

# FNAC DARTY



EXTRA-FINANCIAL  
PERFORMANCE  
DECLARATION



**2021**

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# 1



## Presentation of the Group

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## 1.1 / Business Model

### 1.1.1 / COMPANY PROFILE

#### 1.1.1.1 / A European leader in omnichannel retail

Operating in 13 countries, principally France, Switzerland, Belgium, Spain, Portugal and Luxembourg, Fnac Darty is a European leader in the retail of entertainment and leisure products, consumer electronics and domestic appliances. The acquisition in August 2019 of Nature & Découvertes, a leading omnichannel retailer of natural and wellbeing products, enabled the Group to penetrate the Wellbeing and Outdoor Activities sectors and, in doing so, accelerate its diversification.

With more than 25,000 employees, Fnac Darty generated revenue of more than €8 billion in 2021. The relevance of its omnichannel model is based on a dense territorial network combined with sustained momentum on digital platforms. As of the end of 2021, the Group has a multi-format network of 957 stores, including 798 in France<sup>(1)</sup>. It is France's third largest e-commerce retailer in terms of audience in France with its three commercial websites: fnac.com, darty.com, and natureetdecouvertes.com. Its position as leader is based, in particular, on its high volume of traffic: 181 million visits to stores across the Group and a cumulative average of nearly 27 million unique online visitors per month in France<sup>(2)</sup>. It should be noted that in-store traffic in 2021 continued to be impacted by the closure of some stores in the first half of the year and ongoing capacity restrictions as part of efforts to combat the Covid crisis. The attraction of digital platforms skyrocketed, with an uptick in online consumption, which accounts for a high proportion of total Group revenue, at 26%. By combining the strengths of Fnac, Darty and Nature & Découvertes, the Group's omnichannel sales accounted for 46% of online orders in 2021, against a backdrop of very strong growth in e-commerce volumes

compared with the pre-crisis level. Momentum thus remained very strong, with the proportion of click&collect sales picking up sharply in the last quarter, up +8 points to 53%.

The Group operates primarily in Europe via three regions: France and Switzerland, Belgium and Luxembourg, and the Iberian Peninsula. The France and Switzerland region covers the Group's French and Swiss activities and represented more than 83% of sales in 2021. The Belgium-Luxembourg region covers the activities of Fnac and Vanden Borre in Belgium and Luxembourg and represented 8% of sales in 2021. Lastly, the Iberian Peninsula covers Fnac activities in Spain and Portugal, and represented almost 9% of revenue in 2021. The Group is also developing its franchise business internationally and now has 14 stores in Africa and the Middle East, and 17 stores in French overseas departments and territories.

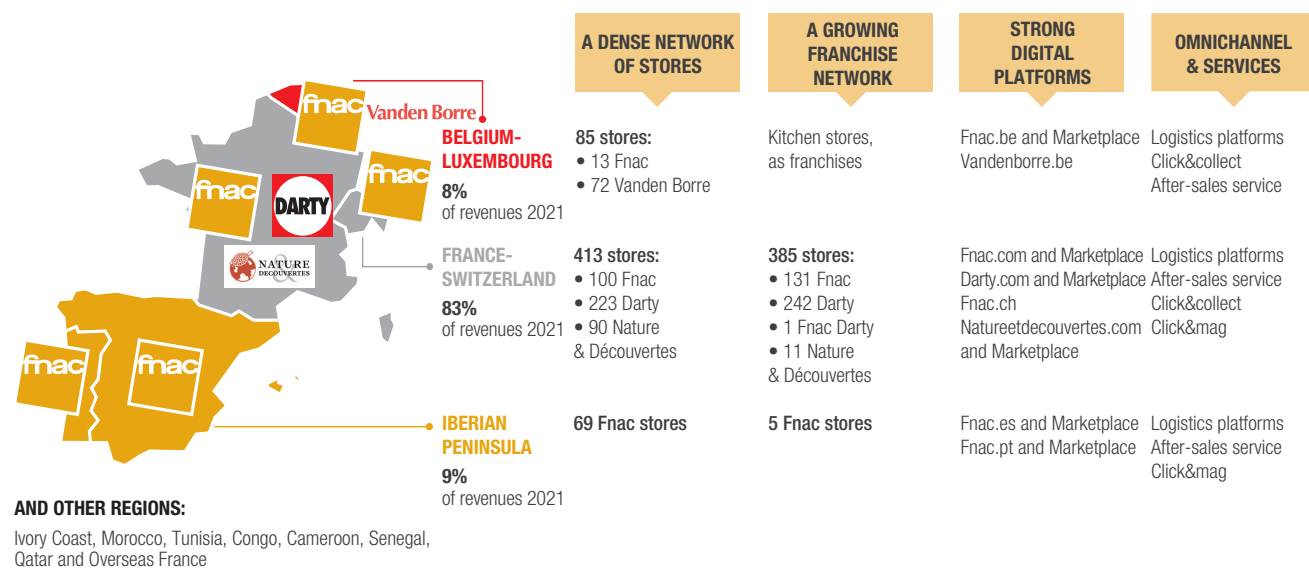
In these geographic regions, the Group reproduces the strategy implemented in France, adjusted to the local context. This is mainly through a strong network of directly owned stores, as well as franchise development. Fnac Darty has solid e-commerce platforms in all its countries, with five main international websites and partnerships with specialist sites. Meanwhile, the Group is rolling out a single platform for all sellers, so they can connect to the countries that are most relevant to them within the Marketplaces ecosystem.

By bringing together its in-store and digital offerings, the Group can provide services such as "click&mag", "click&collect" and the express or by-appointment delivery offering. These services guarantee a seamless, hybrid purchasing experience, combining in-store and online shopping.

(1) Including 16 Fnac Darty/N&D stores in Switzerland and 31 stores abroad.

(2) Fevad, cumulative average for Fnac and Darty for 2021.

The Group's omnichannel experience is outlined below.



Store network as of December 31, 2021.

### 1.1.1.2 / A galaxy of brands orbiting Fnac and Darty

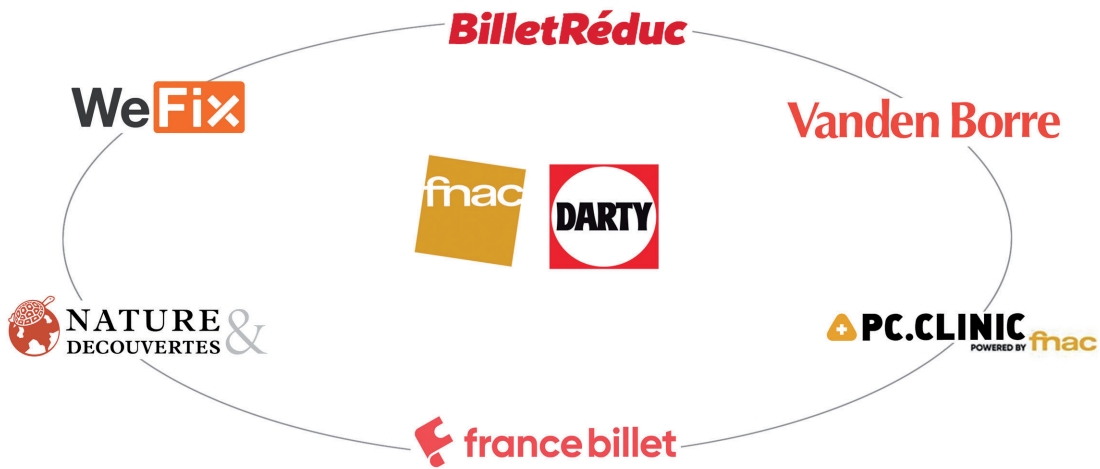
Since their creation more than 60 years ago, both Fnac and Darty have strived to embed their values and promote their deeply held convictions. In 2016, Fnac Darty was created from the merger of these well-known brands, both of which boast strong reputations and excellent consumer loyalty. These two brands have complementary positions and missions.

Three strong values make up the essence of the Fnac brand: independence, passion and the spirit of discovery. These values are reflected in its salespeople, in its recognized expertise and in its product selections, as well as in the unique place that Fnac occupies in French culture (Fnac Live Paris, the Salon Fnac Livres fair, the BD Fnac France Inter comic prize in association with French national radio, the Prix Goncourt des Lycéens literary prize for senior high school students, and more recently L'Éclairer Fnac). Fnac is the brand of discovery, of diversity, of open-mindedness. It is a strong brand that occupies a special place in the French retail landscape, and which has made curiosity its mission.

As for Darty, its identity is anchored in three key values: confidence, service and accessibility. Darty, a heritage brand, is the brand for everyone. It is there for its customers at every stage of their lives, from the big moments to the smallest. It is a pioneer in terms of service, especially after-sales services.

Since the merger between Fnac and Darty, the Group has expanded to include new brands to form a major specialized retail group. The Group has strengthened its presence in the ticketing sector with the 2019 consolidation of Billetreduc.com and increased its offering in the express repair of electronic devices, first in France in 2018 with the acquisition of WeFix and then in Portugal in 2019 with the consolidation of PC Clinic. The acquisition of Nature & Découvertes in 2019 represents the most significant external growth transaction since the merger of Fnac and Darty. A strong label whose core values complement the Group's brands, Nature & Découvertes advocates for ethical and more environmentally friendly consumption. This aligns with Fnac Darty's commitment to educated choice and sustainable consumption.





A shared ambition unites all these brands: to guide customers and help them make the best choice. This commitment is also shared by all the Group's employees, a commitment to creating an honest business where the customer is able to make an educated choice.

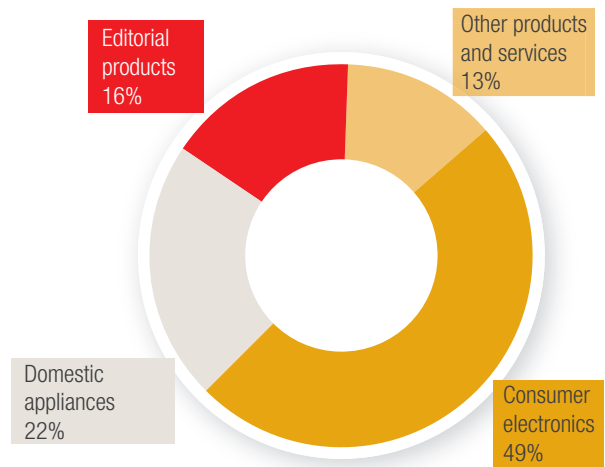
**A diverse range of products and services**

(as a % of revenue 2021)

**1.1.1.3 / A diverse, balanced range of products and services**

The Group proposes a balanced offering, built around product and service categories with complementary growth and margin profiles.

The Fnac and Darty brands each market consumer electronics (49% of the Group's revenue in 2021), a sector in which growth experiences short innovation cycles. This shared offering is enhanced, on the one hand, by Fnac and Nature & Découvertes' strength in editorial products (16% of the Group's revenue) and, on the other, by Darty's leadership position in the domestic appliances market (around 22% of Group revenue). Moreover, the Group continued to diversify its product and services offering in 2021. The sale of other products and services (some 13% of the Group's revenue) such as Toys and Games, Stationery, Natural and Wellbeing Products, Kitchen, Urban Mobility, After-sales Service, and Warranties are solid levers for growth. The product and services offering is described in section 1.4.3 "A diversified product and services offering" of this Universal Registration Document.



### 1.1.1.4 / **A committed group recognized as a responsible player**

#### 1.1.1.4.1 / **Context**

In these times of hyperchoice, consumers are looking for trust and guidance in their everyday lives. According to the study by Forrester<sup>(1)</sup>, six out of ten French consumers express a preference for buying sustainable products. Additionally, the annual study conducted by the Group on consumption in France shows that its inhabitants are increasingly seeking transparency and meaning in the way they consume. Although the oldest habits, such as recycling batteries and reducing energy consumption, are the most firmly entrenched, this year's study shows two strong trends are standing out: product repair gained +4 points and *made in France* increased by +11 points.

In 2021, we also noted an upturn in the markets for reconditioned products, which are cheaper and more environmentally friendly. According to the Xerfi Precepta<sup>(2)</sup> study, the growth of reconditioned products in France extends to the main product categories in the home equipment sector. After reconditioned smartphones, it also applies to large and small domestic appliances, IT, furniture, games, toys and many other categories. The context of an unprecedented health crisis in the shape of Covid-19 is acting as a trend accelerator: accelerated environmental awareness among consumers, accelerated digitalization of physical stores, and acceleration of online ordering and home delivery. 67% of online buyers say it is easier to source products from the circular economy on the internet.

#### 1.1.1.4.2 / **Sustainability at the heart of Fnac Darty's *raison d'être* and its strategic plan Everyday**

Since 2018, Fnac Darty has relied on its *raison d'être* of being "committed to providing an educated choice and more sustainable consumption" to incorporate all of its CSR challenges into its business model. With its strategic plan Everyday, a key focus of which is sustainability, Fnac Darty has set itself the ambition of helping to change consumer habits by positioning itself as a sector leader in sustainable consumption, addressing the product life span, selection and advice in particular, and developing more responsible services. As a consequence, the Group has set sustainability objectives, set out in paragraph 1.5 "Group strategy and objectives".

Bolstered by widespread geographical coverage, with 957 stores in 13 countries at the end of 2021, Fnac Darty is a group with strong roots in its various regions, and whose main ambition is to share cultural creation, new technology and innovative services with as many people as possible, while promoting employment and social inclusion. The Group's cornerstone is its robust social policy, which covers more than 25,000 skilled employees via an HR policy focused on talent management, employability and employee commitment through the development of training, quality of life in the workplace and gender equality. For example, Fnac Darty is aiming for at least 35% of its top 200 managers to be women by 2025.

The Group has been the leading repair brand in France for 50 years, with more than 2.1 million products repaired in 2021 by more than 3,000 after-sales service employees. It plans to recruit an additional 500 technicians by 2025 who will be trained via its classes, with 18 set up in 2021. Fnac Darty is also the biggest collector of WEEE (waste electrical and electronic equipment) with 52,000 tons of products collected each year for recycling and re-use Group-wide, including 47,000 tons in France alone. A Circular Economy Committee was also created in 2021, chaired by the General Secretary, a member of the Executive Committee, with the aim of overseeing projects aimed at reducing packaging, optimizing unsold products and managing waste recycling.

The Group is pursuing its approach to more responsible consumption by taking action in three main areas:

- firstly, the Group intends to continue with its customer information efforts, encouraging customers to choose sustainable products via the sustainability score, which is displayed on websites and in-store; a score of 135 is expected by 2025 (compared with 105 in 2020 and 111 in 2021). This independent, proprietary Fnac Darty tool is based on our after-sales repair database – the only one on the market – which rates products on their reliability and the availability of spare parts. This indicator weights the volume of each product sold throughout the year by its sustainability score. The Group uses the sustainability score to draw up its "After-Sales Service Barometer", the fourth edition of which was published in September 2021. This provides consumers with the opportunity to learn about the sustainability and reliability of products and brands, while at the same time providing industry with an overview of product life spans and identifying opportunities for improvement in this area. Lastly, the Group recently launched L'Éclairer Fnac (<https://leclairer.fnac.com/>), a digital media tool that aims to help readers by providing content designed to inform their opinions and choices on major cultural and technological issues;

(1) Consumer Energy Index and Retail Pulse Survey by Forrester and Pure Spectrum, published July 2021.

(2) Study by Xerfi on reconditioned products, published January 4, 2021.

- the Group also intends to expand its offer towards more sustainable products, with the potential for delisting Marketplace products and partners that do not meet sustainability criteria. The massive expansion of the Group's Second Life offer and its scheme for taking back used products also helps to make our economy more circular. The acquisition of Nature & Découvertes in 2019 enhances the Group's positioning in terms of responsible business practices and sustainable consumption. For example, Nature & Découvertes puts 10% of its net profits back into the Fondation Nature & Découvertes, which has raised more than €14.2 million for the protection of biodiversity and nature-based education through nearly 2,931 projects, 128 of which took place in 2021. Nature & Découvertes' commitment to responsibility is set out in greater detail in Chapter 2;
- finally, services that enable customers to "use better to consume better" and to repair products more often have been strengthened, with the goal of having 2.5 million products repaired each year by 2025. To achieve this, the Group is encouraging consumers to repair products more often, by continuing to open more WeFix corners (WeFix being the leading express repair service for smartphones and tablets), and by rolling out Darty Max (the unlimited repair subscription service). Additionally, Fnac Darty promotes self-repair by providing usage and maintenance advice via its collaborative website, <https://sav.darty.com/>, launched in 2018, which has recorded a 30% increase in traffic with over 10 million users in 2021. All these projects are described in Chapter 2.

Fnac Darty also affirmed its environmental strategy, by setting a quantified objective of reducing its CO<sub>2</sub> emissions by 50% by 2030, compared to the 2019 level. The Group-wide scope defined concerns transport, direct and indirect emissions, and site energy.

The Group has strengthened its governance to achieve this objective and take a strategic approach to addressing climate issues. A focus of attention within several bodies, including the CSR Committee, which reports directly to the Board of Directors, these issues have been explored and addressed by the Climate Committee since 2019. The Climate Committee monitors the trajectory of the CO<sub>2</sub> emissions generated by the Group's activities, draws up action plans, monitors the roadmaps for the various operational sectors, and finally, works toward the expansion of the low-carbon strategy to other indirect emission items.

Fnac Darty is therefore determined to continue its efforts in this area, by defining an objective for reducing the indirect emissions (scope 3) generated by the products it sells, throughout their life cycle, as well as employee travel and IT systems, covering more than 95% of its carbon footprint. The Group aims to submit these objectives for approval by the Science Based Target (SBT) initiative in 2022.



**1.1.1.4.3 / ESG objectives serving the financial ambitions of the 2025 plan Everyday**

Everyday strategic ambitions	ESG objectives for 2025	Added value	Financial targets for 2025
<b>1</b> Embodying new standards for successful digital and human omnichannel retail in the future	<ul style="list-style-type: none"> <li>✓ 50% of online sales will be picked up using click&amp;collect</li> <li>✓ Continued expansion of the store network, primarily through franchises</li> </ul>	<ul style="list-style-type: none"> <li>➤ Promotion of C&amp;C, which is more environmentally friendly than home delivery</li> <li>➤ Wider access to culture</li> <li>➤ Increased positive impact on the territories (employment and social inclusion)</li> </ul>	<p><b>Generate recurring free cash-flow</b></p> <ul style="list-style-type: none"> <li>✓ <b>Cumulative free cash-flow<sup>(b)</sup> of around €500 million for 2021-2023</b></li> <li>✓ <b>Recurring free cash-flow<sup>(b)</sup> ≥ €240 million in 2025</b></li> </ul>
<b>2</b> Helping consumers adopt sustainable behaviors	<ul style="list-style-type: none"> <li>✓ Achieve a sustainability score of 135<sup>(a)</sup></li> <li>✓ 2.5 million products repaired</li> <li>✓ Divert 100% of “non-saleable” products into a second life sector</li> </ul>	<ul style="list-style-type: none"> <li>➤ An unparalleled offer</li> <li>➤ Enhanced sustainability of equipment</li> <li>➤ Customer loyalty</li> </ul>	
<b>3</b> Becoming the leader in subscription home assistance services	<ul style="list-style-type: none"> <li>✓ &gt; 2 million subscribers to our Darty Max unlimited repair service</li> </ul>	<ul style="list-style-type: none"> <li>➤ An unparalleled offer</li> <li>➤ A captive ecosystem and increased customer loyalty</li> <li>➤ A solution to deal with planned product obsolescence</li> <li>➤ A move upmarket in products sold</li> </ul>	

(a) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

(b) Excluding IFRS 16.

#### **1.1.1.4.4 / Corporate Social Responsibility policy**

With more than 25,000 employees worldwide, 957 stores and millions of loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming itself to meet the challenges of a changing market, while at the same time developing its people and making a positive impact on society.

The Corporate Social Responsibility policy aims to address the four major CSR challenges that were identified as the result of a risk analysis conducted in 2018:

- the development of business lines in a context of digital acceleration;
- the sustainability of our model and new modes of consumption;
- the climate emergency and its consequences for companies;
- ethics for all based on a model of development through partnership.

The challenges associated with these risks have been placed on a materiality matrix, given in Chapter 2.

These four major risks and challenges result in the following five pillars of the Group's CSR policy: sustainable consumption, climate protection, business ethics, territories and culture, and finally human capital.



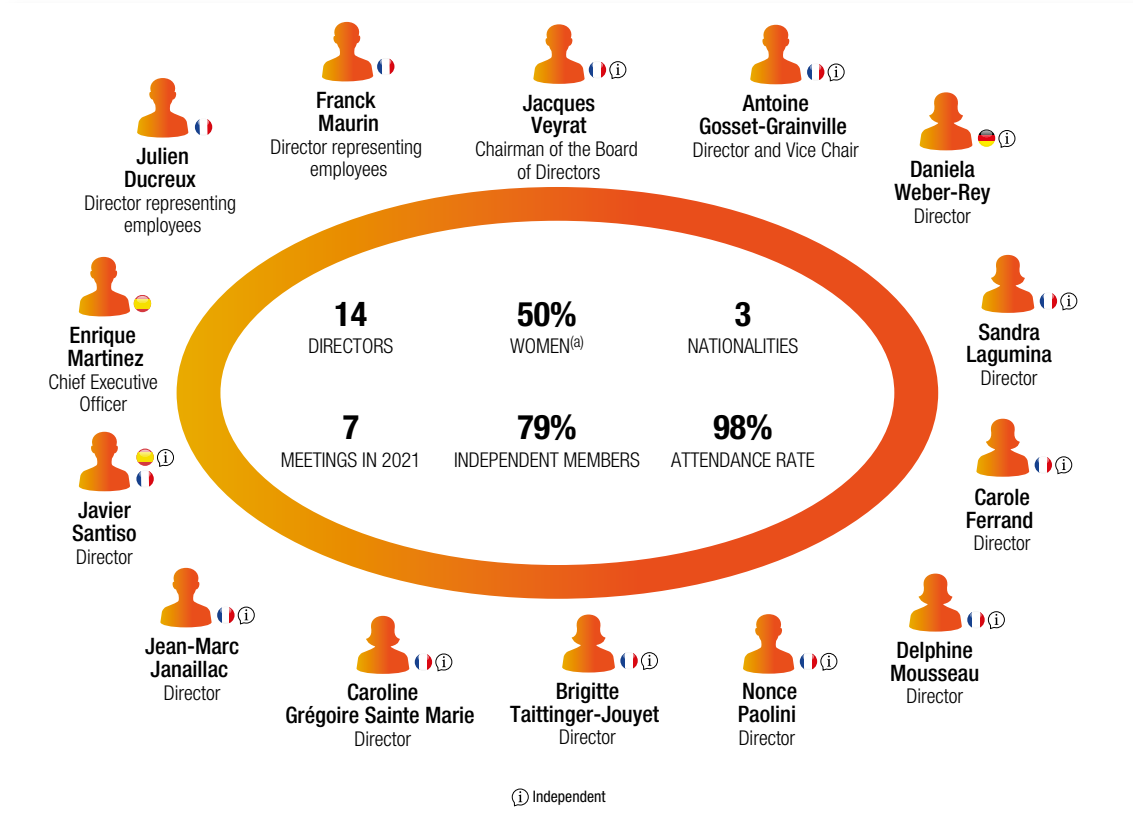
All five of these pillars are described in Chapter 2 of this document.

The incorporation of CSR issues into the Fnac Darty business model is set out in section 1.1.2.

The strengthening of Fnac Darty's governance and CSR policy was welcomed by the ESG ratings agencies, as detailed in section 1.1.1.4.7.

1.1.1.4.5 / Solid and stable governance

Key figures and composition of the Board of Directors at December 31, 2021



(a) Excluding employee directors; 43% of all directors are women.

### Operation of the Board of Directors

The Fnac Darty Board of Directors is composed of Directors with broad and diversified experience, especially in corporate strategy, finance, economics, industry, accounting, Corporate Social Responsibility, management and the control of commercial and financial companies.

In 2019, Fnac Darty appointed Franck Maurin as a Director representing employees, and Enrique Martinez, Chief Executive Officer, as a Director for a term of four years, reflecting the Board of Directors' confidence in Enrique Martinez's ability to ensure that the Group's day-to-day management is conducted in a sustainable way.

In 2020, the Group appointed a second Director representing employees, Julien Ducreux.

Furthermore, in 2021, Franck Maurin, a Director representing employees, was appointed to the Appointments and Compensation Committee to represent the interests of employees on this committee.

At the end of December 2021, the Board was composed of 14 Directors, 11 of whom were independent.

### Four committees, all chaired by Independent Directors

Each committee is composed of Directors who have been identified as having the specific skills required to carry out its duties. A comprehensive description of each committee can be found in section 3.2.1 of this document.

- Audit Committee:
  - monitors the process of preparing financial information;
  - is chaired by Carole Ferrand (Independent Director);
  - has 3 members;
  - meets at least four times a year.
- Appointments and Compensation Committee:
  - assists the Board in determining the composition of the Company and Group executive management bodies and in the regular assessment of all compensation and benefits paid to the Group's corporate officers and executive Directors;
  - is chaired by Antoine Gousset-Grainville (Independent Director);
  - has 4 members, including one Director representing employees;
  - meets at least once a year and as many times as it deems necessary.

- Corporate, Environmental and Social Responsibility Committee:
  - reviews the Company's corporate, social and environmental policies;
  - is chaired by Brigitte Taittinger-Jouyet (Independent Director);
  - has 3 members;
  - meets twice a year.
- Strategy Committee:
  - considers the broad strategic priorities of the Group that may be implemented by the executives, specifically in the fields of business, investments, partnerships or any other matter that may be considered to be relevant;
  - is chaired by Jacques Veyrat (Chairman of the Board, Independent Director);
  - has 5 members;
  - meets at least once a year and as many times as it deems necessary.

### Governance dedicated to best practices in Corporate Social Responsibility (CSR)

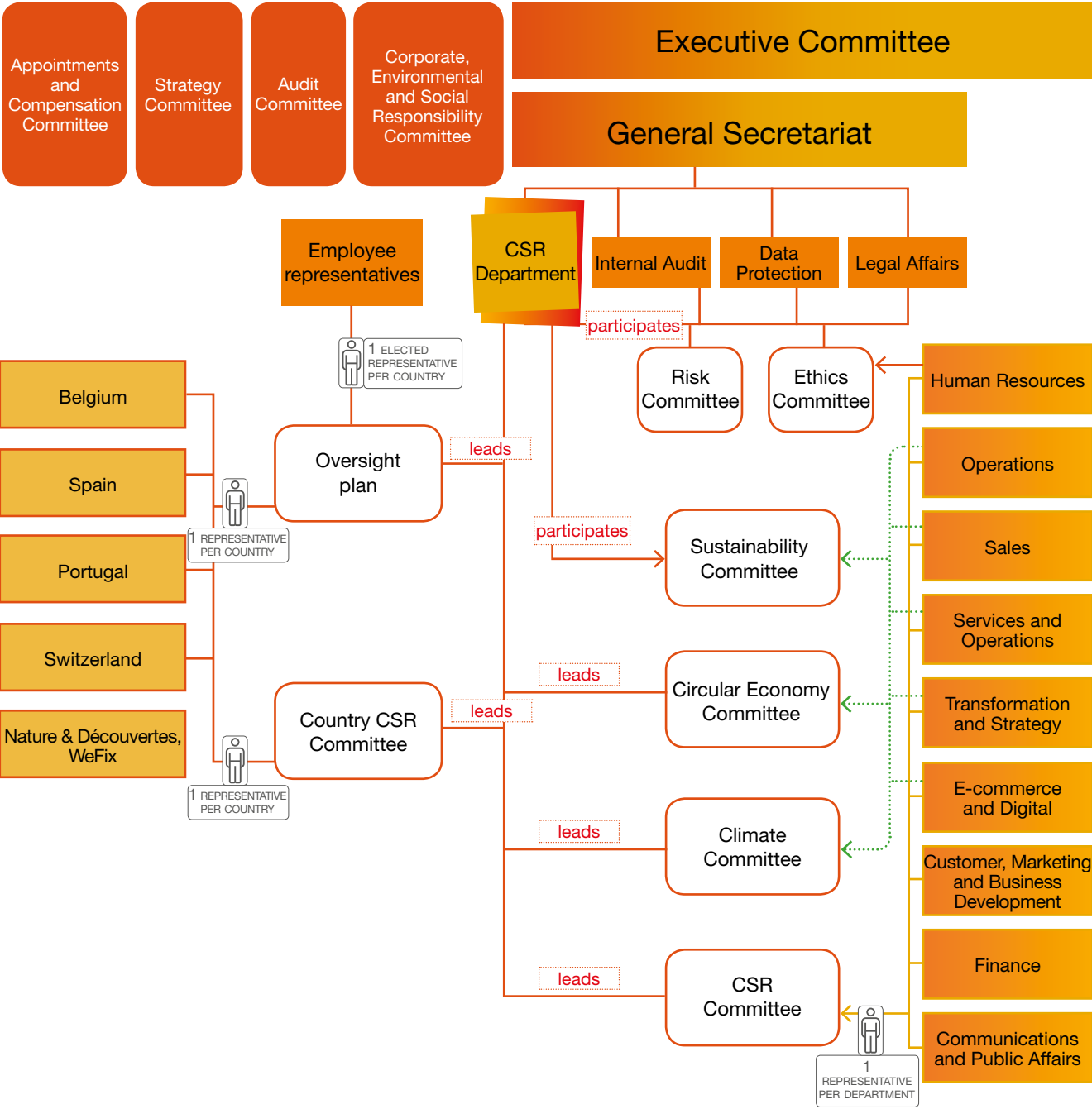
In order to incorporate these challenges into its strategy and the day-to-day operations of its business lines, the Group has adopted a decentralized approach to CSR.

These concerns are driven right from the top of the Company, with focal point representatives in the Group's subsidiaries and various departments.

The CSR Department reports to the General Secretary, and relies on various bodies and business line representatives to manage and assess the Group's CSR strategy. Each department in the Group has appointed a CSR officer, who is tasked with setting out a roadmap with defined objectives specific to each Group department, and monitoring these objectives on a regular basis.

In addition, two committees were created in 2021: a Sustainability Committee, which aims to develop the Group's product offer to make it more sustainable and a Circular Economy Committee that will oversee projects aimed at reducing packaging, optimizing unsold stock, improving waste collection, and recycling and re-use of materials. These two committees are sponsored by two and three members of the Executive Committee respectively.

# Board of Directors



The various committees are set out in detail in Chapter 2.

Furthermore, Fnac Darty has continued to strengthen the integration of CSR criteria with the inclusion of a CSR criterion in the variable compensation of all Group managers in addition to an increase in the weight of these criteria for all members of the Executive Committee.

Finally, the Group has set an objective to increase the number of women in the Group's top 200 managers to 35% by 2025, compared with 27% in 2021. The Group is also aiming for women to make up at least 40% of the Executive Committee by 2025, compared with 38% in 2021.

#### **1.1.1.4.6 / Shareholding**

Ceconomy has been the Group's reference shareholder since 2017, with 24.3% of the share capital. It does not hold any seats on the Board of Directors, but did participate in the coopting of three independent members. Details of the Group's Directors are given in section 3.1 of Chapter 3 of this document, entitled "Corporate Governance".

Since 2018, Indexia Développement (formerly French insurance broker SFAM) has been the Group's second-largest shareholder, with a stake of 11.3% in Fnac Darty's share capital.

Historical data regarding Fnac Darty shareholding and the latest threshold crossings are detailed in Chapter 7, section 7.3, "Shareholders", in this Universal Registration Document.

Fnac Darty takes advantage of opportunities for regular shareholder returns. Accordingly, the Group seized a market opportunity in 2018 and 2019 by conducting a share buyback program, implemented for the first time in October 2018, for a duration of 24 months. Given the health crisis and in accordance with the conditions for taking out a state-guaranteed loan, the Group did not conduct any share buyback programs or pay a dividend in 2020. In 2021, given the strength of its business model, the Group reactivated its shareholder return policy with the payment of an initial ordinary dividend of €1.0 per share, paid in cash on July 7, 2021. In 2022, the Group will propose to the forthcoming General Meeting the distribution of a dividend of €2.0 per share for 2021, in accordance with the announcement made as part of the strategic plan Everyday (see section 1.5.4 of this document, "Financial outlook and mid-term ambitions").

#### **1.1.1.4.7 / Fnac Darty recognized as a responsible retailer by ESG rating agencies**

Fnac Darty's approach to Corporate Social Responsibility is regularly assessed by ESG rating agencies and awarded a rating.

In 2021, Fnac Darty requested a sustainability rating from Moody's ESG Solutions (formerly Vigeo Eiris/VE) ([www.vigeo-eiris.com](http://www.vigeo-eiris.com)). Based on its analysis of three main criteria – environment (business ethics, environmental policy), social (community engagement, respect for human rights and human resources) and governance (corporate governance) – for the third year running, Fnac Darty was awarded a rating of A2 and categorized as "robust", with an ESG score of 54/100, up +6 points compared to 2020 and up +10 points in 2 years, well above the European average rating of 35/100 for the sector. The Group is placed in the top 20% worldwide for the third consecutive year and ranks eighth among the 72 European companies in its sector<sup>(1)</sup>, gaining one position in one year. Improvement was seen in each of the three ESG components, especially in Environment (up +14 points compared with 2020). Finally, the Group improved the transparency of the non-financial information it published, up +4 points in one year to 95%, significantly above the sector average<sup>(1)</sup> of 67%. This performance reflects Fnac Darty's environmental, ethical, social and governance commitments.

In addition, ratings agency Sustainalytics ([www.sustainalytics.com](http://www.sustainalytics.com)) classifies the Group's ESG risks as low, awarding a score of 11.4/100, compared to the previous score of 12.2. Fnac Darty therefore ranks highly and is placed in the first percentile of the specialized retail market assessed. Sustainalytics assesses Fnac Darty's management of ESG issues as robust, with a score of 60.8/100.

MSCI ([www.msci.com](http://www.msci.com)) confirmed the Group's AA rating in 2021 for the third consecutive time, with a retail industry-adjusted score of 7.8/10. The Group is just short of AAA, the best possible rating. Only 17% of the companies that are rated score between AA and AAA.

In 2021, Fnac Darty was awarded a rating of A- for the reporting on its climate actions by the Climate Disclosure Project (CDP) ([www.cdp.net/en](http://www.cdp.net/en)), a non-profit organization that recognizes the most active global companies in the fight against climate change, thereby significantly improving its score compared to last year (C). With a rating now above the average for European companies (B) and the average for the specialized retail market (B-), Fnac Darty has joined the "Leadership" category for the first time.

(1) Specialized retail market as defined by Moody's ESG Solutions (formerly Vigeo Eiris/VE).

The Group was also recently awarded a score of 81/100 by the Gaia Rating agency ([www.gaia-rating.com/](http://www.gaia-rating.com/)), up +7 points from last year.

All of the above demonstrates Fnac Darty's solid foundations. It will continue to strive for ratings that best reflect its actions in

terms of Corporate Social Responsibility through the quality and transparency of its data. The sustainable development approach is integral to the Company's strategy and the Group's non-financial data is published in most of its communication media.

### Change in non-financial ratings

Agency	Rating and score			Trend
		2021	2020	
Moody's ESG Solutions (formerly Vigeo Eiris)	A2 (robust)	54/100	48/100	↗
Sustainalytics	Low ESG risks	11.4/100	12.2/100	↗
MSCI	AA (leader)	7.8/10	7.9/100	=
CDP	A-		C	↗
EthiFinance (Gaia Rating)		81/100	74/100	↗

## 1.1.2 / A BUSINESS MODEL THAT CREATES SUSTAINABLE VALUE FOR OUR STAKEHOLDERS

# Our resources

## An ecosystem of renowned, complementary brands

Fnac and Darty, two iconic brands  
WeFix, Nature & Découvertes, Billetreduc.com, PC Clinic:  
strategic acquisitions that are in tune  
with the Group's *raison d'être*

## Committed human capital

More than 25,000 employees, including:

- more than 75% in direct contact with customers
- more than 3,000 dedicated to after-sales service

## A solid financial position

- 2021 revenue up +7.4%  
based on reported data to over €8 billion
- Free cash-flow from operations for 2021 <sup>(1)</sup>  
remaining high at €170 million
- Net cash of €247 million at the end of 2021
- A solid liquidity position of nearly €1.2 billion  
at the end of 2021

## An omnichannel, multi-format model

- 957 stores (including 390 franchises)
- 14 main websites
- Third-largest player in e-commerce  
in France in terms of audience <sup>(2)</sup>
- A high level of **click&collect**

## A centralized, in-house logistics network

- 1,000 delivery centers
- 14 warehouses and around 90 physical sales,  
e-commerce, and after-sales service **platforms**
- An after-sales service centralized and delivered  
through 5 after-sales service workshops, 1 central  
spare parts warehouse and more than 100 technical  
centers in France

## Key markets

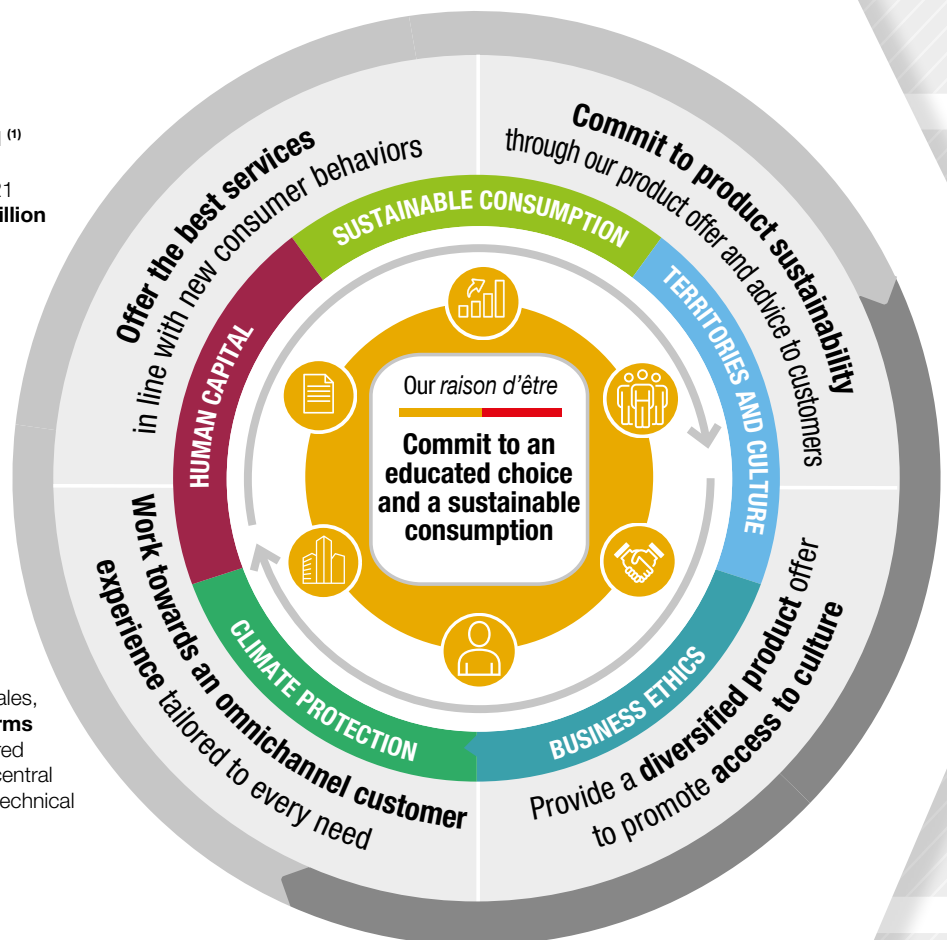
- 6 European markets: France and Switzerland,  
Belgium and Luxembourg, and Iberian Peninsula
- Franchises in **Africa**, the **Middle East**  
and **Overseas France**
- A **diversified** product and services offering

## Governance of the highest standard

- A diverse range of skills and a significant proportion  
of women (50% <sup>(3)</sup>) on the Board of Directors
- An independence rate of 79% and an attendance rate  
of 98% for Board members
- An Executive Committee **compensation system** that includes  
CSR criteria and long-term components

## FNAC DARTY

An omnichannel European player,  
specializing in the retail of consumer  
electronics and domestic appliances,  
cultural and leisure goods, and a leader  
in after-sales service.



