
  - 25% reduction in greenhouse gas emissions on Auchan Retail's Scope 3 in 2030 compared to 2020.

Acting as Second Party Opinion on the Sustainability-Linked Framework, Moody's Investors Service assigned a score of "Very good" to the Group's sustainable development approach.

- Sustainability Linked Loan (SLL): in December 2022, ELO also took out a loan and a bank credit line, for a maximum amount of €1.25 billion, maturing in 2028, indexed to two types of Auchan Retail societal and environmental objectives:
  - KPI 1a: GHG emissions on Scopes 1 and 2, aligned with the SBTi objectives;
  - KPI 1b: GHG emissions on Scope 3, aligned with the SBTi objectives (from 2025);
  - KPI 2: number of Filieres Auchan Grow the Good.

Integration of Auchan Retail's carbon footprint reduction targets in compensation

The Group has set up performance share plans for some of its employees and executives whose performance criteria include carbon footprint reduction targets.

In addition, the variable compensation of Group employees takes ESG criteria into account.

Climate risks for New Immo Holding

In order to meet the challenges of climate change and regulatory changes, New Immo Holding is committed to a voluntary Corporate Social Responsibility (CSR) approach.

The real estate sector is governed by strict but necessary regulations in view of the climate emergency in terms of energy and carbon for the promotion of the sustainable city.

The consequences of climate change could have an impact on the assets held in the New Immo Holding portfolio since the scenarios and models implemented by the experts take into account the impact of climate change on the assets. Regulatory changes could increase project costs and have an unfavourable impact on the Group's results.

Similarly, financing costs could be impacted given the gradual consideration of climate performance by financial partners.

As a committed player, New Immo Holding has developed an environmental roadmap and has materialised carbon footprint targets for all of the Group's activities. The Group's environmental strategy is based on optimising energy performance, preventing environmental risks, measuring CSR actions and using international certifications.

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, as 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

The 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, depreciation and other recurring income and expenses.

Non-recurring income and expenses

Non-recurring transactions in significant amounts which could distort recurring operating performance are recorded under 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 indebtedness

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

As of December 31st, 2023, Auchan Retail operated 232 stores in Russia and 39 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. For the Group, Russia and Ukraine combined represent approximately 6% of the total net carrying amount of the assets and 10% of income as of December 31st, 2023.

The group scrupulously monitors compliance with the terms of the embargo and sanctions, in particular for money moving into and out of Russia. Notably, Auchan Retail stopped all investment and financing activities for its Russian subsidiary from the first days of the conflict, leaving it to operate independently.

Under extremely uncertain conditions regarding the extent, outcome and consequences of the ongoing armed conflict, the outlook at present does not call into question ELO's financial situation.

Russia

The Retail activity in Russia slowed down sharply throughout 2023. It was affected by a decrease in store traffic, particularly in large shopping centres. The 2022 financial year, and in particular the first half of the year, benefited from a stockpiling effect due to the outbreak of the conflict.

In view of these indicators of impairment loss, the Group carried out impairment tests for these indicators (see note 6.6), leading to a €122 million impairment loss being recorded for stores.

As of December 31st, 2023, the foreign currency translation reserve relating to operations in Russia corresponded to a debit of €712 million.

Auchan Retail Russia had a sufficient level of liquidity at the end of December (€178 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.

Ukraine

In 2023, Auchan Retail Ukraine suffered from traffic disruptions due to alerts, as well as population movements to the west of the country where Auchan Retail's network is less dense. At the end of December 2023, Auchan Retail Ukraine announced the permanent closure of the Zaporizhzhia and Krivoy Rog stores and the maintenance of e-commerce activities in these two cities. Already planned before the outbreak of the war due to the unfavourable financial conditions of the lease, these closures are expected to make it possible to resume the expansion of the business in the west of the country. All the employees concerned were offered a new position in the other stores in the country and support for the move.

As of December 31st, 2023, a €3 million loss for store impairment in Ukraine was recorded.

Reopening of the Odessa store in Ukraine

Since the start of the conflict in Ukraine, Auchan has stood alongside the local civilian populations to fulfil its mission of providing everyone with healthy food at the best prices, while also prioritising employee safety.

Under these conditions, the Odessa hypermarket, which was damaged when the city was bombed in May 2022, reopened on April 21st, 2023 as a symbol of Auchan Retail's unwavering support for its Ukrainian teams. The reopening also demonstrates the Ukrainian employees' desire to rebuild their country with the support of the Group.

Since July 2022, Auchan Ukraine has been able to open or reopen 5 new stores, including 2 in Kyiv, 1 in Irpin, 1 in Boucha and 1 in Odessa. This brings the number of operational stores in the country to 39, in addition to e-commerce.

2.2 OTHER SIGNIFICANT EVENTS

Targets of the Auchan Retail climate plan approved by the SBTi

In April 2023, the Science Based Target initiative (SBTi), led by the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF), approved the targets set out in Auchan Retail's 2030 Climate Plan, recognising the serious nature of the stated targets and the means to achieve them.

Auchan Retail's climate commitment has ramped up significantly since 2020, with a global strategy for all the countries in which it operates. In 2021, the company set out a decarbonisation plan for the entire scope of its operations. At the beginning of 2022, this resulted in two targets subject to SBTi approval:

- a 46% reduction by 2030 for direct emissions of its stores (Scopes 1 and 2) vs 2019; i.e. a limitation of warming to 1.5°C;
- a 25% reduction by 2030 for emissions relating to products and transport (Scope 3) vs 2020; i.e. global warming limited to "well below 2°C".

The SBTi has approved both the method adopted by Auchan Retail to monitor its greenhouse gas emissions and its reduction targets for 2030. This approval demonstrates that the stated targets and their means of achievement are in line with current climate science data.

Auchan Retail thus enters a select group of the world's leading certified food companies.

ELO aligns its new financing with its climate policy

On September 22nd, 2023, ELO successfully placed a fixed-rate bond issue for a total amount of €750 million, with a coupon of 6% and a maturity of 5.5 years. Based on the new Sustainability-Linked Framework (sustainable financing "charter") of the Group, it is indexed to its sustainable development objectives as certified by the SBTi in April 2023.

Moody's Investor Service, which is responsible for independently assessing the Framework, awarded the score of "Very good" to the Group's sustainable development approach.

ELO will report every year on the levels of progress of these objectives in its non-financial performance statement.

This issue was very well received by the market, with a total demand of nearly €2 billion, which enabled rapid execution and a final issue of €750 million.

The cash raised is intended to finance the Group's general needs.

The success of this issue reflects the attractiveness of ELO's bond signature, as well as the merits of the climate approach of its subsidiaries, Auchan Retail and New Immo Holding.

New governance for ELO

On the proposal of the Board of directors, Antoine Grolin was appointed as General Manager of the ELO group in October 2023. He also remains Chairman of the Board of directors of New Immo Holding.

Antoine Grolin took over from Edgard Bonte, who had held this position since 2018.

New Immo Holding - Gare du Nord dispute

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 €198 million. On the basis of the procedures initiated at the end of the 2021 financial year and continuing in 2023, the Group has set aside a provision that corresponds to its best estimate of the risk.

Moreover, the commercial court first condemned, on September 22nd, 2023, New Immo Holding to pay SNCF Gares et Connexions the sum of €47 million in execution of the guarantee of successful completion of the works on the Gare du Nord project 2024 issued by New Immo Holding. New Immo Holding appealed this decision to the Paris court of appeal. The decision is expected during the first half of 2024.

As of December 31st, 2023, no provision under the guarantee completion of the work has been recorded in the financial accounts of the Group with regard to the constituent elements.

ELO SA capital increase

On December 20th, 2023, the shareholders of ELO SA subscribed to a capital increase of €100 million, in order to support the Group in its development and transformation of its businesses.

Acceleration of Oney's development thanks to a capital increase of €200 million

Groupe BPCE (50.1% of the share capital) and ELO (49.9%) reaffirmed their strategic interest in Oney by giving it the full resources for its growth through a capital increase of €200 million subscribed jointly up to their respective shareholdings.

In an environment marked by inflation and high refinancing rates, this support enables Oney to accelerate the transformation undertaken since the beginning of 2023 and to support its development ambitions for 2024-2027, approved by the shareholders, namely to:

- enrich its range of financing and insurance solutions, in order to meet the new consumption habits and financing needs of customers, particularly in their energy transition;
- accelerate the digitisation of purchasing pathways and solutions offered online and in-store;
- deploy a selective international presence to support the development of its retailer partners.

2.3 ACTIVITIES

Agreements between Intermarché and Auchan Retail on a purchasing alliance project

Auchan Retail and Les Mousquetaires have taken steps leading to a very long-term (10 years) purchasing alliance, the objective of which is to capitalise on the strengths and complementarities of the two groups and to enable each group to improve its costs and selling prices. This project aims to create the first French purchasing centre.

Very broad, the scope of this alliance may include negotiating the purchase of consumer food products from major national brands, negotiating the purchase of non-food products but also items relating to non-commercial purchases, energy or the manufacture of private label products.

Proposed acquisition of casino stores in France

As part of a joint initiative, on December 18th, 2023, Auchan Retail and Intermarché entered into exclusive negotiations with a view to the acquisition of Casino's supermarkets and hypermarkets in France.

This transaction is a very important opportunity for Auchan France. It will enable Auchan France to contribute to the consolidation of the market, to regain market share and to consolidate its living areas.

Casino's decision marks a new stage with, on the one hand, the long-term alliance with Intermarché and Casino, and on the other hand, the expansion of the customer base in new territories, as close as possible to new customers.

On January 24th, 2024, Auchan Retail and Groupement des Mousquetaires announced the signing of a firm agreement to take over 288 Casino supermarkets and hypermarkets in France. This transaction is detailed in note 16.

The transaction remains subject to the approval of the competition authorities and is expected to be finalised in the coming months.

Integration of the Dia supermarkets in Spain

Following the announcement of the deal in August 2022, Alcampo's acquisition of 217 Dia stores was approved by the Spanish competition authority in March 2023. The stores are located in the provinces of Castile and León, Madrid, Aragon, Asturias, Galicia, Basque Country, Cantabria, Navarre and Castile-La Mancha. There are also two logistics warehouses in Villanubla (Valladolid).

More than 3,100 employees joined the Alcampo teams and the new centres all opened under their new brand in July 2023.

This deal adds an approximate sales area of 164,000 m². The complementarity with the existing Spanish sites is excellent, thus accelerating Alcampo's growth in the country. Alcampo now has a presence in all of Spain's autonomous communities, consolidating its position as the retailer with the largest sales area in zones such as Zaragoza, La Rioja, Burgos and Teruel. This is even the case in the autonomous community of Aragon.

The strategic acquisition confirms Alcampo's ambition to be Spain's leading phygital food retailer.

The impact on the Group's financial statements is detailed in note 6.4.

Proposed acquisition of Dia's activities in Portugal

On August 3rd, 2023, Auchan Retail announced the planned acquisition of 100% of the Dia group's activities in Portugal, thus contributing to the consolidation of the Portuguese market and allowing the extension of its store network.

The scope of the transaction includes the 489 stores of the Minipreço and Mais Perto brands, owned or franchised, three warehouses, as well as the contracts, licenses and assets necessary for the transaction. The agreement between Auchan Retail and Dia also provides for the transfer of 2,650 employees.

The transaction is subject to the approval of the Portuguese competition authority and is expected to be finalised in the coming months.

At the end of this transaction, Auchan Portugal will become a key player in Portuguese local retail thanks to the presence of the Minipreço stores all over the country. It will be the largest network in terms of number of stores and will strengthen its omnichannel offer (physical and digital).

Merlata bloom Milano, or how to improve the local network thanks to a shopping centre

Inaugurated on November 15th, 2023 by Ceetrus (co-owner and co-investor) and Nhood (designer and director), the Merlata Bloom Milano site, located in the centre of Milan's first smart district, to the northwest of the city, wants to be the crossroads of a rapidly expanding area.

The site was designed to be open to the outside world to consolidate the links of a unique neighbourhood: it combines a hospital, a green research and innovation centre, a university campus and a residential neighbourhood. Merlata Bloom Milano is a meeting place, run by and for those who live or work there.

NOTE 3 SCOPE OF CONSOLIDATION

3.1 GENERAL DESCRIPTION OF THE CONSOLIDATION SCOPE

ELO SA, 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 13 countries and employs 162,978 people through the companies included in the consolidation scope.

As of December 31st, 2023, ELO and its subsidiaries include two business lines:

- Auchan Retail International, a food and non-food retailer that consolidates 468 hypermarkets, 735 supermarkets, 547 convenience stores and 284 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 (984 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 517 sites compared to 2022. This change is mainly due to the signing of a mandate with Auchan Retail France to manage its assets (514 sites).

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 195 units (of which, net, (32) in France, +214 in Spain and +13 in Portugal);
- in Central and Eastern Europe, the number of points of sale increased by 4, net (4 openings in Poland);
- in Africa, the store network increased by 11 units including 4 in Senegal and 7 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

Portugal

On December 28th, 2023, an agreement was signed for the sale of Sintra Retail Park (New Immo Holding). The completion of this transaction was delayed for scheduling reasons but is expected to close at the start of 2024.

Hungary

On September 1st, 2021, New Immo Holding entered into exclusive negotiations with Indotek for the sale of its subsidiary Ceetrus Hungary.

During the 2023 financial year, the negotiations between the parties led to the signing in October of a preliminary agreement to sell the shares of two Group entities: Nhood Services Hungary and Ceetrus Hungary.

The completion of this transaction is subject to the approval of the European authorities and is expected to be finalised in the course of 2024.

In accordance with the control analysis and in compliance with the criteria determined by IFRS 5, assets and liabilities are presented on the lines "Assets held for the purpose of sale" and "Debts associated with assets held for sale". The income statement items are not concerned by any reclassification.

Breakdown of net income in the financial statements of activities sold or held for sale

(in €m)	12/31/2023	12/31/2022
Revenue	0	552
Gross margin	0	133
RECURRING OPERATING INCOME	**0**	**30**
Non-recurring income and expenses	(1)	105
OPERATING INCOME	**(1)**	**135**
Net cost financial debt	0	1
Other financial income and expenses	0	(17)
INCOME BEFORE TAX	**(1)**	**119**
Income tax expense	0	(3)
NET INCOME	**(1)**	**117**
EBITDA	**(1)**	**55**

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. As a reminder, on September 6th, 2022, the Group finalized the sale of its stake in RT-Mart (64.83%), its retail activity in Taiwan, thus marking its total withdrawal from Asia.

Details of assets and liabilities held for sale

(in €m)	12/31/2023	12/31/2022
NON-CURRENT ASSETS	**90**	**89**
of which investment property	*83*	*89*
CURRENT ASSETS	**60**	**8**
of which cash	*58*	*7*
TOTAL ASSETS	**150**	**98**
NON-CURRENT LIABILITIES	**8**	**3**
of which deferred taxes	*5*	*0*
CURRENT LIABILITIES	**6**	**5**
of which trade payables	*4*	*3*
TOTAL LIABILITIES	**14**	**8**

As of December 31st, 2023, the figures correspond to the assets held by New Immo Holding in Hungary and Portugal.

Breakdown of cash flows in the cash flow statement

(in €m)	12/31/2023	12/31/2022
Net cash from (used in) operating activities	(30)	45
Net cash from (used in) investing activities	(44)	128
Of which disposal price net of cash sold	*0*	*132*
Net cash from (used in) financing activities	24	(10)
Effect of changes in foreign exchange rates	(0)	3
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(50)**	**166**

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 €319 million of which €(49) million of net income, and the investments of New Immo Holding in companies that own real estate assets in France and Europe (€317 million against €344 million as of December 31st, 2022). 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)	12/31/2023	12/31/2022
Sales	32,670	33,242
Other revenue	232	243
Revenue	**32,902**	**33,485**
Purchases net of rebates, commercial cooperation services and ancillary and logistics costs	(24,678)	(25,854)
Change in inventories (net of impairment)	(143)	332
Cost of sales	**(24,821)**	**(25,522)**
Gross margin	**8,082**	**7,963**

4.2 EBITDA

Accounting principles

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, depreciation and other recurring income and expenses.

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)	12/31/2023	12/31/2022
Recurring operating income	369	664
• Other recurring income and expenses[1]	(12)	39
• Depreciation and amortisation	(1,071)	(1,004)
• Impairment of assets[2]	12	22
• Depreciation and amortisation included in logistics costs deducted from gross margin	(88)	(89)
EBITDA	**1,528**	**1,697**

(1) Mainly capital losses 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. 2020-01 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.

(in €m)	12/31/2023	12/31/2022
Net impairment of assets (excluding Russia and Ukraine)	**(236)**	**(123)**
• of which impairment of Retail France goodwill	(190)	(126)
• of which impairment of net tangible assets	(46)	3
Assets disposals	**64**	**22**
• of which disposals for Retail activity	10	20
• of which disposals for Real Estate activity	54	1
Russia - Ukraine	**(124)**	**(156)**
• of which goodwill impairment (Ukraine)	0	(30)
• of which impairment of net property, plant and equipment	(123)	(123)
• of which losses on inventories	0	(3)
Others	**(87)**	**(41)**
TOTAL NON-RECURRING INCOME AND EXPENSES	**(383)**	**(298)**

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)	12/31/2023	12/31/2022
Gross carrying amount	2,624	2,800
Impairment	(90)	(91)
NET CARRYING AMOUNT	**2,533**	**2,709**

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 31st *(in €m)*	Auchan Retail		New Immo Holding		Holdings		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
External revenue	32,248	32,893	654	591	0	0	32,902	33,485
Internal revenue	9	8	1	(2)	(10)	(7)	0	0
REVENUE	**32,258**	**32,902**	**655**	**590**	**(10)**	**(7)**	**32,902**	**33,485**
Depreciation and amortisation	(844)	(789)	(227)	(215)	(0)	0	(1,071)	(1,004)
Provisions and impairment	(28)	(12)	(29)	1	(0)	0	(57)	(12)
Other recurring income and expenses[1]	(13)	39	1	0	0	0	(12)	39
Recurring operating income	**207**	**518**	**167**	**155**	**(6)**	**(9)**	**369**	**664**
Share of associates	(1)	(1)	(7)	2	(49)	(7)	(56)	(6)
Investments (gross)[2]	**1,223**	**1,036**	**197**	**409**	**8**	**0**	**1,428**	**1,445**

(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) In 2022 the Auchan Retail sector did not include the activities of Retail Taiwan, reclassified as "Net income from non-current assets held for sale and discontinued operations" (IFRS 5).