(1) Excluding IFRS 6.

(2) Source Fevad, Fnac and Darty cumulative average for 2021.

(3) Excluding employee Directors; women account for 43% of all Directors.



# Added value for



## Customers

- Services and independent advice to help them make an educated choice and promote sustainable consumption
- An omnichannel offering and operational performance that can be adapted to each individual's needs

- > Approximately **500,000 subscribers to Darty Max**, the subscription-based repair service, **with a target of more than 2 million subscribers in 2025**
- > Extension of the Sustainable Choice label to Fnac with **more than 150 labelled products** across both brands
- > **An increasing sustainability score** (111 in 2021 compared with 105 in 2020), **with a target of 135 by 2025**



## Employees

- Development of skills and employability
- Quality of life at work, diversity and professional equality

- > **94% of employees received training in 2021**
- > **More than 30% of salespeople trained in video/chat in 2021**
- > **27% of leadership positions<sup>(4)</sup> held by women**, **with a target of 35% in 2025**
- > **Creation of a gender equality network** rewarded with an LSA Gender Equality Award



## Partners and suppliers

- Balanced and sustainable supplier relationships
- Synergies and cooperation

- > **More than 1/3 of the stores in our network operated under franchise and more than 4,000 sellers on Marketplace**
- > Awarded the "Relations Fournisseurs & Achats Responsables" ("**Responsible Supplier Relations & Purchasing**") label for a period of 3 years
- > Relationships with suppliers of our commercial products that last **more than 15 years** on average, a number that is increasing
- > **Strategic partnerships**, particularly in the urban mobility market and with Google to offer an enhanced online shopping experience



## Shareholders

- A healthy balance sheet and highly robust liquidity position
- Improved non-financial ratings
- A strategic plan that aims to generate recurring free cash flow from operations and provide shareholders with a lasting return

- > **Aggregate free cash-flow from operations<sup>(5)</sup> of approximately €500 million over the period 2021-2023 and at least €240 million annually from 2025**
- > **Distribution rate of at least 30% in the medium term<sup>(6)</sup>**
- > **Proposed payment of an ordinary dividend of €2/share for 2021<sup>(7)</sup>**
- > **Moody's ESG Solutions<sup>(8)</sup> score up +6 points; 8<sup>th</sup> out of the 74 companies in its sector**



## Company

- Democratization of culture and promotion of cultural diversity
- Historic partnerships with players in the Social and Solidarity Economy (SSE)

- > **Nearly 5,700 free cultural events, in-store and online**
- > **Launch of a digital suggestion tool: l'Éclaireur Fnac**
- > **€340,000 in micro-donations and 411,000 books donated to associations**
- > **More than €10 million in donations collected by Fnac Darty**



## Environment

- Extending product life span through repair and second life
- Waste collection and recycling
- Actions to reduce CO<sub>2</sub> emissions

- > **2.1 million products repaired**, **with a target of 2.5 million products repaired in 2025**
- > **Nearly 52,000 tons of electronic waste collected Group-wide**
- > **Revenue-related CO<sub>2</sub> emissions from transport and energy down -14% compared with 2019**



## Public authorities

- Cooperation with institutions to promote product sustainability
- Fiscal responsibility

- > **Signature of the Charter of Commitments for Reducing the Environmental Impact of E-Commerce**
- > **Active support for the law aimed at strengthening the book economy**
- > **More than €130 million in tax and contributions paid, including more than €122 million in France**

(4) About the top 200 managers at Group level.

(5) Excluding IFRS 16.



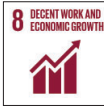
(6) Calculated on the net income, Group share from continuing operations.

(7) Proposal submitted to a vote at the General Meeting on May 18, 2022.

(8) Formerly Vigeo Eiris.

### 1.1.3 / STRATEGIC CHALLENGES AS SOURCES OF OPPORTUNITY ALIGNED WITH SUSTAINABLE DEVELOPMENT GOALS

Through its model, strategy and actions, Fnac Darty is focusing its efforts on and contributing to sustainable development goals (SDGs) 3, 4, 5, 8, 11, 12, 13 and 16. Adopted by UN countries in 2012 at the Rio Conference, they aim to address the urgent ecological, political and economic challenges the world is facing.

Fnac Darty, a leader in tackling the current challenges	Our strengths	Relevant SDGs	Our contribution to the SDGs
<b>Unprecedented global health and economic crisis</b>			
<b>Disrupted supply chains and strained logistics and delivery capabilities</b>	<p>A high-quality, sustainable relationship with our suppliers, in line with our leading position in the specialized retail market in France</p> <p>A primarily premium positioning, providing the Group with better protection from product shortages mainly affecting the entry-level range</p> <p>Centralized, in-house logistics capabilities, providing the ability to adapt quickly and nimbly</p> <p>Partnerships with key delivery service providers and strong internal delivery capabilities that can be easily mobilized when required</p>	  	<ul style="list-style-type: none"> <li>■ Guarantee employee health and safety</li> <li>■ Develop skills and employability</li> <li>■ Promote gender equality and quality of life in the workplace</li> <li>■ Increase positive impacts on the territories: employment and solidarity</li> </ul>
<b>Purchasing power impacted in an increasingly inflationary environment</b>	<p>Guaranteed prices suited to a climate of crisis and shortage of some products and a wide range of products at a wide range of prices</p>		
<b>Rethinking employee relations</b>	<p>An employer concerned with guaranteeing the health and safety of its employees, attracting talent and working hard to achieve gender equality</p> <p>An approach to in-store contact that means customers can visit in safety</p>		
<b>Our achievements and objectives</b>			
<b>Achievements</b>			
<ul style="list-style-type: none"> <li>■ Ongoing provision of health protection (masks, freely available sanitizer gel, adjustment of working hours) and the roll-out of the “Welcomer” role in stores over the long-term</li> <li>■ Employee turnover of 16.4% in 2021, stable compared with the pre-crisis level</li> <li>■ 94% of employees trained in 2021, a sharp increase compared to 2020</li> <li>■ First Group agreement on quality of life in the workplace and gender equality signed in March 2021, applying to all employees</li> <li>■ First Group agreement on the widespread adoption of remote working for a maximum of three days/week, as a result of the wishes expressed by employees consulted regularly on this subject (via anonymized questionnaires)</li> <li>■ 100% of employees are covered by branch collective bargaining agreements</li> <li>■ Creation of “Ex Aequo”, an in-house gender equality network</li> <li>■ Supplier relationships lasting more than 15 years on average</li> <li>■ Fnac Darty awarded the “Relations Fournisseurs &amp; Achats Responsables” (“Responsible Supplier Relations &amp; Purchasing”) label for its indirect purchasing, for a period of three years <sup>(a)</sup></li> </ul>			
<b>Medium-term objectives</b>			
<ul style="list-style-type: none"> <li>■ More than half of Capex allocated to logistics and IT and digital infrastructure by 2025</li> <li>■ Additional investment of almost €40 million dedicated to modernizing and upgrading our logistics equipment by 2025</li> <li>■ 35% of women in the Leadership Group by 2025 (compared with 24% in 2020 and 27% in 2021)</li> <li>■ 40% of the Executive Committee to be women by 2025 (compared with 33% in 2020 and 38% in 2021)</li> </ul>			

**Fnac Darty, a leader in tackling the current challenges****Our strengths****Relevant SDGs****Our contribution to the SDGs****New consumer expectations that are in keeping with their values****A strong attachment to stores, which are essential to the consumer experience**

Widespread geographical coverage, bringing us as close as possible to consumers

The need for advice and expertise from our salespeople and an ever-present consumer need to see and test the products in-store

A Group with a strong reputation that relies on a solid base of loyal customers



- Increase positive impacts on the territories: employment and solidarity
- Help customers make an educated choice
- Encourage repairs

**The lifestyle disruption wrought by the crisis has led to a redefinition of priorities and a re-examination of the concept of product use**

A product offering tailored to consumer expectations, addressing the need for home equipment and technology for remote working and home-based learning

A Nature & Découvertes product range that strengthens the Group's offer in the well-being and responsible consumption of natural products segments

A broad, groundbreaking range of services to facilitate and guarantee product use



- Give a second life to products
- Ensure waste collection and recycling
- Contribute to public debate around sustainability
- Provide access to culture to as many people as possible

**Increasing consumer focus on the environmental and social impact of products and services**

An innovative Group, particularly in terms of informing customers about product reliability and reparability, and about the environmental impact of e-commerce

Fnac Darty, a pioneer in extending product life spans: leading after-sales service in France and expansion of second-life activity

A Group that takes a responsible approach to waste management, particularly electrical and electronic waste

**Our achievements and objectives****Achievements**

- A widespread network of 957 stores at the end of 2021, meaning 90% of French people have a Fnac or Darty store within 15 minutes of home
- Nearly 10 million members at the end of 2021, including more than 7 million in France
- Development of three complementary Darty Max offerings covering domestic appliances, sound, TV and multimedia, which has gained nearly 500,000 subscribers to date – Fnac Darty was awarded the 2021 LSA “Responsible Brand” Innovation Trophy for Darty Max
- Publication of the fourth edition of the “After-sales Service Barometer” in September 2021
- Extension of the “Sustainable Choice” label with more than 150 labeled products in both the Fnac and Darty brands
- A sales force of 5,000, who receive training on a regular basis to provide them with expertise, and more than 3,000 employees dedicated to after-sales services
- Continued roll-out of WeFix (acquired in October 2018) with the opening of 22 new points of sale in 2021 and PC Clinic in Portugal
- Accelerated roll-out of second-hand sales through the Fnac Seconde Vie and Darty Occasion brands, where volumes of resold products increased by +42% compared with 2020
- Biggest collector of WEEE, with 52,000 tons collected Group-wide in 2021, including 47,000 tons in France
- Extended partnership with La Bourse aux Livres to offer the first in-store book recovery service
- Nature & Découvertes, a B Corp company since 2015, renewed its certification for the third consecutive time
- The commitment charter for reducing the environmental impact of e-commerce signed in July 2021, with the Group making 10 concrete commitments in 4 major areas
- Launch of informed delivery on the Fnac and Darty websites, providing customers with transparent information on the CO<sub>2</sub> impact of various delivery options

**Medium-term objectives**

- A “sustainability score” of 135 in 2025 (vs 111 in 2021)
- 100% of “non-saleable” new products into a second-life sector by 2025
- 2.5 million products repaired in 2025 (compared with 2.1 million in 2021)
- ≥ 2 million Darty Max subscribers by 2025

## Fnac Darty, a leader in tackling the current challenges

### Our strengths

### Relevant SDGs

### Our contribution to the SDGs

#### Sharp upturn in e-commerce

##### A highly competitive sector

Success of our omnichannel model combining the complementary strengths of stores and e-commerce

Long-standing experience in digital technology (since 1999 with fnac.com)

Differentiation through our diversified range of products and services (unlimited repair subscription service and France's leading after-sales service, which emphasizes product sustainability)



- Protect the personal data of employees and customers
- Prevent the risks of corruption
- Implement a vigilance plan
- Ensure fiscal responsibility
- Help customers make an educated choice
- Encourage repairs
- Give a second life to products
- Ensure waste collection and recycling

##### A demand for immediacy

A first-rate customer promise, with delivery times at the best market standards

A store network providing an efficient C&C service in every country and covering all products, ensuring consumers are able to pick up their products quickly and safely

##### Consumers faced with hyperchoice

A selective Marketplace that complements our in-stock offer

Continuous innovations to make our salespeople's expertise available to all customers (in-store and on e-commerce sites)

##### Managing high volumes of demand in a short time

Robust digital and logistics platforms, scaled to support very high demand

Ability to adapt in response to reallocation of resources (human, technical, logistics) to meet and fulfill all orders as soon as possible

##### Increasing concern among consumers and employees regarding the protection of their personal data

Fnac Darty, a highly trusted French company committed to transparency in the use of personal data

#### Our achievements and objectives




##### Achievements

- A strong digital presence, representing nearly one-third of the Group's sales in 2021 (+7 points compared to 2019)
- The omnichannel platform accounted for 46% of online sales in 2021, picking up sharply during Q4
- A click&collect service run by our salespeople to provide expert assistance and offer services and add-ons to sales made on e-commerce sites
- Roll-out of video chat with salespeople to all integrated Darty stores, generating over 150,000 interactions on the websites of the two brands in 2021
- 17 million active references on our Marketplaces
- Creation of a digital media tool, L'Éclaireur Fnac, to help readers by providing content intended to inform their opinions and choices. The tool has already had more than 500,000 unique visitors per month since its launch in October 2021
- A GDPR program and data protection governance structure, to guarantee a high level of data protection
- First retailer in Europe to sign a strategic partnership with Google to accelerate the Group's digital trajectory and continuously improve customer satisfaction

##### Medium-term objectives

- Achieve online sales penetration of at least 30% in 2025
- Maintain click&collect levels at 50%

**Fnac Darty, a leader in tackling the current challenges****Our strengths****Relevant SDGs****Our contribution to the SDGs****Growing climate and environmental challenges**

<b>Growing awareness</b>	<p>The Group's firm commitment to reducing its CO<sub>2</sub> emissions through a trajectory aligned with the Paris Agreement</p> <p>Robust governance of CSR and environmental risks, with a Climate Committee that manages the trajectory of CO<sub>2</sub> emissions, draws up action plans and monitors the roadmaps for the various operational sectors</p>	 	<ul style="list-style-type: none"> <li>■ Help customers make an educated choice</li> <li>■ Encourage repairs</li> <li>■ Give a second life to products</li> <li>■ Ensure waste collection and recycling</li> <li>■ Contribute to public debate around sustainability</li> <li>■ Strengthen governance and integration of climate risks</li> </ul>
<b>Increasing regulation</b>	<p>Assisting with French government's implementation of the reparability index from January 1, 2021</p>		<ul style="list-style-type: none"> <li>■ Reduce emissions generated by transportation and energy from sites</li> <li>■ Extend the measurement and management of indirect emissions, particularly those generated by the products sold</li> </ul>
<b>Innovation to foster a more circular economy</b>	<p>A Group that is leading the way in its efforts to promote a more circular economy, by developing customer information, new repair and DIY services, and responsible sectors for product re-use through second-hand sales and the donation of unsold goods</p>		

**Our achievements and objectives****Achievements**

- Launch in 2021 of a project to set science-based targets for scope 3 CO<sub>2</sub> reduction, with a view to submitting them to the SBT for approval in 2022, which would account for over 90% of the Group's carbon footprint
- Launch of a project to measure the CO<sub>2</sub> emissions avoided by the Group through its repair and second-life activities (Darty Occasion and Fnac Second Vie)
- Environmental initiatives valued by non-financial rating agencies, with the CDP awarding an A- rating (compared with C in 2020) and an ESG score of 54/100 from Moody's ESG Solutions, reflecting an improvement in environmental responsibility of +14 points compared to 2020, and the MSCI renewing its AA rating for the third consecutive time
- A reparability index established by Darty in 2018 ahead of the legislation (which entered into force on January 1, 2021)
- A steady increase in the proportion of renewable energies in electricity purchases, with 99% of our energy consumption coming from green sources in other countries and 25% in France (up +11 points compared with 2020)
- A -14% drop in the Group's revenue-related CO<sub>2</sub> emissions compared with 2019
- Signature of a 10-year Corporate PPA agreement with Valeco for the construction and operation of a photovoltaic farm in central France to increase the proportion of green energy used by the Group

**Medium-term objectives**

- A 50% reduction compared to 2019 in CO<sub>2</sub> emissions related to transport and energy on sites by 2030

(a) Excluding commercial purchasing.

## 1.2 / History

### 1.2.1 / HISTORY OF FNAC

- 1954** Founded by André Essel and Max Théret. When it was created, “Fnac” was an acronym for the Fédération Nationale d’Achats des Cadres (National Federation for Purchases by Executives). At that time, it was set up to enable executives to buy photographic and cinematographic equipment at attractive prices.
- 1957** Fnac opened its first store, which specialized in photography and sound equipment, on Boulevard Sébastopol in the fourth arrondissement in Paris.
- 1960** Fnac’s first laboratory tests comparing various consumer electronics were published in Contact magazine. The introduction of a testing laboratory forged Fnac’s enduring image as a specialist in consumer electronics.
- 1965** The Group created a cultural association called Alpha (Arts et Loisirs Pour l’Homme d’Aujourd’hui or Arts and Leisure for Today’s Man), which became the first ticketing business in France.
- 1974** This year saw the beginning of book sales, with the opening of the Fnac store at Montparnasse (in Paris) and the creation of the Forums de Rencontre cultural spaces, areas inside the stores that are entirely devoted to culture and interaction with artists, through events like concerts, book signings and discussions with leading figures.
- 1979** Fnac’s Forum des Halles store opened its doors and quickly became the largest Fnac Group store in terms of both size and revenue.
- 1980** Fnac stock was first traded on the Paris Stock Exchange. A year later, it began to diversify internationally, opening its first store in Brussels, Belgium.
- 1993** After Belgium, Fnac headed south and established itself in Spain, with its first store in Madrid.
- 1994** The Crédit Lyonnais Group became Fnac’s majority shareholder. Fnac then became part of the Kering Group, and its stock stopped being traded in December 1994.
- 1998** The brand opened its first store in Lisbon, Portugal.
- 1999** Fnac began its program of multi-channel development by launching a website (fnac.com) and continued its expansion outside Europe, opening its first store in São Paulo, Brazil.
- 2000** Fnac accelerated its international expansion by introducing its business to two new countries: Italy and Switzerland.
- 2006** Fnac began operating in outlying metropolitan areas with a new one-story store format, the first of which was located in Bordeaux Lac.
- 2012** The brand disposed of its activities in Italy and accelerated and strengthened its geographical coverage by opening new format stores operated directly or via a franchise.
- 2013** In keeping with its strategic refocus, Kering launched the Fnac spin-off and listed it for trading on June 20.
- 2015** The Fnac Group made an offer to acquire Darty with the goal of creating the leading retailer of consumer electronics, entertainment products and domestic appliances in France.
- 2016** Fnac Group shareholders decided to establish a strategic partnership with Vivendi, which became the shareholder of 15% of the Fnac Group’s capital through a reserved capital increase in the amount of €159 million.

## 1.2.2 / HISTORY OF DARTY

- 1957** Creation of the Darty brand. “A customer is satisfied only when the product he purchases works and performs as expected,” observed the young brothers Natan, Marcel and Bernard Darty as they dealt with customers. This observation would become the basis for their business practices. In the months following the creation of the brand in 1957, they offered customers low prices and rapid delivery and repair.
- 1968** Opening in Bondy (Seine-Saint-Denis) of the first superstore specializing in domestic appliances in an 800 m<sup>2</sup> retail space, and launch of the first after-sales service.
- 1973** Launch of the customer promise “A bottle of champagne if you find a cheaper price elsewhere”, to reinforce Article 2 of the Darty Contract of Confidence on refunding the difference. This represents the first time a retailer made a written commitment to its customers guaranteeing prices, choices and services.
- 1976** Listed for trading, at a share price of 300 francs. One-third of the equity was available to the public.
- 1984** Partnership with “Envie”, a charitable aid network for social integration through work in the recovery and repair of devices that were past their useful life.
- 1988** In April, the management team took the initiative, with the support of the founders, to launch a public tender offer allowing Darty employees to assume ownership of their own company. The operation was a success: 90% of the 6,521 employees participated, taking control of 56% of the capital. It is still the largest MBO (management buyout) in Europe. Acquisition of a 49% stake in the company New Vanden Borre, a specialist retailer in domestic appliances in Belgium.
- 1989** Darty was the first retailer to sponsor a television show, the weather report.
- 1993** Darty joined the European Kingfisher Group which, after a spin-off in 2003, became Kingfisher Electricals SA (KESA). During this period, Darty adapted its range of services to meet new customer expectations by becoming a retailer of multimedia solutions and developing its darty.com website.
- 1996** Darty launched its first website (which would go on to become a retail site three years later). Customers who make purchases on www.darty.com or over the phone enjoy the benefits of the Contract of Confidence.
- 1999** Darty created a technical helpline for its multimedia customers, which is open seven days a week.
- 2006** With DartyBox, Darty became a service provider (internet, telephony, television).
- 2007** Successful launch of the Darty card, which offers customers access on darty.com to all of the products they have purchased, as well as their warranties, instructions and a selection of associated products. Creation of the first purpose-built kitchen space within the new Darty store on Rue de Rivoli in Paris.
- 2014** Starting with its first franchise store in Challans (Vendée), Darty set out to reach the 30% of the French population that does not have a Darty store nearby.
- Launch of the Darty Button to celebrate the fortieth anniversary of the Contract of Confidence. A major innovation, this small connected object allows customers who subscribe to the service to receive telephone support for all home products purchased from Darty or elsewhere, whether under warranty or not. At the simple push of a button, customers receive an immediate callback, 24 hours a day, 7 days a week.
- 2015** Darty offers in-home repair and same-day delivery for large domestic appliances and televisions.

### 1.2.3 / HISTORY OF FNAC DARTY

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**2016** Fnac Darty is born: In July, the French Competition Authority authorized the acquisition of Darty by the Fnac Group. After several months of constructive discussions between Fnac and the Authority, the latter acknowledged that physical stores and online sales were part of the same market, a pioneering decision in Europe.

On August 17, Darty shares were delisted (from the London and Euronext Paris exchanges). At the end of the squeeze-out period, on September 12, 2016, Fnac had acquired 100% of Darty's share capital, of which 30.64% was paid in shares.

**2017** Launch of the Confiance+ strategic plan.

**2018** Acquisition of WeFix, the French leader in express smartphone repair.

**2019** Acquisitions of Billetreduc.com, a leading player in "last-minute" event ticketing in France, and Nature & Découvertes, a leading omnichannel retailer of natural and well-being products. Partnership with CTS Eventim, the European leader in the ticketing sector.

Launch of Darty Max, a brand new subscription-based repair service intended to extend the life span of large appliances.

**2020** Sale of BCC, a Dutch subsidiary specializing in electronics and household appliances in the Netherlands, to Mirage Retail Group.

**2021** Launch of the strategic plan Everyday.

Upgrading of Darty Max with three complementary offerings ranging from large domestic appliances to small domestic appliances, TV, sound and multimedia.



## 1.3 / Solid results for 2021

### KEY HIGHLIGHTS AND ANALYSIS OF 2021 FINANCIAL RESULTS

Fnac Darty's 2021 **revenue** was €8,043 million, up 7.4% on a reported basis and 7.0% on a like-for-like basis <sup>(1)</sup> compared to 2020, and up 8.2% compared to pro-forma 2019 figures <sup>(2)</sup>. This performance was achieved in the context of a health crisis that continued into 2021 with a lockdown and several periods of store closures in the first half of the year. These health measures disrupted store operating conditions, but to a lesser extent than in 2020. As a result, revenue growth in 2021 is based on solid sales momentum in stores, driven by a higher conversion rate and average checkout value, while store traffic is gradually returning to normal. This performance also reflects the success of the major sales events at the end of the year. The level of online sales remains high at 26% of the Group's total sales, driven in particular by the gain of 5 million new active web customers and the power of omnichannel, which represents 46% of online sales in 2021, with a marked acceleration during the fourth quarter when all stores were open. The year 2021 thus marks the consolidation of the Group's digital positioning with a share of online sales up 7 points compared to the pre-crisis level of 2019.

The **gross margin rate** reached 29.5% in 2021, up 30 basis points from 2020. This increase is mainly due to a favorable mix effect as the easing of restrictions led to fewer store closures compared to 2020 and thus boosted sales of editorial products, which are very sensitive to impulse buying. This increase was also driven by services and the rollout of Darty Max offerings in particular, as well as the very gradual recovery of ticketing, where sales accelerated in the last quarter. These factors more than offset the impact of the decline in Nature & Découvertes' business, which was heavily impacted this year by the drop in store traffic caused by the closure of stores for several weeks and the dilutive technical effect of the franchise.

**Operating expenses** reached €2,103 million in 2021, up compared to 2020 in line with the increase in activity. Operating expenses, as a percentage of revenue, were 26.1% in 2021, down 20 basis points compared to last year. This decline reflects the Group's very good management of operating expenses thanks to the effectiveness of the performance plans put in place.

**EBITDA** amounted to €621 million, including €247 million related to the application of IFRS 16, up €54 million from 2020.

**Current operating income** amounted to €271 million, versus €215 million the previous year. The operating margin in 2021, at 3.4%, is up 50 basis points compared to 2020.

Excluding ticketing activities, which are still heavily impacted by the health restrictions, current operating income in 2021 is higher than that of 2019 pro forma <sup>(2)</sup>.

**Non-current items** amounted to -€10 million in 2021, down -€6 million compared to 2020 and mainly include restructuring costs. As a reminder, the non-current items recognized in 2020 included one-off effects such as the impairment of the Darty brand and incremental costs directly related to the health crisis.

**Operating income** therefore stood at €260 million in 2021.

In 2021, **financial expenses** amounted to -€42 million, versus -€51 million in 2020. This decrease is mainly due to the upward revaluation of the fair value of the Group's shares in the Daphni Purple venture capital fund in which the Group invested in 2016. In addition, the new financing strategy put in place in March 2021 has optimized interest expenses and extended the average maturity of the Group's debt.

(1) Like-for-like basis: excludes the effect of changes in foreign exchange rates and scope of consolidation, and directly owned store openings and closures.

(2) Including Nature & Découvertes over the full year.

**Net income from continuing operations, Group share** was up €49 million to €145 million in 2021 after taking into account non-current items, financial expenses, and a tax expense of -€74 million. The latter, up year-on-year due to the increase in the Group's results, includes a decrease in the tax expense related to the CVAE of nearly €10 million compared to 2020. As a result, the effective tax rate is down by more than 6 points compared to 2020.

Net income from discontinued operations was €15 million, corresponding to an adjustment in 2021 for the tax treatment of the disposal of the Dutch subsidiary BCC in 2020, which brought **consolidated net income, Group share** to €160 million in 2021, compared to €1 million in 2020.

Fnac Darty continued its strong generation of **free cash-flow from operations**<sup>(1)</sup> at €170 million in 2021, compared to the exceptionally high level of €192 million in 2020. This change is mainly the result of the necessary replenishment of inventories at the beginning of the year in order to support the high level of demand. In 2021, the Group once again demonstrated its ability to manage its merchandise purchases and to control its inventories in order to ensure a good level of availability of its product and service offering throughout the year, in a context of tensions in the supply chain.

## A GROUP COMMITTED TO ITS EMPLOYEES

In the context of the health crisis that continued into 2021, the Group maintained its priority of guaranteeing the health and safety of employees and customers by continuing to enforce the best possible protective measures and social distancing rules. The Group has been able to count on the commitment and mobilization of its teams throughout the two years of crisis. Moreover, Fnac Darty is committed to supporting the purchasing power of its employees and has decided to pay an exceptional purchasing power bonus to the employees who are most directly affected by the current inflationary pressures. For employees working in France with a gross annual salary of less than €35,000, this bonus will be €400. The Group will introduce a similar purchasing power measure for every country in which it operates – except for countries where one has already been implemented – which will be adapted to the specific context of each country. This bonus will be paid in March to over 19,000 Group employees.

The Group continued to work this year to improve the working conditions of its employees and, in March 2021, signed its first agreement on quality of life at work, which applies to all employees. For example, this new agreement covers new measures for employees recognized as “disabled workers,” the right to disconnect, the fight against discrimination and professional equality.

Convinced that diversity is the foundation of a socially and economically successful society, the Group is committed to going beyond the legal framework of the fight against discrimination through proactive actions. This strong commitment has been renewed with the signing of the diversity charter in 2021, which expands and strengthens the actions already implemented in the Group's diversity policy. In this respect, Fnac Darty has been rewarded for promoting the inclusion of deaf and hard-of-hearing people in the workplace by obtaining, in 2021, the Inclusion Surdités award from the Fondation Pour l'Audition. An internal company network dedicated to gender parity, which is cross-functional and open to all of the Group's business lines, was also created this year to promote the rise in responsibility of women. In particular, Fnac Darty has made a formal commitment to achieve a 35% share of women in the Leadership Group<sup>(2)</sup> by 2025. This share reached 27% in 2021, an increase of 3 points compared to 2020. Following the implementation of the strategic plan Everyday and the changes to the Executive Committee that took place last March, the proportion of women in the Executive Committee has now reached 38%, with a target of over 40% of the underrepresented gender by 2025. All of the Group's actions in favor of gender parity have been recognized and Fnac Darty was awarded the LSA “La Conso s'engage” Trophy in the “Retailers” category, which ranks nearly 100 companies in the industry according to their diversity and CSR commitments.

(1) Excluding IFRS 16.

(2) About the top 200 managers at Group level.

## INITIAL SUCCESS OF THE STRATEGIC PLAN EVERYDAY MARKING THE START OF THE GROUP'S PROFOUND TRANSFORMATION

A year ago, Fnac Darty unveiled its strategic plan Everyday with the ambition of being, both on a daily basis and over the long term, the key ally to consumers, helping them be sustainable in their consumption habits and in their daily household tasks.

In 2021, the first year of the plan's rollout, the Group can already measure its initial successes in terms of the three goals it has set itself for 2025:

- embody new standards for successful digital and human omnichannel retail in the future;
- helping consumers adopt sustainable behaviors;
- rolling out the reference subscription-based home assistance service.

### 1/ **Embody new standards for successful digital and human omnichannel retail in the future**

#### **Innovations for a reinvented customer experience**

Fnac Darty is reinventing the customer experience and the way it serves them on a daily basis, both in its stores and on its increasingly popular e-commerce platforms. This year, for example, the Group rolled out a nationwide video service for the Fnac and Darty brands, which enables customers to receive the same quality advice as from in-store salespeople, even remotely. More than 150,000 exchanges by video/chat have already been carried out in 2021. Thanks to the 1,500 salespeople trained in this new service, the conversion rate of a web customer using the video service is two to three times higher than that of a standard web customer. While this video service is available for all consumer electronics, it will soon be expanded to other product categories.

The Group has also launched L'Éclaireur Fnac <https://leclaireur.fnac.com/>, a digital medium designed to enable French people to reach educated opinions and choices on the major themes related to culture and technology. In line with the Group's desire to humanize the digital experiences it offers, L'Éclaireur Fnac allows the greatest number of people to share in the result of the hours that our teams of enthusiasts spend reading, listening,

watching and testing on a daily basis. Launched last October, the site already attracts more than 500,000 unique visitors per month. This platform has also enabled the Group, in a context of health restrictions particularly affecting the world of entertainment, to continue to broadcast its cultural events in new hybrid formats to facilitate access to culture for all. This was notably the case for the Fnac Livres fair and the Fnac Live concerts.

All of these initiatives enable the Group to improve the mix of customers between the store and web channels and thus offer a complete omnichannel experience. As such, for both Darty and Fnac in France, the proportion of customers who have been active<sup>(1)</sup> on both the web and store channels continued to increase in 2021 compared to 2020. Customer satisfaction measured throughout the customer journey continued to improve in 2021 with an aggregate NPS (Net Promoter Score) that increased by almost 5 points compared to 2020.

Finally, Fnac Darty works every year to enrich its loyalty programs and its membership base, a real competitive advantage for the Group. By the end of 2021, the Group had a solid customer base of almost 10 million members, including over 7 million in France.

#### **Digital ambitions to serve the omnichannel**

In 2021, the Group consolidated its performance on its e-commerce sites with the gain of 5 million new active web customers. Online sales remain at a high level, at 26% of total sales in 2021, despite a very high comparison basis effect in 2020 and show an increase of 7 points compared to 2019. In response to the growing use of mobile devices by customers, Fnac Darty has continued to improve customer journeys and has redesigned the homepage of the fnac.com website. In 2021, mobile traffic represented 62% of total traffic on the fnac.com and darty.com e-commerce sites, an increase of 2 points compared to 2020.

Click&collect accounted for 46% of online sales in 2021, up in all regions, with momentum accelerating sharply in the fourth quarter by more than 8 points since the previous year. To improve the omnichannel customer journey, the Group has rolled out the click&collect service, which is led by a salesperson, to all integrated Darty stores, increasing the attach rate of accessories and services to products collected in store by an average of 10% over the year. This service is also being rolled out to integrated Fnac stores, with a target completion date of the first half of 2022.

(1) Customers who have made at least two purchases in the last 12 months on a rolling basis.

Fnac Darty confirms its ambition to achieve, by 2025, at least 30% of its total revenue on the web, while maintaining a click&collect rate of 50%. In order to accelerate its digital transformation, the Group has just announced a key strategic partnership with Google, focused on Cloud. This partnership is based on the deployment of the Google Cloud Retail Search solution on the fnac.com and darty.com websites, in order to increase their performance through a simpler, more customized and enhanced online shopping experience for customers. Fnac Darty is the first retailer in France to implement this new Google Cloud solution, a move which aims to set new standards in terms of online and mobile shopping experience. This partnership will also enable Fnac Darty to further improve the management of its activities (managing promotions more effectively, improving methods for prioritizing after-sales customer service actions among others) through the integration of data analytics, Machine Learning and Artificial Intelligence.

### **An optimized store network**

Fnac Darty continued to expand its store network in 2021, with the opening of 55 stores, including 47 franchises. New stores continued to be opened on an opportunistic basis, such as the opening of the first Fnac store in Senegal, which allowed the Group to strengthen its presence in Africa, or the opening of the first Nature & Découvertes store in Portugal. The Group is now present in 13 countries and has 957 stores<sup>(1)</sup>, including 390 franchises, as at the end of December 2021.

Kitchen also continued to expand this year with the opening of 19 points of sale, including 14 dedicated Darty stores<sup>(2)</sup>. At the end of 2021, the Group had more than 185 Kitchen points of sale, including 35 stores dedicated exclusively to this offering<sup>(2)</sup>.

At the same time, a partnership agreement was concluded this year with Manor for the rollout of 27 Fnac shop-in-shops within Manor by the first half of 2022, significantly enhancing the presence of the Fnac brand in all regions of Switzerland. In 2021, 9 new Fnac shop-in-shops have been opened, in addition to the 4 test shop-in-shops already rolled out at the end of 2020. Through this partnership, Fnac Darty is aiming for additional revenue of at least €100 million over the full year.

The Group has also supported the development of its existing store base by activating various levers to optimize it. Thus, the Group has reviewed its entire existing stores network and launched all the necessary action plans for the stores concerned this year, in order to achieve its objective of having 100% of its integrated store network profitable by 2025. For example, the Group has transferred stores from city centers to retail parks in order to benefit from a more attractive catchment area and transferred stores to reduce the retail floor space and thus gain productivity per square meter.

(1) Excluding Fnac shop-in-shops within Manor stores.

(2) Some Darty Kitchens, exclusively dedicated to this offer, also include a bedding offer.

(3) Excluding Manor.

(4) Sustainability score: average of a reliability score and a reparability score, based on data collected by Fnac Darty's after-sales service over the last two years for each product and weighted by the volumes of products sold by the Group in the year in question.

At the same time, in order to adapt to the structural decline in the audio (excluding vinyl) and video categories in Fnac stores, part of the assortment areas for these products was reallocated to categories offering good levers for growth with the opening of seven Fnac Home<sup>(3)</sup> areas, the development of Toys and Games areas, and new Urban Mobility areas. In this respect, the Group has rolled out three XXL Urban Mobility spaces in stores, including a bicycle and electric scooter repair and maintenance workshop in partnership with Repair and Run. This partnership confirms the Group's commitment to extending the life span of its products. The Group has also integrated Darty Kitchen corners into some of its stores to increase store productivity per square meter. Finally, Nature & Découvertes opened one shop-in-shop in a Fnac store in 2021 and 6 Nature & Découvertes stores, including 4 new franchise stores in Portugal, Martinique, Guadeloupe and Réunion.

### **2 / Promote sustainable consumption and an educated choice**

In 2021, as part of its strategic plan Everyday, Fnac Darty has accelerated its ambition to become a major player in the circular economy and a promoter of extending the life span of products.

#### **Strengthening information on product sustainability**

Support for customers in making educated choices and sustainable consumption was stepped up this year with the creation of a Sustainability Committee, which aims to develop the Group's offer toward a more sustainable offer. In this respect, the fourth edition of the After-Sales Service Barometer was published and aims to better inform the public about the life span of 77 product families in the household appliances and multimedia universe, compared to 63 last year. Vanden Borre also launched its first sustainability barometer, which gives an overview of the overall sustainability per product category and brand in the segment of large domestic appliances sold by the company. This barometer is based on the sustainability score<sup>(4)</sup>, which aggregates both reliability and reparability criteria by product. This score reached 111 in 2021 compared to 105 in 2020, with a significant improvement in the availability of spare parts. Fnac Darty confirms its ambition to reach a sustainability score of 135 by 2025. The "Sustainable Choice" label, which highlights the most sustainable products in stores and on the Group's websites, was also expanded to Fnac this year and now covers more than 150 products at Fnac and Darty.

### **Acceleration in product repair**

Fnac Darty facilitates product repairs by both encouraging suppliers to embrace eco-design and better informing consumers about product sustainability. As a result, 2.1 million products were repaired by the Group in 2021, up from 2020, with a target of 2.5 million products repaired by 2025. Fnac Darty promotes self-repair by providing usage and maintenance advice via its collaborative website, <https://sav.darty.com/>, launched in 2018, which has recorded a +30% increase in traffic with over 10 million users in 2021.

In order to encourage product repairs, the rollout of WeFix points of sale – the French leader in express smartphone repair acquired in October 2018 – continued this year, with the opening of 22 points of sale in 2021, bringing the network to 139 outlets in France at the end of 2021.

### **The second life of products, a major challenge for the Group**

Fnac Darty has reaffirmed its ambitions in the second-hand segment by improving the visibility of its second-life offer through the Fnac Seconde Vie and Darty Occasion brands, in-store and on the Group's websites. A partnership with YesYes for the trade-in of video consoles was also concluded in 2021. In addition, a Circular Economy Committee was created in 2021 to oversee projects aimed at reducing packaging, optimizing unsold products, improving collection and recycling, and recovering materials. Finally, the Group is also committed to taking back its customers' old equipment and is the leading collector of WEEE (waste electrical and electronic equipment) with 52,000 metric tons of products collected and recycled in 2021, including 46,000 metric tons in France.

At the same time, as a leading retailer of cultural products, Fnac has extended its partnership with the French start-up La Bourse aux Livres in 2021 to offer a fast and efficient book collection service, in all Fnac stores in France, in order to give them a second life.