Segment assets and liabilities as of December 31st *(in €m)*	Auchan Retail		New Immo Holding		Holdings		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Segment assets	**11,630**	**12,148**	**4,522**	**4,602**	**574**	**721**	**16,726**	**17,472**
Segment liabilities	**8,048**	**8,125**	**468**	**473**	**20**	**14**	**8,537**	**8,612**

5.2 SEGMENT INFORMATION BY GEOGRAPHICAL AREA

As of December 31st *(in €m)*	France		Western Europe excluding France		Central and Eastern Europe		Africa		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue	17,050	17,470	6,876	6,488	8,710	9,310	266	218	32,902	33,485
Non-current segment assets excluding tax and financial assets	5,011	5,447	3,387	3,174	2,837	3,018	91	77	11,325	11,716

5.3 SEGMENT BALANCE SHEETS

The total segment assets are reconciled to the total assets of ELO and its subsidiaries as follows:

(in €m)	12/31/2023	12/31/2022
Goodwill	1,553	1,743
Other intangible assets	128	155
Property, plant and equipment	4,954	5,181
Right-of-use assets	1,235	1,082
Investment property	3,454	3,555
Non-current segment assets excluding tax and financial assets	**11,325**	**11,716**
Investments in associates	647	625
Inventories	2,533	2,709
Trade receivables	433	507
Trade and other receivables	1,369	1,312
Current financial assets	419	603
Segment assets	**16,726**	**17,472**
Other non-current financial assets	410	327
Other non-current assets	104	97
Non-current derivative instruments	140	152
Deferred tax assets	371	319
Current tax assets	60	71
Current derivative instruments	80	87
Cash and cash equivalents	2,741	2,006
Assets held for sale	150	98
TOTAL ASSETS	**20,784**	**20,628**

Total segment liabilities are reconciled in the total liabilities of ELO and its subsidiaries as follows:

(in €m)	12/31/2023	12/31/2022
Non-current provisions	198	166
Current provisions	184	194
Trade payables	4,979	5,033
Other current liabilities	1,752	1,796
Non-current lease liabilities	1,099	1,121
Current lease liabilities	324	302
Segment liabilities	**8,537**	**8,612**
Equity	5,804	6,324
Non-current borrowings and other financial liabilities	4,927	4,332
Non-current derivative instruments	147	262
Other non-current liabilities	164	157
Deferred tax liabilities	47	167
Current borrowings and other financial liabilities	1,070	698
Current derivative instruments	15	21
Current tax liabilities	58	46
Liabilities associated with assets classified as held for sale	14	8
TOTAL EQUITY AND LIABILITIES	**20,784**	**20,628**

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.

	12/31/2023	12/31/2022
Goodwill value as of January 1st	**1,743**	**1,927**
Impairment(1)	(206)	(163)
Changes in consolidation scope	(1)	(16)
Other movements and transfers	(3)	3
Translation differences	20	(8)
GOODWILL VALUE AS OF DECEMBER 31ST	**1,553**	**1,743**

(1) Mainly concerns the impairment of Retail France goodwill in 2023 and 2022.

The goodwill by country/business line was as follows:

(in €m)	12/31/2023	12/31/2022
Retail France	811	1,014
Retail Spain	156	156
Retail Portugal	178	178
Retail Poland	272	252
Retail - Others	74	81
New Immo Holding France	13	13
New Immo Holding Italy	2	2
New Immo Holding Portugal	40	43
New Immo Holding - Others	5	3
Others	2	2
TOTAL	**1,553**	**1,743**

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 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)
Transfers	11	(6)	5
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2022	**290**	**558**	**848**
Acquisitions and internal developments	21	37	58
Disposals	(22)	(34)	(56)
Changes in consolidation scope	(2)	1	(1)
Exchange differences	2	(1)	1
Transfers	8	2	10
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2023	**297**	**564**	**861**

Change in depreciation, amortisation and impairment

(in €m)	Licences, brands and leaseholds rights	Internal IT development costs	Total
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2021	**245**	**381**	**626**
Depreciation and amortisation for the financial year	24	71	95
Reversals of impairment	(8)		(8)
Assets sold or scrapped	(21)	(1)	(22)
Exchange differences	(2)	()	(2)
Other movements and transfers	4		4
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2022	**242**	**451**	**693**
Depreciation and amortisation for the financial year	25	62	86
Impairment	1		1
Assets sold or scrapped	(20)	(25)	(46)
Changes in consolidation scope	1		1
Exchange differences	2	(1)	1
Other movements and transfers	(3)		(3)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2023	**247**	**486**	**733**

Net carrying amount

(in €m)	Licences, brands and leaseholds rights	Internal IT development costs	Total
As of December 31st, 2021	41	124	165
As of December 31st, 2022	48	107	155
AS OF DECEMBER 31ST, 2023	**50**	**78**	**128**

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 DECEMBER 31ST, 2021	**11,072**	**2,845**	**589**	**14,506**
Acquisitions	188	227	278	693
Assets sold or scrapped	(141)	(271)	(7)	(419)
Exchange differences	26	6	(5)	26
Reclassifications to investment property[2]	(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**
Acquisitions	256	207	115	577
Assets sold or scrapped	(136)	(203)	(10)	(349)
Exchange differences	(165)	(79)	(10)	(254)
Reclassifications to investment property[2]	(23)		32	10
Other movements and transfers	121	69	(228)	(38)
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2023	**11,268**	**2,917**	**540**	**14,725**

(1) The assets in progress concerned the Retail activity for €507 million as of December 31st, 2023 and €621 million as of December 31st, 2022.
(2) Reclassification of assets meeting the definition of investment property.

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 DECEMBER 31ST, 2021	**6,916**	**2,449**	**28**	**9,394**
Depreciation and 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**
Depreciation and amortisation for the financial year	331	238	0	569
Impairment(1)	100	6	0	107
Reversals of impairment provisions	(16)	(8)	(0)	(24)
Assets sold or scrapped	(89)	(200)	0	(289)
Exchange differences	(113)	(68)	(2)	(183)
Reclassifications to investment property	(13)	(0)	0	(13)
Other movements and transfers	32	(27)	0	5
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2023	**7,502**	**2,250**	**20**	**9,772**

(1) In 2022 and 2023, the impairment losses were recognised under "Other non-recurring income and expenses" (see Note 4.3).

Net carrying amount

(in €m)	Land, buildings and facilities	Materials and other assets	Property, plant and equipment under construction	Total
As of December 31st, 2021	4,156	396	560	5,112
As of December 31st, 2022	3,947	616	619	5,181
AS OF DECEMBER 31ST, 2023	**3,766**	**667**	**520**	**4,954**

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 DECEMBER 31ST, 2021	**1,908**	**118**	**2,025**
Acquisitions	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**
Acquisitions[1]	577	33	610
Assets sold or scrapped	0	(11)	(11)
Exchange differences	(72)	0	(71)
Other movements and transfers	(113)	(17)	(130)
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2023	**2,482**	**120**	**2,602**

(1) The acquisitions of right-of-use assets include lease renewals and lease modifications (rent increases). The integration of the Dia stores in Spain generated right-of-use assets of €249 million.

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 DECEMBER 31ST, 2021	**829**	**74**	**904**
Depreciation and 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
Reclassifications to investment property	0	0	0
Other movements and transfers	(54)	(11)	(65)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2022	**1,045**	**77**	**1,122**
Depreciation and amortisation for the financial year	278	20	298
Impairment	56		56
Reversals of impairment provisions	(10)		(10)
Assets sold or scrapped	(0)	(10)	(11)
Exchange differences	(42)	0	(42)
Other movements and transfers	(34)	(12)	(46)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2023	**1,293**	**74**	**1,367**

(1) In 2022 and 2023, the impairment losses were recognised under "Other non-recurring income and expenses" (see Note 4.3).

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 December 31st, 2021	1,079	44	1,123
As of December 31st, 2022	1,044	38	1,082
AS OF DECEMBER 31ST, 2023	**1,189**	**46**	**1,235**

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	318	444	243	340	1,345

Amounts recognised in the income statement – Other lease expenses

The table below shows the rents arising from leases and service agreements:

(in €m)	12/31/2023
Variable lease payments not included in the measurement of lease liabilities	(35)
Expenses related to short-term leases	(2)
Expenses related to leases of low-value assets, excluding short-term leases of low-value assets	(19)
Others	(18)
TOTAL	**(74)**

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)	12/31/2023	12/31/2022
Less than one year	381	362
1 to 5 years	1,102	1,075
More than 5 years	712	656
TOTAL	**2,195**	**2,092**

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 €51 million as of December 31st, 2023, compared to €53 million as of December 31st, 2022.

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, 2023. 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 property	Right-of-use of investment property	Total
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2021	**6,125**	**158**	**6,284**
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**
Acquisitions	177	7	184
Assets sold or scrapped	(105)	(1)	(106)
Exchange differences	(14)		(14)
Transfer from "Property, plant and equipment"	(46)	1	(45)
Other movements and transfers	83	(9)	74
GROSS CARRYING AMOUNT AS OF DECEMBER 31ST, 2023	**6,355**	**147**	**6,502**

Change in depreciation, amortisation and impairment

(in €m)	Investment property	Right-of-use of investment property	Total
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2021	**2,698**	**61**	**2,759**
Depreciation and 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)	()	(12)
Transfer from "Property, plant and equipment"	(31)		(31)
Other movements and transfers	(80)	()	(81)
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2022	**2,797**	**57**	**2,854**
Depreciation and amortisation for the financial year	199	12	211
Impairment(1)	34		34
Reversals of impairment provisions	(32)	()	(32)
Assets sold or scrapped	(35)	()	(35)
Exchange differences	(22)	1	(21)
Transfer from "Property, plant and equipment"	(47)	()	(47)
Other movements and transfers	86	(2)	84
DEPRECIATION, AMORTISATION AND IMPAIRMENT AS OF DECEMBER 31ST, 2023	**2,981**	**67**	**3,047**

(1) In 2022 and 2023, the impairment losses were recognised under "Other non-recurring income and expenses" (see Note 4.3).

Net carrying amount

(in €m)	Investment property	Right-of-use of investment property	Total
As of December 31st, 2021	3,427	97	3,525
As of December 31st, 2022	3,464	92	3,555
AS OF DECEMBER 31ST, 2023	**3,374**	**80**	**3,454**

In 2023, the investment properties generated rental income of €619 million (€565 million in 2022) and direct operating expenses of €282 million (of which €57 million did not generate any rental income). In 2022, these direct operating expenses amounted to €312 million of which €59 million without any related rental income.

As of December 31st, 2023, the investment properties had a fair value (excluding transfer taxes) estimated at €7,264 million for a net carrying amount recorded in the balance sheet of €3,454 million (respectively €7,390 million and €3,555 million in 2022).

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. For the stores owned by Auchan, the Group may use heritage asset values. 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 2024 and 2025.

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 2023 financial year and which is expected to continue, at least, during the 2024 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 2024 and 2025.

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 Voltalia 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 develops, through Filieres Auchan Grow the Good, a sustainable and balanced partnership with producers, breeders and processors in the food and living chain with a view to reconciling 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

Retail Activity in Russia was subject to impairment tests for which a cautious 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 impairment amounts to €122 million on the Retail activity.

As of December 31st, 2023, the asset impairments were as follows:

(in €m)	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Investment property	12/31/2023	12/31/2022
Impairment:							
• *provision expenses*	*(206)*	*(1)*	*(107)*	*(56)*	*(34)*	*(403)*	*(323)*
• *reversal*		*0*	*23*	*10*	*31*	*65*	*75*
• *net*	*(206)*	*(0)*	*(83)*	*(46)*	*(3)*	*(338)*	*(248)*
Reversal of impairment on sold assets					1	1	3
TOTAL	**(206)**	**(0)**	**(83)**	**(46)**	**(2)**	**(336)**	**(246)**

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 2023 led to the recognition of impairment of €352 million on the assets of Auchan Retail and €7 million on the assets of New Immo Holding (vs, respectively, €227 million and €48 million in 2022). The goodwill of Retail France was subject to an impairment of €190 million. This impairment was calculated on the basis of the future cash flow projections, including in particular the investment flows for the renovation of the store network and the synergies expected from the ongoing projects.

Impairment was reported on the line "Non-recurring income and expenses" for a better readability of the income statement (see Note 4.3).

In 2023, ELO determined differentiated discount rates for its Retail activity. For the Retail activity, the following discount rates were used:

	12/31/2023	12/31/2022
	Retail	Retail
France	7.21%	6.58%
Luxembourg	6.62%	5.32%
Spain	7.48%	5.78%
Portugal	7.65%	5.69%
Poland	8.46%	6.73%
Hungary	11.26%	7.79%
Romania	10.51%	8.40%
Ukraine	20.77%	17.50%
Russia	22.10%	20.68%
Senegal	13.00%	9.54%

As in 2022, the discount rates used in 2023 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 (+50 bps) would lead to an additional impairment of €264 million in France 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:

			% interest		Equity value	
Business line	Company	Country	12/31/2023	12/31/2022	12/31/2023	12/31/2022
Auchan Retail	**mainly including:**				**11**	**13**
	ILLI&CO	France	20%	20%	9	5
	SMG[1]	Tunisia	7%	10%	1	5
New Immo Holding	**mainly including:**				**317**	**344**
	MISAR (formerly Galleria Comerciali Sardegna)	Italy	50%	50%	108	116
	GALLERIA CINISELLO, SRL	Italy	50%	50%	69	76
	IMMAUCOM, SPPICAV	France	20%	20%	32	33
	C.C. ZENIA, SL	Spain	48%	48%	21	18
	ALEGRO ALFRAGIDE	Portugal	49%	49%	18	19
	GALERIE COMMERCIALE DE KIRCHBERG, SA	Luxembourg	20%	20%	17	15
	PATRIMONIO REAL ESTATE, SPA	Italy	50%	50%	12	23
	ALEGRO SETUBAL	Portugal	49%	49%	5	9
Oney Bank	**Oney GROUPE**	**Oney Bank**	**50%**	**50%**	**319**	**268**
TOTAL INVESTMENTS IN ASSOCIATES					**647**	**625**

(1) Auchan Retail International has significant influence over SMG, although the shareholding only represents 7% 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.

7.2 CHANGES IN INVESTMENTS IN ASSOCIATES

(in €m)	12/31/2023	12/31/2022
As of January 1st	**625**	**663**
Results for the financial year (share of net income and impairment loss)	(56)	(6)
Capital distribution and return of capital	(9)	(22)
Acquisitions and increases in capital[1]	107	2
Loss of control and change in percentage of capital held[2]	(6)	(20)
Translation differences and other changes	(13)	7
AS OF DECEMBER 31ST	**647**	**625**

(1) Mainly €100 million for the capital increase in Oney.
(2) In 2022, sale of Arma shares (€(12) million).

7.3 MAIN FINANCIAL DATA OF ASSOCIATES
(at 100%, excluding goodwill, and in millions of euros)

	12/31/2023			12/31/2022		
	Oney Bank[1]	Auchan Retail	New Immo Holding	Oney Bank[1]	Auchan Retail	New Immo Holding
Non-current assets	4,995	80	1,988	5,215	86	1,700
Current assets		441	517		421	564
TOTAL ASSETS		**521**	**2,505**		**507**	**2,264**
Equity	**601**	**15**	**495**	**500**	**8**	**557**
Non-current liabilities	4,394	58	1,331	4,715	68	1,184
Current liabilities		448	680		431	524
TOTAL LIABILITIES		**521**	**2,505**		**507**	**2,265**
Revenue	353	376	137	431	318	124
Operating income	81	15	35	(21)	5	(135)
NET INCOME	**(98)**	**8**	**(20)**	**(13)**	**(8)**	**(13)**

(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, 2023, 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 and Valportugal 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 and Valportugal 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, 2023, the share capital amounted to €579,520,940. It comprised 28,976,047 fully paid-up shares with a par value of €20 each. As of December 31st, 2022, the share capital amounted to €574,184,140. On December 20th, 2023, a capital increase of €100 million was carried out for ELO S.A.

	12/31/2023	12/31/2022
As of January, 1st	**28,709,207**	**28,709,207**
Issue of new shares for cash	324,862	
Capital reduction	(58,022)	
AS OF DECEMBER 31ST	**28,976,047**	**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, 2023, the Valauchan and Valfrance mutual funds sold 50,476 treasury shares to Monicole, Valespaña SCA, Valportugal SCA, Valpoland SCA and Valauchan Sopaneer International. As of December 31st, 2023, the total number of treasury shares held by ELO SA and its subsidiaries amounted to 323,185 shares (compared to 330,731 shares at the end of 2022). 30,212 ELO SA shares are held by Monicole for a transaction cost of €9 million and 292,973 shares are held by Valauchan Sopaneer International, Valportugal SCA, Valpoland SCA, Valhungary International SCA and Valespaña SCA for an acquisition cost of €103 million, in the context of employee share ownership.

As of December 31st, 2023, ELO did not hold any treasury shares (compared to 0.2% at the end of 2022).

8.1.4 Legal reserve

ELO SA's legal reserve amounted to €61 million as of December 31st, 2023, unchanged from December 31st, 2022.

8.1.5 Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses *(Group share)*

(in €m)	Currency translation reserve	Available-for-sale financial assets revaluation reserve	Cash flow hedge reserve	Net foreign investment hedge reserve	Actuarial differences on defined-benefit plans	Total
As of January 1st, 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)**
As of January 1st, 2023	**(953)**	**(88)**	**107**	**(3)**	**10**	**(928)**
Change	(35)	(14)	(49)	(17)	(4)	(119)
AS OF DECEMBER 31ST, 2023	**(987)**	**(102)**	**58**	**(20)**	**6**	**(1,047)**

The currency translation reserve (Group share) breaks down as follows by country:

(in €m)	12/31/2023	12/31/2022
Poland	0	(50)
Hungary	(76)	(81)
Russia	(712)	(625)
Ukraine	(148)	(148)
Romania	(47)	(45)
Tunisia	(6)	(5)
TOTAL	**(988)**	**(953)**

8.1.6 Non-controlling interests

The non-controlling interests amounting to €178 million consist mainly of interests in the capital of Valauchan Sopaneer International, Val Portugal SCA, Valpoland SCA, Valhungary International SCA and Valespaña SCA for €162 million.