Fnac Darty has also strengthened its solidarity operations with the organization of the thirteenth annual Fnac Solidarity Flea Market in Dijon, the wide-scale book drive for Bibliothèques sans Frontières, and its partnership with Envie. More than €10 million was donated to associations in 2021 in the form of financial donations or products, either directly by the Group to partner associations or by customers by rounding up purchases at the time of checkout.

### **Climate issues integrated into all the Group's businesses**

The Group has set itself a target of reducing its CO<sub>2</sub> emissions by 50% by 2030, compared to 2019 levels. The scope defined concerns transport, direct and indirect emissions, and site energy. In 2021, against a backdrop of strong growth in its business, Fnac Darty recorded a -14% drop in its revenue-related emissions compared to 2019. The Group relies on strengthened governance within a Climate Committee, in order to monitor the trajectory of its CO<sub>2</sub> emissions, draw up action plans, ensure the follow-up of the roadmaps of the various operational sectors and work toward the expansion of the low-carbon strategy to other indirect emission items. In 2022, the ambition is to define a CO<sub>2</sub> reduction target for scope 3 and to submit it for validation by the Science-Based Targets (SBT) initiative.

In 2021, the Group also launched the "Informed Delivery" project, which allows the Group's customers to estimate the environmental impact of the various delivery methods when purchasing online. This tool will help reduce the environmental impact of the Group's e-commerce and is in line with the commitments made by Fnac Darty when it signed the e-commerce charter last July.

Finally, Fnac Darty has just signed a second agreement with Valeco for the construction of a solar power plant in France in 2023. This agreement is in addition to the renewable energy purchase contract signed at the beginning of 2021 and will enable the Group to cover 30% of its annual electricity consumption with green electricity in France, while making a positive contribution to biodiversity and developing local employment.

### **A responsible purchasing policy**

Aware of the impact of the Group's indirect purchases, Fnac Darty is committed to a process of continuous and sustainable improvement with all the stakeholders in its ecosystem. In this respect, the Médiation des Entreprises (Business Ombudsman) has just awarded Fnac Darty the Relations Fournisseurs & Achats Responsables ("Responsible Supplier Relations & Purchasing") label for its indirect purchasing <sup>(1)</sup> for a period of three years, thus welcoming the Group into the community of 65 companies distinguished by public authorities for the sustainable and balanced relations they maintain with their suppliers on a daily basis.

(1) Excluding commercial purchasing.

### **Improved results recognized by the major non-financial rating agencies**

Fnac Darty's concrete commitments in terms of Corporate Social Responsibility were once again recognized in 2021 by the non-financial rating agencies. Thus, the Group obtained an A- rating from the CDP, above the average for European companies (B) and the average for the specialized retail market (B-), and was also included in the "Leadership" category for the first time. This recognition is in addition to the one obtained last October from Moody's ESG Solutions (Vigeo Eiris), which awarded an ESG score of 54/100, an increase of +6 points in one year, including +14 points for the environmental component; and the renewal by MSCI of Fnac Darty's AA rating for the third consecutive year. Finally, in 2021, Nature & Découvertes' B Corp certification was renewed for the third consecutive year.

### **3/ Roll out the reference subscription-based home assistance service**

#### **Acceleration in the number of subscribers to service offers**

Fnac Darty has continued to roll out subscription-based services. In 2021, the Group recorded strong momentum for its Serenity Pack service offering, which protects each subscriber against device piracy and bank data theft with the use of Fnac Sécurité antivirus and password security via Fnac Mot de Passe, and prevents the loss of photos thanks to storage on the Fnac Cloud.

In addition, the Group is accelerating the rollout of its Darty Max repair service subscription to become the leader in home assistance services. The Group has thus developed two Darty Max offers that are complementary to the first offer launched at the end of 2019, which covers the repair of large domestic appliances. With these three Darty Max offers, the Group has expanded the service to the small domestic appliance, TV home cinema, sound, photo and multimedia segments, covering over 4 million products to date <sup>(1)</sup>. The momentum in new customer acquisitions has accelerated, with nearly 500,000 subscribers by the end of 2021, compared to nearly 200,000 by the end of 2020, thanks to the rollout of these offers combined with the use of new distribution channels such as the possibility of subscribing to the offers on the web, via the distribution partner Sofinco, and even the launch in early 2021 of the Vanden Borre Life offer in Belgium.

### **An enhanced service offering**

In a context of strong growth in the network, a new Darty Max subscriber is a customer with a purchase frequency 1.5 times higher than that of a Darty customer and with an average checkout value 25% higher than the average checkout value of a Darty customer. This is evidence of a definite increase in value, linked to our service programs. The Group is committed to developing a range of offers for Darty Max customers, including exclusive offers on certain products and free delivery. The Darty Max service benefited from a high level of subscriber satisfaction with an NPS <sup>(2)</sup> for home or workshop call-out services that is above the Group average.

The Group is continually enhancing the exclusive services and customer experience of Darty Max subscribers, including the development of maintenance tips to help prevent breakdowns and the rollout of a video assistance service to complement the repair services.

All of these advances support the Group's ambition of having more than 2 million Darty Max subscribers by 2025. Fnac Darty was also awarded the LSA Innovation Trophy in the "Responsible Brands" category for its Darty Max repair subscription service. This award recognizes the Group's ability to invent the retail environment of the future.

### **Training and recruitment initiatives to support this new dynamic**

In order to support the development of these services and the resulting increase in call-outs or repairs, Fnac Darty has clearly expressed its desire to recruit 500 technicians by 2025. In addition, the Group is eager to maintain the highest quality of service and places great importance on the regular training of its employees. To this end, 18 training classes were initiated in 2021, dedicated to the training of appliance technicians and repairers. The Group plans to open 21 Tech Academies across France in 2022 to train its future home appliance technicians.

(1) Number of Darty Max subscribers by average number of products per subscriber covered by Darty Max.

(2) Net Promoter Score.

## FINANCIAL STRUCTURE

The Group's net cash was €247 million at December 31, 2021 compared with €114 million at December 31, 2020. Free cash-flow from operations <sup>(1)</sup> was high, at €170 million, down on the exceptionally high level of €192 million in 2020. This performance reflects the need to replenish inventories in order to keep pace with sales momentum, as a result of a controlled purchasing policy. Operational excellence and financial discipline continued to enable a very solid positive net cash position, against the backdrop of an unprecedented crisis.

At December 31, 2021, the Group's liquidity position stood at €1,181 million, on top of which was an unused €500 million RCF. During the year, Fnac Darty set up a new financing structure that enabled it to:

- repay in full its state-guaranteed loan (*Prêt Garanti par l'État – PGE*) of €500 million;
- place an OCEANE bond, maturing in 2027, for a total of €200 million; and
- extend its RCF to €500 million, with a maximum maturity of 2028 and a CSR component <sup>(2)</sup>, and repay the Senior Term Loan Facility of €200 million, maturing in April 2023.

This new financing structure allows the Group simultaneously to diversify its sources of financing, strengthen its financial flexibility with a long-term maturity profile, and go on optimizing the average cost of its debt, in line with the strategic plan Everyday's goals for generating recurring free cash-flow.

Furthermore, at December 31, 2021, covenants on financing were respected.

Investments amounted to €117 million in 2021, an increase on the exceptionally low level in 2020. This amount, which includes the investments necessary to roll out the partnership with Manor in Switzerland, is in line with the normal level of €120 million indicated by the Group. However, Fnac Darty anticipates a slight upturn in its investments beginning in 2022, in line with its strategic plan Everyday, taking into account the roll-out of 14 additional shop-in-shops in Manor stores in the first half of 2022 and a portion of the total additional investment of about €40 million over the plan's duration, for modernizing and upscaling the Group's range of logistics equipment.

In addition, Fnac Darty is rated by the S&P Global, Scope Ratings and Moody's rating agencies. In March 2021, the rating agencies S&P and Moody's both raised their outlooks from "negative" to "stable" associated with their respective Fnac Darty BB and Ba2 credit ratings. Lastly, in May 2021, Scope Ratings confirmed the Group's credit rating at BBB- and raised its outlook from "under review" to "stable."

Finally, in July 2021, Fnac Darty paid an initial ordinary dividend of €1.0 per share on its 2020 results, totaling €27 million.

(1) Excluding IFRS 16.

(2) In line with the strategic goals of the strategic plan Everyday, this new credit facility includes a CSR component that will allow the Group to improve its financing terms if the designated targets are achieved.

## 1.4 / Fnac Darty markets and offering

### 1.4.1 / DESCRIPTION OF MARKETS

The Group is the leading retailer of domestic appliances, electronics and entertainment products in France and is primarily active in the following markets:

- editorial products: books (physical or digital), audio (CD, vinyl), DVD/Blu-Ray, video games and consoles, and stationery;
- consumer electronics: photography, TV and video, sound (hi-fi, headsets and speakers), computers and tablets, telephony and connected devices;
- domestic appliances, divided between large domestic appliances (including refrigerators, cookers, washing machines) and small domestic appliances (e.g. vacuum cleaners, cleaning appliances and small cooking equipment);
- services: After-sales services, insurance and warranties, gift boxes and gift cards, ticketing, Marketplace and franchise fees;
- diversification: Mobility, Toys and Games, Wellbeing.

The size of the primary markets in which the Group is present is described in the table below:

Size of markets in € million including tax in France <sup>(a)</sup>

	2021	Change from 2020		2021	Change from 2020
TV (Video)	2,829	0.3%	Books	4,053	21.2%
Sound	1,222	3.5%	Audio	288	4.3%
Photo	496	3.2%	Video	215	(17.6%)
IT	5,457	(3.7%)	Gaming	1,777	(0.1%)
Telephony	3,651	8.7%	Stationery	1,106	(3.4%)
Connected devices	3,162	16.6%	Large domestic appliances	6,090	9.1%
Toys and Games	3,318	2.9%	Small domestic appliances	4,049	3.8%

(a) Source: GfK, February 2022.

### 1.4.2 / MARKET TRENDS

#### 1.4.2.1 / Digitization of retail and changes in consumer behavior

The expansion of the internet has radically changed the two brands' markets. These markets have experienced a huge boom in e-commerce, along with a change in the competitive environment and the digitalization of editorial products.

The advent of e-commerce has resulted in the emergence of new specialized online competitors, known as "pure players", who focus on competitive prices and services and an ever-expanding offering. Some of these pure players, like Amazon, have an international presence, while others, like Cdiscount or Rue du Commerce, are primarily focused on the French market.

International competitors offer their customers a very high level of service (high-quality websites, logistics, transport and customer service) and are forcing click & mortar companies to meet quality standards that are at least as high as theirs.

The evolution of the internet and the advent of pure players have changed consumer purchasing behavior. The development of e-commerce websites has led to an expanded range of available products and facilitated instant price comparisons. Consumers now have much more information about product features via technical fact sheets and consumer reviews. Armed with the knowledge they obtain from this information, they are becoming more demanding in stores in terms of price, advice and product offerings.



The rapid development of the internet has also led to the phenomenon of digitization, i.e. the transition from physical media to digital media, which has radically altered consumer spending patterns on editorial products as downloading and streaming have become more prevalent. Consumers increasingly prefer digital editorial products, partly because they are cheaper than their physical counterparts, but also because they save space, are more accessible, are ready for immediate use, etc. However, this digitization phenomenon affects each editorial product segment differently. The segments that are most affected are audio CDs, DVDs and Gaming<sup>(1)</sup>. Although the e-book market is growing in France, the rate of penetration remains low, at 4%<sup>(2)</sup> of the market in 2021.

The special circumstances that continued in 2021, marked by an unprecedented health crisis, leading to the implementation of lockdown measures, travel restrictions and curfews, accelerated digitalization in the retail sector, with e-commerce increasing its share. According to Fevad<sup>(3)</sup>, e-commerce revenues increased by +15% in 2021, led by estimated increases in online product sales of +7% and 24% in services. With 2.1 billion transactions carried out online in 2021, an increase of +16% compared to 2020, the weight of e-commerce increased by almost +1 point in 2021, representing 14% of retail trade. However, this strong growth slowed in the fourth quarter of 2021, linked to the effects of a high basis for comparison (with e-commerce growing by +17.6% during Q4 2020) and store opening conditions that were more normal than they had been in the fourth quarter of 2020.

#### 1.4.2.2 / Competitive environment

Fnac Darty's main competitors are:

- specialist online retailers, known as pure players, which account for the majority of online sales. They rely on competitive pricing and services and an ever-expanding offering. Fnac's main competitors in France are the Amazon, Cdiscount, Alibaba and Rue du Commerce websites;
- specialist retailers that offer products to their customers through a network of physical retail spaces (brick & mortar) and, where applicable, via a website (click & mortar). These players usually have an established reputation among the general public because they have existed for a long time and offer a general range of products. In France, for example, the best-known are HTM Boulanger, Conforama, But and Cultura;

- mass-market retailers (mainly hypermarket chains like Carrefour, Auchan, Leclerc, Géant Casino and Cora) that also offer consumer electronics, editorial products and domestic appliances; and
- ISPs (Internet Service Providers) and digital platforms that offer music (Spotify, Deezer, iTunes), VOD (Netflix) and online gaming (Steam, Origin).

#### 1.4.2.3 / Market trends

The consumer electronics market depends heavily on product innovation cycles and household ownership rates. Innovation and its impacts are inherently hard to predict.

The traditional cycle of a consumer electronics product begins with its market launch, followed by high levels of growth as households equip themselves with the new technology. Once households are fully equipped, growth lessens progressively and the market reaches maturity. Following this period, which varies in length depending on the product in question and is generally reflected by a fall in prices, the product may experience a resurgence in growth when old models are replaced and when households buy multiple devices.

Innovations or societal events can disrupt the "purchase-maturity-replacement-multiple device" growth cycle, producing strong acceleration or deceleration effects. For example, the global health crisis in recent years has resulted in a huge increase in remote working and learning from home, which has led to a sharp growth in ownership of multimedia products. This has also led to an upgrade in IT products (a trend towards thinner and lighter computers, with superior screens and greater processing power, the growth of gaming computers, etc.).

Over the past few years, cycles have become shorter and shorter and consumers are now replacing their electronic devices at an ever-increasing rate.

This can be seen in the explosion of the smartphone market, which has given rise to new product categories, with a surge in demand for connected devices in particular.

Consumers are placing increasing importance on services related to consumer electronics (insurance), as well as delivery and after-sales service.

(1) At 31%, source SELL (Syndicat des éditeurs de logiciels de loisirs, the leisure software publishers' syndicate), end of November 2021.

(2) GfK, annual conference, February 8, 2022.

(3) Fevad, cumulative average for Fnac and Darty for 2021.

The health crisis also resulted in a significant increase in the amount of time spent at home, and the closure of theaters and cinemas created a desire among consumers to purchase entertainment products, generating high demand for wide-screen televisions and games consoles.

The white goods market is primarily dependent on consumers replacing household equipment, although it has been significantly boosted – mainly with regard to built-in and integrated appliances – by the sustained trend toward redesigning fitted kitchens (remote working and home leisure). The small domestic appliance market remains strong, especially in floor care (carpet sweepers and robots) and breakfast (espresso grinders). The innovation cycle has picked up since 2021 after a break in 2019 and 2020.

In 2021, the extension of the health crisis and the resultant health restrictions, such as periods of lockdown and mandatory remote working, changed how consumers viewed time spent at home. Consumers then realized the importance of wellbeing at home and of the use of home equipment, including large and small domestic appliances. As a result, almost all white goods categories grew in 2021 with the exception of the Air Conditioners and Fans segments, where sales were negatively impacted by a lack of heatwaves compared to 2020.

Consumers pay attention to the services associated with these products (warranties), including the delivery and collection of equipment, particularly in the large goods sector.

The editorial products market depends on the publishing schedule for new items. In reality, the slowdown of this market is a sign of the changing times and the rise of the digital economy. The CD and DVD market has been in decline in recent years, which is pushing retailers to invent new modes of consumption for this segment. This poor performance has, nevertheless, been partially offset by strong sales in vinyl.

The book market is highly sensitive to in-store impulse purchases. In 2020, this segment was impacted by the drop in in-store footfall associated with the two-month closure of almost the whole of our store network during the first lockdown and the measures imposed by governments to limit in-store traffic in order to contain the pandemic. However, 2021 was marked by an upturn in this category, driven by a wealth of new releases, particularly comics with the new Asterix album and manga, but also by the introduction of the Culture Pass in France in May, which provides all 18-year-olds with a €300 voucher to spend on books, audio and video products, or shows in all Fnac stores.

Gaming continued to benefit from strong interest in the next-generation PlayStation and Xbox consoles, released in November 2020, which were particularly affected by the inventory shortages that impacted industry worldwide. Furthermore, the health crisis also benefited this category as a result of lockdowns and the increased time spent at home.

In recent years, the Group's diversification has accelerated, particularly through the Toys and Games, and Urban Mobility segments:

- the Toys and Games market is driven by board and family games, construction sets, and figurines;
- the rapidly growing Urban Mobility market is driven by manufacturers' innovation (electric bicycles, electric scooters, electric mopeds) and by public policies that seek to cut down on the use of cars in city centers (reducing pollution, noise and traffic in city centers, providing French government subsidies for the purchase of "green" modes of transport). The health crisis in 2020 promoted the use of alternatives to public transport such as bicycles, scooters and electrically assisted vehicles. This trend continued in 2021 thanks to the sustained increase in remote working, which gives people the freedom to choose their method of transportation depending on their preference and/or the weather, removing the limitations of a monthly or annual travel card.

### 1.4.3 / A DIVERSIFIED PRODUCT AND SERVICES OFFERING

The Group is able to provide a balanced offering, built around product categories with complementary growth and margin profiles, across different distribution channels, including own stores, franchised stores, Group websites, and Marketplace.

The Group sells not only new products but also "second life" products in all of the product categories mentioned below, thus meeting consumers' high expectations as well as the obligations

set out in the French Anti-Waste Law for a Circular Economy (loi anti-gaspillage pour une économie circulaire – AGEC). This management of unsold and so-called "non-saleable" (obsolete, outdated, etc.) products has become a priority development area for the Group in recent years. The "second life" business, which is growing rapidly, is developing several recovery channels: the resale of second-hand products, the resale of out-of-service products to discounters, and donations to charity.

### 1.4.3.1 / Consumer electronics offering

Both the Fnac and Darty brands are leaders in the retail of consumer electronics, which includes photography, TV & video, sound, computing, telephony and connected devices. In 2021, the Group generated consolidated revenue of €3,910.7 million from consumer electronics sales, representing 49% of its consolidated revenue.

The Group is at the core of the innovation strategy of its French and international suppliers, as it is well known for its expertise. On the one hand, customers appreciate the knowledge of the in-store salespeople and after-sales service and, on the other, suppliers recognize Fnac Darty as one of the retailers providing the best in-store sales experience. In 2021, the Group additionally rolled out a nationwide video service across all of its integrated Fnac and Darty stores with the aim of bringing the expertise of its salespeople to its e-commerce sites.

To achieve its goal of putting products at the heart of its relationship with customers, the Group is developing partnerships with suppliers in order to offer its customers the best possible shopping experience.

In France, the Group is a major retailer of Apple products, and, for example, has entered into an agreement to set up dedicated Apple areas (shop-in-shop) in its Fnac stores. Under this agreement, Apple provides the merchandising for these areas and supplies and pays facilitators, who provide demonstrations but do not perform any sales-related tasks. The terms and conditions of the supply agreement entered into with Apple are similar to those of Fnac's agreements with its other suppliers.

The Group is also collaborating with Microsoft to set up dedicated areas in stores in order to promote the sale of Microsoft products. Under this arrangement, Fnac promotes Microsoft products in stores, mainly through Microsoft demonstrators and dedicated counters displaying Microsoft products, and on the fnac.com website. The Group also allows Microsoft to benefit from its customer loyalty program and to present its products in its publications.

This method of collaboration, which was extended to other strategic suppliers such as Google and Samsung, means that the suppliers bear the costs of merchandising or promotions at the point of sale. The Group signed an agreement with Google granting Fnac Darty exclusive distribution rights for the launch of its flagship product, the Google Home smart speaker, in all Fnac and Darty stores and on their websites. The offering is now available in dedicated spaces across all the Group's stores, including around 50 corners.

### 1.4.3.2 / Editorial products offering

#### Physical products offering

Editorial products include books, music, video, and gaming products. In 2021, the Group generated consolidated revenue of €1,305.1 million from the sale of editorial products, representing 16% of its consolidated revenue.

Fnac, France's leading bookseller <sup>(1)</sup>, leads the way in its markets, offering the largest range on the market with almost 500,000 titles sold. In 2021, the Group sold more than 50 million books in France.

Fnac is the leading record store in France with a catalog of nearly 140,000 titles.

As the leading player in the video market, Fnac has almost 40,000 active video, DVD and Blu-Ray titles.

In the gaming segment, Fnac has a catalog of 9,200 titles in France, including 3,000 second-hand video game titles.

#### Digital offerings

In order to keep pace with the digitalization of the book market, Fnac entered into a partnership with the Canadian company Kobo in September 2011 and now offers an innovative digital reading solution: Kobo by Fnac. Kobo's role is to provide and maintain the technology platform, provide the devices and develop applications, while Fnac is responsible for the cost of marketing and advertising in France. Both parties combine their platforms and share the income and the costs of adjusting and connecting the Kobo system to the fnac.com website interfaces.

In 2020, Fnac Darty consolidated its position as a leader in editorial product retailing. In the context of a health crisis marked by lockdowns and entailing the closure of all or part of the store network, the Group spearheaded two unprecedented campaigns to receive books free of charge in e-book format. During the first lockdown, Fnac made nearly 500 digital books available to readers free of charge. The campaign was repeated a second time in October 2020. These two campaigns helped to increase the number of new active web customers, and supported sales by creating a hive of activity on the Group's websites.

(1) Source: Livres Hebdo, August 2021, ranking of 400 booksellers in France.

Fnac Darty also digitalized its cultural promotion with the launch of L'Éclaireur Fnac (<https://leclaireur.fnac.com/>), a digital medium for facilitating informed opinions and educated choices. The objective of this new medium is to help readers by providing content designed to inform their opinions and choices on major cultural and technological issues. This platform will be supplied with existing prescriptive content, such as that from Claque Fnac or Labo Fnac, but also with new content that will help to strengthen online interactions with customers. In the context of health restrictions particularly affecting the cultural world, this platform has enabled the Group to present its cultural events in new hybrid formats, such as the Fnac Livres book fairs and Fnac Live concerts, thereby facilitating access to culture for all.

#### 1.4.3.3 / Domestic appliances product offering

White goods include small and large domestic appliances. Large domestic appliances include products such as refrigerators, washing machines, dishwashers, dryers, microwaves, and cookers. Small domestic appliances include the Floor Cleaning segment with vacuum cleaners; kitchen appliances and accessories, such as food preparation appliances; the breakfast universe with coffee makers and espresso machines; and laundry care with, for example, irons; in addition to beauty and health products, such as hair dryers and electric razors. In 2021, the Group generated consolidated revenue of €1,755.1 million from domestic appliance sales, representing 22% of its consolidated revenue.

Sales of large domestic appliances were mainly related to product replacement and the behavior of the fitted kitchen market (the multiple lockdowns accelerated its revival). The small domestic appliances segment is sensitive to the innovation cycle. At low points in the innovation cycle, sales in this segment are fiercely competitive, with the market being boosted further still by prices. In 2021, the increase in time spent at home and stricter observance of health and hygiene rules as well as rising consumer awareness of the importance of using their domestic appliances, which are seeing more use than ever before, led to strong sales momentum throughout the year.

Darty does not sell just the major brands; it also sells a number of its own brands and brands under license. When Darty sells a brand under license, the Group acquires the right to sell merchandise (manufactured exclusively for Darty) under the name of an independent manufacturer with an established brand image and reputation. Darty sells its own brands under the entry price model for all product ranges, while brands under license are generally sold as the market's mid-range option. Darty's own brands are Proline (used across all product categories), Temium (used for accessories), IT works (used for multimedia), Okoia (used for personal care) and Aerial (used for treating air).

The Group is committed to manufacturing solid own-brand products by integrating Corporate Social Responsibility criteria into the processes and documents that frame its supplier relations in order to guarantee the safety and satisfaction of its customers during their use of these products. As such, over the course of the year Fnac Darty conducted a total of 94 audits of factories that manufacture own-brand products for the Group, primarily based in China. Factory audits cover a total of 103 different points – including 27 points relating to social and environmental issues, and 76 points concerning production quality. The number of “unscheduled” audits almost doubled in 2021. All the actions put in place are outlined in section 2.5.5.4 “Prevention and mitigation measures” of this document.

#### 1.4.3.4 / Other products and services

The Group has also continued its efforts to enrich its products and services offering. In 2021, other products and services accounted for some 13% of the Group's consolidated revenue.

### A / Services and subscriptions

#### Repair services

The Group's after-sales service is centralized and is delivered through five after-sales service workshops (four of which are repair workshops and one a subcontracting hub), one central spare parts warehouse and more than 100 technical centers in France.

Darty is the leader in France in after-sales service. The brand offers an in-store repair and support service at designated counters and workshops that provide customers with immediate repairs, rather than sending the products to a repair center. At the end of 2021, the Group had 16 Darty service areas. Furthermore, both brands offer in-store or at-home training services, and installation of equipment at home.

In 2018, the Group expanded its after-sales service offering with the launch of the [sav.darty.com](https://sav.darty.com) platform. The site shares information about repairs to allow customers to benefit from Fnac Darty's expertise and prolong the life span of their products. This activity is central to the Group's responsible business model. Furthermore, the acquisition of WeFix in October 2018, a French leader in express smartphone repair, and of PC Clinic in Portugal supported the Group's aim of positioning Fnac Darty as a leading player in smartphone repair and associated services, while offering customers an enhanced ecosystem.

In late 2019, Darty launched a brand new subscription-based repair service that was initially aimed at extending the life span of large domestic appliances. Named Darty Max, this service is available from all of Darty's integrated and franchised stores across France. In June 2021, the Group subsequently expanded Darty Max to include new product categories: small domestic appliances, home cinema TV, sound, photography, and multimedia. As a result of this expansion, three separate offers are now available to customers: Darty Max Essentiel at €9.99 per month incl. tax, Darty Max Évolution at €14.99 per month incl. tax, and Darty Max Intégral at €19.99 per month incl. tax. The Group also relies on B2B partnerships to roll out Darty Max on a larger scale. As such, the first distribution agreement was concluded in 2021 with Sofinco, a subsidiary of Crédit Agricole SA specializing in consumer finance, enabling the Group to offer Darty Max to a wider audience thanks to Sofinco's specialist expertise and its customer base. In addition, the Group launched two Vanden Borre Life offers in Belgium in 2021. The first offer covers unlimited repairs of large domestic appliances for €12.99 per month, while the second includes televisions on top of this for €14.99 per month.

These complementary offers aim to better meet customers' expectations in terms of repairs, but they also represent another step towards Fnac Darty's transformation of its business model. The Group firmly believes that a more circular economy creates jobs and value, and it is more committed than ever to extending the life span of products.

	Essentiel €9.99/month	Évolution €14.99/month	Intégral €19.99/month
<b>Large Domestic Appliances</b>	•	•	•
<b>Small Domestic Appliances</b>		•	•
<b>TV Home Cinema, Sound</b>		•	•
<b>Photography</b>			•
<b>Multimedia</b>			•

### Insurance and warranty

Both brands sell warranty extensions in addition to the statutory warranty. Depending on the type of product in question, the extended warranty service enables the customer to have their appliance repaired or be paid the full replacement value, for a specified period of up to five years. The brands also offer insurance policies for damage/theft and loss of telephony and multimedia devices, which can be combined with service packs for even greater speed, added peace-of-mind and enhanced benefits.

### Financing

Fnac Darty develops and offers its customers solutions to make technological innovations and the best products accessible to as many people as possible, notably in partnership with Crédit Agricole Consumer Finance in France.

Through its Mastercard credit card launched in May 2017, Fnac gives customers the option of postponing payment, at no charge, for up to two months after the purchase date, and financing options enabling costs to be spread over several monthly installments. All payments made with the card at Fnac or elsewhere earn cardholders Fnac loyalty program points and allow them to benefit from brand gift cards. The brand offers a Darty Visa card, which – beyond simply financing a purchase – allows customers to earn gift cards for use with future purchases and other benefits such as access to special product offerings, VIP shopping nights, flexible financing offers and interest-free credit.

### Rental

Since 2018, Fnac Darty has continued to develop its rental offering, specifically by offering a combined service for the long-term lease of electronic items for both brands, which includes after-sales services for the entire duration of the agreement.

### Subscriptions

With digital technology assuming an increasingly important role in customers' lives, Fnac Darty has developed a comprehensive range of services to support customers in connection with product categories such as computers, telephones, and televisions, in which the Group operates.

The two brands, Fnac and Darty, offer their customers the subscription-based "Serenity Pack" (single or dual version), which incorporates an unlimited cloud solution, antivirus software, a password manager, and an optional exclusive offer on Microsoft's Office Pack. This subscription has been extremely popular since 2020, in line with the strong momentum for purchasing equipment to allow remote working. This service can be supplemented by subscriptions for consumables that, for example, provide automatic delivery of ink cartridges when ink levels are low.

Furthermore, Fnac Darty is positioning itself as an intermediary by offering internet and telephony subscriptions (in partnership with Free and Bouygues Telecom), and energy subscriptions (electricity and gas) in partnership with Engie and Sowe, as well as subscriptions for Canal+, Deezer, and Microsoft Xbox All Access.

Lastly, Darty launched a subscription-based repair service, Darty Max, at the end of 2019 (see the above paragraph on "Repair services").

**B / Fees****Marketplace**

Marketplaces, which are intermediary platforms linking buyers and sellers, support the brand's online strategy by increasing the depth of the product range available on the sites and the number of items available to online shoppers. This helps increase the website's traffic and visibility and contributes to customer loyalty. As such, more than 17 million active products are available through the Group's Marketplaces.

The revenue generated by Fnac Darty comes from a percentage of the commissions taken by the Group on sales made by Marketplace sellers as well as from a monthly subscription.

The platforms allow more than 4,000 professional sellers who meet Fnac and Darty's service quality criteria and are managed by dedicated teams, to be listed and to use the website as a sales interface, making the most of the banners' visibility, reputation and transaction security in all the countries in which the Group operates.

Fnac Darty aims to retain its status as a specialist banner by using filters to create categories of listed products. The Group monitors the Net Promoter Score (NPS) of all its resellers to ensure the quality of its Marketplace is maintained.

The Group is committed to selecting responsible resellers on its Marketplace. This is to ensure the security of transactions and help fight money laundering and the financing of terrorism, in accordance with the ACPR (French Prudential Supervision and Resolution Authority). All the actions put in place are outlined in section 2.5.5.4 "Prevention and mitigation measures" of this document.

**Franchise**

The Group favors expansion through franchising. This is an asset-light model that enables the Company to benefit from the operating know-how of partners and their knowledge of the local market. This operating model limits investment costs while furthering the goal of rapidly increasing Fnac Darty's visibility. The franchisee then pays a fee for the use of the brand's distinctive features based on a percentage of revenue at the relevant sales point, and must comply with strict rules to maintain the brand's integrity in the eyes of consumers.

At the end of 2021, Fnac Darty had 390 stores operating as franchises. The Group's strong presence across regions, through its large network of stores, contributes to the local, social and cultural economy by creating jobs and widening access to culture for as many people as possible.

**C / Customer loyalty****Membership cards**

The Fnac Darty customer loyalty program is designed as a customer loyalty and retention tool that also allows the Group to carry out better-targeted and more effective sales promotions. Members represent an asset that provides the banner with a high level of differentiation. They visit the store four times more often than other customers, and on average spend three times as much in store as non-members.

As a consequence, in addition to its classic membership card, in 2016 Fnac successfully launched a premium membership service with its "Fnac+" loyalty card for €49 per year, which included unlimited access to all delivery services along with the benefits of the membership program. Darty+ was launched in October 2017 offering unlimited delivery for both brands, including two-hour delivery from the nearest store, as well as priority unlimited daily technical support. Darty+ customers can also benefit from exclusive rates for a breakdown service for all their devices not covered by a Darty warranty. Finally, the Nature & Découvertes loyalty card, which was launched in 2007 and currently has more than a million members, provides holders with special offers, two-year warranty extensions on certain products, free delivery once a year, and gift vouchers.

In 2020, the Fnac Darty Group revamped its loyalty program with the launch of the new Fnac+ card, which aims to support the digitalization of its customers' purchasing trends, offering them an enhanced cross-brand experience. Thanks to this new card, Fnac customers can enjoy numerous benefits (discounts, private sales, etc.) and free delivery to Fnac and Darty stores. Since the concept of accessibility for as many people as possible has always been a driving force for the Group, the new Fnac+ card is priced at €9.99 for the first year, and at €14.99 thereafter. As another new feature, to help enhance the synergy between the two brands, this new card gives all members the option of joining the Fnac and Darty shared balance program, allowing them to accumulate and spend gift vouchers across both brands.

To complement the new Fnac+ card, the Fnac One status, launched in 2009, is awarded to our most loyal customers and provides several benefits in addition to the Fnac card. These include: year-round unlimited standard home delivery from €15 per purchase, VIP evenings in-store and invitations to cultural events, dedicated customer service, and a "personal shopper" service by appointment, as well as access to a priority checkout.

At the end of December 2021, Fnac Darty boasted a substantial membership base of 10 million members in total, including 7 million in France. The number of members more than doubled over the 2010-2020 period. Every year, Fnac Darty works on expanding its loyalty programs and its membership base, ensuring a real competitive advantage for the Group.

At the end of December 2021, Fnac+ and Darty+ had 2.2 million members.

## **D / Other activities**

### **Kitchen**

In 2007, Darty opened its first in-store space dedicated to Kitchen. Darty's Kitchen offering complements its white-goods offering and allows it to capitalize on the Group's expertise and brand image. The roll-out accelerated in 2021 with the opening of 19 new spaces in France. At the end of 2021, the Group had more than 185 Kitchen points of sale, including 35 stores dedicated exclusively to this offering.

### **Ticketing**

Fnac also provides customers with a ticketing and box office offering via the company France Billet (B2C sector), which is the leading French ticketing and box office seller for shows and events, and the companies Tick&Live and Eazieer (B2B sector).

France Billet operates white label ticketing sites for Fnac (meaning the sites use solutions and resources provided by Fnac without mentioning its name) and has long-term partnerships with major distribution brands for which it manages Ticketing retail solutions.

In terms of the B2B sector, the France Billet subsidiary Tick&Live (merger of Datasport and Kyro), which is co-owned with the Fimalac group, provides venues and event coordinators with a complete ticketing solution, and provides ticketing management for sporting events.

In 2019, Fnac Darty, through its subsidiary France Billet, purchased 100% of Billetreduc.com, a leading player in "last-minute" event ticketing in France, allowing the Group to reinforce its ticketing offering in France, in a changing market. At the same time, Fnac Darty finalized the strategic partnership between France Billet and the CTS Eventim Group, the European leader in the ticketing sector. This partnership allows France Billet to accelerate the development of its digital platform and enrich its value proposition towards its customers and partners. CTS Eventim will incorporate the retail of tickets for events and shows in France within its offering. This strategic partnership also involves France Billet acquiring a 100% stake in the equity of CTS Eventim France. CTS Eventim will also acquire a 48% minority stake in the equity of France Billet, and this subsidiary will remain under Fnac Darty's control.

Ticketing activity was heavily penalized in 2020 due to the restrictive measures that have affected the entertainment industry. These measures remained in force until the end of the first half of 2021. With the gradual easing of the restrictions, the Group recorded a very gradual recovery in ticketing, with a pickup in sales in the last quarter of 2021.

At the same time, and to offset the impact of the health crisis on the entertainment industry, the Group continued with its efforts to support the world of culture. As a result, Fnac launched L'Éclairneur

(<https://leclairneur.fnac.com/>), a digital medium that supports consumers by providing content intended to inform their opinions and choices on cultural issues. The site has already attracted more than 500,000 unique visitors per month since its launch last October. In the context of health restrictions affecting the world of culture and entertainment in particular, this platform has enabled the Group to present its events in new hybrid formats, such as Fnac Live's 10 livestream concerts, which recorded more than 500,000 views.

### **Toys and Games**

Since November 2011, Fnac has been developing sections devoted to 0-12 year-olds within its stores, called "Fnac Kids". These sections create a single area for toys, games, books, DVDs, CDs, consumer electronics and gaming products for children, and have a special layout built around accommodating very young children.

### **Stationery**

To complement its book offering, the brand has also created dedicated Stationery spaces built around premium brands across the whole of its Fnac store network.

### **Urban Mobility**

Since 2017, Fnac Darty has made a significant contribution to developing the market for scooters and democratizing soft/urban mobility vehicles (hoverboards, electric unicycles, etc.).

In 2019, Fnac Darty strengthened its positioning in the scooters segment by extending the scope of its strategic partnership with Xiaomi from smartphones to the exclusive distribution of its latest electric scooter, the MI Electric Scooter Pro. In addition, the Group has since opened a corner dedicated to this brand in Fnac Ternes.

In November 2019, Fnac Darty strengthened its positioning in the market for new electric means of transport by marketing electric bicycles, in particular with the Velair brand and then via an exclusive partnership with Angell Bike signed in 2020.

In 2020, Fnac Darty capitalized on its exclusive high-end positioning in the urban mobility segment. Following the success of its partnership with Xiaomi for the exclusive sale of its electric scooter, the Group entered into an exclusive distribution agreement to sell Xiaomi's folding electric bicycle and developed an electric bicycle offer with several brands (including Le Vélo Mad bicycles manufactured in Rouen, and Peugeot electric bicycles). Fnac Darty also expanded its offering in the urban mobility segment, signing a unique partnership with Citroën to exclusively market the Ami, the Citroën's fully electric mobility solution, in 39 Fnac and Darty stores. Finally, again in 2020, Fnac Darty added to its innovative offer by entering into a partnership with Red Electric for the distribution of the new Model E scooter, 100% electric and 100% French, in 30 Group stores.

In 2021, Fnac Darty continued to invest in the mobility sector by establishing a new merchandising concept in 15 stores, devoting 25–120 m<sup>2</sup> of retail space for this purpose. These spaces facilitate the roll-out of the product offer and the entire associated ecosystem, from add-ons and services (theft and damage insurance, long-term rentals) through to repairs. The Group additionally partnered with Repair And Run, a start-up specializing in the repair and maintenance of bicycles and electric scooters, and established three corners, in one Fnac store (Bordeaux) and two Darty stores (République and Rouen Tourville). This partnership is fully aligned with the Group's commitment to extending the lifespan of its products. The Group also invested in training its teams through the Fnac Darty Academy; a total of 140 salespeople benefitted from a practical, hands-on training day.

### Well-being, décor, and miscellaneous

The consolidation of Nature & Découvertes into Fnac Darty in August 2019 enables the Group to strengthen its product offering in the Wellbeing and Natural Products sectors, both of which are becoming increasingly important for consumers.

A dedicated décor offer has been rolled out in around 30 stores, providing customers with products such as terrariums, lighting, and “zero waste” products.

The establishment of six Miniso corners in Fnac stores in 2021 strengthened the positioning of the Fnac brand in the Gift segment, expanding the selection of gift ideas with a range of Japanese-style products that reflect the explosion of the manga trend in France.

Lastly, the gift boxes offer also helps to meet consumers' needs in relation to gastronomy, travel, and well-being.

## 1.4.4 / GEOGRAPHICAL BREAKDOWN

The Group benefits from the complementarity of the network of its three principal brands in France – Fnac, Darty and Nature & Découvertes – with stores in different formats based in city centers, shopping malls and retail parks, as well as in train stations and airports, in order to adapt to the traffic in each area served. The Group also has 7 Proxi Darty outlets in System U supermarkets, 7 Proxi Darty outlets in Intermarché stores, and 1 Fnac shop-in-shop within an Intermarché store, along with the 23 Proxi Fnac outlets in Intermarché shopping malls. Alongside this, in November 2018 Fnac Darty opened 2 Darty shop-in-shops in the Carrefour supermarkets of Ville-du-Bois and Limoges. Finally, the Group entered into a partnership in Switzerland with Manor in order to take back control of the brand's culture and consumer electronics divisions. 13 Fnac shop-in-shops were opened in Manor stores in late 2021.

The Group can rely on the complementarity between Fnac and Darty in France and Belgium (through the Vanden Borre brand), as well as the local presence of Fnac in the Iberian Peninsula.

The Fnac, Darty and Nature & Découvertes brands conduct their business through a network of physical stores and e-commerce websites, making the Group a click & mortar retailer. Within each country, the stores under each brand are laid out according to an identical format and market the same range of products, subject to local market adaptations.

### 1.4.4.1 / Presence in France and Switzerland

The Group has a network of 798 stores in the France and Switzerland region, 385 of which were operated as franchises at the end of 2021.

The Fnac banner has 232 stores, while Darty has 465 stores and Nature & Découvertes has 101 stores<sup>(1)</sup>. The store network expanded with the opening of 52 stores over the period, including 47 operated as franchises (33 Darty franchised stores, 10 Fnac franchised stores in mainland France and French overseas territories – including 7 Fnac proximity format stores, 2 Fnac Travel retail stores, and 1 traditional store – and 4 Nature & Découvertes franchised stores, including 1 in a retail park). The first Fnac Darty store was also opened in 2017. Managed from France, the Fnac brand also developed franchises in other international markets such as the Congo, Cameroon, Morocco, Ivory Coast, Tunisia and Qatar. In 2021, the Group continued its expansion in Africa, with the opening of the first Fnac store in Senegal in partnership with Mercure International, a leading retail and distribution company that is well established in Africa. The Group previously collaborated with the company when launching its brands in Congo and Cameroon. Senegal is the thirteenth country in which Fnac Darty operates.

(1) Including four stores in Belgium, one store in Luxembourg, one store in Portugal, and seven franchises in Switzerland.



In late 2020, Fnac launched a test phase with Manor lasting several months, for the roll-out of 4 shop-in-shops in Switzerland. At the end of this successful pilot phase, the partnership continued with the opening of 9 new shop-in-shops in 2021. The current ambition is to open 14 additional shop-in-shops by the end of the first half of 2022. This partnership is helping both brands to strengthen their respective positions in the Swiss market.

The Group welcomed more than 121 million visits to the country's Fnac and Darty stores in 2021 despite numerous health restrictions (lockdown/limits on in-store traffic) that hindered footfall in 2020 and 2021. Conversely, these measures led to an explosion of traffic on digital platforms. As a result, Fnac Darty is the third biggest e-commerce player in France in terms of the average number of unique visitors per month<sup>(1)</sup>.

The Fnac Switzerland subsidiary successfully launched its own e-commerce site in 2016.

Key figures	2019	2020*	2021*
Revenue	€6,030.7 million	€6,227.9 million	€6,700.9 million
Current operating income	€256.7 million	€193.8 million	€244.6 million
Operating margin	4.3%	3.1%	3.6%

\* 2020 and 2021 were marked by an unprecedented crisis that impacted the gross margin rate and the operating margin for the France and Switzerland zone.

#### 1.4.4.2 / Presence in the Iberian Peninsula

At the end of December 2021, the Group had a network of 74 Fnac stores in the Iberian Peninsula, including three new integrated stores in Spain that opened during the year.

The Covid crisis and accompanying health restrictions continued to affect in-store traffic in 2021. As result, the Group received nearly 46 million in-store visits in 2021. Both the Fnac Spain and Fnac Portugal subsidiaries have an e-commerce website (fnac.es and fnac.pt).

The first Nature & Découvertes store in Spain opened in 2019, in the form of a shop-in-shop in a Fnac store in Barcelona. Lastly, the first Nature & Découvertes store in Portugal opened in Lisbon in 2021.

Key figures	2019	2020*	2021*
Revenue	€722.3 million	€653.8 million	€701.5 million
Current operating income	€25.0 million	€8.4 million	€10.8 million
Operating margin	3.5%	1.3%	1.5%

\* 2020 and 2021 were marked by an unprecedented crisis that impacted the gross margin rate and the operating margin for the Iberian Peninsula zone.

#### 1.4.4.3 / Presence in Belgium-Luxembourg

At the end of 2021, the Group had a network of 85 stores under the Fnac and Vanden Borre brands in Belgium and Fnac in Luxembourg.

Diversification also remains a development factor in Belgium, where the roll-out of corners dedicated to small domestic appliances continued in 2021.

The Group recorded more than 14 million in-store visits in the region in 2021, and each brand has its own website.

Key figures	2019	2020*	2021*
Revenue	€595.6 million	€608.9 million	€640.1 million
Current operating income	€11.6 million	€13.1 million	€15.4 million
Operating margin	1.9%	2.2%	2.4%

\* 2020 and 2021 were marked by an unprecedented health crisis. Despite this challenging environment, the Group recorded growth in its sales and operating margin compared to the previous year.

(1) Fevad, cumulative average for Fnac and Darty for 2021.

## 1.5 / Group strategy and objectives

In February 2021, the Group launched its strategic plan Everyday for 2025. This reflects the Group's ambition to be – both on a daily basis and over the long term – consumers' key ally, helping them to be sustainable in their consumption habits and in their daily household tasks.

This strategic project bolsters the roll-out of the Group's mission, which is to “commit to providing an educated choice and sustainable consumption” to its customers.

The implementation of Everyday is based on three ambitions that are to be achieved by 2025, as detailed below.

### 1.5.1 / EMBODYING NEW STANDARDS FOR SUCCESSFUL DIGITAL AND HUMAN OMNICHANNEL RETAIL IN THE FUTURE

Omnichannel retail will be digitalized by improving the performance of sites with a web experience that is increasingly immersive, efficient, and fueled by artificial intelligence. As a result, over half of the Group's investment budget for the period of the plan will be devoted to supporting digital growth, particularly to modernizing and mechanizing the logistics platform.

Omnichannel retail will be humanized by showcasing the spirit of stores on the web and by investing in the expertise of the sales team.

Fnac Darty intends to put the advisory role of its salespeople at the heart of the customer's digital experience, with the aim of building an ever more personalized relationship of trust with consumers on these channels. Chats and video calls with salespeople, livestreaming and live shopping hosted by experts, and content on culture and entertainment recommendations on its digital platform L'Éclaireur Fnac will all strengthen online interactions with customers.

Advice and digitalization will be increased at all levels – the Group plans to invest in training its employees on how to showcase their expertise on digital and social networks. In order to improve the in-store experience, “welcomers” will retain a key role and the IT resources available to sales experts will be boosted to provide a

response tailored to every in-store customer (order pick-up, after-sales service, repair needs, specific search, etc.). In doing so, Fnac Darty is enhancing its role of providing the customer with well-informed, independent advice appropriate to their uses and needs.

The Group is of the firm belief that stores are the cornerstone of this new retail. Also, 100% of our integrated stores will be profitable by 2025, with the specific challenges of each store being addressed and promising new formats such as the kitchen or small proximity formats being developed.

The purpose of all these initiatives is for at least 30% of the Group's revenue to be generated online by 2025, including half in omnichannel thanks to the proven success of click&collect, which reflects the complementary nature of in-store and online. These channels will be the best showcase for the Fnac Darty range of products and services – a high-value offering that is itself committed while also engaging others – and has strong aspirations in the territories we are penetrating, such as the large appliances and urban mobility markets.

In this way, the Group will be at its customers' side every day, in-store and on the web, to help them make educated choices, backed by the expertise of its 5,000 sales people in France.

## 1.5.2 / HELPING CONSUMERS ADOPT SUSTAINABLE PRACTICES

Fnac Darty is a committed group aware of the challenges relating to the future of our planet. This commitment will be ever more visible with Everyday.

The product offering will trend toward more sustainable products, with Marketplace products and partners that do not meet the sustainability criteria being possibly delisted, and the huge expansion of the second-life service and the option to return used products as part of a circular economy strategy.

Customer choices will be geared toward more sustainable products thanks to sustainability scores, which will be visible both online and in-store and is expected to reach 135 by 2025 (compared to 111 in 2021). These scores are based on our after-sales repair database – the only one on the market – which rates

products on their reliability and the availability of spare parts. It is a unique and independent indicator created by Fnac Darty, which weights the volumes of each product sold in the year of the sustainability score.

Lastly, services that enable customers to “use better to consume better” and to repair products more often will be strengthened (sale of spare parts, express repair of smartphones, WeFix, Darty Max, repair communities, and so on), with the goal of having 2.5 million products repaired each year by 2025.

We will therefore support customers in their educated and socially responsible approach to consumption, allowing them to take advantage of the best that technology and entertainment has to offer, while at the same time consuming in a sustainable way.

## 1.5.3 / ROLLING OUT THE BENCHMARK SUBSCRIPTION-BASED HOME ASSISTANCE SERVICE

Fnac Darty's ambition is to become the leading provider of home assistance services, in the form of a subscription-based repair service, with no limit or commitment, that extends the lifespan of products.

Fnac Darty laid the foundations for this service for large domestic appliances with the launch of Darty Max at the end of 2019. This was followed by the launch of Vanden Borre Life in Belgium in early 2021. The Group expanded its Darty Max offer in 2021 to include new product categories: small domestic appliances, home cinema TV, sound, photography, and multimedia. As a result of this expansion, three separate subscriptions are now available to customers: Darty Max Essentiel at €9.99 per month incl. tax, Darty Max Évolution at €14.99 per month incl. tax, and Darty Max Intégral at €19.99 per month incl. tax. These supplementary offers aim to better meet customers' expectations in terms of repairs and can cover the entire home environment. The Group had nearly 500,000 Darty Max subscribers at the end of 2021 and aims to reach at least 2 million Darty Max subscribers by 2025.

The Group also relies on B2B partnerships to achieve this objective. One such example of this is the distribution agreement signed at the beginning of 2021 with Sofinco, a subsidiary of Crédit Agricole SA specializing in consumer finance, which is enabling Darty Max to be rolled out on a larger scale thanks to Sofinco's specialist expertise and its customer base.

Darty Max is really shaking up the way services are provided and sold. It gives customers peace of mind while maintaining a sustainable approach. For Fnac Darty, a new subscription-based business model, with recurring cash flows, allows us to consolidate a high-quality long-term relationship with our customers and works to extend the lifespan of products.

To make it a success, the Group will rely in particular on its in-depth knowledge of services, benefit from its unrivaled distribution network, capitalize on its ability to carry out high-quality repairs directly, and take advantage of its expertise in subscription management.

This new home assistance service makes Fnac Darty an absolute must for customers, as it builds a relationship of trust on a day-to-day basis and massively expands its repair service.

### 1.5.4 / FINANCIAL OUTLOOK AND MID-TERM AMBITIONS

Against the backdrop of the Covid crisis in 2020 and 2021, fulfillment of the various objectives listed below relies on the following assumptions: no new prolonged lockdown periods or store closures, no significant break in the supply chain, and no lasting downturn in consumer confidence levels.

With Everyday, Fnac Darty aims to:

- increase its revenue, which will come primarily from accelerated growth in online sales and continued opportunities for expansion in growth markets;
- increase its gross margin mainly via the subscription-based service sales model, which is a significant margin generator and will more than offset the dilutive effects of the less favorable product/service mix sold online and the expansion of the franchise;
- continue its program to reduce operating costs, which will more than make up for the effects of inflation each year;
- maintain its annual investment expenses at a normal level of around €120 million, excluding one-off investments of around €40 million for modernizing and upgrading logistics equipment, which will impact the first few years of the plan.

The purpose of the various strategic drivers of the Everyday plan implemented by the Group is to increase recurring cash generation with the following objectives:

- aggregate free cash-flow from operations <sup>(1)</sup> of around €500 million over the 2021-2023 period;
- free cash flow from operations <sup>(1)</sup> of at least €240 million each year, starting in 2025.

This growth in cash generation, along with a level of debt that will remain controlled and sustainable for the Company over the long term, with maximum leverage of 2.0x <sup>(2)</sup>, will enable it to finance its activity through external growth operations and ensure a regular return to shareholders.

In 2021, the Group reactivated its policy of giving a return to shareholders and is aiming for a distribution rate of at least 30% in the medium term. In 2021, the Group also distributed a dividend of €1.0 per share for 2020 and aims to increase the amount per share from 2022, with a proposed payment of an ordinary dividend of €2.0 per share for 2021 <sup>(3)</sup>.

Lastly and additionally, the Group will take the opportunity each year to look at the possibility of making an additional distribution to shareholders in the form of an exceptional dividend or share buyback, after financing any external growth operations and paying the ordinary dividend.

(1) Excluding IFRS 16.

(2) Ratio (net debt/EBITDA) excluding IFRS 16 which will be assessed at the end of June each year.

(3) Subject to the approval of the General Meeting of the shareholders of May 18, 2022.

## 1.6 / Innovation, brands, research and development

### 1.6.1 / INNOVATION, A GROUP PRIORITY

Fnac Darty prioritizes innovation and stepped up its efforts in 2019, focusing on six strategic areas: streamlining its online and mobile pathways, optimizing its data processing, revamping the in-store experience, making best use of its omnichannel tools, modernizing its technology and logistics, and improving its working methods.

#### 1.6.1.1 / An ambitious Open Innovation approach

The Group initially formulated an Open Innovation approach to support the business lines, based on an internal network of approximately 60 Innovation Ambassadors representing each department, an external network of VC fund partnerships (with Daphni, Raise, 50 Partners, Plug & Play, BPI, Spring Invest, Partech Partners, etc.), and the introduction of tools to facilitate the launch, roll-out, and monitoring of proofs of concept (POCs). This approach is overseen by a committee that meets monthly, chaired on a rotational basis by a Comex member, and comprises around 50 members. The committee has its own budget funded by the Strategy and Transformation Department.

Since adopting this approach, approximately 20 POCs have been conducted each year. A proactive approach is taken to identifying start-ups that meet the needs of the business lines, collaborations with start-ups are structured and closely monitored to maximize the organization's ability to roll out a POC on a large scale, and acculturation of as many people as possible is treated as a priority. In addition, Fnac Darty participates in various events to promote innovation and relationships between large groups and start-ups. For example, the Chief Executive Officer sponsored the 2021 LSA Innovation Awards and Darty Max was awarded the Innovation Trophy in the "Responsible Brands" category.

Examples of the POCs implemented include the collaboration with the start-up DialOnce, whose solution helps customers contacting Fnac Darty by guiding them to the best resolution via the most appropriate channel (for example, directing unanswered calls to a digital route) and the collaboration with the start-up Mayday, whose solution enables the Group to better manage its entire after-sales knowledge base by centralizing all information and making it accessible in different forms (operating methods, video tutorials, etc.).

Furthermore, after investing in the Daphni fund in 2016, Fnac Darty wished to strengthen its ties with Raise and recently invested in its new vehicle Raise Seed for Good, the first European venture capital fund to integrate ESG criteria into its investment and support strategy right from the seed stage to promote the emergence of future European leaders in responsible tech.

Lastly, in addition to collaborating with start-ups, Fnac Darty is committed to fostering more disruptive innovation in its business lines through discussions on the development of new activities in line with the start-up model, or even on Web 3.0 and its implications.

#### 1.6.1.2 / A data-driven strategy

The new frontier of digital innovation and transformation is that of data.

In 2021, the Group adopted a comprehensive data strategy, which aims to enable Fnac Darty to become data fluent. The challenge is twofold: enabling better management of activities on a daily basis by the large majority via the use of data-driven analyses, and accelerating advanced uses of data via artificial intelligence (AI).

Initiatives were implemented in 2021 to that end, such as optimizing the fnac.com search engine, improving the management of promotions, and better prioritizing after-sales service calls by means of dedicated AI built within the Group. To fulfil this data ambition, Fnac Darty is strongly committed to the Move to Cloud and to restructuring its data models. At the same time, data knowledge and data quality were improved in 2021 through the introduction of a governance system and dedicated action plans, particularly in terms of customer data.

To accelerate this trajectory in 2022, the Group recently signed a strategic partnership with Google, based on three pillars:

- rolling out the Google Cloud Retail Search solution on the fnac.com and darty.com sites in order to continuously improve customer satisfaction and increase conversion, thanks to improved performance on the part of its search engines;
- integrating data analysis and processing tools, machine learning (ML), and artificial intelligence (AI) to improve both operational efficiency and the customer experience, and to drive innovation in terms of the services provided;
- staff training and education on relevant issues and on the data and AI culture using Google's experience.

The aim of this new partnership focusing on the use of data is to accelerate the digital transformation of the Group against a backdrop of far-reaching change in business, to boost and increase its capacity for innovation through its wealth of data, and to offer its customers enhanced offers, experiences, and services.

**1.6.2 / BRANDS, RESEARCH AND DEVELOPMENT**

Given the nature of the Group's activities, it does not conduct any research and development and does not own any patents or licenses.

The Group owns a portfolio of 1,152 brands<sup>(1)</sup> that are registered across the world, primarily under the names "Fnac", "Darty" and "Nature & Découvertes" and the variations thereof that it uses in its commercial offerings.

The Group also owns a portfolio of over 1,545 domain names.

The Group's intellectual property policy centers around the protection of its brands (in particular the "Fnac", "Darty" and "Nature & Découvertes" brands and the variations thereof) and

their domain names. This policy involves filings and reservations on either a local country basis or in the full range of countries where the Group operates or wishes to preserve its rights. The names "Fnac", "Darty" and "Nature & Découvertes" are reserved as domain names with the main generic extensions and the main geographic extensions.

The brand and domain name portfolios of the three "Fnac", "Darty" and "Nature & Découvertes" brands are managed coherently and centrally by the Group's Legal Department. The Group is only responsible for the monitoring of the WeFix brand portfolio, with other services (registration, renewal, opposition, litigation, etc.) being managed by WeFix directly, in agreement with the Fnac Darty Legal Department.

(1) Excluding WeFix, which has 15 brands.

## 1.7 / Store network and proprietary real estate

### 1.7.1 / STORE NETWORK

As its geographical coverage is a major asset of its omnichannel platform, the Group plans to continue expanding its development across various formats, primarily through franchises. This operating model limits investment costs while furthering the goal of rapidly increasing Fnac Darty's visibility. The franchisee pays a fee for the use of the brand's distinctive features based on a percentage of revenue at the relevant sales point. There were 390 stores operating under this model at the end of 2021.

With a network of 957 stores, and thanks to the continuous development of its store network, 90% of French consumers now have a Fnac or Darty store less than 15 minutes from their home.

Fnac stores, which were traditionally developed for city center locations, have been adapted to suit the shopping needs of suburban areas (with a broader range of consumer electronics, more self-service resources and more entry-level products). In Fnac stores with more than 2,000 m<sup>2</sup> of retail space, customers are offered a high number of products within a wide range of increasingly diverse product categories. These stores also have enough space to install dedicated corners for premium brands such as Google, Devialet or Samsung.

Fnac is also developing new store formats, aimed at diversifying its offering and adjusting to changing consumer trends. These new formats are:

- the Travel format (railway stations, airports and duty-free areas), with 32 stores at the end of 2021, including 30 in France. The brand has signed a strategic partnership with Lagardère Travel Retail via Aelia and MRW to develop Travel retail stores in France under a franchise operation;
- the Proximity format, with 90 stores at the end of 2021. During this year, the Group opened seven stores in France and was able to capitalize on partnerships concluded with Intermarché and Vindemia for the Proximity format; and
- the Connect format (dedicated to telephony and connected objects), with 18 stores at the end of 2021 in France and abroad. For this new concept, Fnac received the prestigious Janus Award in the Business category from the French Institute of Design. This concept benefited from the partnership signed in 2018 with Bouygues Telecom for the distribution of Bouygues Telecom's offers.

These smaller-format stores strengthen the Group's omnichannel operations by offering complete access to the catalog online, thereby allowing customers to benefit from a wide choice of products and the vendors' expertise in those products.

At the end of 2021, Fnac had 319 stores in total, including 232 stores in France<sup>(1)</sup>. Fnac opened 14 stores in 2021 (compared to 13 in 2020), including four outside France (three in Spain and one in Senegal).

In France, Darty stores are mostly located in highly populated areas and have a strong presence within or are situated close to large cities, such as Paris, Lyon and Marseille. The other Darty stores are generally situated outside of big cities, in shopping malls and retail parks. In order to extend its presence to less populated French regions, particularly those with fewer than 100,000 inhabitants, Darty has also set up a franchise network. This network has allowed it to expand its store network with limited investment and to reach small catchment areas where a classic large-format store would be too expensive to operate. Darty opened 35 stores in 2021, all in France (33 franchises and 2 directly owned). At the end of 2021, Darty France had 465 stores, including two located in Tunisia, and Vanden Borre had 72 stores in Belgium.

Nature & Découvertes operates across a network of 101 stores, the majority of which (88 stores) are in France. The brand operates all of these stores, with the exception of seven Swiss stores, which are operated by Payot under a franchise agreement. Furthermore, since it was acquired by Fnac Darty, Nature & Découvertes has opened seven shop-in-shops in Fnac stores (one in 2021) and 12 stores (six in 2021), including two integrated stores and four franchises, enabling it to expand its store network at a limited cost and reach a new audience. The Group opened its first shop-in-shop in Spain in 2019 and its first franchised store in Portugal in 2021, representing two new markets. Three additional franchises were opened in 2021 in Guadeloupe, Martinique, and Reunion. The three Nature & Découvertes stores in Germany were closed in 2020, in order to reposition the brand in its key markets. Nature & Découvertes will rely on the Group's existing operational capabilities to continue increasing its geographical coverage and to expand, primarily in France.

Finally, the Group acquired WeFix, the French leader in express smartphone repair, in October 2018. With more than 200,000 repairs carried out in 2021 and 487 employees, WeFix operates a network of 139 service areas, including 73 corners, 10 stores, and 56 shop-in-shops, all of which are in France. In 2021, WeFix opened 22 new sales spaces.

(1) Including 12 stores outside France: 2 in Tunisia, 3 in Morocco, 1 in Congo, 1 in Cameroon, 2 in Ivory Coast, 1 in Senegal and 2 in Qatar.

## 1

**PRESENTATION OF THE GROUP**

Store network and proprietary real estate

<b>Format</b>	<b>Date of concept</b>	<b>Average surface area</b>	<b>Location</b>	<b>Offering</b>	<b>Number of stores</b>
<b>Fnac network</b>					
Traditional	1974	2,400 m <sup>2</sup>	City centers – shopping districts	Entire offering	161
Suburbs	2006	2,000 m <sup>2</sup>	Suburban areas	Entire offering	17
Proximity	2012	300 to 1,000 m <sup>2</sup>	Towns and smaller cities Large cities to supplement the store network	Entire offering	90
Travel (Aelia and MRW)	2011	60 to 300 m <sup>2</sup>	Airports and railway stations	Editorial products on hot topics Consumer electronics focused on mobility	32
Connect	2015	80 to 100 m <sup>2</sup> for dedicated stores	City centers Shop-in-shop	Telephony and connected objects	18
<b>Darty/Vanden Borre network</b>					
Traditional integrated	1968	1,500 m <sup>2</sup>	Proximity to large cities – shopping malls	Entire offering	294
Franchise	2014	600 m <sup>2</sup>	Proximity to medium-sized cities	Minimum range	242
<b>Fnac Darty network</b>					
Franchise	2017	1,400 m <sup>2</sup>	Retail parks	Large and small domestic appliances Editorial products and consumer electronics TVs	1
<b>Nature &amp; Découvertes network</b>					
Traditional integrated	1990		City centers – shopping districts	Entire offering	90
Franchise	2008		City centers – shopping districts	Entire offering	11



## 1.7.2 / PROPRIETARY REAL ESTATE

The following table summarizes the areas occupied by the Group as of December 31, 2021, in the various countries where the

Group operates. The Group's geographical locations are described more fully in section 1.4.4 of Chapter 1 "Geographical breakdown".

Stores (including franchises)	Number of sites	Customer retail area (in m <sup>2</sup> )
France <sup>(a)</sup> and Switzerland <sup>(b)</sup>	798	793,000
Iberian Peninsula	74	100,000
Belgium and Luxembourg	85	89,000
<b>TOTAL</b>	<b>957</b>	<b>982,000</b>

(a) Including 14 Fnac and Darty stores located outside France and all Nature & Découvertes stores.

(b) Excluding 13 Fnac shop-in-shops within Manor stores.

Warehouses/Other premises (excluding franchises)	Number of sites	Total occupied surface area (in m <sup>2</sup> )	
France and Switzerland	Warehouses	8	317,000
	Others <sup>(a)</sup>	66	200,000
Iberian Peninsula	Warehouses	2	32,000
	Others <sup>(a)</sup>	3	5,000
Belgium and Luxembourg	Warehouses	4	40,000
	Others <sup>(a)</sup>	1	4,000
<b>TOTAL</b>	<b>84</b>	<b>598,000</b>	

(a) 'Others' includes offices, shared service centers, After-Sales Service Workshops, Cross-Dock platforms, and technical centers.

Most real estate assets are leased; however, the Group has proprietary real estate including 55 stores, 1 warehouse and 9 other business premises.

The Group considers that the utilization rate of its property, plant and equipment is consistent with its operations, development plan, and ongoing and planned investments.

Fnac Darty is committed to reducing the energy consumption of its stores and is making the necessary investments in this regard. All these actions are outlined in section 2.4 of Chapter 2 "Reduce impacts on the climate" of this document.

The Group's main current and planned investments, as at the filing date of this Universal Registration Document, are detailed in section 4.2.3.1 of Chapter 4 "Net cash flows from operating activities and investments" of this document.

## 1.8 / Regulatory environment and changes

### 1.8.1 / REGULATORY ENVIRONMENT

The regulations that apply to the Group in the countries in which it operates, as well as any regulatory changes or action taken by local, national or international regulators, are likely to impact the Group's business activities and performance.

Both in France and abroad, Fnac Darty is subject to numerous laws and regulations, in areas such as competition law, the operation of establishments that are open to the public, and consumer protection, as well as certain specific regulations relating to particular activities (banking, logistics, e-commerce, real estate, credit and insurance brokerage, IT, book prices).

By way of example, Fnac Darty has taken into account the entry into force of the European General Data Protection Regulations (GDPR), the provisions of which have been applicable since May 2018 in all Member States of the Union European. The Group has set up a program to organize and coordinate its compliance work Group-wide (see section 2.5.2 of Chapter 2 of this Universal Registration Document).

In addition, the Group's activities in France are subject to Law No. 81-766 of August 10, 1981 relating to book prices. A new book sold in France must have a single price that is determined by the publisher, and this price must be printed on the cover of the book. A vendor selling from a physical store is allowed to offer a reduction of up to 5% on the price of the book. This law does not apply to second-hand books or books that are out of print. Furthermore, Fnac Darty actively supported the adoption of the law in France aimed at strengthening the book economy and enhancing fairness and trustworthiness among industry players, which was promulgated in the *Journal officiel* on December 30, 2021. This law stipulates a minimum delivery fee for home book deliveries. This law will enter into effect six months from the date of the publication of a decree setting out the pricing scale. The Group is taking part in the consultations during the draft phase of this regulatory text.

In addition, Fnac Darty is monitoring the measures it put in place in 2017 to comply with the French Sapin II law on transparency, anti-corruption and the modernization of business practices. Subject to the law on the duty of care by parent companies and major contractors, Fnac Darty has published an Vigilance Plan since 2018 (see section 2.5.5 "Vigilance Plan" of Chapter 2 of this document).

Fnac Darty is also subject to the extended producer responsibility (EPR) principle, a mandatory scheme under which producers, importers, and distributors are responsible for financing and organizing the management of waste generated by their products. This involves membership of an eco-organization, the payment of an eco-contribution, and, in some cases, the recovery of used products.

The AGECE law enacted on February 10, 2020, created new EPR schemes: in addition to packaging, electrical and electronic equipment (EEE), batteries and accumulators, and furniture, as of January 1, 2022, DIY and gardening items, sports and leisure items, and toys are also covered. The AGECE law also extended the obligations in terms of free take-back services at stores or places of delivery. As a result, as of January 1, 2022, items of furniture, single-use gas canisters, and batteries will be added to the electrical and electronic equipment scheme, depending on a company's revenue threshold and sales area. As of January 1, 2023, DIY items, sports items, and toys will be included too.

From January 1, 2021, the AGECE law also requires companies to disclose information about the availability of spare parts and stipulates the mandatory application of a reparability index for several types of device or appliance: smartphones, laptops, front-loading washing machines, TV sets, and lawnmowers. The manufacturer of the appliance must give it a score out of 10 across five criteria (length of availability of technical documentation and advice on use and maintenance; ease of dismantling of the equipment; length of availability of spare parts on the market; delivery times and sales price of spare parts; the fifth criterion depends on the category of equipment concerned) based on scoring grids produced by the French Ministry for Ecological Transition. Fnac Darty, which first implemented this project on an experimental basis for certain appliances in 2018, has been one of the first retailers to display this index, thereby providing consumers with simple information as soon as they make a purchase in store or on its website for the products concerned. In 2022, this index will be expanded to cover new product categories: vacuum cleaners, dishwashers, top-loading washing machines, and high-pressure cleaners. From 2024, the reparability index will be replaced by a sustainability index, with criteria that will be defined by law: the Group is playing an active role in the consultations on this matter.

To support and anticipate the creation of low emission zones governed by the French Mobility Orientation Law (*loi d'orientation des mobilités* – LOM) and supported by the French Climate Bill (*loi Climat*), the Group is launching a greening program for its vehicle fleet (see section 2.4.4.4 “Goods transportation and business transportation” of this Universal Registration Document).

These regulatory matters all mirror the Group’s commitments to sustainability and are coordinated by a dedicated committee supported by a sponsor from the Executive Committee.

In terms of voluntary commitments, Fnac Darty was one of the architects and first signatories in July 2021 of the French Charter of Commitments for Reducing the Environmental Impact of E-Commerce (*charte d’engagement pour la réduction de l’impact environnemental du commerce en ligne*), which lays

the groundwork for more sustainable development of the sector, by means of ten commitments around four themes (consumer information, packaging, warehouses and deliveries, and monitoring). Some of the commitments set out in this Charter have already been fulfilled by the Group. These include the systematic consolidation of shipments of products ordered at the same time (unless requested otherwise by the consumer) as well as steering consumers towards more environmentally friendly products, achieved by means of a “sustainable choice” pictogram and the annual publication of the Group’s “After-sales Service Barometer.” Furthermore, the Group has released the “informed delivery” tool on both its websites. This informs consumers of the CO<sub>2</sub> emissions generated per kilogram transported for each delivery option (excluding packaging, upstream transport, and customer travel) and gives them the option of calculating the CO<sub>2</sub> footprint of their delivery using an eco-calculator.

## 1.8.2 / RESPONSIBLE LOBBYING

Fnac Darty participates in discussions that may affect its environment, by presenting its actions and innovations to the public authorities, by participating alongside the authorities in discussions prior to the drafting of legislative and regulatory texts, and by defending its positions and proposals during hearings with the government, parliamentarians, local elected representatives, or independent authorities.

The Group aims to support political objectives in terms of a commitment to a more circular economy, consumer protection, and equal treatment of economic operators, while preserving the interests of the companies concerned.

The Group provides technical expertise useful for political decision-making in a fully transparent manner. As part of a constructive approach with the public authorities, the Group is able to promote

innovative proposals thanks to its operational experience, but also to warn about the economic, social and environmental risks to which certain measures might expose the sector’s stakeholders. In the latter case, the Group is responsible for working proactively on compromise solutions that are satisfactory and acceptable to all stakeholders.

Its approach to interest representation alternates between its own commitments and participation within groups of stakeholders under the aegis of the professional federations – national or local – of which it is a member.

Fnac Darty makes an annual declaration of all its activities with national public officials as well as the sums allocated for its lobbying activities to the French High Authority for transparency in public life (Haute Autorité pour la transparence de la vie publique).



# 2



## Corporate Social Responsibility

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## Governance and CSR strategy

Pursuant to Article L. 225-102-1 of the French Commercial Code, the Fnac Darty Group is required to prepare a consolidated non-financial performance statement (DPEF) including a presentation of its business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks and the results of these policies through key performance indicators. Chapter 1, this chapter, and Chapter 6 contain this information. For ease of reading, a concordance table for identifying this information is presented in section 8.

In accordance with the European Taxonomy Regulation (Regulation 2020/852/EU), this DPEF also includes, in section 2.4.4, indicators relating to the share of revenue, operating expenses (Opex) associated with environmentally sustainable economic activities and capital expenditure (Capex) in 2021.

In addition, section 2.5.5 of this chapter meets the requirements of the French law of March 27, 2017 on the duty of care of parent companies and initiating companies, on the effective implementation of a vigilance plan (see cross-reference table in section 8.8.6).

Finally, in line with the expectations of its stakeholders, this chapter also presents the climate reporting in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), contributing to the Group's transparency and accountability efforts on climate issues (see cross-reference table in section 8.8.7).

## A CSR APPROACH AT THE HEART OF THE GROUP'S STRATEGY AND BUSINESS MODEL

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With more than 25,000 employees worldwide, over 950 stores and almost 10 million loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming its business model to meet the challenges of a changing market and climate issues, while at the same time developing its people and making a positive impact on society.

Central to the Group's *raison d'être*, "Committed to providing an educated choice and more sustainable consumption", this social responsibility and the issues it addresses have been key factors

in the choice of strategic priorities defined in the plan Everyday. By making sustainability a priority for the years ahead, this new strategic plan reinforces the Group's CSR strategy, with the aim of integrating societal issues ever more extensively into the Company's projects and management.

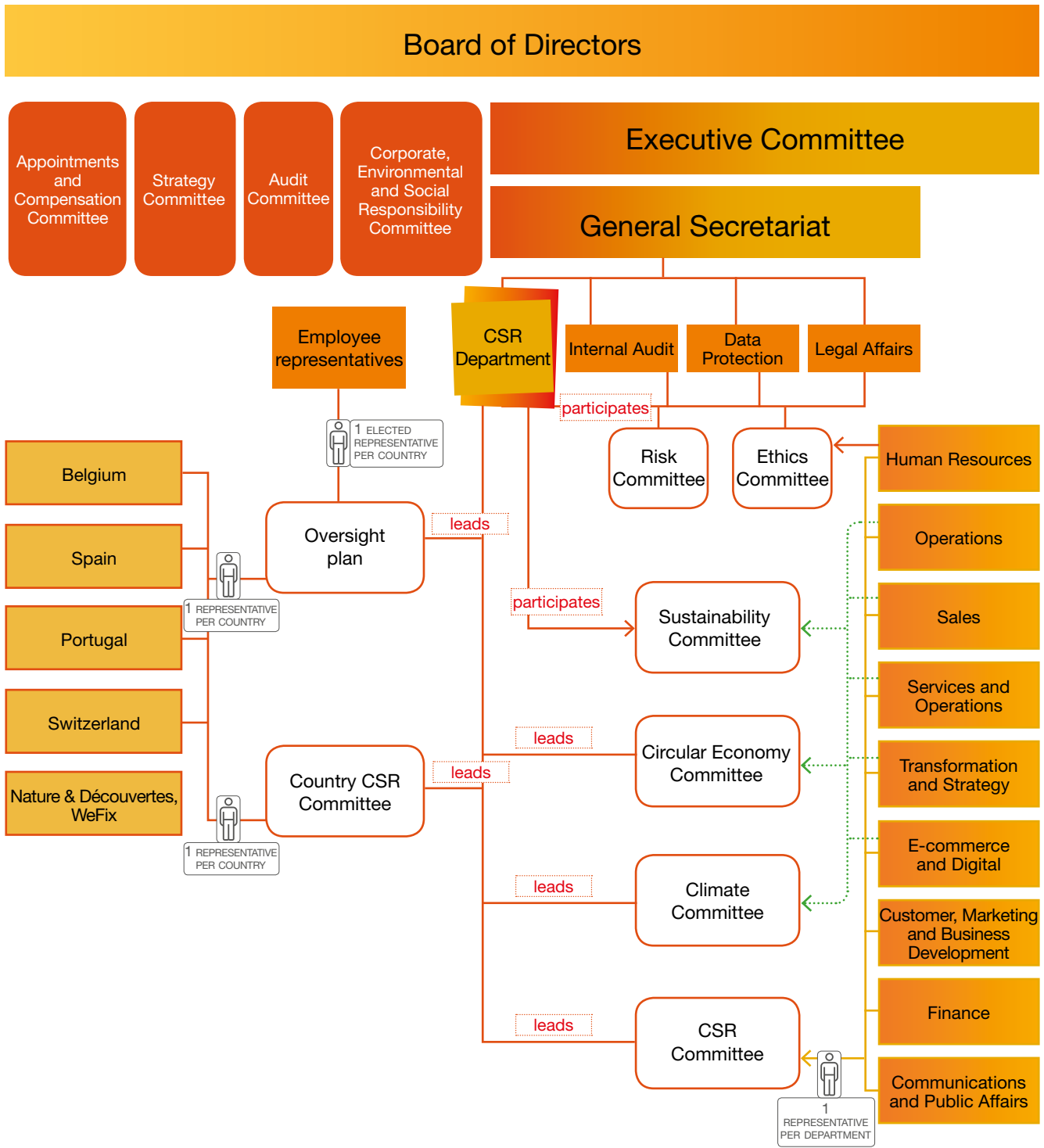
The description of the Group's *raison d'être*, the integration of societal challenges in the business model and the strategic plan are presented in Chapter 1 of this document.

## GOVERNANCE AND ORGANIZATION THAT STRENGTHEN THE INTEGRATION OF CSR CHALLENGES INTO BOTH THE STRATEGY AND BUSINESS LINES

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In order to integrate these issues into the strategy and projects of the various business lines, the Group is pursuing a decentralized approach to CSR based on the development of managers' skills.

The CSR Department reports to the General Secretary, and relies on various bodies and business line representatives to implement the Group's CSR strategy.