8.1.7 Dividends

On May 24th, 2023, ELO SA paid a dividend of €3.50 per share for the 2022 financial year. Thus, the total amount of the dividend paid amounted to €100.5 million, of which €0.2 million paid to ELO S.A. 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

	12/31/2023	12/31/2022
Number of outstanding shares as of January 1st	28,709,207	28,709,207
Number of treasury shares as of January 1st	(330,731)	(308,915)
Weighted average number of other capital increases	9,790	
Weighted average number of treasury shares acquired	(28,516)	(14,561)
Weighted average number of treasury shares sold or cancelled	8,179	5,190
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (EXCLUDING TREASURY SHARES) USED TO CALCULATE BASIC EARNINGS PER SHARE	**28,367,929**	**28,390,921**
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (EXCLUDING TREASURY SHARES) USED TO CALCULATE DILUTED EARNINGS PER SHARE	**28,367,929**	**28,390,921**

8.2.2 Calculation of earnings per share

Basic earnings per share	12/31/2023	12/31/2022
Weighted average number of outstanding shares	28,367,929	28,390,921
Net income - Group share *(in €m)*	(379)	33
Per share (in €)	*(13.36)*	*1.16*
Net income from assets held for sale and discontinued operations - Group share *(in €m)*	(1)	113
Per share (in €)	*(0.03)*	*3.97*
Net income from continuing operations - Group share *(in €m)*	(378)	(80)
Per share (in €)	*(13.33)*	*(2.81)*

Diluted earnings per share	12/31/2023	12/31/2022
Weighted average number of diluted shares	28,367,929	28,390,921
Net income - Group share *(in €m)*	(379)	33
Per share (in €)	*(13.36)*	*1.16*
Net income from assets held for sale and discontinued operations - Group share *(in €m)*	(1)	113
Per share (in €)	*(0.03)*	*3.97*
Net income from continuing operations - Group share *(in €m)*	(378)	(80)
Per share (in €)	*(13.33)*	*(2.81)*

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	IFRS 16	Employee benefits (retirement indemnities)	Miscellaneous	Total
As of December 31st, 2022	**40**	**1**	**34**	**1**	**78**	**13**	**166**
Provision expenses	19	0	5	0	20	6	50
Reversals of used provisions	(8)	0	(6)	(1)	(6)	(2)	(22)
Reversals of unused provisions	0	(0)	(0)	0	(0)	0	(0)
Reclassifications and other movements	1	0	(6)	0	5	4	5
AS OF DECEMBER 31ST, 2023	**52**	**1**	**26**	**0**	**98**	**21**	**198**

Current provisions

(in €m)	Commercial litigation	Labour disputes	Tax disputes	IFRS 16	Miscellaneous	Total
As of December 31st, 2022	**62**	**31**	**1**	**20**	**79**	**194**
Provision expenses	25	17	6	(0)	(1)	47
Reversals of used provisions	(8)	(6)	(3)	(1)	(2)	(21)
Reversals of unused provisions	(20)	(8)	0	0	(2)	(29)
Reclassifications and other movements	(1)	(0)	3	(1)	(8)	(7)
AS OF DECEMBER 31ST, 2023	**57**	**34**	**7**	**19**	**67**	**184**

In commercial litigation, 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 €53 million as of December 31st, 2023.

10.1.1 Net financial debt

(in €m)	12/31/2023	12/31/2022
Borrowings and other financial liabilities[1]	5,945	4,970
• *non-current*	*4,875*	*4,272*
• *current*	*1,070*	*698*
Cash and cash equivalents	(2,741)	(2,006)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	(140)	(152)
Margin call assets on derivatives qualifying as hedging instruments	(16)	(27)
Net financial indebtedness	**3,047**	**2,785**
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt	82	196
Other short-term investment assets[2]	(212)	(402)
NET FINANCIAL DEBT	**2,917**	**2,579**

(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, 2023, it represented a liability of €22 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)	12/31/2022	Change in cash and cash equivalents	Effects of exchange rate variations	Changes in consolidation scope	Reclassifications and other	12/31/2023
Borrowings and other financial liabilities	4,970	1,035	(35)	0	(25)	5,945
non-current	*4,272*	*792*	*(8)*	*0*	*(182)*	*4,875*
current	*698*	*243*	*(27)*	*(0)*	*157*	*1,070*
Cash and cash equivalents	(2,006)	(848)	30	12	72	(2,741)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	(152)	(26)	0	0	37	(140)
Margin call assets on derivatives qualifying as hedging instruments	(27)	10	0	0	0	(16)
Net financial indebtedness	**2,785**	**170**	**(5)**	**12**	**85**	**3,047**
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt	196	(131)	0	0	16	82
Other short-term investment assets	(402)	191	0	0	0	(212)
NET FINANCIAL DEBT	**2,579**	**230**	**(5)**	**12**	**101**	**2,917**

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)	12/31/2023	12/31/2022
Income from cash and cash equivalents	64	28
Gross cost of financial debt	(244)	(145)
• Interest expenses	(189)	(144)
• Hedging results	(55)	1
NET COST OF FINANCIAL DEBT	**(180)**	**(117)**

The net cost of financial debt amounted to €180 million (compared to €117 million in 2022). The change is mainly due to the increase in interest rates.

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)	12/31/2023	12/31/2022
Gains and losses on financial transactions not eligible for hedge accounting[1]	(31)	(51)
Provisions and impairment, net of reversals:	(18)	(24)
• *Reversal of provisions for impairment of other financial assets*	*1*	*(1)*
• *Provision for impairment of other financial assets*	*(19)*	*(23)*
Cost of discounting retirement obligations net of the expected return on plan assets	(3)	(1)
Income from equity interests	3	2
Interest expenses related to IFRS 16	(86)	(87)
Translation differences related to IFRS 16	9	(11)
Others	(7)	(1)
OTHER FINANCIAL INCOME AND EXPENSES	**(133)**	**(173)**

(1) The 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)	12/31/2023	12/31/2022
Cash flow hedge - effective portion of the change in fair value	58	107
Cash flow hedge - reclassified to net income	(107)	(13)
Net foreign investment hedge	(20)	(3)

(in €m)	12/31/2023	12/31/2022
Change in fair value reserve	(14)	(11)
Change in cash flow hedge reserve	(49)	94
Change in net foreign investment hedge	(17)	(5)

Hedging instruments

As of December 31st, 2023 *(in €m)*	Type of hedging instrument	Notional amount of the hedging instruments	Carrying amount of the hedging instrument (excluding ICNE) Assets	Liabilities	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
FAIR VALUE HEDGE							
Interest rate risk							
Bonds in euros	Interest rate swaps	3,710	27	134	Derivatives (assets and liabilities)	150	
Bonds in CHF	Cross-currency swap	98	31			8	0

As of December 31st, 2023 *(in €m)*	Type of hedging instrument	Notional amount of the hedging instruments	Carrying amount of the hedging instrument Assets	Liabilities	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*
CASH FLOW HEDGE						
Interest rate risk						
Variable rates of bank borrowings	EUR interest rate swaps	3,284	90	13	Derivatives (assets and liabilities)	(61)
	Swaptions					
	Cap					(4)
Foreign exchange risk						
Currency hedges of future sales	Forward foreign exchange	607	2	9	Derivatives (assets and liabilities)	
	Foreign exchange swaps	(65)	5	2		6
NET INVESTMENT HEDGE						
Foreign exchange risk						
Hedging of net investment in foreign currencies (RUB)	Cross-currency swap	80	26		Derivatives (assets and liabilities)	26.2

* *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 31st, 2023 *(in €m)*	Carrying amount of the hedged item		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 hedged item	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	3,600		87		Borrowings and other financial liabilities	(148)	2.57	Net cost financial debt
Fixed-rate bonds denominated in CHF	129			31		(8)	(0.36)	

As of December 31st, 2023 *(in €m)*	Nominal value 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	3,284		Cost of financial debt	0
Foreign exchange risk				
Currency hedges of future sales	542	2	Other recurring expenses	(4)

As of December 31st, 2023 *(in €m)*	Carrying amount of the hedged item		Income item affected by reclassification from OCI	Change in OCI reserve
	Assets	Liabilities		
NET INVESTMENT HEDGE				
Foreign exchange risk				
Hedging of net investment in foreign currencies (RUB)	80		Other financial income and expenses	(21)

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.

	12/31/2023			12/31/2022		
	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	86	53	33	238	216	22
TOTAL	**86**	**53**	**33**	**238**	**216**	**22**
Financial liabilities						
Derivatives	158	131	27	283	233	50
TOTAL	**158**	**131**	**27**	**283**	**233**	**50**

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. This risk assessment is recognised in the financial statements for the net impact.

As of December 31st, 2023, 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, 2022	**10**	**384**
Net impairment	12	156
Changes in consolidation scope	(7)	(19)
Translation differences	0	1
BALANCE AS OF DECEMBER 31ST, 2022	**15**	**522**
Balance as of January 1st, 2023	**15**	**522**
Net impairment	0	134
Changes in consolidation scope	3	(1)
Translation differences	0	(2)
Other changes	0	(8)
BALANCE AS OF DECEMBER 31ST, 2023	**18**	**645**

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, 2023) 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, 2023, all of the ratios were in compliance.

None of the financial borrowings include any default clause linked to a potential 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 31st, 2023	Carrying amount	Expected cash flows			
		Total	< 1 year	1 to 5 years	> 5 years
Bonds and private placements	4,929	5,938	1,050	4,093	795
Bank borrowings	873	720	71	649	0
Other financial liabilities(1)	162	156	87	69	0
Margin calls	22	22	22	0	0
Current bank loans	11	11	11	0	0
Non-current lease liabilities	1,099	1,081	0	776	306
Other non-current liabilities	164	149	0	77	72
Current lease liabilities	324	324	324	0	0
Trade payables	4,979	4,979	4,979	0	0
Other current liabilities	1,752	1,810	1,810	0	0
Current tax liabilities	58	59	59	0	0
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**14,374**	**15,251**	**8,415**	**5,663**	**1,173**
Interest rate derivatives not eligible for hedge accounting	1	1	1	0	
Interest rate derivatives used as hedges(2)	148	128	59	69	0
Forward foreign exchange contracts used as hedges:	*10*				
Cash outflow		*417*	*299*	*118*	
Cash inflow		*(406)*	*(290)*	*(116)*	
Other forward foreign exchange contracts:	*1*				
Cash outflow		*288*	*270*	*18*	
Cash inflow		*(287)*	*(269)*	*(18)*	
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**160**	**142**	**71**	**71**	**0**

(1) Includes liabilities linked to put options granted to non-controlling interests of €53 million.

(2) The difference between the carrying amount and the cash flows is related to the discounting and accounting method of ICNE on derivatives.

Transactions in €m as of December 31st, 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 calls	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**	**14,227**	**7,940**	**5,101**	**1,186**
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) Includes liabilities linked to put options granted to non-controlling interests of €60 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). Nevertheless, forecasts of lower interest rates led to variabilize 100% of the last EMTN issuance made in September 2023.