## Description of committees

- The CSR Committee, described in Chapter 3, comprises four Independent Directors. It reports to the Board of Directors on the CSR strategy and projects carried out, as well as the results achieved.
- The thematic committees:
  - the Ethics Committee: chaired by the General Secretary in charge of CSR and Governance, it is composed of the Legal, Internal Audit, HR, CSR Directors and the DPO. It ensures that the Group complies with regulations relating to ethical business conduct, particularly the GDPR, Duty of Care and Sapin II laws;
  - the Climate Committee: composed of two members of the Executive Committee (Comex) (General Secretary in charge of CSR and Governance, and Director of Services and Operations), the Directors of CSR, Logistics, National Transportation, Services Policy and After-Sales Service, it is in charge of rolling out and ensuring compliance with the Group's climate roadmap. It ensures that climate awareness is incorporated into the Company's global strategy and drives the objectives for reducing greenhouse gas emissions (see section 2.4.1);
  - the Circular Economy Committee: composed of two Comex sponsors (General Secretary in charge of CSR and Governance, Director of Services and Operations, and E-Commerce and Digital Director), the Directors of CSR, Logistics, National Transportation and Second Life; its purpose is to steer projects aimed at reducing packaging, optimizing unsold stock, improving collection, recycling, and reuse of materials;
  - the CSR Committee: composed of a Comex sponsor (General Secretary in charge of CSR and Governance) and the 14 business line representatives (one for each Group department), it is responsible for steering projects aimed at feeding into the five pillars of the CSR strategy;
  - the Sustainability Committee: made up of two Comex sponsors (Group Strategy and Transformation Director and Commercial Director), the Sustainability, Second Life and CSR Directors, this committee manages the range of sustainable products offered to customers, as well as all the action plans designed to find a second life for the Group's non-saleable new products.

In addition, the CSR Department regularly participates in:

- the internal control committees, which oversee the prevention and mitigation policies for certain risks identified in the mapping of risks covered by the French law on the duty of care;
- the Risk Committee, which incorporates and manages CSR risks requiring cross-functional action plans.

## Awareness and training in sustainable development

In order to raise awareness among employees and management of the Group's social and environmental issues, and to mobilize them so that everyone can play a part in the CSR strategy, Fnac Darty has carried out several dedicated projects and events in 2021.

In December 2021, the entire Executive Committee met to participate in a *Fresque du Climat* (Climate Mural) workshop. Distributed by the association of the same name, this workshop to raise awareness of the main mechanisms of climate change is based on collective intelligence to highlight the causes and consequences of climate change. The participation of the members of the Comex in this workshop demonstrates the Group's determination to integrate climate issues into its strategic planning. A session is planned for 2022 with all the Group's CSR officers (see also section 2.3.1).

As an offshoot of this workshop on the more specific topic of the environmental impact of digital technology, the Green IT unit held a *Fresque du Numérique* (Digital Mural) workshop in November 2021, thus helping to train IT teams in these issues (see also section 2.4.4.5.3).

A week dedicated to CSR was organized during European Sustainable Development Week to raise employee awareness of sustainable development issues and the Group's CSR strategy, through personal accounts and insights from employees and external figures.

As part of the development of a responsible indirect purchasing policy, all employees of the Indirect Purchasing Department have received training in responsible purchasing (see also section 2.5.4).

Three e-learning training modules, designed by the CSR Department and the Services Department, have been developed and made available to all employees in France. The first presents the challenges of sustainable development, the second the Group's CSR strategy, and the third the specific initiatives undertaken by Fnac Darty for the sustainability of its products. By the end of 2021, the three modules launched in September 2021 had been passed 1,580 times, with nearly half taken by salespeople.



## Nature & Découvertes: “Green Networks” reflect the brand’s ambitions in stores

Since 1995, Nature & Découvertes has structured its sustainable development policy around an internal network of ambassadors for the environmental and social policy in stores, through the “Green Network”.

These volunteer employees (one per store), the “Green Networks”, are at once active in the development of the local associative sphere, active in learning and education about nature and the environment, and are responsible stakeholders working on a daily basis to reduce the Company’s environmental impacts. In total, around 10% of Nature & Découvertes’ employees are thus Green Networks participants. They work in tandem with their assistant Directors to achieve about 15 objectives over the year. These objectives help to enhance team cohesiveness and the sharing of best practices, reflected in real actions in-store.

Green Networks mobilize teams around environmental and societal objectives such as:

- raising awareness of Nature & Découvertes’ CSR commitments (disability, skills sponsorship, responsible purchasing, product quality, carbon footprint);
- sorting and monitoring waste consumption;
- relaying awareness-raising and advocacy initiatives to customers and local actors;

- supporting local associative projects to provide conservation and education about nature, in particular through the “Helping Hand” committees of the Nature & Découvertes Foundation and Charitable Rounding;
- promoting nature-based educational programs and outings (over 2,000 activities are offered each year).

In addition, the Nature & Découvertes Management Committee held a *Fresque du Climat* workshop in October 2021. It was subsequently decided to extend the initiative and train 30 people to lead a *Fresque du Climat* workshop in each of the Company’s entities. The goal is for all employees to have participated in a workshop at the earliest date possible.

## Integration of CSR within variable compensation objectives

For many years now, the variable portion of compensation of the Chief Executive Officer and members of the Executive Committee has included a CSR objective that is set in consultation with the CSR Department. These objectives are linked to the respective responsibilities of the managers (see Chapter 3, section 3.3.1).

The long-term incentive plan (LIP), which aims to strengthen the loyalty of the Company’s key managers, incorporates a criterion for achieving a CSR objective.

Lastly, since January 1, 2021, all managers eligible for annual variable compensation have had a CSR objective accounting for 10% of this variable portion.

## OPEN DIALOGUE WITH STAKEHOLDERS

Regular dialogue with stakeholders helps to ensure that the Company, both in its strategy and in the performance of its daily activities, incorporates all their concerns.

The systems and channels in place to promote this dialogue are as follows:

Stakeholders	Means/methods of promoting dialogue
Customers	<ul style="list-style-type: none"> <li>■ Around three out of four employees have direct contact with customers. Salespeople, delivery personnel, home technicians and advisors are in constant dialogue with customers.</li> <li>■ Through its Research Department, the Group regularly conducts customer surveys (satisfaction survey, consumer trends studies, new services surveys, etc.), which are an essential part of understanding customer expectations. Several studies have made it possible to understand customer interest in reliable information on the environmental impact of the various delivery methods; these studies have led the Group to develop a new service that provides information on the carbon footprint of the packages transported.</li> <li>■ Customer reviews and complaints posted on commercial websites allow our teams to better understand customer expectations and to resolve annoyances or even to be alerted to quality concerns regarding a service or product.</li> <li>■ The Group’s brands have continuous dialogue with their customers through social networks.</li> <li>■ In-store cultural events – more than 5,000 in 2021 – continue to provide an excellent opportunity for Group employees and customers to connect.</li> </ul>



Stakeholders	Means/methods of promoting dialogue
Employees and social partners	<ul style="list-style-type: none"> <li>■ The Group maintains regular and constructive dialogue with its social partners. Fnac Darty has structured its social dialogue to enable effective exchanges with employee representatives while guaranteeing a high degree of proximity to operational entities and employees, through local representatives.</li> <li>■ Keen to learn about its employees' expectations and any concerns they may have, the Group rolled out an innovative, anonymous listening system in 2018, based on questions asked on a monthly basis via the Supermood tool.</li> <li>■ Through its internal communications, the Group regularly organizes events to bring employees together, share information and gather their expectations (meetings, "CSR Week", "Customer Day", etc.).</li> <li>■ As of 2022, as provided for in the Group Agreement on Professional Equality and Quality of Life in the Workplace, group meetings will be organized within each team, at least once a year, to discuss issues relating to working conditions, organization and the work environment, as well as any shortcomings.</li> </ul>
Suppliers/plants	<ul style="list-style-type: none"> <li>■ The sales management teams have daily exchanges with suppliers on performance and pricing, but also on new criteria such as the sustainability (reliability and reparability) of their products.</li> <li>■ These same teams regularly participate in or organize trade shows, including an annual sales convention, to meet with Group suppliers and prospects.</li> <li>■ As part of the sourcing of its own-brand and licensed products, the Group carries out around 100 audits each year at suppliers' factories, during which it gathers information on their expectations and any difficulties they may have.</li> <li>■ As part of its responsible indirect purchasing policy, Fnac Darty discusses suppliers' expectations regarding the Group, as well as their social and environmental performance, in a spirit of support and cooperation, during its calls for tender, negotiations and business reviews.</li> </ul>
Associations	<ul style="list-style-type: none"> <li>■ The Group is a member of several professional organizations and federations (FCD, Fevad, AFEP, MEDEF, etc.) and as such regularly participates in working groups, round tables and consultations.</li> <li>■ The Group's commitment to product sustainability, reaffirmed in its strategic plan Everyday, is also illustrated by regular dialogue with consumer and environmental protection associations (Halte à l'Obsolescence Programmée, Friends of the Earth).</li> <li>■ Through its solidarity policy, Fnac Darty partners and collaborates with many non-profit organizations, such as Bibliothèques sans Frontières, Envie and Secours Populaire.</li> </ul>
Public authorities	<ul style="list-style-type: none"> <li>■ The Group contributes to parliamentary debates on draft legislation related to its activities, and regularly provides technical expertise that is useful for political decision-making, in particular by sharing its data or by opening the doors of Labo Fnac to present its work and its methodology.</li> <li>■ Fnac Darty participates in working groups and in consultations with sector-based players steered by management (repairability index, environmental information, sustainability index, etc.). As part of a constructive approach with the public authorities, Fnac Darty promotes innovative proposals but also warns about the economic, social and environmental risks to which certain measures might expose the sector's stakeholders.</li> </ul>
Investors/shareholders	<ul style="list-style-type: none"> <li>■ Fnac Darty meets its reporting obligations to institutional and individual investors and, more broadly, to the financial community in accordance with best practices, through press releases available in French and English on the Investors section of its website: <a href="http://www.fnacdarty.com">www.fnacdarty.com</a>.</li> <li>■ Fnac Darty's management and Investor Relations team are in regular contact with analysts and investors, in the form of roadshows, telephone meetings or conferences organized by brokers (including several dedicated to SRI investors each year).</li> <li>■ Dialogue with shareholders is maintained throughout the year, particularly at the General Meeting. Shareholders also have access to a dedicated "Shareholders" section on the Group's website in the "Investors" section.</li> <li>■ Fnac Darty reports on its performance and management of non-financial risks in a transparent manner by regularly exchanging information with the main non-financial rating agencies as part of their rating of the Group.</li> </ul>

## ASSESSMENT OF CSR RISKS AND OPPORTUNITIES

The Group mapped out risks and conducted a materiality analysis in 2018, interviewing external and internal stakeholders. These analyses were cross-referenced with the expectations expressed by Fnac and Darty's customers in the annual customer survey, and with sector-based regulatory changes, specifically on climate and human rights issues.

The matrix resulting from this work highlighted four major non-financial risks, which have a significant impact on the Group's stakeholders, as well as on the development and sustainability of the Company.

### Risk 1: Business line development

Risk trend: upward. At a time when the digital economy is accelerating with new customer expectations, the Group's business lines are evolving, generating risks for employees in terms of employability as well as well-being, and risks for the Company's economic development, particularly in terms of the skills and commitment needed to roll out the strategy.

### Risk 2: Sustainability of the business model and new patterns of consumption

Risk trend: upward. The linear model of current trade (manufacturing, retail, use, waste) is showing its limits because of its environmental impact. A growing awareness among consumers of the need to act has led to the emergence of new ways of consuming: buying less but buying better, sharing goods or buying their use, buying and selling on second-hand,

boycotting controversial products or brands, and choosing eco-designed products or committed brands. For the Group, these developments represent significant risks, directly linked to a business model still dependent on sales volumes, but also major opportunities to develop new markets. The strategic plan Everyday, launched in 2021, incorporates these risks and opportunities and intends to address them.

### Risk 3: The climate emergency and its consequences on companies

Risk trend: steeply upward. The climate emergency has generated strong, legitimate pressure on companies to follow a path that prevents a rise in climate temperature of more than 1.5°C in 2100 compared to the pre-industrial era. Failure to reduce its impacts exposes the organization to a loss of credibility in terms of accountability in the eyes of all stakeholders. Respecting such a trajectory requires profound transformations in terms of the economic model, the modus operandi, and governance.

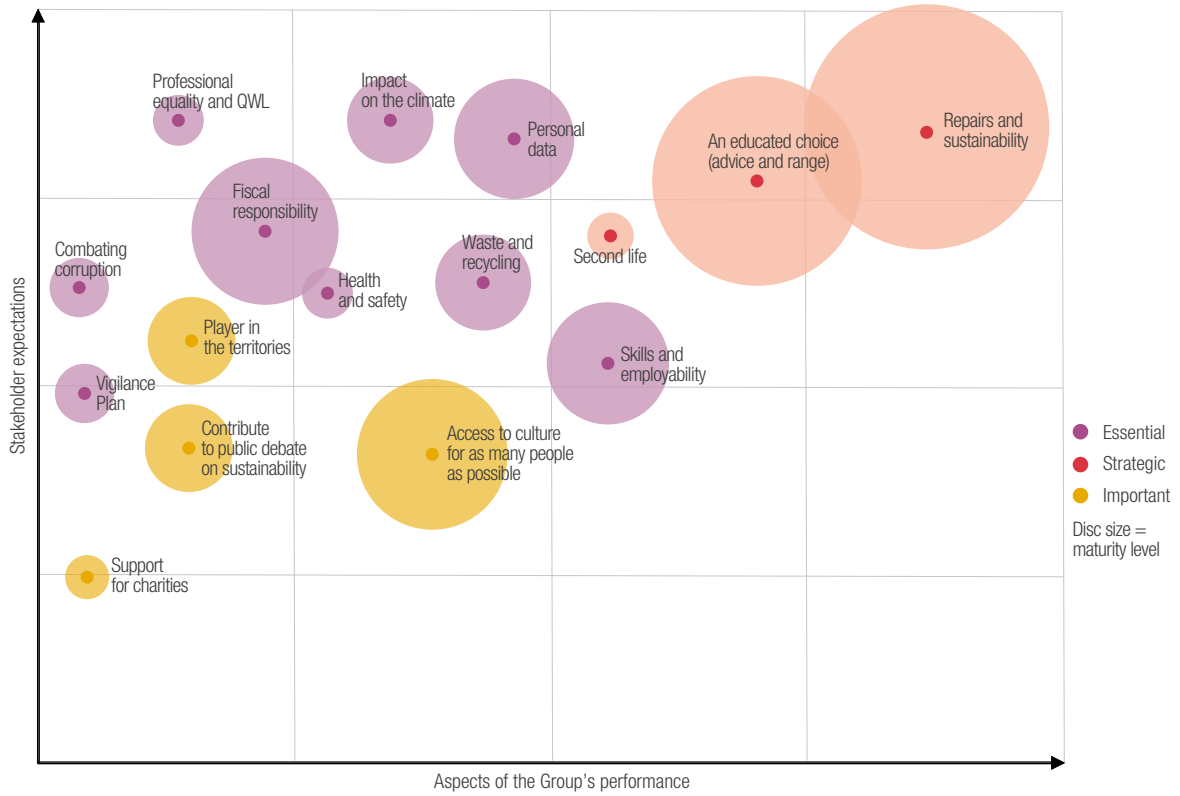
### Risk 4: Ethics for all based on a model of development through partnership

Risk trend: stable. The Fnac Darty model is based on association and partnership (retail of branded product, franchise development, Marketplace development), which makes it more complicated to manage the associated ethical risks. At a time when laws on business ethics are becoming more stringent and consumers are taking ownership of these issues, controlling this risk at every level of the value chain is crucial.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Governance and CSR strategy




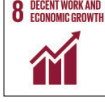
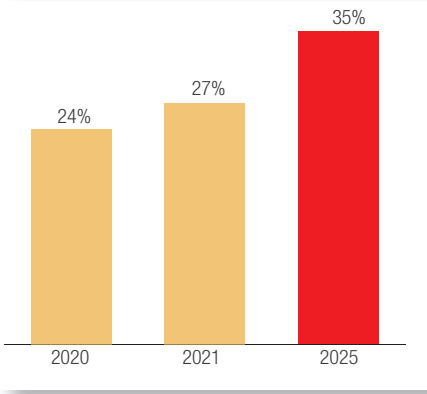
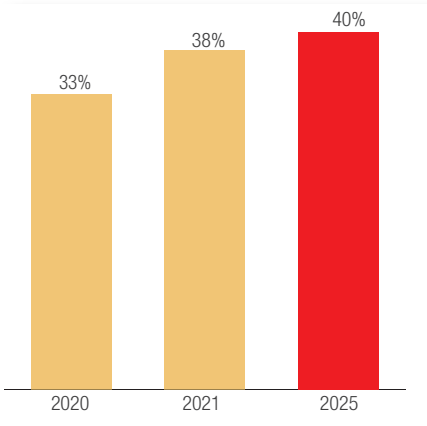
The five pillars and commitments of the CSR policy are directly linked to these four risks. Fnac Darty's CSR challenges, analyzed according to their business opportunity and their level of stakeholder expectation, have been positioned in a materiality matrix:



While the Group has changed significantly in recent years (acquisition of WeFix and Nature & Découvertes, definition of a *raison d'être*, development of a new strategic plan, etc.), Fnac Darty plans to carry out a new materiality study in 2022 in order to ensure that its CSR policy continues to meet the expectations of its stakeholders and to re-examine the prioritization of these issues.

This chapter is structured according to the five pillars of the Group's CSR policy and the associated challenges.

The objectives in this table are those included in the strategic plan Everyday, illustrating the significant weight of CSR issues in the Group's strategic decisions. Other objectives are set out in this chapter.

Our CSR policy			Our contribution to SDGs (see Chapter 1, section 1.1.3)
Our four most significant CSR risks	Our five CSR pillars	Our challenges and commitments Our objectives	
<p><b>The development of business lines</b> Risk explained in section 2.1</p>	<p>1/ Develop human capital</p>	<ul style="list-style-type: none"> <li>Promote <b>gender equality and quality of life in the workplace</b> see section 2.1.1</li> <li>Develop <b>skills and employability</b> see section 2.1.2</li> <li>Guarantee <b>employee health and safety</b> see section 2.1.3</li> </ul> <p><b>EVERYDAY OBJECTIVES:</b></p> <ul style="list-style-type: none"> <li>Achieve female representation of 35% in the Leadership Group by 2025</li> </ul>	   
			
		<ul style="list-style-type: none"> <li>Achieve female representation of 40% on the Executive Committee by 2025</li> </ul>	
			



## Our CSR policy

**Our contribution to SDGs**  
(see Chapter 1, section 1.1.3)

### Our four most significant CSR risks

#### Sustainability of the business model and new consumption patterns

Risk explained in sections 2.2 and 2.3

### Our five CSR pillars

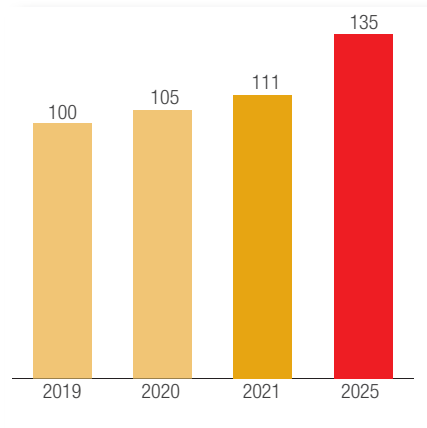
2/ Promote sustainable consumption and an educated choice

### Our challenges and commitments Our objectives

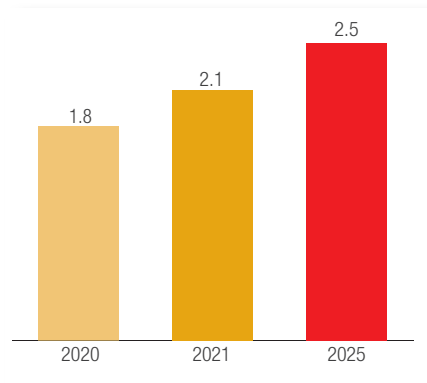
- **Help customers** make an educated choice see section 2.2.1
- Develop **the product range** see section 2.2.2
- Encourage **repairs** see section 2.2.3
- Give a **second life** to products see section 2.2.4
- Ensure **waste collection and recycling** see section 2.2.5
- Contribute to **public debate around sustainability** see section 2.2.6

#### EVERYDAY OBJECTIVES:

- "Sustainability score <sup>(1)</sup>" of 135 by 2025

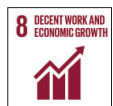


- 2.5 million products repaired in 2025



3/ Contribute to the social and cultural development of territories

- Provide **access to culture to as many people as possible** see section 2.3.1
- Increase the positive impact on the territories: **employment and solidarity** see section 2.3.2



(a) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

Our CSR policy

Our four most significant CSR risks

**The climate emergency and its consequences on companies**  
Risk explained in section 2.4

Our five CSR pillars

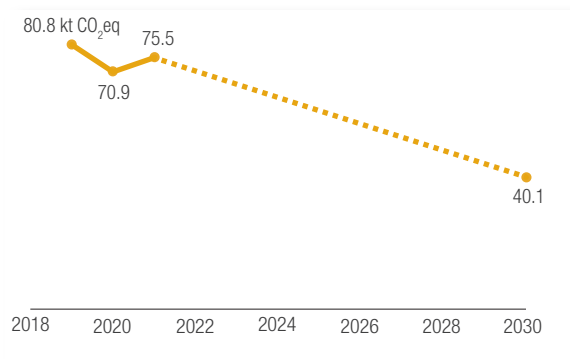
4/ Reduce impacts on the climate

Our challenges and commitments  
Our objectives

- **Strengthen governance** and integration of climate risks see sections 2.4.1 and 2.4.2
- **Reduce emissions** generated by transportation and energy from sites see section 2.4.4.3
- **Extend management of indirect emissions** (products, services, IT, employee travel, etc.) see section 2.4.4.3

**EVERYDAY OBJECTIVE:**

- 50% reduction in CO<sub>2</sub> emissions related to transportation and energy on sites by 2030 compared to 2019



Our contribution to SDGs (see Chapter 1, section 1.1.3)



**Ethics for all based on a model of development through partnership**  
Risk explained in section 2.5

5/ Ensure exemplary business conduct

- Protecting the **personal data** of employees and customers section 2.5.2
- Preventing the **risks of corruption** section 2.5.3
- Implementing a **responsible indirect purchasing policy** section 2.5.4
- Implementing a **Vigilance Plan** section 2.5.5
- Ensuring **fiscal responsibility** section 2.5.6



This DPEF also incorporates some of the corporate responsibility issues, policies, action plans and results of Nature & Découvertes. The company, which joined the Group in August 2019, has a separate CSR policy but one that is consistent with the Group's CSR policy, and uses B Corp certification, renewed for the third consecutive time, to steer its overall performance.

### B CORP CERTIFICATION: A TOOL FOR THE TRANSFORMATION AND CONTINUOUS IMPROVEMENT OF NATURE & DÉCOUVERTES

Nature & Découvertes was the first French specialized retailer to be B Corp certified in 2015. Following on from ISO 14001, the company has chosen to devote itself fully to the B Corp certification process as the scope addressed by this international certification includes commitment at business model level and corresponds better to Nature & Découvertes' profile: a retail company that has most of its products manufactured according to established specifications.

B Corp (Benefit Corporation) is an international certification that assesses non-financial performance on environmental, social and societal issues using five pillars: Governance, Employees, Community, Environment and Customers.

The certification is based on an ever-changing questionnaire that integrates current CSR issues at the global level. It is a transformation and continuous improvement tool that measures the impact of the business model and its activities.

In 2021, Nature & Découvertes obtained its third B Corp certification with a score of 86.5 points, above the industry average (81.3). This certification recognizes Nature & Découvertes' long-standing commitments to respecting demanding social and environmental criteria and is a tool for identifying areas for progress (notably through the benchmarking of other certified companies) in each area.

B Corp welcomed the new *raison d'être* of Nature & Découvertes. Formalized in 2021, it takes into account societal changes (new customer expectations in terms of lifestyle and consumption) and environmental changes (erosion of biodiversity) and forms the basis of Nature & Découvertes' new strategic plan "Ambition 2025": "To offer genuine solutions (products and experiences) to all those who wish to change their way of life for ecology of the Earth, body, and mind."



## 2.1 / Develop our most valuable asset: people

- Promote gender equality and quality of life in the workplace
- Develop skills and employability
- Guarantee employee health and safety

Risks	Opportunities
<ul style="list-style-type: none"> <li>■ Loss of attractiveness of the employer brand: inability to attract and retain talent</li> <li>■ Costs of turnover, absenteeism and disengagement</li> <li>■ Costs related to workplace accidents including road accidents</li> <li>■ Skill mismatch</li> <li>■ Difficulties in supporting diversification and the increase in certain activities due to shortages in certain professions</li> </ul>	<ul style="list-style-type: none"> <li>■ Motivated employees and efficient and diversified teams</li> <li>■ An attractive employer brand</li> <li>■ Agility and resilience</li> <li>■ Ability to innovate</li> <li>■ Employee motivation and satisfaction</li> <li>■ Control of costs related to accidents (insurance and absenteeism)</li> <li>■ Employees whose expertise allows the customer to make "an educated choice".</li> </ul>

Levers activated	2021 Actions	KPI and associated indicators
<ul style="list-style-type: none"> <li>■ Support for women in leadership positions and integration of people with disabilities</li> </ul>	<ul style="list-style-type: none"> <li>■ Ega Pro agreement: reinforcing measures and training aimed at promoting equal opportunities</li> <li>■ Review of recruitment processes to promote gender equality</li> <li>■ Reducing compensation discrepancies</li> <li>■ Creation of the Disability unit</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>KPI: percentage of women in Leadership Group roles <sup>(a)</sup></b></li> <li>■ <b>KPI: proportion of women who were granted at least one individual raise during the year</b></li> <li>■ Proportion of employees with disabilities in open-ended contracts</li> </ul>
<ul style="list-style-type: none"> <li>■ Start of collective bargaining</li> </ul>	<ul style="list-style-type: none"> <li>■ Negotiation of quality of life in the workplace and professional equality at Group level</li> <li>■ Signature of the employment and career path management agreement</li> <li>■ Signature of the remote working agreement</li> </ul>	<ul style="list-style-type: none"> <li>■ NPS employees</li> <li>■ Staff turnover</li> </ul>
<ul style="list-style-type: none"> <li>■ Deployment of new organizational structures</li> </ul>	<ul style="list-style-type: none"> <li>■ Formalization of a new shared culture: "All Leaders"</li> <li>■ Implementation of remote working and the "Activity Based Office" project</li> <li>■ Optimization of the "Agile Call Center" project</li> <li>■ Launch of "salesperson chat and video"</li> </ul>	
<ul style="list-style-type: none"> <li>■ Improving quality of life at work</li> </ul>	<ul style="list-style-type: none"> <li>■ Launch of the QLW agreement: improving work-life balance</li> <li>■ Regular survey of all Group employees</li> </ul>	
<ul style="list-style-type: none"> <li>■ Risk prevention for the most exposed business lines</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthening of training programs related to safety and security</li> <li>■ Appointment of "safety representatives"</li> <li>■ Prevention of musculoskeletal disorders through muscle awareness sessions</li> <li>■ Investment in the modernization of equipment</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>KPI: absenteeism due to sickness</b></li> <li>■ <b>KPI: frequency rate of workplace accidents with stoppage time</b></li> <li>■ <b>KPI: severity of accidents at work</b></li> </ul>
<ul style="list-style-type: none"> <li>■ An in-house training academy for bespoke training courses</li> <li>■ Multi-modal training courses (e-learning, virtual reality, face-to-face)</li> <li>■ Diversification of recruitment sources</li> </ul>	<ul style="list-style-type: none"> <li>■ Development of sales expertise</li> <li>■ Strengthening managers' leadership skills</li> <li>■ Development of programs to train in professions where staff are harder to find</li> <li>■ Launch of new classes designed for new audiences</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>KPI: share of payroll allocated to training</b></li> <li>■ <b>KPI: number of training hours per employee trained</b></li> <li>■ Number of employees trained and recruited on permanent contracts</li> </ul>

(a) Approximately the top 200 managers at Group level.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Develop our most valuable asset: people

### Key figures

Unless stated otherwise, the social data reported in this chapter relates to all Fnac Darty subsidiaries. Franchises are also excluded from the scope of the report. The definitions are given in the associated paragraphs when required.

All the priority indicators and other indicators are available at the end of the chapter in the table of CSR risks and indicators.

Scope: Group excluding franchises	2019	2020	2021	2025 Everyday objective
Workforce as at 12/31 (fixed-term contracts + open-ended contracts)	24,046	24,886	25,585	
France workforce as at 12/31	17,676	18,895	19,270	
Proportion of open-ended contracts	88.3%	89.2%	87.8%	
Share of temporary staff (open-ended contract + fixed-term contract + temporary staff)	13.4%	12.5%	13.1%	
Proportion of full-time workers (from employees on open-ended contracts)	81.9%	82.8%	83.8%	
Share of payroll allocated to training	2.5%	2.8%	3.2%	
Number of training hours per employee trained <sup>(a)</sup>	14.2 hrs	9.2 hrs	14.9 hrs	
<b>Percentage of women in Group Leadership roles<sup>(b)</sup></b>	24.3%	24.3%	26.6%	≥ 35%
<b>Share of the under-represented gender on the Executive Committee</b>	33.3%	33.3%	38.5%	> 40%
Percentage of women employees who have received an individual raise	33.2% compared with 29.5% for men	22.9% compared with 23.5% for men	22.3% compared with 25.2% for men	
Absenteeism due to sickness	4.6%	5.2%	5.3%	
Staff turnover	16.2%	12.5%	16.4%	
Frequency rate of workplace accidents with stoppage time <sup>(c)</sup>	27.5%	30.1%	31.5%	
Severity rate of workplace accidents with stoppage time <sup>(c)</sup>	1.5%	1.7%	1.9%	

(a) All formats combined (classroom, virtual class, e-learning).

(b) Approximately the top 200 managers at Group level.

(c) Excluding Nature & Découvertes, whose methods of calculating these rates vary from those of Fnac Darty.

With over 25,500 employees, more than three quarters of whom work in direct contact with customers, anticipating and supporting rapid changes in business activities, guaranteeing the health and safety of employees, and fostering their commitment have been identified as major challenges for the Group. Reaffirmed in the strategic plan Everyday, this is a key social responsibility.

In an extremely competitive sector faced with emerging economic players who are innovative in terms of their human resources management, the attractiveness of the employer brand, and the

motivation of Fnac Darty employees are highly strategic. They involve listening carefully to employees' expectations, both in terms of autonomy and management, and the meaning given to their work.

The Group invests and innovates to develop its organizational methods, provide its employees with a motivating work environment, and support the development of their expertise while guaranteeing gender equality in the workplace.

## 2.1.1 / DEVELOP GENDER EQUALITY, QUALITY OF LIFE AT WORK AND COMMITMENT

Fnac Darty is committed to becoming a more agile and innovative Group, at the heart of societal issues as a socially responsible company and employer. The support, development and commitment of employees, both individually and collectively, are all key factors that make a decisive contribution to the success of this transformation, essential for deploying the Group's strategy and attracting and retaining talent in a highly competitive environment.

In this context, in March 2021, Fnac Darty signed an agreement on quality of life at work (QLW) and gender equality in the workplace. This landmark agreement, the first to be negotiated at Group level, outlines a common and coherent policy for all Fnac, Darty, Nature & Découvertes and WeFix brands on two themes that structure the Group's commitment to responsibility, making it possible to implement concrete drivers for improvement in human and social relations.

The agreement addresses a number of issues that the Group considers to be priorities, such as the right to disconnect from digital tools, encouraging employees to express themselves, work-life balance, the professional integration and retention of disabled workers, gender equality in the workplace, the fight against discrimination, and urban mobility.

In the context of the current pandemic and new ways of working, this agreement also responds to employees' legitimate expectations for a better work-life balance and redefined working conditions. In this regard, multiple agreements on the implementation of remote working, on a wider and permanent basis at the level of the various Group companies, were signed in 2021 (see also section 2.1.1.3.2).

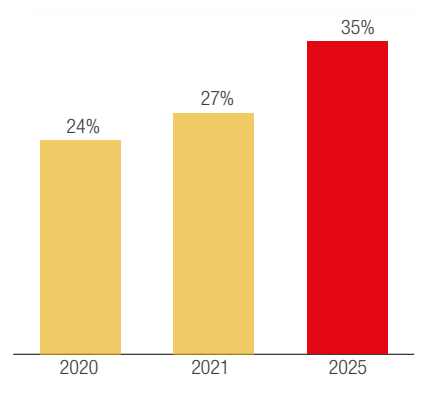
### 2.1.1.1 / Breaking the glass ceiling

Fnac Darty has made gender equality in the workplace, and in particular the development of gender diversity in senior positions, a priority issue. The Group has mobilized and structured a cross-functional program to get the entire organization moving toward achieving a +50% increase in the number of women in management positions within five years. This program is arranged around several initiatives:

- **setting and publishing ambitious quantified objectives:**

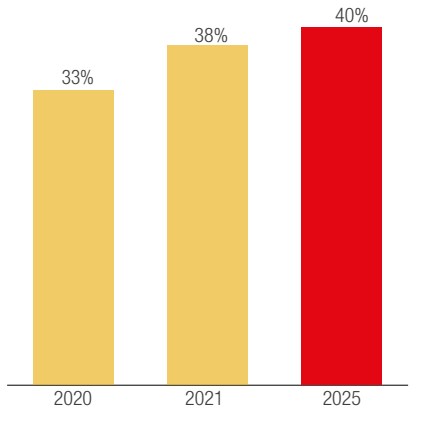
Two objectives have been set by the Board of Directors on the proposal of the General Management, and included in the strategic plan Everyday:

- **achieve female representation of 35% in the "Leadership Group" <sup>(1)</sup> by 2025**, with an increase of +2 points per year until 2024 then +3 points in 2025,



(1) About the top 200 managers at Group level.

- **achieve then maintain a percentage of at least 40% of the under-represented gender on the Executive Committee by 2025** (as per the rules applicable to the Board of Directors);



- **uphold the Group's commitment and make it visible:**

In 2021, Fnac Darty increased the number of announcements, both internally and externally, to assert its position and ambition in this area, with the aim of creating strong support around this priority issue.

To formalize its commitment publicly, the Group has entered into a partnership with the Assises de la Parité, and its Chief Executive Officer took part in round tables on the appointment of women to positions of responsibility during a dedicated event on May 6, 2021;

- **create an internal network dedicated to equality:**

The "Ex Aequo" network was created in March 2021 and currently has nearly one hundred members, both men and women. It aims to remove collective and individual obstacles to equality and to support the careers of women within the Group. The network helps them gain visibility among internal recruiters, but also gives them the opportunity to share with peers the best practices, tools and experiences required for their career progression. In addition, Ex Aequo members benefit from personalized support such as mentoring, personal development workshops and meetings with inspirational figures;

- **roll out development and awareness programs on female leadership:**

"Dare!" is a personal development program devised by the Group and focused on female leadership. It provides participants with the tools and insights to make conscious career choices and facilitate their access to senior positions. This system also helps add to the pool of female candidates in-house.

The program consists of three days of classroom training supplemented by several individual coaching sessions, as well as webinars, personal and group work time, and exchanges with speakers. Tested in 2020 with a group of 12 female managers from Fnac and Darty stores, a new session was carried out in 2021 for head office employees, and three new sessions are planned for 2022;

- **audit and review HR processes to prevent discriminatory bias:**

Recruitment procedures were reviewed in 2021 to prevent gender stereotyping. This includes the requirement to include at least one woman among the candidates, but also to ensure the mandatory presence of a woman on the recruitment panel. In the event that two candidates of different genders show an equal level of competence during the recruitment process, the choice must be made in favor of the female candidate.

A recruiter memo has been produced, as well as an e-learning module entitled "Recruiting without discrimination", which all new managers and HR staff must take in order to raise awareness.

With regard to compensation, the Group is committed to achieving and maintaining equal pay for men and women. To this end, the Group has carried out an assessment to identify any discrepancies and has established a catch-up package for any inequalities detected. Lastly, Fnac Darty remains particularly vigilant when it comes to hiring and promotions and carries out central monitoring of increases and the proper allocation of variable compensation after maternity and/or adoption leave.

## 2021 Results

Fnac Darty has published its gender equality index, in accordance with French law 2018-771 of September 5, 2018, known as the "Professional Future" law. It assesses the level of gender equality using five measurement indicators: pay differentials, difference in obtaining an individual raise, difference in obtaining a promotion, satisfactory award of an individual raise after maternity leave, and lastly, level of gender equality in teams.

As regards the Group, this consolidated index, published on the corporate website, gave the Company a score of 88 out of a total of 100, based on 2021 social data. Details of the results by subsidiary are updated annually and can be accessed via the Group's website.

For 2021, the main indicators relating to gender equality in teams and fair treatment based on gender are as follows:

Scope: Group	2019	2020	2021
Gender equality index (consolidated) See details of the index on the Group's website: <a href="https://www.fnacdarty.com/wp-content/uploads/2022/02/cp-index-e-galite-salariale-publication-fevrier-2022-version-de-taille-e-vf.pdf">https://www.fnacdarty.com/wp-content/uploads/2022/02/cp-index-e-galite-salariale-publication-fevrier-2022-version-de-taille-e-vf.pdf</a>	90	90	88
Percentage of women in the total workforce	39.0%	39.6%	39.1%
Percentage of manager-level women in the workforce	35.7%	37.0%	37.2%
Percentage of female store managers	13.6%	18.2%	19.9%
<b>KPI: percentage of women in Leadership Group roles<sup>(a)</sup></b>	24.3%	24.3%	26.6%
Percentage of women on the Board of Directors	50%	50%	50% <sup>(b)</sup>
Percentage of women on the Executive Committee	33.3%	33.3%	38.5%
	33.2%	22.9%	22.3%
<b>KPI: proportion of women granted at least one individual raise during the year</b>	compared with 29.5% for men	compared with 23.5% for men	compared with 25.2% for men

(a) Approximately the top 200 managers at Group level.

(b) Excluding employee Directors (43% including employee Directors).

## Awards, partnerships and commitments

In 2021, Fnac Darty was awarded the LSA Gender Equality Award (retailer category) for its efforts to promote gender equality, and in particular its glass ceiling program.

### 2.1.1.2 / An active diversity policy to promote the inclusion of people with disabilities and combat discrimination

Fnac Darty has a long-standing commitment to changing attitudes toward disability, combating stereotypes and prejudices and implementing concrete actions as part of a proactive approach. This commitment was reaffirmed in 2021 with the signing of the Diversity Charter.

Historically, the Group has always made a strong commitment to hiring people with disabilities by raising awareness among its teams, attending dedicated job fairs, offering appropriate professional training programs and promoting best practices. The Group's Disability initiative is leading this proactive policy and centered its 2021 activity on a number of projects:

- the Disability unit, launched in 2021, includes one human resources representative per legal entity as well as two elected union representatives and the Disability representative. This joint team is working on the implementation of action plans per entity in order to raise employee awareness of the various forms of disability. It also encourages employees to have their disabilities recognized as "disabled workers", if necessary, in order to benefit from their rights. The unit should also encourage the recruitment of more people with disabilities and provide feedback from the field;
- the HR representatives and the elected ESC representatives of the Disability unit have completed a 1.5-day training course;
- the Disability initiative regularly organizes webinars such as "Disability at work: administrative recognition", and has also carried out an awareness-raising campaign for all elected ESC representatives;
- the setting up of two work-study classes intended for disabled persons in order to train them as cashiers and storekeepers with the possibility of hiring them on an open-ended contract at the end of their training;
- participation in Duodays: 55 two-person teams (compared with 18 in 2020) pairing a Fnac employee and a disabled person were trained, and people with disabilities were welcomed for a day on Fnac sites in order to encourage interaction and change the way people view disability;
- increased accessibility of commercial websites, specifically with the extension of the Accéo service to the Fnac website (a remote interpreting system providing deaf people with access to customer service) as well as the "Facil'iti" plugin on the fnac.com and darty.com websites. This also facilitates access to commercial websites for people with all kinds of disabilities such as color blindness, blindness or nearsightedness, thanks to a voice reader and captioned photos;
- faster recruitment of people with disabilities through the publication of advertisements on dedicated websites, the assistance of a specialized firm for executive profiles, and a more active leveraging of the Cap Emploi contact network.

## Results

Scope: Group, excluding Belgium and Switzerland	2019	2020	2021
Proportion of employees with disabilities on open-ended contracts	5.2%	4.9%	5.0%
Percentage of people with disabilities newly recruited under open-ended contracts	1.2%	0.8%	1.7%

### Awards, partnerships and commitments

In 2021, Fnac Darty signed and approved the fundamental concepts set out in the Diversity Charter.

Fnac Darty has renewed its internal Handi'trophée award, which recognizes entities, stores or teams that are committed to the employment of disabled people within the Group.

In addition, the Group has been rewarded for promoting the inclusion of deaf and hard-of-hearing people in the workplace by winning the Inclusion Surdités prize from the Fondation Pour l'Audition in 2021.

#### 2.1.1.3 / **Unlock the potential of each employee in order to make them a player in the strategic plan**

Employee engagement, both individually and collectively, is a key factor contributing to the success of the strategic plan. As a result, the Group is seeking to evolve its organizational methods in order to provide its employees with a motivating work environment and to build a shared culture and operating principles.

#### 2.1.1.3.1 / **All Leaders: a new set of operating principles for working better together for the benefit of customers**

In parallel with the development and implementation of the new strategic plan, Fnac Darty has initiated an ambitious program to transform the Group's corporate culture, capitalizing on its strengths while changing certain behaviors and styles of interaction to establish a lasting culture of performance, responsibility and trust, which stimulates employee commitment and attracts new talent.

To achieve these ambitions, co-construction workshops began in October 2020. These exchanges with Comex members and business line representatives led to the creation of a new framework called "All Leaders", which is broken down into five guiding principles.

The "All Leaders" program, which is an integral part of the Everyday strategy, is intended as a long-term initiative, extending beyond the strategic plan, as part of a gradual process of transformation.

The "All Leaders" program was presented to all employees in September 2021. An implementation and support program is planned from 2022 onwards, to help all Group employees better embody the guiding principles in their daily work.

#### 2.1.1.3.2 / **New forms of collaboration**

##### Implementation of the remote working agreement

The health crisis has radically changed working and management methods. It has also created new expectations among employees, particularly with regard to commuting, social ties and work-life balance. As a result, Fnac Darty has responded to the wishes of its employees by offering them greater flexibility. To this end, multiple agreements were negotiated and signed in 2021 by the various Group companies to introduce regular and exceptional remote working.

Employees may now benefit, on a voluntary basis and subject to eligibility, from one to three days of remote work per week. This decision was met with enthusiasm from the workforce, and a majority of eligible employees have opted for three days of remote work at the Group's head office. In addition, all employees were allocated a budget of €200 to equip their work environment.

##### Everywhere at work – A new way of collaborating

Remote working agreements called into question the layout of Fnac Darty's offices and their suitability regarding the changes in team organization and new employee expectations.

Accordingly, a project for the reorganization of the Group's various head offices was launched in early 2021. This Activity Based Office (ABO) project involves organizing workspaces according to the activities and uses of on-site employees and aims to support the transformation of these new ways of working, with more remote working, but also to revitalize the on-site employee experience. The creation of these new spaces was carried out in close collaboration with employees and unions through surveys, focus groups and co-design workshops.

### Agile call center

As part of the Group's overall approach to transforming its organization and customer relations, drawing on arrangements that promote collective intelligence, an "agile call center" project was initiated in 2020 at the Bègles customer relations center and was fully launched in 2021. This site, with some 70 employees, specializes in customer service, technical assistance and remote appraisal for Darty customers.

This transformation project, spearheaded by the Customer Relations Department and supported by the site's management team, aims to set up a self-governing "agile" organization, i.e. one with no formal hierarchy. This new organization has the dual objective of better serving customers and highlighting the often undervalued customer relations roles.

This initiative, with no parallel in the call center field in France, received an award in October 2020 from the French Customer Relations Association (AFRC) at the thirteenth edition of its Customer Relationship Awards, "Palme de la relation client".

### Results

In 2021, the Bègles site outperformed on a number of social indicators monitored by the Group: the level of employee commitment (monitored via Supermood – see below) was up sharply (+20 points in 2021 compared with 2020), as was customer satisfaction (+18 points – source: Colorado), while the rate of absenteeism fell sharply from 12% in 2019 to 2.66% <sup>(1)</sup> in 2021.

#### 2.1.1.3.3 / Improving quality of life at work

### Offer employees a better work-life balance

Fnac Darty believes that fostering a better work-life balance contributes to the well-being, fulfillment and commitment of its employees.

In this sense, the QLW agreement, signed in March 2021, proposes adjustments to better reconcile these two aspects for certain specific situations, including:

- for employees who are caregivers (assisting relatives with disabilities or loss of independence): they can benefit from a shared pool of solidarity days and a Group matching contribution of up to five days. Moreover, their mobility clause does not apply and they can organize themselves better with an additional day of remote work;

- for senior employees: full-time employees with 10 years' service now have the option of reducing their working hours by 20% and benefiting from coverage of the difference in contributions to basic and supplementary pension schemes. They also receive an additional day of remote work;
- for employees who are parents: a number of measures have been added to those already in place:
  - support for pregnant employees (schedule adjustment from the sixth month of pregnancy, one additional day of remote work from the fourth month of pregnancy),
  - support upon return from maternity, paternity and childcare leave (schedule adjustments during the first three months after return from leave),
  - special assistance for single-parent families or parents whose spouse is absent or ill (possibility of limiting travel and/or adjusting schedules),
  - provision of emergency or periodic day care in a crèche,
  - paternity leave with 100% pay for a period of 14 calendar days.

### Listen to employee difficulties and expectations

Aiming to drive employee engagement, in 2018 the Group launched an innovative approach for listening to its staff that respects anonymity: Supermood. This initiative allows each employee to express their opinion, observations, expectations or difficulties concerning the performance of their work at the site.

Each month, four short questions are sent to all employees in France and in some international subsidiaries. The system makes it possible to monitor employee "mood" in real time, enabling managers to provide appropriate, targeted and rapid responses. Supermood therefore actively contributes to the continuous improvement of working conditions, internal procedures, organization, motivation and social cohesion.

In 2021, monthly webinars were organized to better support managers in their use of this managerial tool, from sharing results to taking action.

(1) At the end of November 2021.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Develop our most valuable asset: people

### Results

In 2021, the response rate was between 34% and 48%, while in December 2021, the Company's average recommendation score<sup>(1)</sup> was 7.4 out of 10 (7.5 in 2020, 7 in 2019).

Turnover is one of the indicators monitored to measure the Group's commitment and ability to retain its talent. It has seen a significant

increase compared to 2020, an exceptional year marked by numerous lockdowns and periods of short-time working for the Group's employees. However, compared to 2019, this rate has remained stable, demonstrating the strength and attractiveness of the employer brand, in an economic and societal context that is nonetheless favorable to turnover (economic recovery, careers becoming increasingly less linear, etc.).

Scope: Group	2019	2020	2021
Turnover	16.2%	12.5%	16.4%

In 2021, the Group strengthened its listening system with two other complementary levers to promote employee well-being:

- an external listening hotline with occupational psychologists open 24 hours a day, 7 days a week;

- group meetings to enable employees to express their views on the organization, the environment and their working conditions (at least once a year, within each team, starting in 2022).

## 2.1.2 / DEVELOP SKILLS AND EMPLOYABILITY

### 2.1.2.1 / Training, an essential component in the success of the plan Everyday

The Group is investing and innovating in training to support its employees as their jobs evolve and to enable the Company to remain efficient and achieve the objectives set out in the strategic plan Everyday. For Fnac Darty, this means adapting to changes in the sector and the latest customer expectations, as well as adopting a responsible employer policy that allows all its employees to develop their skills and employability.

Based on Darty's in-house training model, the Group set up an Academy in 2018 allowing it to gain in expertise and agility, while reducing teaching costs. Since 2021, the Academy has been a certified Qualiopi organization, a guarantee of quality that also allows it to train externally.

With the aim of accelerating employee skills development, particularly in the priority areas of the plan Everyday, the Company's training offer is based on both face-to-face and e-learning programs.

### Results

Scope: Group excluding franchises	2019	2020	2021
<b>KPI: share of payroll allocated to training</b>	2.5%	2.8%	3.2%
<b>KPI: number of training hours<sup>(a)</sup> per employee trained</b>	14.2 hrs	9.2 hrs	14.9 hrs
Proportion of employees receiving training in classroom over the year compared to total number of employees <sup>(b)</sup>	66.0%	37.5%	56.7%
Proportion of employees receiving training in classroom and/or via e-learning over the year compared to total number of employees <sup>(b)</sup>	82.9%	75.9%	93.7%
Average number of training hours per employee trained via classroom programs	15.4 hrs	13.7 hrs	15.5 hrs
Number of e-learning courses taken and validated	157,506	182,118	327,694
Number of work-study participants	967	1,107	1,328
Number of APL (accreditation of prior learning) participants	22	20	25

(a) All formats combined: in classrooms, virtual classes or e-learning.

(b) Employees (open-ended and fixed-term contracts) as of December 31, 2021.

(1) Score from 0 to 10, in response to the question "How likely would you be to recommend Fnac Darty as a good company to work for?" Overall score obtained by adding each score weighted by the number of respondents giving that score, divided by the number of respondents.



### **2.1.2.1.1 / Salespeople expertise: a priority to support the strategic plan**

Constantly improving our support and advice to customers, in terms of their uses and needs, and helping them to make the right choice, in an informed and independent manner, are long-standing commitments of the Group.

Enabling this educated choice largely depends on the acknowledged expertise of Fnac Darty's salespeople. Developing this expertise has thus been highlighted as a major component of the new strategic plan.

Through its variety of content, the Fnac Darty Training Academy aims to make salespeople better trained, better equipped and also better supplied with data.

#### **Salesperson expertise at the heart of a personalized five-year program**

Fnac Darty wanted to make sales expertise a point of differentiation from the competition, as well as a driver of employee commitment and therefore retention.

This prioritization is reflected in a substantial investment plan: €3 million in 2021, an additional €1 million in 2022 and a further €1 million in 2023.

This investment plan will enable the Academy to support the deployment of its ambitious five-year training program, launched in 2020 for all salespeople, and to expand its team of instructors.

The salesperson training course is based on:

- an onboarding process that allows new salespeople to familiarize themselves with the Company's strategic objectives, its CSR policy and its brand ecosystem, and to perfect their sales techniques and presentation;
- a personalized five-year program that allows each salesperson to track their progress, but also to better understand the uses that customers have in mind for their purchases as well as the services they may need. The objective is to make them sales experts as well as enthusiastic about the products offered. Recent years have focused on strengthening product sales expertise as well as developing versatility across the entire ecosystem of products and services. The possibility of becoming a "product ambassador" to share their knowledge with their colleagues is also offered at the end of the course;
- various formats: e-learning, classroom training, videoconference and coaching.

For Fnac and Darty, this is not only an opportunity to build employee loyalty by providing a long-term vision but also to provide staff with the tools to improve their performance in the long run.

Additionally, the Group continues to rely on an innovative application, NAPS, to reinforce knowledge of the Group's products and services. The principle of NAPS is to encourage training through play and by highlighting progress made. This application lets salespeople validate "product" and "sales technique" training, consult product news, take quizzes and chat with the sales community. In this way, other salespeople become a key part of their training. There are more than 8,300 Fnac Darty NAPS users, and this figure continues to climb.

#### **Customer excellence: more than 300 participants graduated in 2021**

In order to strengthen its strong links with customer culture, in 2019 the Group deployed a program aimed at employees in contact with customers in Fnac and Darty stores (salespeople, customer service agents, after-sales service technicians), as well as delivery personnel and call center advisors: the *Excellence client* (customer excellence) program.

These customer relations modules have provided participants with a detailed knowledge of new customer expectations, the use of omnichannel drivers, the development of their customer relations and sales skills and, for learners not coming directly from sales, the opportunity to move into these roles.

Upon completion of this program in March and April 2021, 317 participants validated their record and obtained a certification recognized by the French Commission of Professional Certification and by the professional branch.

### **2.1.2.1.2 / Stores, a means of differentiation**

#### **Responding to customer needs and enabling an educated choice: sales chat on websites**

As part of the transformation of its business model, Fnac Darty seeks to embody the new standards of human and digital omnichannel retail. To this end, the Group has invested in the development of a tool on the commercial websites that links Fnac and Darty in-store salespeople with web customers via chat or video. This new service addresses several issues by:

- improving the customer experience by providing an innovative service and advice to help customers make an educated choice;
- consolidating the omnichannel strategy and increasing store revenue;
- allowing the salesperson to acquire new skills but also to benefit from additional income that increases the attractiveness of the role.

In short, this feature is an opportunity for the Group to strengthen its omnichannel model, by combining the power of the customer flow on its e-commerce websites with the advisory expertise developed in-store.

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This initiative has been welcomed by the salespeople, who have seen their role evolve and have enhanced their sales experience, and by the customers, who appreciate being able to talk to a human being who provides a precise response to their requests, unlike robotic chat services.

There were more than 150,000 video/chat exchanges in 2021. Thanks to the 1,500 salespeople trained in this new service, the conversion rate of a web customer using the video service is two to three times higher than that of a standard web customer. While this video service is available for all consumer electronics, it will soon be expanded to other product categories.

### Quality of in-store customer experience

As a differentiator from the competition, Fnac Darty wants to put a greater emphasis on its stores by strengthening the quality of the customer experience so that customers want to come back frequently. To achieve this, Fnac Darty intends to develop the role of the “welcomer”, to greet and guide customers as they enter the store.

#### 2.1.2.1.3 / Train managers to support the Group's transformation

##### Building a shared managerial culture

Developing leadership and managerial skills is key to the success of the strategic plan. It is essential that each employee be supported throughout the rapid transformation process in order to better focus and coordinate the work of the teams on the plan's priority areas.

In order to address this issue, Fnac Darty launched the Master DO-IT program in March 2020, in collaboration with Kedge Business School. This management training program for managers and supervisors is designed for the long term (24 months for managers and 18 months for supervisors). Its objective is to build a common managerial culture, to reinforce the feeling of belonging to a community of managers and to encourage the emergence of a culture of collaboration and mutual support. Certification at the end of the course also helps to promote learner employability.

- At the end of 2021, there were 341 managers enrolled (compared with 398 in 2020), with 89% certified.
- There were 241 local managers enrolled at the close of 2021 (compared with 316 in 2020) with 84% certified.

### Training managers in remote working

The health crisis has radically changed working and management methods. It has also created new employee expectations, as staff developed new work habits during the health crisis. Several agreements on regular or exceptional remote work were signed in this area in 2021 (see section 2.1.1.3.2).

To support line managers in this new way of organizing work, support for good remote working practices was rapidly rolled out in 2020 and reinforced in 2021. Fnac Darty managers have attended workshops dedicated to remote working and have received training, to help maintain social connection and employee commitment.

#### 2.1.2.1.4 / At Nature & Découvertes, a training school at the service of the brand's culture

In line with its values as a responsible company that is eager to learn, Nature & Découvertes allocates nearly 5% of its payroll to training and relies on its in-house training school, La Source, to support its employees in product knowledge, merchandising, customer service and personal development.

For two to three days a year, they attend the school to learn about products and about their businesses (sales, management, project management, and so on), to improve their tools, and to advance in their personal style.

This face-to-face approach is based on more than 40 modules, chosen for their suitability to business needs. This is complemented by a digital offer, with over 115 e-learning modules, serious games, webinars and e-classes, for a rich and varied experience that helps students to enhance their learning, and piques their curiosity. 80% of training materials are produced by Nature & Découvertes' employees and the majority of training courses are delivered by employees who have become experts in their area.

The complementary nature of the content taught makes it possible to assimilate new recruits into the brand's culture more quickly. Since 2019, La Source has been located at La Canopée, the new headquarters of Nature & Découvertes.

In 2021, in order to respond to the remote working methods linked to the health situation, all of the training courses offered by La Source were digital: nearly 2,100 e-training courses were delivered to over 700 employees.

Specific training adapted to the circumstances on topics such as “working remotely” or “resilience” also expanded the training program, in addition to workshops (including collective intelligence co-development workshops) to strengthen interpersonal skills at the head office and better prepare for manager/staff interactions (90% of head office employees have been trained).

### 2.1.2.2 / Anticipate future needs

Following a Strategic Workforce Planning analysis carried out in 2019 and 2020, the Group opened and initiated Group-level collective negotiations on job and career management (*Gestion des Emplois et des Parcours Professionnels* – GEPP) in 2021. In January 2022, discussions led to the signing of the first Group agreement on this subject, which aims to support employees in developing their skills and employability. The implementation of this agreement should enable them to diversify and secure their career paths, as well as open up new opportunities.

The Group hopes that this GEPP approach will give each employee visibility on the development of positions within the Group and the possibility of choosing a career path that is consistent with the Company's future needs, while taking into account their own personal choices.

#### 2.1.2.2.1 / GEPP agreement: encouraging retraining for employees in vulnerable professions

Foreseeable developments linked to the Group's strategic guidelines, market trends and consumer expectations have a significant impact on jobs and skills. Fnac Darty is anticipating the required adjustments and intends to provide the best possible support to the employees concerned.

To this end, Fnac Darty has included new measures in the GEPP agreement designed to facilitate the transition from so-called vulnerable professions or those with declining staffing levels to expanding professions.

Fnac Darty plans to create “mobility hubs” at Group level, based on skill sets, in order to highlight potential bridges between two different professions.

These will be used to:

- identify professions that are similar to each other and require transferable or similar skills;
- visualize potential bridges between multiple professions and measure the gaps in skills between those acquired and those to be acquired, depending on the profession in question.

Several measures have been planned to address skills shortages and limit the obstacles to retraining:

- identification of the employee's support and training needs based on an assessment of the skills acquired and those to be acquired or developed in the target profession (quiz, interview, skills assessment, role-playing);
- implementation of one or more “live my life” programs involving a short immersion period lasting a few days, which enables an employee to confirm or disconfirm their interest in the target position;
- follow-up by an experienced mentor in the new position;
- inclusion of a return clause in an equivalent position, in the event that the employee is not satisfied with their retraining.

To ensure governance for this new system, the agreement provides for the creation of a Mobility and Job Progression Committee, made up of HR advisors and operational staff, which will meet once a year. This committee will be responsible in particular for working on job development prospects and for promoting internal mobility and career guidance.

#### 2.1.2.2.2 / Attract talent and develop skills in professions that are in short supply

The diversification of activities, the rise of e-commerce and the development of repair services are all part of the plan Everyday. To support this strategy, there are certain key roles, such as after-sales technicians, delivery and installation technicians, kitchen sales designers and web developers. However, these professions have also been identified as short-staffed. Other measures, complementary to the GEPP agreement, have been implemented in order to attract and retain talent, with a view to opening up applications to new profiles.

#### Review of compensation

In order to promote attractiveness and the retention of employees working in certain highly competitive professions, such as after-sales technicians and web developers, compensation increases have been agreed.

From 2022, web developers will automatically receive a salary increase after two years and five years of activity. These new pay raise mechanisms enable Fnac Darty to offer medium and long-term prospects to new arrivals, and thus reduce turnover in these professions.

A review of the salary grid for after-sales technicians and group leaders was also carried out, with a substantial multi-year investment plan that began in 2020, continued in 2021 and will continue in 2022.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Develop our most valuable asset: people

### Development of customized training and onboarding programs

#### For home service technicians

The development of Fnac Darty's repair services, driven in particular by the Darty Max repair subscription offer (see also section 2.2.3.1.), is driving the need to recruit after-sales technicians. As a result, in 2021, the number of home service calls increased by 8% compared to 2020.

To support the recruitment and professional development of new repair technicians, the Academy has developed a specific program for internal employees and for new recruits: the Tech Academy.

In partnership with two apprentice training centers (CFA), the Group opened 18 apprentice classes in 2021 (compared with 7 in 2020) in the cities of Lille, Paris (2), Lyon, Marseille, Bordeaux and Rennes. A total of 182 people signed up (compared with 87 in 2020), including 20 employees (compared with 19 in 2020) from various backgrounds (sales, delivery, computer workshop).

In order to attract an increasing number of students to its classes, the Tech Academy has chosen to approach young people directly after their high school diploma or vocational baccalaureate, to offer them a professional technician training program with an open-ended contract offer. From 2022, Fnac Darty will subsidize the driving license of young people who join the training program.

#### For delivery and installation staff

In addition to the Tech Academy, the Delivery Academy has been established to meet the Group's needs in this profession where staff are also categorized as being in short supply. To this end, Fnac Darty started two work-study programs for delivery apprentices (Paris and Toulouse), each with 55 students.

#### For kitchen designers

Under the Group's diversification policy, the kitchen design-installation business has experienced strong growth for several years. To support this growth, the Kitchen Designers Academy offers a 40-day course, alternating with in-store training periods. This system creates an environment conducive to developing the skills needed to perform this complex job.

- Technicians: 18 classes and 187 trainees.
- Kitchen designers: 12 classes and 145 trainees.
- Delivery: 2 classes and 55 trainees.

### Diversify sources of recruitment

#### Readiness for individual employment (POEI) to integrate unemployed persons

In addition to the training provided by the Academy, Fnac Darty also committed to the POEI program in 2021, which allows unemployed people registered with Pôle Emploi to benefit from up to 400 hours of training.

Three classes addressing different business lines were opened:

- POEI kitchen designers;
- POEI home service technicians;
- POEI delivery and installation staff.

This system provides a pool of candidates and helps people who are outside the job market to find employment. Some of the trainees are recruited on open-ended contracts upon completion of the training.

- POEI kitchen designers: 2 classes and 9 unemployed people enrolled.
- POEI home service technicians: 1 class and 3 unemployed people enrolled.
- POEI delivery and installation staff: 3 classes and 11 unemployed people enrolled.

#### Vanden Borre and "Les Petits Riens" in Belgium

In Belgium, a close collaboration was launched in 2021 between the organization "Les Petits Riens" and Vanden Borre. The association, which repairs and resells large domestic appliances supplied in part by Vanden Borre, provides a year-long training program for people returning to the labor market to become repair technicians. At the end of this one-year apprenticeship, the apprentice technicians will be able to apply for a permanent contract with Vanden Borre as of 2022.

- Technicians: 5 people in training.

## 2.1.3 / GUARANTEE EMPLOYEE HEALTH AND SAFETY

Already crucial for the Group in the “normal” course of business, guaranteeing the health and safety of Fnac Darty employees has been a key challenge since 2020, due to the health crisis linked to Covid-19.

From the very start of the crisis, the Group took all necessary measures to ensure its business continuity while implementing the most effective protective measures for its teams, customers, and ecosystem.

Over and above the exceptional context of the past two years, the Group continued to invest in the health and safety of its employees, particularly those most exposed to the risk of workplace accidents, starting with logistics employees. Fnac Darty also decided, under the GEPP agreement, to recognize some of its roles as “high physical impact”. This concerns in particular the roles of delivery driver, technician and order picker. Even if these jobs do not meet the legal definition of arduous work, the Group wants them to benefit from support measures, particularly for staff aged over 50.

### 2021 Results

Scope: Group (excluding Nature & Découvertes)	2019	2020	2021
<b>KPI: Frequency rate of workplace accidents with stoppage time</b>	27.5	30.1	31.5
<b>KPI: Severity rate of workplace accidents with stoppage time</b>	1.5	1.7	1.9

#### 2.1.3.1 / Health crisis: strong measures to protect employees and maintain operations

Even if the impacts of the health crisis were not felt as strongly as in 2020, 2021 was characterized by the implementation of health measures that ensured optimal protection of employees and customers while continuing to maintain business activity and expected service levels.

The procedures aimed at ensuring health safety in Fnac and Darty stores, as well as at the head office, such as social distancing, preventive measures and wearing masks, were maintained in 2021.

Other measures have also been extended or introduced, such as:

- notices reminding people of preventive measures, social distancing and the obligation to wear a mask at all the Group's sites;
- the provision of masks and sanitizer gel;
- regular in-store briefings to raise awareness among all teams as well as the distribution of HR communications following the issuing of new government measures;
- maintaining the “Covid officers” appointed at each logistics site and at the head office, as well as very frequent and thorough talks with the social partners in order to discuss any difficulties;
- spaces and mealtimes organized so as to limit the circulation of the virus;

- maintaining capacity controls for meeting rooms, lifts and the canteen at the head office;
- specific in-store disinfection protocols after any report of a positive Covid-19 case: disinfection or spraying;
- a more widespread use of remote working for all eligible employees, going beyond government recommendations;
- the implementation of a managerial support system created in 2020 and deployed in 2021 with the aim of promoting remote working and training employees in best practices;
- the authorization of time off for Covid-19 vaccination for employees and their children and the establishment of a vaccination program in collaboration with the ACMS (Association of Medical and Social Centers) in 2021;
- the extension of the external listening and psychological support unit available seven days a week as well as the support of a social worker;
- mandatory training on preventive measures and social distancing for all employees.

All these health procedures were developed in full compliance with the recommendations of the French government and in consultation with labor unions.

In short, Fnac Darty has continued to make the health and safety of its employees and customers a priority. In addition, the Group has not only complied with government recommendations, but has also sought to offer its employees greater flexibility, particularly as regards remote working for those eligible or facilitating their vaccination.

## 2.1.3.2 / Risk prevention for the most accident-prone roles

The Group initiated in 2020 and deployed in 2021 an action plan to enhance safety training and monitoring of the completion of regulatory training such as “gestures and postures” training, or risk management training; deemed mandatory by Fnac Darty. This action plan is addressed to all the Group’s employees, and more particularly to operations management employees, specifically delivery and installation staff, logistics staff and after-sales technicians, whose activities are the most accident-prone.

In 2021, a 24-hour risk management training course was given to all managers in the Operations Department, in order to raise their awareness of and responsibility for health, safety and security risks. The training covered several major topics such as the coordination of safety issues at the workplace, fire prevention, procedures for armed robbery/attack, road safety, as well as several modules dedicated to the regulatory framework and social legislation. This training will be extended to supervisors in 2022.

In order to embed this knowledge in day-to-day practices and instill a safety culture, specialist instructors will be sent out into the field in 2022 to work with teams on developing concrete processes that “ritualize” risk prevention.

### Logistics

During handling activities, repeated movements, bearing heavy loads and trolley vibrations are at the root of musculoskeletal disorders (MSD), the leading cause of workplace accidents in the logistics sector.

Fnac Darty once again invested in modernizing its warehouses in 2021, by putting workstation ergonomics and, more broadly, safety at the heart of the projects launched, for example:

- the launch of a study of physical measurements at the Plessis and Massy sites for trolley vibrations and noise;

- the gradual introduction of “prevention channels”, resulting in the appointment of employee representatives for each department. Their aim is to improve safety conditions by carrying out audits as well as monitoring training and safety posters. The deployment of “prevention channels” will commence in 2022 in order to disseminate the new health and safety measures more effectively;
- a renewal of the investments made in order to find new innovations to reduce the physical loads borne by employees. These investments also aim to reduce certain risks, such as the installation of wheel locks to prevent the truck moving off too soon, wrapping machines to limit manual pallet wrapping and the adaptation of workstations to the tasks to be performed;
- enhanced communication with the introduction of accident alerts and prevention packs common to all six sites.

### Delivery/installation

Darty’s flagship service, the delivery and installation of large domestic appliances, accounts for more than 1,800,000 customers supplied, between 700 and 800 delivery teams and nearly 500 Darty vehicles. Aware of the risks and potential accidents inherent in these activities for employees, but also for the customers they work for, the Group continued to launch projects in 2021 to guard against them:

- installation and monitoring of load reduction tools, such as electric trolleys;
- organization of muscle training sessions to prevent injuries and MSDs;
- monthly vehicle checks, including tire pressure;
- pilot projects for eco-driving tools, the number one priority for 2022.

## 2.2 / Promote sustainable consumption and an educated choice

- Help customers to make an educated choice
- Develop the product range
- Encourage repairs
- Give a second life to products
- Ensure waste collection and recycling
- Contribute to public debate around sustainability

Risks	Opportunities
<ul style="list-style-type: none"> <li>■ Inability to adapt to new customer expectations</li> <li>■ Inability to find new growth drivers</li> <li>■ Strengthening of circular economy and climate regulations (across the entire product life cycle)</li> <li>■ Depletion of natural resources and rising greenhouse gas emissions, related to the life cycle of products</li> </ul>	<ul style="list-style-type: none"> <li>■ Market growth for “responsible” products (reliable, repairable, consuming less energy, recyclable, etc.)</li> <li>■ Access to new markets (second-hand, urban mobility)</li> <li>■ Groundbreaking innovations</li> <li>■ Employee commitment, involved in a meaningful Company project</li> <li>■ Monetary valuation of unsold goods and waste</li> </ul>

Levers put in place by Fnac Darty	2021 Actions	KPI and indicators monitored
<ul style="list-style-type: none"> <li>■ Development of objective and transparent customer information</li> </ul>	<ul style="list-style-type: none"> <li>■ Ongoing consumer advocacy work by Labo Fnac</li> <li>■ After-Sales Service Barometer, Sustainability Score and Sustainable Choice: faster promotion of the most sustainable products</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>KPI: sustainability score</b> <sup>(a)</sup></li> </ul>
<ul style="list-style-type: none"> <li>■ “Sustainable curation” to support eco-design and an educated choice</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthening governance with the creation of a Sustainability Committee to develop the product range</li> <li>■ Progressive integration of sustainability criteria in commercial purchases and in supplier dialogue</li> <li>■ An ever more responsible Nature &amp; Découvertes offer, thanks to the Sustainable Innovation Division</li> </ul>	<ul style="list-style-type: none"> <li>■ Share of products with an environmental certification in the Nature &amp; Découvertes offer</li> <li>■ Share of Nature &amp; Découvertes revenue generated by products with a positive impact</li> <li>■ Share of revenue labeled Sustainable Choice</li> </ul>
<ul style="list-style-type: none"> <li>■ Innovations to make repairs simpler and more economically relevant for customers</li> </ul>	<ul style="list-style-type: none"> <li>■ Creation of an intelligent after-sales service knowledge base dedicated to customer relations and repairs</li> <li>■ Expansion of the Darty Max (and Vanden Borre Life) repair subscription to new product categories</li> <li>■ Development of the WeFix repair company and the After-Sales Service Community</li> </ul>	<ul style="list-style-type: none"> <li>■ Number of persons dedicated to repairs</li> <li>■ <b>KPI: number of products repaired</b></li> <li>■ Visits to the website of the after-sales service community</li> </ul>
<ul style="list-style-type: none"> <li>■ A department dedicated to the second life of products</li> </ul>	<ul style="list-style-type: none"> <li>■ Rapid development of the second-hand product offer</li> <li>■ Acceleration of donations of unsold goods</li> </ul>	<ul style="list-style-type: none"> <li>■ Number of second-hand products sold</li> <li>■ Number of products donated to associations</li> </ul>

(a) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Promote sustainable consumption and an educated choice

### Levers put in place by Fnac Darty

### 2021 Actions

### KPI and indicators monitored

<ul style="list-style-type: none"> <li>■ Packaging and waste management optimization initiatives</li> </ul>	<ul style="list-style-type: none"> <li>■ Enhanced management of waste recovery performance</li> <li>■ Continuation of partnerships with Envie</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>KPI: waste recycling rate</b></li> <li>■ Volume of packaging consumed/revenue</li> <li>■ <b>KPI: volumes of WEEE collected</b></li> </ul>
<ul style="list-style-type: none"> <li>■ Raising awareness among the general public of sustainability issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Active cooperation with public authorities</li> <li>■ Creation of a “green” offer from the Retailink advertising network for advertisers</li> </ul>	

As highlighted by the surveys in France and those conducted each year by the Group, consumers are increasingly aware and concerned about the ethical, environmental and social issues associated with their consumption, and accordingly are changing the way they consume. As such, “responsible consumption” has seen significant growth.

As part of its annual “Responsible Consumption Barometer<sup>(1)</sup>”, Fnac Darty surveyed more than one thousand French consumers in the first quarter of 2021: 33% of respondents said they were very committed to more responsible consumption, 44% said they pay more attention to their social and environmental impact when buying a product, and 42% have even reduced their consumption – of these, 65% gave environmental and ethical concerns as the main reason.

Although quality and price remain the main drivers for choosing a brand or a product, the brand’s CSR initiatives are increasingly taken into consideration by customers. Thus, 56% of consumers

surveyed by Fnac Darty consider the environmental and social actions implemented “important” when choosing a brand.

For the Group, these developments are accompanied by:

- transition risks, directly linked to its business model and its ability to adapt to new customer expectations, but also to find new growth drivers, while meeting increasing regulations on the circular economy and climate;
- opportunities to develop new markets (second-hand, urban mobility), to reduce its indirect costs and to gain market share by proposing a product range that meets customers’ expectations.

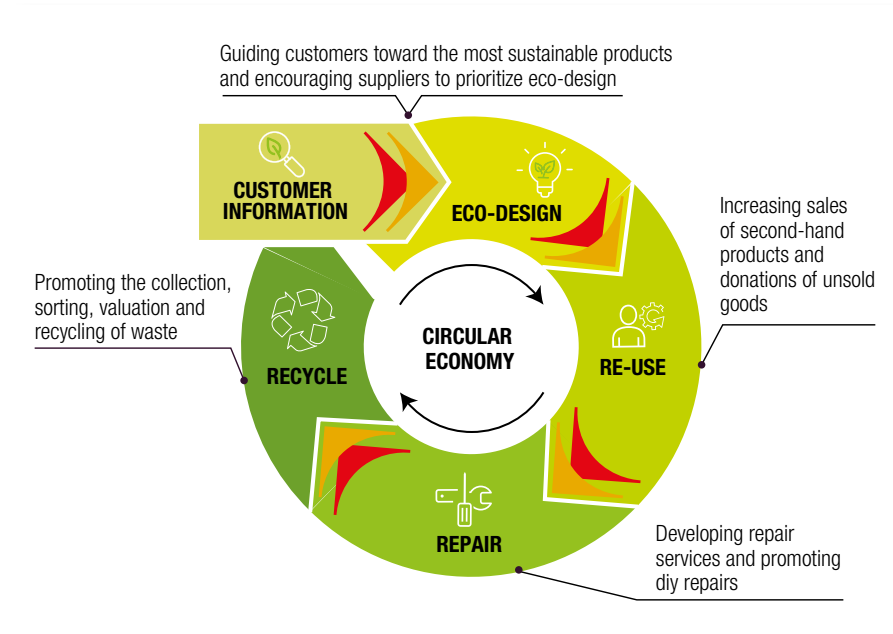
Fnac Darty has fully integrated these issues into its strategy, placing sustainability at the heart of its plan Everyday. This ambition is based in particular on established historical assets: repair and advisory services.

(1) “Responsible Consumption and CSR Image Barometer”, Enov for Fnac Darty (February 2021).



Building on this heritage, Fnac Darty is responding to the expectations of its various stakeholders, and to its main risks and opportunities related to sustainability and therefore to climate protection, by reaffirming its positioning through its *raison d'être*

“Committed to providing an educated choice and more sustainable consumption”, its strategic plan Everyday, and more particularly its commitments to engage all the levers of the circular economy:



For the Group, boosting these drivers is even more crucial since they help reduce its environmental footprint, most of which is linked to the manufacturing phase of products, and to reduce the footprints of its customers and suppliers (see also section 2.4.4.5).

### 2.2.1 / HELP CUSTOMERS MAKE AN EDUCATED CHOICE

As customers face an infinite number of choices, for several years Fnac Darty has strengthened its historic mission of advising its customers so they can make an educated choice. This *raison d'être*, reasserted in 2020, is based on strong evidence from the history of the Group's brands.

As a retailer, the Fnac Darty is therefore convinced that information is a powerful driver to help advance the market and thus reduce the environmental impact of its business model and that of its customers. In fact, providing reliable and transparent information on a product's performance, reparability and reliability helps customers to choose more reliable and repairable products, and encourages manufacturers to design more sustainable products.

#### 2.2.1.1 / Helping people to make the best choice is the historic mission of the Labo Fnac

Defending consumers by giving them as much information as possible so they can make an educated purchase is in Labo Fnac's DNA. A unique concept, the Labo has accompanied the banner's customers in their purchases since 1972. Every year, its experts, equipped with a range of sophisticated measuring systems, test the technical performance of hundreds of new electronic products. The Lab's objective scientific methods are recognized by well-known brands that regularly send their prototypes to it for evaluation.

Test results are published monthly on [fnac.com](https://fnac.com), since December 2016 on [labofnac.com](https://labofnac.com) and since October 2021 on L'Éclaireur Fnac, the Group's new website dedicated to the worlds of culture, pop culture, tech and social issues. Labo Fnac publishes information on high-tech products and laboratory tests supplemented with editorial content, to help consumers make the right choice.

There is no equivalent to the Labo Fnac at any other retailer: its culture of independence sets it apart from competitors due to the credibility of its recommendations, and this enables it to develop an unrivaled relationship of trust with consumers. Since 2018, Labo Fnac has been actively involved in devising a reparability index initially launched on PCs and extended to smartphones in 2019. This was a significant source of inspiration for the government index, which has been mandatory since January 1, 2021 (see also section 2.2.1.2).

In 2021, 849 tests were conducted on 447 products to compare them based on performance criteria that are not always easy to assess at the point of sale, a significant increase compared with 2020.

Since July 2021, Labo Fnac has been publishing all the results of its tests on its new dedicated comparison tool <https://lab.fnac.com>, likewise available within the Fnac Shop tool in stores, to serve as a sales aid, since October 2021. This tool is automatically fed by the laboratory database and is freely available to all visitors.

#### 2.2.1.2 / Promote the sustainability of products and services, to enable an educated choice

The manufacturing phase is the main source of greenhouse gas (GHG) emissions in a product's life cycle, as illustrated by the analysis carried out by Fnac Darty in 2021 (see section 2.4.4.5.1).

GHG emissions from the entire life cycle of new products sold by the Group in 2021 will reach approximately 3.2 million tons of CO<sub>2</sub>, which is nearly 80% of its total carbon footprint. Emissions generated by the manufacture and use of domestic appliances and consumer electronics represent the majority of this total; the carbon intensity (i.e., average GHG emissions, related to a product) of a large domestic appliance is around 340 kg CO<sub>2</sub>eq, that of a television 350 kg CO<sub>2</sub>eq and that of a computer about 125 kg CO<sub>2</sub>eq.

Taking action on the most carbon-intensive product categories is therefore the Group's top priority in order to align its GHG emissions reduction path with a trajectory that limits global warming to 1.5°C. Fnac Darty is focusing its customer information efforts on these products, guiding customers toward the most reliable and repairable products.

While the technical features of domestic appliances and multimedia equipment tend to be similar, there are some often overlooked criteria that vary greatly from one brand to the next: the reliability and reparability of a product. As the leader in after-sales service in France, the Group has a unique database addressing these two criteria and over the past three years, it has developed innovative tools to make this data public and understandable to all, and to highlight the most sustainable brands.