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 €(43) million as of December 31st, 2023.

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.

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, 2023. However, New Immo Holding had qualifying transactions for a market value of €76 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, 2023 compared to €1 million as of December 31st, 2022.

Exposure to interest rate risk (after management)

(in €m)	12/31/2023	12/31/2022
Fixed-rate financial liabilities	3,209	2,858
Floating-rate financial assets	3,368	2,470
Floating-rate financial liabilities	2,819	2,112

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:

	Rate decrease of 0.50%		Rate increase of 0.50%	
Impact *(in €m)*	**Equity (OCI)**	**Income**	**Equity (OCI)**	**Income**
12/31/2022	(26)	68	25	(69)
12/31/2023	(67)	48	67	(48)

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, 2023 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.

Exposure of ELO as of December 31st, 2023

As of December 31st, 2023 *(in €m)*	USD
Trade payables	40
Estimated forecast purchases[1]	654
GROSS EXPOSURE	**693**
Foreign exchange swaps	(456)
Currency options[2]	(137)
NET EXPOSURE	**100**

(1) Expected purchases for the 2024 financial year.
(2) Transactions not qualified for hedge accounting.

Derivatives hedging a transactional foreign exchange risk

As of December 31st, 2023 *(in €m)*	Carrying amount	Contractual cash flows			
		Total	< 1 year	1 to 5 years	> 5 years
Foreign exchange swaps	3				
Cash inflow		*149*	*149*		
Cash outflow		*(146)*	*(146)*		
Forward foreign exchange swaps	*(6)*				
Cash inflow		*485*	*419*	*67*	
Cash outflow		*(491)*	*(424)*	*(67)*	

As of December 31st, 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)*	

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, 2023

> BALANCE SHEET RISK

As of December 31st, 2023 *(in €m)*	USD	PLN	HUF	RUB	RON
Intragroup financing	0	195	135	88	187
Foreign currency deposits		(39)			
Gross exposure	**0**	**156**	**135**	**88**	**187**
Foreign exchange swaps	0	156	135	80	187
NET EXPOSURE	**0**	**0**	**0**	**9**	**0**

Exposure of ELO as of December 31st, 2022

As of December 31st, 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**	**145**	**119**	**192**	**188**
Foreign exchange swaps	23	145	119	101	188
NET EXPOSURE	**0**	**0**	**0**	**91**	**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.

	Rate decrease of 10%		Rate increase of 10%	
Impact *(in €m)*	Equity (OCI)	Income	Equity (OCI)	Income
12/31/2022				
EUR/USD	(21)	(26)	52	39
12/31/2023				
EUR/USD	(38)	(4)	46	4

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 €9 million on its intragroup 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 €1 million and €(1) 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.

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;
- 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.

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)		12/31/2023		12/31/2022	
Asset balance sheet item	**IFRS 9 category**	**Non-current**	**Current**	**Non-current**	**Current**
Other non-current financial assets	Assets at fair value through the income statement[1]	39		43	
	Debt instrument at fair value through other comprehensive income[2]	153		181	
	Financial assets at amortised cost[3]	218		103	
Other non-current assets	Financial assets at amortised cost[4]	104		97	
Trade receivables	Financial assets at amortised cost[5]		433		507
Trade and other receivables	Financial assets at amortised cost[6]		1,369		1,312
Current financial assets	Financial assets at amortised cost[3]		419		603
Cash and cash equivalents	Assets at fair value through the income statement[1]		2,741		2,006
OTHER FINANCIAL ASSETS (NET CARRYING AMOUNT)		**514**	**4,962**	**424**	**4,428**
Impairment of other financial assets		*(192)*	*(57)*	*(198)*	*(51)*

(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

	12/31/2023		12/31/2022	
(in €m)	Non-current	Current	Non-current	Current
Bonds and private placements	4,888	1,050	3,873	489
Bank borrowings and other financial liabilities	649	71	354	97
Other financial liabilities	17	87	44	76
Liabilities linked to put options granted to non-controlling interests[1]	53	0	60	0
Margin call - Liability		22	0	13
Bank overdrafts		11	0	22
TOTAL	**5,606**	**1,242**	**4,332**	**698**

(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 the 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) program.

In September 2023, ELO issued €750 million in bonds through the EMTN program with a maturity of six years.

In May 2023, ELO set up a new Schuldschein loan for an amount of €100 million. In July 2023, this loan has been increased by €50 million, i.e. a new total amount up to €150 million maturing May 6th, 2028.

Financing transactions

In December 2022, ELO signed a term loan of €400 million maturing on December 16th, 2027 (with an option to extend it by two times one year). A full drawdown has been made in April 2023 with extension of the maturity until December 16th, 2028.

During the year 2023, a bilaterale line has been subscribed by ELO with CAIXA for an amount up to €100 million with a maturity date in 2029.

With the exception of the Schuldschein loan, 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 Filieres Auchan Grow the Good.

The details of the bond issues are as follows:

(in €m)				12/31/2023		12/31/2022	
Borrowing companies	Nominal interest rate	Issue date	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
ELO SA	2.250%	04/08/2013	04/06/2023	0	0	267	267
ELO SA	2.250%	04/08/2013	04/06/2023	0	0	100	100
ELO SA(1)	1.510%	06/03/2014	06/03/2024	130	129	122	121
ELO SA	2.625%	01/30/2019	01/30/2024	746	744	746	724
ELO SA	2.375%	04/25/2019	04/25/2025	695	675	695	658
ELO SA	2.875%	04/29/2020	01/29/2026	849	799	849	765
ELO SA	3.250%	07/23/2020	07/23/2027	716	652	716	616
ELO SA	2.000%	07/30/2020	07/10/2023	150	150	50	50
ELO SA	4.875%	12/08/2022	12/08/2028	650	645	650	631
ELO SA	EUR6M + 1.90%	05/06/2023	05/06/2028	150	150	0	0
ELO SA	6.000%	09/19/2023	03/22/2029	750	776	0	0
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)				12/31/2023		12/31/2022	
Borrowing companies	Nominal interest rate	Issue date	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
LCO1	EUR 3M +1.7%	11/09/2018	11/09/2026	156	156	159	159
Glorirequinte, Brafero, Multi 25, Forum Montijo	2.3500%	12/21/2018	12/21/2025	78	78	90	90
Glorirequinte, Brafero, Multi 25, Forum Montijo	EUR 3M +1.7%	12/26/2016	12/21/2025	78	78	90	90
Ceetrus Russia - RCF	BCR +2.30%	06/27/2019	06/17/2024	15	15	19	19
Coresi	E3M +2.15%	07/19/2019	06/28/2024	25	25	26	26
ELO SA	EUR 3M +1.35%	03/27/2023	02/10/2028	100	100	0	0
ELO SA	EUR 3M +1.35%	04/03/2023	12/16/2027	400	400	0	0

Other financial liabilities

This item includes accrued interest of €85 million, commitments to purchase shares from employees of ELO and its subsidiaries for €8 million (see note 8.1.6) and payables related to employee profit-sharing for €6 million.

This heading also included commercial paper in 2022 for €71 million. As of December 31st, 2023, ELO had not recorded any outstandings of this type.

(in €m)		12/31/2023		12/31/2022	
Borrowing companies	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
ELO SA	Less than one month	0	0	0	0
ELO SA	1 to less than 3 months	0	0	51	51
ELO SA	3 to less than 6 months	0	0	20	20
ELO SA	6 months and over	0	0	0	0

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

	12/31/2023		12/31/2022	
(in €m)	Non-current	Current	Non-current	Current
Trade payables[1]	**0**	**4,979**	**0**	**5,033**
Trade payables, goods	0	3,984	0	4,081
Trade payables, general expenses	0	998	0	954
IFRS 16 trade payables, general expenses	0	(3)	0	(3)
Other liabilities, including:	**1,263**	**2,075**	**1,279**	**2,098**
Fixed assets liabilities	56	301	52	402
Tax and social liabilities	0	1,120	0	1,143
Deferred income	(0)	34	0	53
Other liabilities	108	296	106	198
IFRS 16 lease liabilities[2]	1,099	324	1,121	302
TOTAL	**1,263**	**7,054**	**1,279**	**7,130**

(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. The amount of receivables assigned by ELO's suppliers in 2023 under these reverse factoring programmes totalled €1,154 million over the year. The amount outstanding at the end of the year was €150 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).

	12/31/2023				12/31/2022			
	Market value			Carrying amount	Market value			Carrying amount
IFRS 9 category *(in €m)*	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Assets at fair value through the income statement	**2,741**	**39**	**0**	**2,781**	**2,006**	**43**	**0**	**2,049**
Other financial assets measured at fair value		39		39	0	43		43
Cash and cash equivalents	2,741			2,741	2,006			2,006
Debt instruments measured at fair value through other comprehensive income	**0**	**153**	**0**	**153**	**0**	**181**	**0**	**181**
Equity investments		153		153	0	181		181
Liabilities measured at fair value	**4,945**	**9,443**	**0**	**14,373**	**4,321**	**9,032**	**0**	**13,394**
Bonds and private placements	4,945			4,929	4,321			4,362
Bank borrowings and other financial liabilities, various other financial liabilities including bank overdrafts		1,068		1,068		668		668
Non-current lease liabilities		1,099		1,099		1,121		1,121
Other non-current liabilities		164		164		157		157
Current lease liabilities		324		324		302		302
Trade payables		4,979		4,979		5,033		5,033
Other current liabilities		1,751		1,752		1,795		1,795
Derivatives, of which:	**0**	**58**	**0**	**58**	**0**	**(45)**	**0**	**(45)**
Derivative instruments - assets		220		220		239		239
Derivative instruments - liabilities		162		162		283		283

** 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)	12/31/2023	12/31/2022
Employee compensation including social security charges and external labour	(4,230)	(4,032)
Employee incentives and profit-sharing	(91)	(153)
Employee benefits and share-based payments	(4)	(30)
NET AMOUNT IN INCOME STATEMENT	**(4,325)**	**(4,215)**

The average "full-time equivalent" workforce of the consolidated companies was 145,025 in 2023, compared to 147,406 in 2022.