#### The After-Sales Service barometer

In October 2021, Fnac Darty released the fourth "After-Sales Service Barometer", its annual study on the reliability and life span of domestic appliances and multimedia equipment, by brand. Conducted in partnership with Harris Interactive to guarantee the reliability and objectivity of the results, this study has become an essential information and benchmarking tool, and thus a valuable decision-making aid for customers when making purchases.

This fourth edition was expanded to 77 domestic appliance and consumer electronics categories (63 in 2020) and was based on analysis of more than 721,000 Darty after-sales service repairs performed between August 2020 and July 2021, and on a survey of approximately 41,000 Darty customers. For the first time, it includes data from repairs carried out under Darty Max, the subscription-based repair service for all domestic appliances launched by the Group in late 2019 (see also section 2.2.3).

Main findings of this fourth barometer:

- awareness of sustainability issues is growing within the industry. The availability of spare parts for small domestic appliances has improved significantly: the availability of spare parts for multifunction food processors has increased by +5 years, from 6 to 11 years on average, thanks in particular to Magimix, which is now committed to providing spare parts for 30 years. The leading technological product manufacturers have also taken up the cause: For example, Samsung promises seven-year availability for all its products spare parts and was one of the first companies to implement the reparability index;
- despite this, for the first time, Fnac Darty has noted a drop in the reliability score of certain products such as espresso machines, with a drop of 24 points, or food processors, with a drop of 22 points. This phenomenon, observable on many brands, could be partly explained by an increase in the frequency of use of these products in recent months. In particular, they were used more by the French public in their homes during the various lockdowns imposed due to the health crisis.

In 2020, the data used to conduct this study – breakdown rates and spare part availability – gave rise to the “sustainability score.” To make the data easier to read, Fnac Darty has designed a new dynamic infographic, available on the L'Éclaireur website (<https://leclaireur.fnac.com/barometre-sav/>), which displays the scores of the “universes” (cooking, washing, flooring, etc.), then those of the product categories in each universe (front-loading washing machine, top-loading washing machine, washer-drier). For each universe and subsequently for each category, three indicators are given: an average reliability score, an average reparability score, and an average spare parts availability time.

## Results

Scope: Fnac Darty France	2019	2020	2021	2025 Everyday objective
Sustainability score (consolidation)	100	105	111	135

With an increase from 100 to 111 (all categories combined) in two years, this sustainability score shows that, overall, products sold by Fnac Darty are increasingly sustainable: this is the result of actions taken by brands to extend the availability of spare parts

Finally, upon entering a category, consumers can access the brand ranking, with details of their rating and information on the number of renewals after a breakdown, the number of appliances recycled, the number of operations undertaken without spare parts, and the repair rate.



## Sustainability score

Following on from this work on assessing product reparability and reliability, the Group has developed a method for measuring the durability of domestic appliances and consumer electronics. Weighted by volumes sold, these scores were used to calculate an overall sustainability score, with a baseline of 100 established in 2019.

In order to use this approach as a tool for steering the Group's performance toward a more sustainable offer (see also section 2.2.2), an objective has been included in the strategic plan Everyday: **achieve a sustainability score <sup>(1)</sup> of 135 by 2025.**

and to enhance the design of their products, and also thanks to highlighting the most reliable, repairable products in-store via the Sustainable Choice label (see below).

(1) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Promote sustainable consumption and an educated choice

### **“Sustainable Choice”**

The lessons learned thanks to the After-Sales Service Barometer help to highlight those brands that make the biggest effort to produce reliable, repairable appliances.

To help customers choose sustainable products, in 2019 Fnac Darty adopted a clear, objective label: “Sustainable Choice”. The criteria used to design this label and select the products are: breakdown rates noted by Darty’s after-sales service, and the commitment of the brands to provide spare parts. Since 2020, it has been based entirely on the results of the sustainability score: the Sustainable Choice products thus have the best sustainability score in their category and price range.

The selection is reviewed every three months so as to incorporate new products. In November 2021, more than 150 products (67 large appliances, 53 small appliances and 25 consumer electronics products) were highlighted in stores and on the Darty e-commerce site, under the Sustainable Choice label.

In November 2021, Sustainable Choice labeling was extended to Fnac, which now also highlights a selection of more sustainable products (77 products in November 2021).

Lastly, in order to make labeled products more accessible, Darty has decided to allow its customers to benefit from a 0% credit on Sustainable Choice labeled products during certain promotional campaigns.

### **Results**

Following the launch of the Sustainable Choice label, numerous brands extended the availability of their spare parts, sometimes over four additional years. As such, Sustainable Choice contributes in practical terms to extending product life spans, not just for Group customers, but for the entire French market.

The interest shown by Darty’s customers in these reliability and repairability criteria, and their confidence in the label’s objectivity, is shown by the increase in sales of products carrying the Sustainable Choice label.

### **Repairability index**

At a time when brands are being held accountable for their role in the planned obsolescence of their products, Fnac Darty has taken the opposing view on these practices by providing information on product repairability since 2018, more than two years before the AGEC Law was implemented.

The methodology developed by Labo Fnac in fact largely inspired the new repairability index applied to manufacturers<sup>(1)</sup> since the beginning of 2021. In addition, for two years the Group participated in the work of several working groups set up by the French Ministry of Solidarity and Ecological Transition and brought together various associations, such as HOP (Stop Planned Obsolescence), Friends of the Earth, consumer associations, federations of manufacturers, manufacturers, and players in the repair industry.

The majority of the Labo Fnac index criteria were selected: availability of documentation, dismantling and accessibility, the length of time for which spare parts are available, the price of spare parts, and one specific criterion per product category. The open source concept and software restoration, assessed in the Fnac Darty repairability index, were still not selected as criteria by the public authorities.

To help establish the barometers, for example as regards ease of product dismantling, the Labo Fnac Darty teams stripped down washing machines and televisions in-house. Staff from WeFix and the Group’s after-sales service were also mobilized to dismantle and then reassemble computers and smartphones, as well as to check the referencing of spare parts.

The repairability index contained within the AGEC law is now drawn up by manufacturers, monitored by the French Directorate of Competition, Consumer Affairs and Prevention of Fraud (DGCCRF), and displayed by retailers. Alongside the consumer, Labo Fnac aims to play a role in providing consumers with up-to-date information by monitoring a number of indexes.

(1) Applicable since January 1, 2021 on smartphones, TVs, washing machines, laptops and electric lawnmowers.

## 2.2.2 / DEVELOP THE PRODUCT RANGE TO OFFER MORE SUSTAINABLE PRODUCTS

Continuing the numerous innovations launched by the Group to better inform customers about product reliability and repairability, Fnac Darty is upgrading its brand catalogs to include these criteria in its range. At Fnac and Darty, but also at Nature & Découvertes, this new stage in the transformation of the business model is supported by a redesigned governance structure to implement the continuous improvement approach related to the product offering.

### **Fnac and Darty: a Sustainability Committee to monitor sustainability scores for each category**

In order to successfully implement the action plans related to the Sustainability priority of the plan Everyday and to achieve the strategic plan target of 135 by 2025, a dedicated committee has been created, sponsored by two members of the Executive Committee (the Commercial Director and the Director of Transformation and Strategy). It meets once a month, and reports to the Executive Committee with the same frequency, to monitor the projects launched and to develop the sustainability of the range and second life, as well as the associated KPIs, including the sustainability score<sup>(1)</sup>, both overall and by product category.

In order to raise awareness of these strategic issues among all the teams in the sales department, and to help catalogs transition toward a more sustainable product range, the sustainability department meets with product managers every month to work with them to improve their sustainability score, through dialogue with suppliers, for example on the crucial subject of spare parts availability.

In order to strengthen commitment and embed a culture of sustainability within the sales teams, the improvement of the sustainability score is now an objective integrated in the variable portion of employee compensation for those eligible for it.

### **Nature & Découvertes: a sustainable innovation division for increasingly responsible purchasing**

Nature & Découvertes is acting to make its offer more responsible, aware of the environmental impact related to the manufacture of its products. For the company, which is B Corp certified and enjoys a high level of trust (48% of French consumers consider Nature & Découvertes to be a committed brand<sup>(2)</sup>), the stakes are high: inconsistencies between customers' perceptions and the company's practices could damage the reputation of the brand and the Group.

Created in July 2020 and integrated in Nature & Découvertes' Marketing Department, the Sustainable Innovation Division echoes the Company's continuous improvement approach in terms of its product offer.

More sustainable materials, product repairability, improved packaging, optimized transportation, and actions to improve the circular nature of products are just some of the projects tackled by this team, around three objectives:

- transition the product range toward a more sustainable consumption model;
- limit the environmental impact of the products, from design to marketing;
- promote a circular economy.

More specifically, a list of 27 stringent criteria was drafted for all products. They allow enhanced knowledge of the materials used, and potential alternatives if these are better. The purchasing criteria used are common to all product families. An analysis of the offering in relation to these criteria is carried out at the end of each season in order to adapt the subsequent collection and develop more sustainable and environmentally friendly products.

In 2021, more than 1,500 new products were reviewed and all active listed products are now filtered via critical failure point criteria. The objective is for all active listed products to meet 100% of the critical failure point criteria by 2025.

This enhanced screening allows for in-depth listing on major topics such as:

- for minerals: only reference uncolored, non-reconstituted stones, authenticated by gemology certificates, thus improving their traceability;
- for seeds, plants and wood products: species and origin monitoring to ensure that none are threatened or invasive;
- for textiles, candles and cosmetics: strengthen the continuous improvement process for certified textiles, vegetable wax candles (excluding palm oil), organic cosmetics and the absence of disruptors;

(1) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

(2) "Responsible Consumption and CSR Image Barometer", Enov for Fnac Darty (February 2021).

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- for food products: certified organic;
- for wood: FSC certified;
- for products intended for children under three years of age: no plastic.

In terms of the Nature & Découvertes product offer, particular attention is paid to more sustainable alternatives. For example, portable equipment that runs on solar energy, the availability of spare parts to extend product life span, or recycled materials, such as recycled PET fabric for the “On the Road” luggage collection as well as for throws.

In 2021, the work of the Sustainable Innovation Division has made it possible to address:

### 1) the sustainability of the product range:

- LongTime label: Nature & Découvertes is the first company to obtain the LongTime label for the “Diffuser” category. LongTime is an independent label that guarantees product sustainability (reliable and repairable, moving away from obsolescence). The labeling of this diffuser is subject to an audit according to a precise 40-criteria benchmark (among others: design, type of parts, reparability and after-sales service conditions, conformity guarantees, upgradability). The labeled essential oil diffuser, fully dismantlable and repairable, will be sold starting in spring 2022. The objective is to replicate this approach with other diffusers,
- optimization of product life, with an initial focus on a plaid throw designed with an alternative material (recycled PET from plastic bottles undergoing endurance test/repetitive washing > 30 cycles without altering its properties),

- reduction of store-based after-sales service:
  - creation of a “Repairability” working group made up of three store managers to promote the repair of products in-store,
  - awareness-raising of on-site teams,
  - overhaul of after-sales service supplier management to encourage the repair of certain consumer electronics products and creation of a new take-back process to facilitate product processing and follow-up,
  - optimization of spare part management for better availability, visibility and completeness;

### 2) reducing the impact of product activity:

- strengthening of sustainable purchasing criteria – critical failure point criteria, especially for wood and paper (Nature & Découvertes FSC license),
- distribution of an educational infographic to all suppliers, setting out the 27 critical failure points;

### 3) optimizing packaging:

- the Sustainable Innovation Division implements an eco-design approach to packaging with the aim of reducing the environmental impact of packaging in the short and the medium term (see also section 2.2.5.2). In addition, new specifications have been distributed to all suppliers.

## Results

Scope: Nature & Découvertes	2020	2021
Share of products with an environmental certification <sup>(a)</sup> in the Nature & Découvertes offer	11%	12%
Share of Nature & Découvertes revenue generated by products with a positive impact in revenue from products sold <sup>(b)</sup>	76%	70%

(a) Organic agriculture, FSC wood, Bio Cosmos cosmetics, Bio Ecocert Cosmetics, Eco Ecocert cosmetics, Natural Cosmos cosmetics, organic cotton, Max Avelaard, Oekotex 100.

(b) Products promoting environmental education, crafts, renewable energies, health and wellbeing, education and teaching.

## 2.2.3 / ENCOURAGE REPAIRS

At a time when the general public, starting with consumers, is questioning manufacturers and distributors about early obsolescence and the environmental impact of products, Fnac Darty is firmly committed to a more sustainable approach in its strategic priorities for the years ahead. For Fnac Darty, extending product life spans by favoring repair over replacement is its strongest lever for reducing the environmental impact of its activity, while helping to create jobs that cannot be offshored and offering consumers more economical alternatives to buying new products.

To achieve this, the Group can leverage one of its core assets: its after-sales service. As France's leading after-sales service, for more than 20 years, Fnac Darty has been offering repair services included in the warranty or out of warranty, on all appliances purchased at Fnac Darty or elsewhere. The Group's after-sales service is centralized and is delivered through five after-sales service workshops (four of which are repair workshops and one a subcontracting hub), one central spare parts warehouse and more than 100 technical centers in France.

In remote customer relations centers, at after-sales service counters in stores, at home, in workshops or in WeFix corners, more than 3,000 employees are dedicated to this activity, which is at the heart of the strategic challenges of the years ahead and is a concrete response to the Group's climate challenges (see also section 2.4.2).

Indeed, life cycle analysis of the products sold by Fnac Darty and assessment of the associated GHG emissions show that the manufacture of the products distributed by the Group's brands in 2021 represented approximately 2.24 million tons of CO<sub>2</sub> equivalent, i.e., 68% of the 3.28 million tons of CO<sub>2</sub>eq attributable to the full life cycle of these products. Extending the life span of these products by repairing them thus allows substantial "emission savings".

To measure this positive impact, with the help of specialist consultancy firm EcoAct, the Group conducted a study of products repaired in 2020. This took a comparative approach, between a reference scenario where the product is not repaired and leads to the purchase of a new product, and a scenario where the product is repaired and leads to emissions generated by the repair activity (production of spare parts, travel of after-sales technicians, etc.).

Fnac Darty and EcoAct's study of products repaired in 2020, the methodology and results of which were validated by an independent third-party organization in January 2022<sup>(1)</sup>, showed that repair activities in France (by Darty's after-sales service and WeFix) avoided approximately 140,000 tons of CO<sub>2</sub>eq. Although this analysis, in the absence of an existing benchmark, includes a high level of uncertainty related to the emission factors used or the assumptions made, the sensitivity analyses conducted have shown that the environmental benefit of domestic appliance repair exceeds the rebound effects of the activity. The study's methodology and results are described in more detail in section 2.4.4.5.

### Objective part of the plan Everyday

#### ■ 2.5 million products repaired<sup>(2)</sup> in 2025

Scope: Group	2019	2020	2021
<b>KPI: number of products repaired</b> (thousands)	1,835	1,822	2,106
■ At home	460	436	515
■ In repair workshop	429	307	397
■ In-store	150	134	191
■ By remote customer relationship centers	616	755	798
■ By WeFix	180	190	205

(1) Critical review performed according to ISO 14067:2018 "Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification" and ISO 14071:2014 "Environmental management – Life cycle assessment – Critical review processes and reviewer competencies: Additional requirements and guidelines to ISO 14044:2006".

(2) Repaired in after-sales workshops, at home, in stores, through call centers, by WeFix.

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### **Redesigned after-sales knowledge base**

With the after-sales service becoming one of the Group's strategic priorities, one of the key projects for 2021 was the replacement of the after-sales knowledge base. In partnership with the start-up Mayday, Fnac Darty launched Saavy in September, the first intelligent knowledge base dedicated to customer relations and after-sales service, built in consultation with all the teams in the channel. This library centralizes and makes available to technicians all the know-how of the after-sales service, in a standardized and easily accessible way, to improve the understanding and resolution of customer problems, covering knowledge of products, operating techniques and procedures, in the form of tutorials and problem-solving support.

This indispensable tool, which can be integrated into existing IT systems, is now used on a daily basis by the Group's technicians to further improve the performance of the after-sales service, in particular for resolution of minor faults remotely and for diagnostics, which helps to reduce the carbon footprint related to home calls by technicians.

#### **2.2.3.1 / Darty Max, making repairs easier and improving product sustainability**

##### **Objective**

##### **■ Two million subscribers in 2025**

One of the lessons learned from the After-Sales Service Barometer is that the price of repairs (of labor and spare parts) is a major

obstacle. With this in mind, in October 2019 the Group launched a new service in France: Darty Max, a repair and assistance subscription service for all customers' large appliances, covering those they already possess and those purchased after taking out a subscription, at Darty or elsewhere.

In 2021, the Group decided to expand its offer to the entire home: small domestic appliances, home cinema TV, sound, photography and multimedia. Since June 2021, three distinct plans have been offered to customers, covering around four million products, with the aim of reaching two million Darty Max subscribers by 2025.

A major pillar of the new strategic plan Everyday, the development of Darty Max should enable Fnac Darty to become a trusted partner of consumers in their daily lives, helping them to make sustainable purchases and to manage their daily household uses.

The Group thus offers customers the possibility of easily repairing rather than replacing, with no limit on the number of devices, faults or age, as long as spare parts are available. The service includes remote assistance, diagnostics, labor and replacement of defective parts for all devices purchased at Darty or elsewhere<sup>(1)</sup>. Darty Max also includes maintenance advice, help with the use of appliances and priority access for home service calls and telephone assistance.

The Group continues to enhance the services offered to Darty Max subscribers by providing, in addition to the repair of their appliances, support for the maintenance of their appliances in the form of an annual video consultation.

With this all-inclusive solution, this new service helps extend the life span of all electrical and electronic products by widening and facilitating access to unlimited repair of domestic appliances.

##### **Scope: France**

	<b>2020</b>	<b>2021</b>	<b>2025 Everyday objective</b>
Number of Darty Max subscribers	approx. 200,000	approx. 500,000	2,000,000

### **In Belgium, a similar subscription-based repair service**

In 2021, a similar service was launched by Vanden Borre, the Group's Belgian subsidiary: the Vanden Borre Life contract, which covers all major domestic appliances – except hoods – less than seven years old, purchased at Vanden Borre or elsewhere. By expanding its after-sales service, the brand allows Belgian customers to extend the life span of their products, freeing them from the uncertainty of the price of a repair.

#### **2.2.3.2 / WeFix, to extend smartphone life span**

The Group greatly strengthened its repair activity with the acquisition of WeFix in late 2018. Founded in 2012, the Company offers a quick repair service (20 minutes on average) for the main smartphone models. In this way, WeFix carries out over 30,000 repairs per month, which are guaranteed for one year, thanks in particular to the use of original or compatible components. In addition to repairs, the experts at WeFix conduct workshop tests and then market some 5,000 reconditioned phones every month.

(1) With a flat fee for the first repair.



The arrival of WeFix within the Group helped to speed up the banner's development: in 2021, 22 new repair corners were opened, bringing their total number in France and Belgium to 139. The opening of these new corners also created jobs: in total, 280 people were recruited and 222 people were trained as repair technicians.

While about three-quarters of a smartphone's environmental impact are linked to its manufacture <sup>(1)</sup>, extending the life span of these electronic products plays a major part in reducing this impact. As a result, thanks to the corner repairs carried out and phones reconditioned, over 30 tons of electronic waste was averted.

The XForce solution, the banner's flagship offer, provides tailor-made protection for consumer electronics, and helps to extend the life span of these fragile devices by protecting their screens with a self-curing film. In 2021, 200,000 XForce protective coverings were installed and a new variant was created: XForce Antibacterial, whose film is treated to destroy 99% of the most common surface bacteria <sup>(2)</sup>. This was voted product of the year 2021 <sup>(3)</sup>.

### 2.2.3.3 / The after-sales service community, to encourage a DIY approach

To promote DIY repairs, the Group accompanies consumers by providing usage and maintenance advice through the "after-sales service community", a collaborative site launched in 2018.

This collaborative workspace allows internet users and Fnac Darty technicians to share their experience and knowledge to extend product life spans. It bills itself as a "wikipedia for repairs". Its content is checked by a dedicated team of after-sales service experts, who certify the best solutions so they are always visible and accessible to the greatest number of people, who can then use them with complete confidence.

On this everyday tool intended to extend the life span of its products, the Group will gradually publish the technical knowledge base that the Darty after-sales service has been building for over twenty years.

Site traffic increased by more than 30% in 2021; more than 10 million users used the sav.darty.com community to find repair solutions.

At the end of 2021,

- over 900 maintenance and repair tutorials were available, drawn from the technical knowledge base constituted by the Group over more than 20 years;

- 115,000 questions and 620,000 answers were placed pertaining to a product or product family, which can be consulted indefinitely;
- assistance from 8 Darty experts, for the technical validation of answers provided by the community.

Thanks to the After-Sales Service Community, visitors looking for solutions can themselves identify the diagnosis for a breakdown. Next, depending on their needs, they can purchase a spare part or else a maintenance product. If the breakdown is not fixed, they can call upon technical expertise, by subscribing to a Darty service, by calling on after-sales assistance, or by going to the nearest Darty after-sales counter.

### 2.2.3.4 / PC Clinic and Clinica Fnac, offering repair services for consumer electronics in Portugal

Committed to extending the life span of consumer electronics since 2010 and with the opening of the first Clinica Fnac repair workshop, Fnac Portugal is strengthening its repair services year-on-year.

With the acquisition, in 2019, of PC Clinic, Fnac Portugal is able to offer its customers a reliable network of local services, with dedicated corners in some 30 Fnac stores, nearly a dozen PC Clinic Powered by Fnac stores, repair workshops and more than 160 after-sales technicians.

Fnac Portugal's objective is to expand its on-site repair services, especially for smartphones.

More than 48,300 devices under warranty and out of warranty were repaired by the PC Clinic and Clinica Fnac teams in 2021. With the aim of further accelerating the process, Fnac Portugal has strengthened and extended its partnerships with major brands including Apple, HP, Samsung, Huawei, Lenovo and Asus.

Synergies between the Group's various brands have also led Fnac Portugal and WeFix to join forces: since 2021, the Portuguese subsidiary has been offering the XForce solution, a custom-made self-repairing film for the screens of consumer electronics, in a dozen stores, which also helps to extend the life span of these fragile products. The goal is to offer this service in all Fnac stores in Portugal by the second quarter of 2022.

(1) Source: Ademe.

(2) Test performed according to ISO 22196:2011 by the independent laboratory SGS.

(3) Study and test conducted on XForce Antibacterial by Nielsen/treetz with a total of more than 15,000 consumers in France, end of 2020 – poyfrance.com.

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### 2.2.4 / GIVE A SECOND LIFE TO PRODUCTS

A major commitment for the Group, the “second life” business is part of the transition to a more circular economy, in which reuse extends product life spans.

As a result of high customer expectations and the obligation contained in the anti-waste law for a circular economy (AGEC), the management of unsold and so-called “non-saleable” (obsolete, outdated, etc.) products has become a priority development area for the Group in recent years.

In order to find responsible solutions to customer returns and unsold goods, widen access to technology at a lower cost, and get more value out of these products, in 2018 the Group created a dedicated “second life” department, which became a department in its own right in 2020, integrated into the Group’s Commercial Department.

The second life business, which is growing rapidly, is developing several recovery channels:

- resale of second-hand products;
- resale of nonfunctioning products to discounters;
- donations to associations.

In order to measure the positive impact of these second life activities, the Group conducted a study in 2020 with the help of specialist firm EcoAct. Based on the entire product life cycle, the study used a comparative approach, between a reference scenario in which the product is purchased new, and a scenario in which the product is reconditioned or donated.

The Fnac Darty and EcoAct study on products sold second-hand, sent to discounters or donated to associations has shown that second-hand activities in France avoided around 3,500 tons of CO<sub>2</sub> equivalent in 2020. In the absence of an existing benchmark to evaluate these avoided emissions, the study has a high level of uncertainty related to the emission factors used and the assumptions made, but the methodology and results were validated by an independent third-party organization in January 2022<sup>(1)</sup>. A more detailed description of the study is provided in section 2.4.4.5.

#### 2.2.4.1 / A range of second-hand products that meet the same quality standards as new products

In 2021, as part of the new strategic plan, the Second Life Department was integrated into the Commercial Department, illustrating Fnac Darty’s desire to offer second-hand products alongside its new products.

The objective pursued in 2021 was to develop an offering that optimizes the Group’s internal product flows without dumping or stockpiling, while offering its customers an alternative to new with the quality, trust and service standards that characterize its brands, in terms of:

- visibility, with the redesign of displays on the Darty (2021) and Fnac (2022) commercial websites, to specify second-hand product condition;
- delivery-installation, with the same service offering as for new products;
- associated repair services, with the integration of second-hand products into the Darty Max maintenance and repair subscription service.

With a unique positioning on the market, at Fnac Darty, second life was not designed as an economic model based on volumes, which would lead to the massive sourcing of products from the Asian and American markets.

Thus, the resale of second-hand products on websites involves products in excellent condition and mainly:

- products from warehouses with damaged packaging;
- products tested by Labo Fnac;
- products returned by customers within the cancellation period;
- returns replaced with a new product under warranty.

The products are sorted, and the best are offered for sale with, as with the purchase of new products, a cooling-off period of 14 days. They are guaranteed for 6 months.

In 2021, volumes resold under the Fnac Seconde Vie and Darty Occasion brands increased by approximately 50% compared to 2020.

Other products, in inferior condition, can be sold on to retailers that must sign a responsibility charter committing them, inter alia, to product traceability and data erasure within the framework of the GDPR.

(1) Critical review performed according to ISO 14067:2018 “Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification” and ISO 14071:2014 “Environmental management – Life cycle assessment – Critical review processes and reviewer competencies: Additional requirements and guidelines to ISO 14044:2006”.

### 2.2.4.2 / Donations to give unsold products a second life

When new products are deemed unsaleable, Fnac Darty gives preference to donations to associations or social economy companies. The second life service has significantly developed this channel since 2020. In 2021, nearly 600,000 products from the catalog were donated to associations (+173% compared with 2020) such as the Agence du Don en Nature, Cocliclown, France terre d'asile, and long-standing partner associations such as Emmaüs France, Bibliothèques sans Frontières, Envie and Secours Populaire.

In 2021, an extensive project was launched for the donation of unsold goods directly by and from stores, in partnership with Comerso, one of the leading players in recovery of unsold goods, which has developed a logistical and IT solution for managing donations in kind. This project aims to optimize this management, so as to avoid the centralized storage of unsold products in warehouses (and thus limit transport) and to create a direct impact on the areas in which the stores are located, via associations that are often local. It also aims to optimize their recovery.

A pilot phase was launched at the end of 2021, for deployment to all Fnac, Darty and Nature & Découvertes stores in 2022.

In parallel, the Group has yet again run its established social inclusion projects, each of which, in its own way, also contributes to giving a second life to products: the "Braderie solidaire" (sidewalk) sale in Dijon, the large-scale collection of books for Bibliothèques sans Frontières, and the partnership with Envie.

Having first partnered up with Envie in 1984, Darty is now the leading supplier of large broken-down domestic appliances for this company in the social and solidarity economy. While working to promote professional integration through repairs, Envie gave a second life to more than 17,000 tons of domestic appliances in 2021. More than 36% of the tonnage of electrical and electronic waste collected by Fnac and Darty France were repaired and reused in this way.

These partnerships and the volume of donations (financial or in kind) made to associations are presented in more detail in section 2.3.3.2 – Solidarity initiatives.

### 2.2.4.3 / A partnership to reduce food waste at Nature & Découvertes

In order to limit food waste, Nature & Découvertes manages its unsold products in partnership with Too Good To Go, a mobile app dedicated to the sale of unsold items at low prices.

Since the beginning of this partnership in 2019, which involves 85 stores, more than 14,700 baskets have been saved, representing 14 tons of food saved and more than 37 tons of CO<sub>2</sub> avoided.

Nature & Découvertes is also one of the companies that signed the Consumption Date Pact, bringing together ten key commitments to combat food waste.

## 2.2.5 / REDUCE PACKAGING, ENSURE WASTE COLLECTION AND RECYCLING

Fnac Darty's logistics activity, and its obligations in terms of waste collection in stores or upon delivery, generates large quantities of waste:

- packaging waste (cardboard boxes, plastic sheeting, polystyrene);
- waste electrical and electronic equipment, batteries and other small consumables (cartridges, light bulbs, etc.).

For the Group, optimizing the management of this waste is essential:

- to ensure that sites comply with current and future statutory requirements (the French law on Energy Transition for Green Growth and the so-called "Cinq flux" [Five flows] decree, the

Environmental Code and the Order on the obligation to keep an outgoing waste register, extension of the principle of extended producer responsibility to new waste categories, etc.);

- to limit the costs associated with waste processing by reducing the proportion of non-recyclable waste through better sorting of materials (increase in waste processing costs linked to the general tax on polluting activities, penalties for downgrading skips in the event of poor sorting of materials);
- to improve the Group's performance in terms of waste recovery, in order to limit the environmental impact associated with waste.

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### 2.2.5.1 / Fnac Darty, the leading WEEE collector in France

Aware of the significant impact of waste electrical and electronic equipment (WEEE), the Group has historically been committed to recovering its customers' old appliances, going beyond its legal obligations. Thus, for more than ten years, customers have been able to return one or more appliances to delivery personnel during home delivery of bulky equipment. The delivery personnel then take these items to the non-profit eco-organization Ecosystem. This organization is an approved WEEE recycler and undertakes

to extract any dangerous substances and recycle appliances in the form of secondary raw materials or backfill.

For small equipment, whether or not it was purchased from one of the two banners, the customer is able to deposit items in the collection terminals in all stores so that they are also recycled by Ecosystem.

In France, the volume of equipment collected and handed over to this eco-organization by Fnac Darty (including franchises) amounted to 46,778 tons in 2021, making the Group the main contributor of WEEE in the retail sector.

	Scope: Fnac Darty France			Scope: Group		
	2019	2020	2021	2019	2020	2021
<b>KPI: Volumes of WEEE collected</b> <i>(in tons)</i>	46,373	44,898	46,778	51,489	49,943	51,766

After a cyclical decline in 2020, related to store closures during the lockdown, volumes collected in 2021 surged to exceed the volumes collected in 2019. This performance contributes to the continuous improvement in the recycling rate of this environmentally hazardous and highly recoverable waste.

#### Other hazardous waste

The Group also collects other waste for approved recycling organizations (batteries, bulbs and fluorescent lights, and ink cartridges). This waste comes from the Company's consumption and from customers, who can place their waste in the collection bins available in all France stores.

As a result, in France more than 106,000 ink cartridges were handed to Ateliers du Bocage, part of the Emmaüs network, which uses recycling as a means of employment integration. Across the Group, nearly 10 tons of ink cartridges were handed over to recycling companies.

In 2021, almost 30 tons of batteries and portable accumulators were also collected at Fnac Darty's various sites and sent to recycling organizations.

To actively participate in the recycling of industrial batteries (for Fnac Darty, this covers batteries for electrically-assisted bikes, electric scooters, and other urban transportation devices), the Group also committed to the voluntary recycling program for such batteries, set up by eco-organization Corepile at the request of "Union Sport et Cycles". This commitment involves a financial contribution for each battery of which the Group is the leading marketer on the French market, and the implementation of a collection system for these batteries at all Group sites (excluding Fnac franchises). In 2021, 340 kg of industrial batteries were sent to Corepile for recycling.

### 2.2.5.2 / Optimized management of packaging waste

Fnac Darty's logistics operations mainly produce packaging waste: pallets of products in protective plastic wrap and cardboard boxes from packages delivered to customers' homes or stores as part of the click&collect framework.

Fnac Darty is putting in place two key strategies to limit packaging and the waste it generates: optimization and recycling of packaging.

#### 2.2.5.2.1 / Optimization of packaging in logistics

In addition to improving the customer experience, packaging optimization aims to reduce the amount of cardboard and surface area used in warehouses and stores, as well as transport costs.

Since 2018, Fnac Darty logistics sites have possessed a fully automated solution that allowed them to reduce to a minimum the amount of cardboard used through the custom sizing of packages. This automated system means the amount of cardboard used can be reduced, with savings in terms of floor space and the same amount of volume in trucks.

In addition, as part of its responsible purchasing policy, the Group is using an increasing amount of recycled cardboard. Since the end of 2021, all e-commerce packaging in France has been made of recycled cardboard.

Several action plans are also underway to reduce empty space inside packages, eliminate packaging for certain products or flows, replace plastic packaging and use reusable packages.

In Belgium, shrink wrap was replaced at the end of 2021 by a PCR film that is 25% thinner and contains over 60% recycled material. This change should make it possible to save approximately 2.5 tons of plastic within Fnac Belgium and Vanden Borre.

## Results

Scope: Group	2019 <sup>(a)</sup>	2020 <sup>(a)</sup>	2021
Volumes of packaging (cardboard and plastic) consumed (tons)	4,268	5,758	5,613
Volumes of packaging (cardboard and plastic) consumed (tons/€ million)	0.6	0.8	0.7

(a) Excluding Nature & Découvertes.

Packaging purchases were down in 2021, due to the slowdown in e-commerce activity compared to 2020 and despite the inclusion of Nature & Découvertes in the volumes recognized. As a percentage of revenue, volumes were down slightly, due to efforts to eliminate certain plastics (see below) and to reduce empty space inside packages.

### Reduce the environmental impact of packaging for own-brand products

At Nature & Découvertes, an eco-design approach has been assigned to the Sustainable Innovation Division, to improve the environmental footprint of the packaging used for the company's products. This approach encompasses:

- elimination of plastic as soon as possible, and, if this is not possible for technical reasons, the use of rPET;
- use of mono-material packaging, with priority given to paper or cardboard;
- adjusting packaging to the size of the product to reduce empty space;
- ending the use of mineral oils, in accordance with the regulations applicable since January 1, 2022;
- innovation to design reusable packaging.

At Fnac Darty, the eco-design approach has also been extended to the buyers teams in charge of sourcing own-brand and licensed

products. So far, it concerns accessories; since 2021, no plastic is used in the packaging of these accessories. Action plans are also being developed to optimize packaging size and use 100% recycled cardboard, vegetable oils and mono-material packaging.

### 2.2.5.2.2 / Collection and recycling of packaging

Aware of the environmental impact of the waste generated by its activities, but also of the indirect costs associated with transporting and processing this waste, the Group strives to optimize its waste management and anticipate regulatory changes.

### Roll-out of a new organization for waste management

In 2019 and 2020, the Group carried out a major overhaul of its waste management, 90% of which consists of recoverable materials. Project implementation involved the setting-up of material sorting equipment and processes to reduce the number of collections. Some sites were fitted with devices to pack materials more tightly in order to reduce the number of journeys, and to package the materials in a way that allows them to be sold to recycling channels.

The implementation of monitoring software has enabled central teams to have a real-time view of the volumes recovered, and teams in the field to monitor their performance and correct any shortcomings, such as downgrades or empty runs.

## Results

Scope: France <sup>(a)</sup> (excluding Nature & Découvertes)	2021
Volumes of recoverable waste <sup>(b)</sup> generated and entrusted to recycling providers (in tons)	7,607
Volumes of non-recoverable waste (in tons)	4,322
<b>KPI: waste recovery rate<sup>(c)</sup></b>	<b>64%</b>

(a) Excluding stores located in shopping malls or sites whose waste is collected by local authorities (for these sites, volume traceability cannot be guaranteed).

(b) Cardboard, paper, plastic, polystyrene, wood, metal, glass; excluding waste brought in by customers and excluding hazardous waste.

(c) Proportion of recoverable tons of waste out of all waste generated (recoverable + non-recoverable).

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The assessment made in 2020 as part of the optimization project carried out with the help of a specialized firm indicated a waste recovery rate of 48% (for the scope covered by the project). Compaction and sorting equipment have enabled this rate to increase by more than 16 points in two years, to 64%.

### An exclusive Fnac Darty waste processing center in the Paris Region

Founded in 1994 by Darty, the Mitry-Mory waste processing center is a key component of the waste-management policy of the Paris Region. Located close to a warehouse and logistics center handling deliveries to customers in and around Paris, the Mitry-Mory processing center consolidates waste for the region.

This means the Group uses delivery vehicles to take the waste produced by the Darty stores in the Paris Region to the site. In this way, the Group optimizes the cost and impact of its transport operations by avoiding empty runs. Fnac Darty employees then sort through this waste and recycle any materials that they can, particularly shipping cartons, plastic, polystyrene, and electric equipment and electronic waste from returns and in-store collections.

In order to maximize resale value in recycling loops, the processing center has equipment designed to solidify non-compressible volumes, and compact some waste (cardboard, non-hazardous waste, etc.) or produce expanded polystyrene (EPS).

## 2.2.6 / CONTRIBUTE TO PUBLIC DEBATE AROUND SUSTAINABILITY

Fnac Darty freely shares its data and knowledge generated by its activities with institutions, NGOs and brands, and contributes to parliamentary debates, in order to advance the public debate and encourage concrete measures to promote extending the life span of products and more responsible patterns of consumption.

### 2.2.6.1 / Cooperative works with public authorities and associations around sustainability issues

During 2021, Fnac Darty contributed to the parliamentary debates on the bills concerning its activities.

The Group has therefore actively supported the proposed law aimed at strengthening the bookstore economy and nurturing fairness and confidence among industry players. Fnac Darty took part in the consultations preceding the drafting of this legislation and provided the bodies responsible for drafting the impact study with figures and studies. Fnac Darty attended several parliamentary hearings, during which it explained its support for the legislation and proposed changes to make it more secure and operable. One such example is an amendment covering mixed baskets and subscription programs. The law was published in the *Journal officiel* gazette on December 30. Its application is subject to the publication of a decree setting the pricing scale for home deliveries. This legislation will be the subject of a consultation in which the Group has already indicated it will participate.

Fnac Darty has also contributed to discussions on the "Digital Environmental Footprint" bill, with studies and proposals. The Group has expressed its support in principle for this text but has warned of the risks of making the vendor liable for obligations that it does not have the means to obtain or verify (particularly with regard to software updates).

The Group has also responded to requests in connection with the discussion of the Climate Bill and answered various questionnaires from parliamentarians on the potential impact of the proposed measures.

Lastly, Fnac Darty took part in the various consultations organized on the implementing decrees for the AGEC (circular economy) law. The Group has also been involved in consultations organized under the aegis of the Fevad with eco-organizations and the government on the new obligations incumbent on online platforms under Article 62 of the AGEC law (obligation to take back used products subject to extended producer responsibility (EPR) at the point of delivery; obligation of platforms to assume the environmental obligations of sellers who do not comply, and in particular payment of the eco-contribution for sellers who do not have a unique identifier under EPR). Fnac Darty is also participating in the activities of the working group led by the Ministry of Ecological Transition on the sustainability index.

In addition to legislative and regulatory requirements, the Group has continued its voluntary commitments:

- Fnac Darty was one of the architects and first signatories of the "charter of commitments for reducing the environmental impact of e-commerce", which lays the groundwork for a more sustainable development of the sector by means of ten commitments organized around four themes: consumer information, packaging, warehouses and deliveries, and monitoring (see also section 2.4.4.4.2);
- the Group is participating in the preliminary work to draw up a charter for retailers to support the extension of product life;
- at the local level, Fnac Darty also participated in and contributed to the "urban logistics" consultation organized by the City of Paris;

- the Group's Chief Executive Officer and numerous members of the Executive Committee took part in the *Assises du Commerce* held in December under the aegis of the Ministry of the Economy and Finance. This event was an opportunity to make concrete proposals for more sustainable and fairer trade in the future.