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.

The changes made by the pension reform approved in the first half of the year do not materially affect the Group's liabilities.

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 €215 million in 2023 (€202 million in 2022).

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 the actuarial gains and losses, the return on plan assets and any change in the impact of the defined benefit asset limit (excluding the 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 2023, 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.

The provisions (non-current and current) for employee benefits amounted to €110 million as of December 31st, 2023 (compared to €89 million as of December 31st, 2022), including €12 million for other long-term benefits and €98 million for post-employment benefits.

The main actuarial assumptions used to estimate the obligations are as follows:

Actuarial assumptions	12/31/2023	12/31/2022
Discount rate as of January 1st	3.75%	0.88%
Discount rate as of December 31st	3.20%	3.75%
Expected rate of salary increases	from 2.6% to 3.9%	from 2.6% to 3.9%
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 100 basis point decrease in the discount rate would increase the amount of the obligation by 9% (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)*	12/31/2023	12/31/2022
Present value of obligation as of January 1st	**227**	**253**
Interest expense	7	2
Current service cost	14	16
Past service costs	(2)	1
Benefits paid	(14)	(11)
Actuarial gains and losses	3	(34)
PRESENT VALUE OF OBLIGATION AS OF DECEMBER 31ST	**235**	**227**

The estimated benefits to be paid for 2023 amount to €19,6 million.

The change in the fair value of the defined-benefit plan assets was as follows:

(in €m)	12/31/2023	12/31/2022
Fair value of assets as of January 1st	**150**	**159**
Expected return on plan assets	5	1
Benefits paid	(14)	(9)
Actuarial gains and losses	(3)	(2)
FAIR VALUE OF ASSETS AS OF DECEMBER 31ST	**138**	**150**

The breakdown of the defined-benefit plan assets in France by main category was as follows:

	12/31/2023	12/31/2022
Assets in euros	71%	74%
Fonds Club 3	13%	13%
Multi-strategy UCITS	16%	12%

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 2023 were set at 2.70% for the euro assets. The gross floor rate expected for 2024 is 0.50%.

Balance sheet data can be reconciled with the actuarial obligation in respect of defined benefit plans as follows:

(in €m)	12/31/2023	12/31/2022
Present value of the obligation	235	227
Fair value of assets	(138)	(150)
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	**97**	**78**

The change in the net provision recognised in the balance sheet is as follows:

(in €m)	12/31/2023	12/31/2022
Provision recognised in the balance sheet as of January 1st	78	94
Actuarial gains and losses recognised under other comprehensive income	5	(32)
of which actuarial gains and losses on plan liabilities	*3*	*(34)*
of which actuarial gains and losses on plan assets	*3*	*2*
Net expenses	15	18
Benefits paid	(0)	(2)
Others	(1)	0
PROVISION RECOGNISED IN THE BALANCE SHEET AS OF DECEMBER 31ST	**97**	**78**

The change in actuarial gains and losses recognised in other comprehensive income as of December 31st, 2023 amounted to €4 million net of tax, compared to €24 million as of December 31st, 2022.

The breakdown of the expenses recorded in respect of the defined-benefit plans was as follows:

(in €m)	12/31/2023	12/31/2022
Current service cost	(14)	(16)
Interest expense	(8)	(2)
Past service costs	2	1
TOTAL EXPENSES RECOGNISED	**(20)**	**(17)**
of which payroll expenses	*(12)*	*(15)*
of which other financial income and expenses	*(8)*	*(2)*

11.3 SHARE-BASED PAYMENT

Accounting principles

In exchange for the services provided, ELO SA awarded some employees stock option purchase plans.

Stock option purchase and bonus share plans by Auchan Retail International SA.

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 of the scopes of Auchan Retail or New Immo Holding is carried out every 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.

Two free share allocation plans were issued in 2023 for allocation periods running until July 1st, 2026 and July 1st, 2027. The number of shares ultimately granted is subject to the achievement of presence and performance conditions.

Characteristics and change of the bonus share plans

	1st plan	2nd plan	3rd plan	4th plan	5th plan	6th plan	7th plan	8th plan	9th plan	Total
Grant date	11/30/2020	11/30/2020	11/08/2021	12/13/2020	12/13/2022	12/13/2022	12/13/2022	11/29/2023	11/29/2023	
Fair value in euros	109.52	109.52	58.77	109.52	77.61	94.01	94.07	83.12	81.90	
Delivery date	06/21/2023	06/21/2023	06/21/2024	06/21/2024	07/01/2026	07/01/2026	07/01/2026	07/01/2026	07/01/2027	
End of the retention period	06/21/2025	06/21/2025	06/21/2025	06/21/2026	07/01/2028	07/01/2028	07/01/2028	07/01/2028	07/01/2029	
Presence conditions	yes	yes	yes	yes	yes	yes	yes	yes	yes	
Performance conditions	yes	yes	yes	no	yes	yes	yes	yes	yes	
Number of shares granted	317,164	7,034	75,635	2,758	266,434	4,303	6,183	0	0	679,511
Number of shares cancelled or lost	(36,117)	0	0	0	0	0	0	0	0	(36,117)
Adjustment of number of bonus shares(1)	47,295	1,045	0	0	0	0	0	0	0	48,340
Bonus shares at the beginning of the financial year	**328,342**	**8,079**	**75,635**	**2,758**	**266,434**	**4,303**	**6,183**	**0**	**0**	**691,734**
Number of shares granted during the financial year								2,228	189,508	191,736
Adjusted number of rights										0
Number of shares cancelled or lost during the financial year	(196,603)		(16,128)		(104,086)					(316,817)
Bonus shares delivered during the financial year	(131,739)	(8,079)								(139,818)
Bonus shares at the reporting date	**0**	**0**	**59,507**	**2,758**	**162,348**	**4,303**	**6,183**	**2,228**	**189,508**	**426,835**

(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 €8 million as of December 31st, 2023, compared to €31 million as of December 31st, 2022.

The total amount of the plans recognised in the income statement amounted to €7 million in 2023 (€(15) million in 2022).

NOTE 12 TAXES

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)	12/31/2023	12/31/2022
Gross carrying amount	63	100
Impairment	(3)	(29)
CURRENT TAX ASSETS – NET CARRYING AMOUNT	**60**	**71**
Current tax liabilities	**58**	**47**

Breakdown of recognised deferred tax assets and liabilities

	12/31/2023			12/31/2022		
(in €m)	Assets	Liabilities	Net	Assets	Liabilities	Net
On temporary differences	**262**	**186**	**77**	**204**	**230**	**(27)**
Non-deductible provisions	19	(83)	102	28	(69)	97
Fixed assets and amortisation	85	137	(52)	118	132	(14)
Investment property and depreciation	25	104	(79)	22	116	(94)
Inventories	9	(4)	13	12	(5)	17
Employee benefits	7	(24)	30	7	(18)	25
Regulated provisions	1	89	(89)	(1)	97	(98)
IFRS 16	36	(28)	64	35	(31)	65
Financial instruments	15	38	(23)	15	39	(24)
Others	66	(43)	110	(32)	(32)	0
On tax losses carried forward	**109**	**(138)**	**248**	**115**	**(63)**	**179**
DEFERRED TAX ASSETS/LIABILITIES	**371**	**47**	**324**	**319**	**167**	**152**

Deferred tax not recognised

Deferred tax assets amounting to €565 million (€586 million as of December 31st, 2022) 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)	12/31/2023
Between 2023 and 2027	42
Between 2028 and 2031	11
After 2032	369
Carried forward indefinitely or without maturity date	143
TOTAL UNRECOGNISED DEFERRED TAX ASSETS	**565**

Change in deferred tax assets and liabilities (+: asset or income, (): liability or expense)

(in €m)	12/31/2022	Recognised in income	Recognised in other comprehensive income	Reclassifications	Exchange differences	12/31/2023
On temporary differences	**(27)**	**52**	**28**	**27**	**(4)**	**77**
Non-deductible provisions	97	2	0	3	(1)	102
Fixed assets and amortisation	(11)	22	0	(60)	(4)	(52)
Investment property and depreciation	(97)	10	0	7	1	(79)
Inventories	17	(1)	0	(2)	(1)	13
Employee benefits	25	4	1	1	(1)	30
Regulated provisions	(98)	9	0	1	(0)	(89)
IFRS 16	65	7	0	(7)	(2)	64
Financial instruments	(24)	(6)	22	(15)	0	(23)
Others	0	5	5	99	2	110
On tax losses carried forward	**179**	**92**	**0**	**(23)**	**0**	**248**
DEFERRED TAX ASSETS/LIABILITIES	**152**	**144**	**28**	**4**	**(4)**	**324**

12.2 INCOME TAX EXPENSE

Analysis of the income tax expense

(in €m)	12/31/2023	12/31/2022
(Expenses)/ Income		
Current income tax payable	**(138)**	**(170)**
Deferred taxes	144	23
INCOME TAX EXPENSE	**6**	**(147)**
of which tax on "Other non-recurring income and expenses"	**15**	**4**

For the 2023 financial year, a net loss of €23 million (loss of €49 million offset by a provision reversal of €26 million) was recognised in ELO's consolidated financial statements in respect of sponsorship tax credits in 2018, expiring in 2023.

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)	12/31/2023	TEI 2023	12/31/2022	TEI 2022
Income before tax	**(327)**		**78**	
Theoretical tax rate (French standard rate)		25.83%		25.83%
Theoretical tax expense	**84**		**(20)**	
Difference in tax rates for foreign companies	11	3.4%	7	(8.9%)
Tax rate difference on deferred tax balance at the start of the period	(0)	(0.0%)	0	0.0%
Tax relief, tax credits and reduced rate taxation	8	2.6%	(21)	50.9%
Unrecognised tax losses for the financial year	(49)	(15.0%)	(37)	47.9%
Use of previously unrecognised tax losses carried forward	3	0.9%	5	(7.0%)
Recognition of prior period tax losses	26	8.1%	16	(20.6%)
Tax adjustments related to previous financial years	16	4.9%	(13)	11.1%
French Tax on the Added Value of Companies	(9)	(2.9%)	(23)	22.7%
Items recognised under "Other non-recurring income and expenses"	(52)	(15.8%)	(42)	54.3%
Permanent differences	(34)	(10.3%)	(10)	12.3%
Actual tax expense	**5**		**(147)**	
EFFECTIVE TAX RATE (ETR)		**1.6%**		**188.4%**

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

	12/31/2023	12/31/2022
Land and property purchase options	16	17
of which on investment property	*11*	*11*
Conditional purchases of future non-current assets	5	8

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)	12/31/2023	12/31/2022
Less than one year	128	124
1 to 5 years	2,373	2,175
More than 5 years	0	0
TOTAL	**2,501**	**2,299**

Certain medium - and long-term bank financing facilities (confirmed credit lines not used as of December 31st, 2023) 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, 2023, these ratios were in compliance.

In February 2023, ELO set up a bilateral credit facility of €100 million maturing on February 18th, 2028 (with an option to extend it twice for one year). This line was fully drawn down in 2023.

At the same time, the €400 million term loan was fully drawn down in 2023.

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 Filieres Auchan Grow the Good.

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.

13.2.2 Commitments given

(in €m)	12/31/2023	12/31/2022
Guarantees given	75	69
Other commitments given	908	680

The other commitments given increased by €228 million compared to December 31st, 2022.

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)	12/31/2023	12/31/2022
Guaranteed debts	500	376
Debts guaranteed by security interests	273	273
Import documentary credits	62	85

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, 2023 they amounted to €22.6 million (€18 million as of December 31st, 2022).

NOTE 14 OTHERS

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

On December 20th, 2023, the shareholders increased the share capital of ELO by €100 million.

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 2023 in respect of executive compensation (members of the Board of directors) amounted to €1 million including €0.2 million as attendance fees.

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 subsidiaries in respect of assignments given to the Statutory Auditors:

	2023				2022			
(in €m)	PWC	KPMG	Others	Total	PWC	KPMG	Others	Total
Auditing service	2.9	2.5	0.4	5.8	3.0	2.2	0.5	5.7
Non-audit services (NAS)	0.6	0.2	0.0	0.8	0.9	0.5	0.0	1.4
TOTAL	**3.5**	**2.7**	**0.4**	**6.6**	**3.9**	**2.7**	**0.5**	**7.1**

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 BREAKDOWN OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	12/31/2023	12/31/2022
Changes in working capital requirement:	**219**	**(313)**
• *Inventories*	*130*	*(324)*
• *Trade receivables*	*70*	*(72)*
• *Trade payables*	*62*	*169*
• *Other assets and liabilities*	*(43)*	*(85)*
Changes in loans and advances granted:	**(110)**	**(17)**
• *Increase in loans and advances granted*	*(134)*	*(96)*
• *Decrease in loans and advances granted*	*23*	*79*
Dividends paid during the financial year:	**(103)**	**(201)**
• *Dividends paid to shareholders of the parent company*	*(99)*	*(198)*
• *Dividends paid to non-controlling interests of consolidated companies*	*(4)*	*(3)*
Acquisitions and disposals of interests without change in control[1]:	**(8)**	**(23)**
• *Acquisitions*	*(27)*	*(53)*
• *Disposals*	*19*	*30*
Net financial debt:	**1,019**	**234**
• Loans issued	3,965	1,976
• Repayments of loans (including finance leases)	(2,946)	(1,742)
Net cash and cash equivalents:	**2,730**	**1,984**
• *Marketable securities with a maturity of less than three months*	*1,191*	*566*
• *Cash*	*1,551*	*1,440*
• *Bank overdrafts (see note 10.6)*	*(11)*	*(22)*

(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

After the entry into exclusive negotiations with the Casino group, as announced on 18 December 2023, Auchan Retail and Groupement des Mousquetaires on 24 January 2024 announced the signature of a firm agreement to take over 288 Casino supermarkets and hypermarkets in France.

For its part, Auchan France will transform, by the summer of 2024, 98 points of sale (26 hypermarkets, 70 supermarkets and 2 drive-throughs), mainly in the Paris, Rhône-Alpes and southern France (Provence, Côte d'Azur, Languedoc, Sud-Ouest) regions, as well as 63 gas stations and a PGC warehouse in Aix-en-Provence.

Through this acquisition, ELO is carrying out a responsible operation with Les Mousquetaires that preserves employment in the stores taken over by Auchan. All Auchan France teams are mobilised to make the store transfers and the reception of Casino group employees successful. Once the project has obtained the approval of the Competition Authority, the closing should take place in several stages during the second and third quarters.

NOTE 17 LIST OF MAIN CONSOLIDATED COMPANIES

			% interest	
Country	Division/Activity	Company	2023	2022
France	Holding	ELO SA	100.0	100.0
	Auchan Retail International	Auchan Retail International	100.0	100.0
		Sogepar	100.0	99.7
		Auchan Retail France	98.8	98.5
		Auchan Hypermarché and its subsidiaries	98.8	98.5
		Auchan E-commerce France	98.8	98.5
		Auchan Carburant	98.8	98.5
		Eurauchan	94.6	94.3
		Auchan Retail Agro	98.8	98.5
		International purchasing organisation	100.0	100.0
		Auchan Supermarché and its subsidiaries	98.8	98.5
		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	98.8	98.5
Belgium	New Immo Holding	Ceetrus Finance	100.0	100.0
Ivory Coast	Auchan Retail International	Ivory Coast Supermarchés	100.0	100.0
	New Immo Holding	New Immo Holding Service Ivory Coast	100.0	100.0
Spain	Auchan Retail International	Alcampo and its subsidiaries	96.5	96.7
		Valespaña	9.6	8.1
		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	96.8	96.7
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 Magyarorszàg and its subsidiaries	99.7	99.7
		Valhungary International	79.2	78.6
	New Immo Holding	New Immo Holding Hungary and its subsidiaries	100.0	100.0
		Ceetrus Hungary KFT and its subsidiaries	99.7	100.0
Poland	Auchan Retail International	Auchan Polska and its subsidiaries	99.3	99.5
		Hyperoil	99.3	99.6
		Valpoland	6.5	10.3
	New Immo Holding	New Immo Holding Poland and its subsidiaries	100.0	100.0
		Ceetrus Polska and its subsidiaries	99.5	99.5
Portugal	Auchan Retail International	Auchan Portugal and its subsidiaries	98.2	98.3
		Valportugal	14.0	20.6
	New Immo Holding	New Immo Holding Portugal and its subsidiaries	100.0	100.0
		Ceetrus Portugal and its subsidiaries	98.2	98.3

			% interest	
Country	Division/Activity	Company	2023	2022
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 OIIAH and its subsidiaries	100.0	99.7
		Valrussie(1)	100.0	61.0
		Atak and its subsidiaries	100.0	99.7
	New Immo Holding	New Immo Holding and its subsidiaries	100.0	100.0
		Ceetrus LLC and its subsidiaries	100.0	99.7
Senegal	Auchan Retail International	Senas	100.0	100.0
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

(1) Liquidated entity

5.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2023)

To the Shareholders of ELO,

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, 2023.

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, 2023 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, 2023 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.821-53 and R.821-180 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, 2023, the carrying amounts of goodwill, other intangible assets, property, plant and equipment and right-of-use assets ("Non-current Assets") of the Group totaled €7,9 billion (38% 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.

As described in note 6.6, the effects of the risks related to climate change and inflation were considered on the future cash-flows

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 charge recognized for the 2023 financial year amounts to €.352 million:

- As indicated in note 6.6, an impairment expense of €190 million was recognized on the Goodwill of Retail France.
- As indicated in note 2.1 related to the impact of the Russian-Ukrainian conflict, an additional impairment charge of € 122 million was recorded for the assets of Auchan Retail Russia.

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, as well as appraisal values for stores;
- 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 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. These commercial cooperation actions are subject to 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 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 and recognition 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, 2023, 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 €3.5 billion. Their fair value (net of transaction costs), disclosed in note 6.5 of the consolidated financial statements, represents an amount of €7.3 billion.

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.

An impairment loss is recognized as soon as the carrying amount of the asset exceeds its recoverable amount.

Net impairment charges amounting to € 2 millions have been recorded for the year ended December 31, 2023.

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 finance 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 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 Audit.

As at December 31, 2023, PricewaterhouseCoopers Audit and KPMG Audit were in the 11th year and 63rd year of total uninterrupted engagement, which are the 11th year and 21st 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.821-155 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.821-27 to L.821-34 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 22, 2024

The statutory auditors

PricewaterhouseCoopers	**Audit KPMG S.A.**
François Jaumain	**Caroline Bruno Diaz**

5.4 DECLARATION BY THE PERSON RESPONSIBLE FOR THE FINANCIAL REPORT

CROIX, FEBRUARY 21st, 2024

"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."

Antoine Grolin
General Manager of ELO SA



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