### 2.2.6.2 / Raising awareness among the general public

Thanks to its deep commitment to extending the life span of products, the Group continues to make sustainability a focal point of Darty's communication with the general public. In 2019, it revamped Darty's famous "Contract of Confidence" by adding to the triptych "Price, Advice, Service" the commitment to "Sustainability". In 2021, the brand was particularly active on its e-commerce site (highlighting products with the "Sustainable Choice" label and second-hand products) and on social networks: by reaching out to all French people via targeted communication on repairs and reliability, Fnac Darty intends to help raise public awareness of sustainability issues.

#### An eco-friendly offer for advertisers

In 2021, the creation of Retailink by Fnac Darty, the Group's fully integrated omnichannel advertising network, was an opportunity to rethink its outdoor advertising solutions and develop a media offering in line with its strategic objectives, in particular Everyday's sustainability focus. At a time when the stores of the Group's brands have become a hub for potential customers, the advertising network wanted to take advantage of its large DOOH (digital billboard) portfolio and its role as a key influencer to raise customer awareness of sustainable development issues and to highlight the brands that make the greatest efforts to manufacture reliable and repairable products, or that are committed to concrete sustainable development actions.

This aim has led to the creation of a new offer for brands, called "Goodlink" and based on a booster system. Fnac Darty encourages brands to communicate about the sustainability characteristics of their product (reparability index, "Sustainable Choice" product) or on an element of their CSR policy. For every DOOH campaign purchased that meets these criteria, Retailink offers a 50% boost in visibility. Through this offer, Retailink's teams wish to embed the commitment to an educated choice among advertisers.

For campaigns focusing on a brand's CSR commitment, advertisements eligible for this offer must promote concrete actions among the seven pillars of the ISO 26000 standard (governance, human rights, fair practices, communities and local development, labor relations and conditions, environment, consumer issues). The CSR component of the campaign is submitted to the Group's Ethics Committee for prior approval in accordance with these criteria.

In 2021, 17 advertising campaigns benefited from this booster system.

#### Nature & Découvertes raises awareness about biodiversity protection and the virtues of active learning in touch with nature

Nature & Découvertes raises awareness and mobilizes its community via several means of communication: newsletters, social networks, conferences are all used to highlight environmental and societal actions.

The monthly editorial newsletter raises awareness on environmental causes and societal issues that challenge our lifestyles, encouraging us to adopt a more sustainable way of living. In 2021 Nature & Découvertes addressed key issues such as our relationship with living things, sustainable food, the forest, and protection of the natural environment.

In 2021, for the fourth year running, the brand also organized a Fair Friday (as opposed to Black Friday), aimed at turning the spotlight on other "reductions": those of biodiversity, particularly the loss of wild habitats. An awareness campaign was held from November 22 to 28 through our social networks and newsletter, with particular visibility given to the documentary film "Animal" by Cyril Dion, which the Foundation co-financed.

The director Cyril Dion, as well as the film's two committed teenage protagonists, communicated directly with the Nature & Découvertes community through videos and a free digital event "Mercredi Buissonnier" (Wednesday Away), open to all, which more than 150 people attended.

The Nature & Découvertes Foundation doubled the amount collected via charitable rounding during this Fair Friday week, in order to finance the "Zone Sauvage" wilderness campaign, launched by the "On Est Prêt" movement. This mobilization campaign, centered around the sixth mass extinction with a focus on endangered animals in mainland France, collected donations for the protection of wild animals in France.

"Les Mercredis Buissonniers" is a new digital format launched in March 2021, to raise awareness among the general public on societal issues, provide a platform to specialists and share solutions with the public. Six "Mercredis Buissonniers" events took place during the year, focusing on the themes of sustainable food, outdoor schooling, and the protection of the natural environment.

Finally, the program of children's birthday parties and nature outings for all ages continued, imbued with Nature & Découvertes' desire to make all its audiences aware of the importance of conserving natural ecosystems.



## 2.3 / Contribute to the economic, social and cultural development of regions

- Provide access to culture to as many people as possible
- Increase the positive impact on the territories (employment and solidarity)

Risks	Opportunities
<ul style="list-style-type: none"> <li>■ Loss of brand preference</li> <li>■ Loss of attractiveness of the employer brand</li> </ul>	<ul style="list-style-type: none"> <li>■ Creation of local jobs</li> <li>■ Access to new markets</li> <li>■ Reputation improvement</li> <li>■ Operational efficiency through local cooperation</li> <li>■ Recovery of unsold non-food items while maximizing the Group's societal impact</li> </ul>

Levers activated	2021 Actions	Indicators monitored
<ul style="list-style-type: none"> <li>■ Opening of franchises in small and medium-sized cities</li> </ul>	<ul style="list-style-type: none"> <li>■ Nearly 40 store openings net of closures</li> </ul>	<ul style="list-style-type: none"> <li>■ Number of stores opened</li> </ul>
<ul style="list-style-type: none"> <li>■ Promotion of cultural diversity</li> <li>■ Support for artistic creation</li> </ul>	<ul style="list-style-type: none"> <li>■ Creation of a new recommendations website, L'Éclaireur Fnac</li> <li>■ Continuation of cultural events in physical and digital formats</li> </ul>	<ul style="list-style-type: none"> <li>■ Number of cultural events</li> </ul>
<ul style="list-style-type: none"> <li>■ Development of solidarity projects</li> <li>■ Boost collection of donations from customers</li> <li>■ Systematic donation of unsold goods</li> </ul>	<ul style="list-style-type: none"> <li>■ Local projects financed by the Nature &amp; Découvertes Foundation</li> <li>■ Rerun solidarity projects</li> <li>■ Rollout of charitable rounding at Fnac checkouts</li> <li>■ Acceleration and creation of new partnerships for the recovery of unsold goods</li> </ul>	<ul style="list-style-type: none"> <li>■ Amount of donations funded by Fnac and Darty</li> <li>■ Amount of donations collected from customers</li> <li>■ Number of books collected for Bibliothèques sans Frontière</li> <li>■ Number of projects supported by the Nature &amp; Découvertes Foundation</li> </ul>

Fnac Darty considers its omnichannel model to be a major asset, offering its customers a unique purchasing experience by providing them with the best digital standards and expert advice from in-store salespeople. This model is also beneficial to maximize the impact of the Group's societal actions.

Opening more stores, thereby solidifying the Group's geographical coverage, allows Fnac Darty to be closer to its customers but also to contribute to the economic activity of medium-sized cities, in particular via the creation of local jobs, support the projects of local associations and improve access to culture for the greatest number of people.

At the same time, commercial sites and stores are a great platform for sharing the Group's policy of social inclusion with customers, by implementing micro-donation programs for partner associations.

Finally, since 1992, the Nature & Découvertes Foundation has contributed to regional momentum by launching and supporting grass-roots associative projects to protect biodiversity and provide education on nature.



## 2.3.1 / FNAC, A COMMITTED PARTNER IN PROMOTING ACCESS TO CULTURE FOR ALL AND CULTURAL DIVERSITY

Working toward widening access and diversification of culture for as many people as possible throughout France has been at the core of Fnac's DNA for over 40 years. Supported by the entire Group, this pledge can be fulfilled on a daily basis in Fnac stores thanks to a committed team working in the Group's Communications, Cultural Action and Public Affairs Department.

A major pillar of Fnac Darty's CSR strategy, Fnac's cultural initiatives are carried out both locally and nationally through the strength of its store network, bringing them closer to the general public and contributing to the social and cultural development of the regions. At present, it is pursuing three objectives:

- guarantee access to culture for everyone, wherever they are in France, through free events;
- promote cultural diversity, under the instruction of its expert, committed teams;
- support the vitality of artistic creation and promote the up-and-coming cultural scene.

### 2.3.1.1 / In 2021: reaffirmed support for culture and artists with hybrid and digital events

The Group is committed to promoting the accessibility of culture for all, by proposing cultural events free of charge, allowing creators and audiences to meet one another. In 2021, a year marked by the ongoing health crisis, Fnac continued to spread culture by offering an increasing number of in-person events. Almost 5,700 events were organized at Fnac stores around the world!

Fnac has also maintained its commitment to artistic creation and supporting the arts by accelerating the digitization of its cultural activities. A total of nearly 400 events were broadcast online in 2021. Throughout the year, Fnac organized digital livestream events with artists in the news, or around unique concepts such as the "Committed Artists" format.

Fnac's cultural program was highlighted at this year's Fnac Livres book fair. Organized to coincide with the start of the new literary season and the awarding of the Prix du Roman Fnac (Fnac literary award), with the aim of offering the general public an event that is free and open to all, dedicated to books and those involved in the industry, the 2021 edition of the Fnac Livres book fair was notable for its unique format. In order to overcome health restrictions, it has reinvented itself with a brand-new concept combining small-scale public events with renowned artists and innovative digital

experiences broadcast on its cultural portal, La Claque. The Fnac Livres book fair moved to a new location for this event; Le Shack is the former printing works of the Calmann-Lévy publishing house in the heart of Paris.

After a year without an event, Fnac Live Paris also reinvented itself for 2021 taking a new hybrid format, with a strong emphasis on discovery. Combining physical events and digital concerts, the tenth edition of Fnac Live was organized with a new format and innovative features. A dozen artists, including international stars such as Ed Sheeran, performed at the event held live at the Théâtre du Châtelet and online at [Leclaireur.fnac.com](http://Leclaireur.fnac.com).

With these new innovative formats that include a digital component, Fnac Live and the Fnac Livre book fair have taken on a new dimension, allowing people from all walks of life to log in and attend events remotely.

Building on the success of "story signing", a new in-store signing format introduced in 2020, Fnac continued to run this concept in 2021, alongside traditional signing sessions. Under this new arrangement, authors and artists invited to the store sign their books and albums incognito (without an audience), before the products are displayed in the store for their fans. This initiative, which continues to be a huge success, has allowed authors to safely connect with their audiences.

Finally, Fnac has supported the resumption of partner festivals by organizing related events at the same time, such as the Gérardmer Festival, the Frames Festival in Avignon, the Beebop Festival and the Lyon BD Festival.

### 2.3.1.2 / L'Éclaireur Fnac: a leading recommendations website and an invaluable asset supporting the Group's raison d'être

In the fall of 2021, the Group launched L'Éclaireur Fnac, a new recommendations website that dissects cultural and technological news and the related societal issues, to guide internet users toward a more educated choice. With the aim of embodying the best of Fnac's cultural expertise, it brings together all the content produced daily by the Group's expert editorial teams: Claque Fnac, Labo Fnac, Conseils Fnac, supplemented by the editorial work of a team of experienced journalists. L'Éclaireur Fnac will also host all of its major cultural events (such as the Fnac Live digital concerts and the livestream events), in order to offer a live or catch-up digital experience as a continuation of its in-store events.

## 2 CORPORATE SOCIAL RESPONSIBILITY

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Launched in October 2021, the site already attracts more than 500,000 unique visitors per month.

Designed as a tool to help internet users discover and understand the cultural and technological world of today and tomorrow, L'Éclaireur Fnac is intended to support Fnac Darty's *raison d'être*: commit to an educated choice and a sustainable consumption.

### 2.3.1.3 / **Fnac literary awards: a powerful influence within the publishing sector and an attractive proposition for the general public**

Alongside authors and publishers, Fnac, France's leading bookseller, continued its literary awards in 2021. These have become a benchmark for professionals and the general public alike.

The Prix du Roman Fnac, a Fnac literary award held in mid-September, went to Jean Baptiste Del Amo for his novel *Le Fils de l'Homme* (published by Gallimard), based on a selection by 400 booksellers and brand subscribers.

The Goncourt des Lycéens literary prize for senior high school students, which has become one of the highlights of the literary year, once again lived up to its promise. As part of its desire to guarantee access to culture for all, Fnac Darty is committed to nurturing a taste for reading among young people, developing their critical faculties and enabling them to meet and exchange ideas with talented authors. This unique event, which brought together 14 competing authors, 50 high schools and 2,000 students, saw the award to go to Clara Dupont-Monod's book, *S'adapter* (published by Stock).

Lastly, the BD Fnac France Inter comics/graphic novels prize awarded at the beginning of 2022 to the cartoonist Xavier Coste for his adaptation of George Orwell's masterpiece *1984* (published by Sarbacane), has become a major literary award, and is a reference for all lovers of the "ninth art".

### 2.3.1.4 / **Expert, committed, and knowledgeable Fnac teams to promote cultural diversity and innovation**

Exemplified in particular by its booksellers and record sellers, the expertise and passion of Fnac's teams are regularly praised by its customers. In 2021, a new way of showcasing their recommendations came to the fore: in addition to the famous in-store favorites, numerous editorial tips and several e-book selections were also addressed to Fnac's various customer groups.

A leader in new consumer trends and a first-hand witness to new reading practices, Fnac launched a new e-book subscription in November 2021: Kobo Plus by Fnac. This subscription gives readers access to a catalog of more than 500,000 titles, including 50,000 in French.

Enriched by the expertise of Fnac and Rakuten Kobo, the Kobo Plus by Fnac e-book subscription also offers readers the opportunity to take advantage of expert advice from Fnac booksellers and other cultural figures (including authors), to guide their reading choices.

## 2.3.2 / INCREASE POSITIVE REGIONAL IMPACTS THROUGH JOB CREATION AND SOLIDARITY

### 2.3.2.1 / **Contribute to local economic activity and create permanent jobs that cannot be offshored**

Key figures:

- 40 stores opened in 2021 (net of closures);
- 957 stores at the end of 2021;
- Launch of large-scale recruitment campaigns: 200 technicians (500 by 2025), 150 delivery personnel and 150 kitchen designers.

The Group opens new stores every year, thanks to its franchise development strategy, to increase coverage of medium-sized cities. Fnac Darty is convinced that this local presence strengthens the specific bond of trust created over time with its customers.

This strategy is also extremely beneficial to society: it contributes to the creation of local jobs and thus develops economic and social activity in the medium-sized cities where the stores open.

Through the development of its repair services, Fnac Darty also contributes to the creation of jobs that cannot be offshored and supports professional integration in all the regions where it operates.

By strengthening its repair services, in particular the Darty Max repair subscription service, Fnac Darty is anticipating future needs for qualified technicians.

In 2020, Darty announced a major recruitment campaign to integrate and train a set number of individuals for permanent positions throughout France by 2025, often without qualification requirements.

In the absence of a specialized repair curriculum, Fnac Darty trains new technicians in-house every year, developing a specific training program in 2019 for professions in which experts are harder to find: the Tech Academy. In partnership with two apprentice training centers, the Group opened 18 new apprentice classes in 2020 (in addition to the 7 opened in 2020), for a total of 182 people, including 20 employees who were retraining.

In Belgium, to support the new equivalent service, Vanden Borre Life, the Fnac Darty subsidiary plans to recruit 50 technicians throughout the country to strengthen its team, which already includes 80 repair specialists.

For its part, WeFix trains around thirty repair technicians in-house each month, through paid training courses within the framework of a professional contract. After six months and having acquired all the necessary skills, the trained employees receive a certificate approved by the AFPA (the French National Agency for Vocational Training of Adults).

In addition, historically the Group has played its part to help the reintegration of the long-term unemployed:

- partner of the Envie (Entreprise Nouvelle Vers l'Insertion par l'Économie – New Enterprise for Economic Reintegration) network: since 1984, the Group hands over one third of the large domestic appliances taken back from Darty customers to the solidarity network. Envie sorts, cleans, repairs and reconditions them, and resells them as second-hand products in its network of stores, thus helping in the reintegration of dozens of people each year;
- a partner of Ateliers du Bocage (ADB), Fnac Darty also donates its used ink cartridges every year to this socially responsible enterprise, a member of Emmaüs. For over 20 years, ADB has been fighting against social injustice and discrimination and today employs over 150 people. In 2021, more than 106,000 cartridges were collected and recycled (some of which were reused), contributing to more than 2,500 hours worked in reentry placements.

Lastly, Fnac Darty is committed to paying taxes and contributions in each country and municipality where it operates and does not participate in any tax avoidance schemes. For instance in France, the operation of stores and e-commerce sites generates a total of €44 million in local taxes, which directly benefit French local authorities, enabling them to finance their activities (see also 2.5.6 "Being a responsible taxpayer").

### 2.3.2.2 / Socially inclusive projects

Scope: Group excluding franchises	2019	2020	2021
Total raised by socially inclusive initiatives across Fnac Darty (€ incl. tax)	3,855,951	4,519,991	10,986,951

#### Fnac Darty donations

Scope: Group excluding franchises (€ incl. tax)	2019	2020	2021
Donations to associations (Télémaque, Sport dans la Ville, etc.)	89,000	161,611	170,000
Sponsorship (Sciences Po, Académie Goncourt, etc.)	130,000	190,000	195,000
Donations in kind (Braderie de Dijon, Secours Populaire, Emmaüs, Envie, etc.)	2,310,177	2,890,671	9,211,292
Nature & Découvertes foundations	728,643	426,863	601,902
<b>TOTAL</b>	<b>3,257,820</b>	<b>3,669,145</b>	<b>10,178,194</b>

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### Customer donations

Scope: Group excluding franchises (€ incl. tax)	2019	2020	2021
Customer solidarity:			
■ Un Rien C'est Tout charitable rounding	171,637	296,372	272,778
■ Common Cents charitable rounding	94,023	43,522	113,963
■ Nature & Découvertes charitable rounding	195,815	150,916	174,108
■ Bibliothèques sans Frontières book collection	136,656	360,036	247,908
<b>TOTAL</b>	<b>598,131</b>	<b>850,846</b>	<b>808,757</b>

Driven by its social and cultural responsibility, Fnac Darty has launched initiatives aimed at creating links with associations and supports numerous local projects. This willingness to act is intrinsic to the values of Fnac Darty. It also rightly matches the expectations of customers who want to buy from a dynamic brand that is committed to these social issues. These projects take the form of financial or product donations, made directly to the Group's partner associations or, indirectly, through customer donations via charitable rounding mechanisms at the time of purchase.

#### 2.3.2.2.1 / Fnac Darty: financial sponsor and donor of recoverable products

##### Financial donations to associations, sponsorship and donations in kind – Fnac Darty France

Fnac Darty is a longtime supporter of several associations, such as Télémaque and Sport dans la Ville. The Group promotes initiatives for young people in difficulty, people reentering the workplace and women who are victims of violence. On the other hand, it also wishes to support the dissemination of culture. Fnac Darty is also a patron of universities and literary circles such as ESSEC (School Lab), Sciences Po and the Académie Goncourt.

As part of its "second life" policy (see section 2.2.4), the Group has significantly increased the number of donations in kind (+173% in volume by 2021). These are intended for associations such as the Agence du Don en Nature, Cocliclown, France terre d'asile, and long-standing partner associations such as Emmaüs France, Bibliothèques sans Frontières, Envie and Secours Populaire. This strong increase is the result of the efforts made by the Second Life Department, which has allowed to raise awareness but above all to coordinate the actions of the warehouses and the sales teams. This support has made it possible to better identify damaged products in warehouses and thus to considerably accelerate donation volumes.

Furthermore, in order to further increase the volume of products offered to associations, a test was launched in 2021 with Comerso. Through its digital platform, Comerso facilitates the recovery of recyclable products directly from stores with the aim of donating them to local partner associations.

The challenges for the Group are threefold:

- meet the obligations contained in the anti-waste act for a circular economy (AGEC);
- reduce the environmental impact of the waste generated by its activity;
- commit to a social initiative by redistributing these unsold products to associations that can use them.

Tests were carried out in the Fnac stores in Nantes and Le Mans. This scheme is scheduled to be rolled out in 2022 at all integrated sites, Fnac, Darty and Nature & Découvertes.

Lastly, the decrease in 2021 for Bibliothèques sans Frontières collection is attributable to the exceptional results of 2020, when the collection lasted for three weeks instead of one and also benefited from the "yard sales" held by donors during the various lockdowns. Compared to 2019, canceling out the effects related to the health crisis, 2021 was a particularly successful year.

##### Donations to associations – the Nature & Découvertes Foundation

Since its creation, the Nature & Découvertes Foundation has taken into account the impact of its activity on the environment and is committed to environmental protection. In 1994, the Nature & Découvertes Foundation was created, with the aim of launching and supporting grass-roots associative projects to protect biodiversity and educate about nature. Placed under the aegis of the Fondation de France, since 2005 it has been a member of the IUCN (International Union for Conservation of Nature).

The Foundation supports project leaders in a variety of ways. The projects supported range from the creation of an associative nursery to participatory science projects, as well as mobilization campaigns or support for associations promoting the conservation of species.

In 27 years, the Foundation has financed 2,931 projects for a total of €14.2 million, including 128 projects in 2021.

### **2.3.2.2.2 / Stores and websites: help facilitate donations in favor of associations**

#### **Customer solidarity – Fnac Darty France**

Since 2017, Fnac Darty has also associated its customers to its commitments, by giving them the chance to make small donations when they make purchases on fnac.com or the Fnac Spectacles events site, as well as in Fnac and Darty stores since 2019.

All donations collected via these channels helped to raise more than €380,000 in 2021. This generosity from customers helped to support dozens of socially inclusive projects led by partner associations. For instance, thanks to the partnership with Common Cents, more than €110,000 was collected in favor of five associations (compared with €43,000 in 2020). With Un Rien C'est Tout, almost €270,000 went to finance socially inclusive projects.

In 2021, Fnac Darty also decided to boost the impact of these checkout donations by signing a new partnership with microDon (a charitable rounding solution already in place at Nature & Découvertes). The aim of this partnership is to automate the suggestion of donations on Fnac store checkout terminals; previously, donations were only made voluntarily at the time of purchase. Pilot tests were conducted in several stores on payment terminals at the end of 2021. Full rollout at directly owned Fnac stores owned is scheduled for February 2022.

The beneficiaries in 2022 will be the association Un Rien C'est Tout and the United Nations World Food Program.

#### **Customer solidarity – Nature & Découvertes – “Helping Hand” committees**

The “Helping Hand” committees finance local projects to protect and educate about nature, in particular thanks to membership of the Club Nature & Découvertes – a share of each membership is paid back to them.

Four committees are held during the year, bringing together members of the Nature & Découvertes Foundation, several experts and some fifteen store employees.

A hundred or so “Helping Hand” projects are supported each year via four seasonal committees. The selected projects are characterized by their strong local presence close to the store and consist of grass-roots initiatives that often involve committed people based locally.

The Nature & Découvertes initiative is unique because, over the following year, it offers customers a selection of the best local projects chosen by teams of employees themselves via charitable rounding at the checkout. As the team is familiar with the project, they know how to explain it to their customers, who are happy to make a gesture of solidarity when they make a purchase; on average, they donate 15 euro cents per cash register round-up.

In spite of the numerous Nature & Découvertes store closures in 2021, the sum collected via charitable rounding was over €170,000, reflecting the strong commitment of the teams to their associations.

Moreover, the Foundation’s “Helping Hand” committees exceeded the €3 million mark for local projects in 2021.

Lastly, five partnerships have been developed through the Foundation’s global action:

- “Génération Nature”, Fondation Nicolas Hulot;
- “Ensemble pour la biodiversité”;
- “On Est Prêt” association for the “Wilderness” campaign;
- Francis Hallé association;
- University of the Earth partnership; nine projects related to “1% for the Planet”: Mer-terre, “Végétariens de France” association, Aux arbres citoyens, Biloba, Des enfants et des arbres, Earthship sisters, EKO, Wild & Legal, Wings of the Ocean.

### **2.3.2.2.3 / Long-standing partnerships**

A partner of Bibliothèques sans Frontières, Fnac organized its ninth large-scale book collection. Fnac works in partnership with its customers at this event, inviting them to donate their books to the association each year. Some 283,000 books were collected during the year. In nine years, nearly 1,750,000 books have been donated to Bibliothèques sans Frontières, supporting programs for access to education and culture.

A long-standing partner of Secours Populaire, for the thirteenth year running, Fnac took part in the “Braderie solidaire” sidewalk sale in Dijon. Combining solidarity with cultural aims, it mobilizes numerous local talents and involves volunteers from Fnac, Secours Populaire and the Zénith de Dijon performance venue. In September, almost 5,000 visitors took advantage of a wide selection of new entertainment products – books, CDs, DVDs, toys, video games – at knock-down prices. More than 100 pallets filled with products were sold, resulting in a collection of €137,865 (compared with €100,972 in 2020). These funds will allow Secours Populaire to offer vacation days to disadvantaged families as part of its vacation program, “Campagne Vacances”.

Darty has been a partner of Envie since 1984 and has continued to donate large domestic appliances to the workplace integration company. More than 36% of the electrical and electronic equipment collected by the Group was repaired and resold through Envie’s solidarity networks (see also section 2.2.4.2).

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A partner of Ateliers du Bocage (ADB), Fnac Darty also donates its used ink cartridges every year to this socially responsible enterprise, a member of Emmaüs. Through this partnership, 100,000 ink cartridges have been collected, recycled, and reused in some cases, providing 2,500 hours of work for employees in workplace integration programs (see also section 2.2.5.1).

For the fourth consecutive year, Fnac Darty supported Secours Populaire's "Green Santas" initiative to ensure that no one was left out at Christmas. Once again, customers of several Fnac stores in the Paris region were encouraged to donate new presents, such as books, toys, and other gifts, to go in the sacks of the Green Santas. The donations were distributed to all family members, but particularly vulnerable teenagers and young adults.

### **2.3.2.2.4 / Wenabi: a platform for signing up to solidarity**

In 2021, Fnac Darty wanted to promote the charitable work of its employees and facilitate volunteering by partnering with Wenabi.

Wenabi is a platform designed to unite those who want to make a difference and associations that need volunteers. The platform offers various types of one-off volunteering, such as mentoring work to help young people in difficulty, outreach activities to help the homeless, or activities to benefit the environment.

A three-month pilot phase was launched in 2021, involving 2,000 head office employees and 1,000 in-store employees. Their enthusiasm during this pilot phase motivated the Group to extend the scheme by making the platform available to all Fnac Darty France employees in January 2022.

This collaborative tool promotes employee commitment, enabling employees to not only participate in activities that have a big impact on society but also suggest associations to help. The launch of this platform also allowed Fnac Darty to honor and strengthen certain long-term partnerships, such as those forged with Télémaque and Sport dans la Ville.

### **2.3.2.2.5 / Support for French SMEs and work integration social enterprises**

When purchasing face masks as part of its policy to protect employees during the health crisis, Fnac Darty seized the opportunity to support both the French textile sector and sheltered workshops. The Group notably partnered with Résilience, which provided it with masks complying with AFNOR standards. The Résilience grouping brings together SMEs in the textile sector and work integration social enterprises, contributing to reshoring the French textile industry. In 2020 and 2021, a total of 685,000 recyclable masks were ordered.

## 2.4 / Reduce impacts on the climate

- Strengthen climate governance and risk management
- Reduce emissions generated by transportation and energy from sites
- Extend emissions management to products, services and employee travel

Risks	Opportunities
<ul style="list-style-type: none"> <li>■ Strengthening of climate regulations (energy, circular economy, etc.)</li> <li>■ Loss of reputation and attractiveness in the event of damage to the environment and/or failure to take climate issues into account</li> <li>■ Supply chain disruption and asset destruction in the event of extreme weather events</li> </ul>	<ul style="list-style-type: none"> <li>■ Control of energy-related costs</li> <li>■ Lower direct costs thanks to transport optimization</li> <li>■ Resilience of transportation activities by anticipating restrictions</li> <li>■ Attractiveness to investors of SRI</li> </ul>

Levers activated	2021 Actions	KPI
<ul style="list-style-type: none"> <li>■ Dedicated governance to incorporate climate issues at all levels of the Company</li> </ul>	<ul style="list-style-type: none"> <li>■ A Climate Committee that meets quarterly</li> <li>■ A Group strategy that places sustainability issues at the heart of the business model</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>KPI: CO<sub>2</sub> emissions generated by sites energy consumption per square meter</b></li> <li>■ <b>KPI: CO<sub>2</sub> emissions generated by transportation of goods to stores per kilometer traveled or per pallet</b></li> <li>■ <b>KPI: CO<sub>2</sub> emissions generated by last-mile delivery per delivery</b></li> </ul>
<ul style="list-style-type: none"> <li>■ Integration of climate-related risks in the new strategic plan</li> </ul>	<ul style="list-style-type: none"> <li>■ Mapping physical and transition risks, and climate-related opportunities</li> <li>■ Development of science-based objectives, including for scope 3, for submission to the Science Based Targets initiative (SBTi)</li> </ul>	<ul style="list-style-type: none"> <li>■ CO<sub>2</sub> emissions generated by e-commerce flows per package</li> <li>■ CO<sub>2</sub> emissions generated by after-sales service travel per service call</li> <li>■ CO<sub>2</sub> emissions generated by products for repair traveling to after-sales service workshops per repaired product</li> <li>■ CO<sub>2</sub> emissions from transportation and energy from sites by revenue</li> </ul>
<ul style="list-style-type: none"> <li>■ Genuine actions to reduce our emissions and measured results</li> </ul>	<ul style="list-style-type: none"> <li>■ Measurement of CO<sub>2</sub> emissions by sector and monitoring of transportation and energy roadmaps</li> <li>■ Investments in renewable energy and energy efficiency</li> <li>■ Measured results for actions taken to reduce transportation impacts</li> </ul>	
<ul style="list-style-type: none"> <li>■ Measurement of GHG emissions generated by more indirect emission sources to support all Group departments</li> </ul>	<ul style="list-style-type: none"> <li>■ Extension of the carbon emissions data to include several scope 3 items, including new products sold</li> <li>■ Measurement of emissions saved through repairs and second life activities</li> <li>■ Launch of a "green IT" approach</li> </ul>	

In its sustainable development policy, reaffirmed in the strategic priorities of its plan Everyday, Fnac Darty is committed to reducing the environmental impact of its activities, particularly greenhouse gas emissions, whether these are generated directly by its activities, or indirectly by the products distributed in its brand outlets, or by the transport taken by its employees and customers.

Fnac Darty is taking a dual materiality approach and is organizing and acting to reduce not only the impact of its activities on the climate but also the impact of climate change on its business.

To respond to these issues, Fnac Darty significantly strengthened its governance and climate risk management system and set a target for reducing CO<sub>2</sub> emissions aligned with the Paris Climate Agreement. The development of a low-carbon pathway enabled the creation of an integrated framework to review all of the Group's activities.

This integrated management of climate issues was commended by the CDP (formerly the Carbon Disclosure Project): in 2021, on the basis of the 2020 data, the Group was awarded an A- rating, thereby significantly improving its score compared to 2020 (C). With a rating now above the average for European companies (B) and the average for the specialized retail market (B-), Fnac Darty has joined the "Leadership" category for the first time.

In this section, Fnac Darty provides a summary of the various levels of integration of climate issues in the Group's strategy and governance in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

This section also meets the disclosure obligations set out in the European taxonomy for sustainable activities, the "EU Taxonomy," in accordance with EU Regulation 2020/852 of June 18, 2020, on the establishment of a framework to facilitate sustainable investment within the European Union.

### 2.4.1 / DEDICATED GOVERNANCE TO INCORPORATE THE ISSUE AT ALL LEVELS OF THE COMPANY

Fnac Darty has structured its governance in order to strategically address climate issues.

These issues are analyzed and managed by several bodies (see also CSR governance in the introduction) and by multiple Company stakeholders.

#### Role and responsibilities of the Board of Directors

- The CSR Committee examines the CSR strategy and the Group's low-carbon pathway twice a year; it makes recommendations to the Board and reports any aspect that it deems salient for informing the Company's global strategy.
- During its review of the Group's mapping of risks, the Board of Directors' Audit Committee notably examines the identified risk associated with poor integration of climate issues in the strategy and makes recommendations.
- The Strategy Committee validates the business model's priorities and ensures that they are consistent with stakeholders' expectations, particularly with regard to the integration of climate risks.

#### Role and responsibilities of the Group's management

- As often as it deems necessary, the Executive Committee reviews the strategic climate-related policies and priorities using an approach that incorporates these issues into the implementation of the strategic plan Everyday. As a result of their role in monitoring the rollout of the plan Everyday, the Executive Committee regularly discusses climate-related issues. In 2021, several major projects were reviewed by the Executive Committee, such as the rollout of customer information on the environmental impact of the various delivery methods (see section 2.2.1) and the extension of the repair subscription model to include new product categories (see section 2.2.3.1). The members of the Executive Committee also met in 2021 to participate in a *Fresque du Climat* workshop to build awareness of the main mechanisms of climate change, demonstrating the Group's commitment to integrating climate issues into its strategic priorities.

- The Chief Executive Officer, who embodies the Group's CSR commitments, is responsible for making decisions on investment projects designed to address major risks or opportunities related to the climate. In 2021, the Chief Executive Officer was the final decision-maker for the "Corporate Power Purchase Agreement" project (direct purchase of renewable electricity – see section 2.4.4.3) and signatory to two Light Power Purchase Agreements, which allows the Company to significantly decarbonize its energy consumption mix.

- As sponsors of the Group's climate strategy, the General Secretary in charge of CSR and Governance, and the Director of Services and Operations regularly review the climate-related performance of the operational sectors, introduce new projects, and ensure that the Company strikes the right balance between its ambitions and available resources. In 2021, within the framework of the Climate Committee (see below), the General Secretary in charge of CSR and Governance, and the Director of Services and Operations reviewed and agreed on the need to develop a decarbonization strategy for the Group's transport, particularly through the purchase of electric vehicles to equip the After-Sales Service fleet.

#### Role and responsibilities of the Climate Committee

Climate issues are analyzed and managed by the Climate Committee, headed by the CSR Director. The Executive Committee is represented at this level by the Director of Services and Operations, and the General Secretary in charge of CSR and Governance.

Created in 2019, it meets quarterly to monitor trends in the CO<sub>2</sub> emissions generated by the Group's activities, to draft action plans, and to monitor roadmaps of the various operational sectors, as well as to work on extending the low-carbon strategy to include other indirect emissions items.

In 2019, the members of the Committee (Management Committee of the Services and Operations Department – National Transportation, After-Sales Service, Logistics and Flows, Services Policy) were trained on climate issues and carbon footprint measurement. Since then, they have continued to add to this training as part of an approach designed to enhance skills development, participating regularly in conferences as well as ad hoc working meetings with other players in the sector, and actively monitoring the latest developments in these topics.



### Role and responsibilities of business line and subsidiary representatives

In order to roll out the Group's low-carbon strategy, managers were appointed in each relevant department and in each country where Fnac Darty operates (Belgium, Switzerland, Spain, and Portugal). These representatives are specifically responsible for measuring the CO<sub>2</sub> impacts of their activities, with the aim of making this measurement more reliable, and for creating performance indicators that allow each department to manage their low-carbon roadmap and incorporate reduction objectives into economic and operational performance projects.

### Role and responsibilities of CSR management

Within the General Secretariat, the CSR Department coordinates the reporting of CO<sub>2</sub> emissions, the analysis of the risks and opportunities associated with climate change and the monitoring of roadmaps, communicates with internal and external stakeholders, and actively participates in searching for solutions to reduce the impact of the Group's activities on the climate as well as the impact of global warming on the Group's activities.

### Role and responsibilities of support departments

The Climate Committee regularly calls on the expertise of other departments to identify, assess, and respond to climate-related risks and opportunities.

- The Director of Public Affairs actively monitors climate-related regulatory developments and collaborates with the CSR Department to maintain a dialogue with public authorities on various related issues.
- The Internal Audit Department identifies and evaluates the management of certain climate-related risks through internal control committees or during regular exchanges with the Group's various departments and subsidiaries.
- The financial communication teams ensure that the information published by the Group is consistent with investors' growing expectations regarding the integration of climate issues in the strategy, and respond to ESG analysts and non-financial rating agencies in a transparent manner.
- The Group's Strategy and Transformation Department is responsible for the deployment and success of the strategic plan Everyday. Accordingly, it tracks certain key performance indicators that are common to Fnac Darty's climate strategy (see section 1.5 "Group strategy and objectives").
- As part of its responsible purchasing policy, the Indirect Purchasing Department actively participates in decarbonizing certain Group activities in response to specific risks, particularly those associated with transportation and energy purchases.

2

## 2.4.2 / CLIMATE ISSUES INCORPORATED INTO THE COMPANY'S STRATEGIC PROJECT

Within the framework of its climate strategy, Fnac Darty identifies, assesses, and responds to physical and transition risks, as well as opportunities associated with climate change. Shared at all levels of the Company and supported by two Comex sponsors, this strategy has largely contributed to the integration of these issues in the strategic priorities of the plan Everyday. By placing sustainability at the heart of the priority areas over the next few years, the Group acknowledges that climate change will be one of the main influential factors for the Company and, consequently, its future activities.

### 2.4.2.1 / Identified climate risks and opportunities

In 2020 and 2021, the Group organized a more thorough analysis of its exposure to these various risks, using a multidisciplinary approach. The table below details the major risks and opportunities that were identified and assessed <sup>(1)</sup>.

(1) Fnac Darty considers a risk to have a material financial and/or strategic impact if its occurrence would result in a loss greater than or equal to 1% of its revenue, or constitute significant damage to the Group's reputation or development (attractiveness, talent retention, etc.).

## 2 CORPORATE SOCIAL RESPONSIBILITY

Reduce impacts on the climate

Most of the risks detailed in the table are transition risks. Physical risks are identified, but these will be analyzed in 2022.

For each risk, the time horizon is specified using the following methodology:

- short term (ST): 1–3 years;
- medium term (MT): 3–5 years;
- long term (LT): 5–10 years.

Risk factors	Description	Potential impact	Horizon	Strategic response
<b>Transition risks</b>				
<b>Regulatory risks</b> Because of its activities (transportation of goods, store operations, product retail) and its status as a listed company, the Group is exposed to risks resulting from the desire of governments and Europe to legislate so as to reach national and European objectives for reducing CO <sub>2</sub> emissions, in particular carbon neutrality by 2050.	Traffic restrictions and other regulations related to the renewal of the Company fleet: strengthening of the “low emission zone” system; mobility law (quotas for fully electric or rechargeable hybrid vehicles).	+++	ST	As the Group is highly dependent on the road transportation sector to transport products between warehouses, stores, and its customers, it has anticipated these future restrictions and obligations: <ul style="list-style-type: none"> <li>■ contracts drawn up/signed with low emission transportation suppliers (biogas, biofuels);</li> <li>■ supplier dialogue to encourage service providers to decarbonize their fleets;</li> <li>■ invitations to tender for the acquisition of electric utility vehicles.</li> </ul> See also section 2.4.4.4.
	Obligation to improve energy performance in buildings (France): the French Tertiary Decree (Élan Law) set reduction objectives for the energy consumption of tertiary buildings (-40% by 2030).	++	LT	With several hundred tertiary buildings located in France, Fnac Darty is adapting its governance to manage action plans that will enable it to achieve the objectives set by the French Tertiary Decree and to incorporate these objectives into financial planning. See also section 2.4.4.3.
	Volatility in energy prices partly due to the decrease in carbon credits, and a potential increase in transportation and energy costs as a result of the forthcoming reform of the European carbon market, which could be extended to the maritime sector and which may be followed by a new carbon market for road transportation.	+	MT	To limit the impact in terms of volatility and price increases, the Group is diversifying its energy supply sources (specifically through long-term mechanisms) and is deploying a decarbonization strategy for its fleet. See also section 2.4.4.3.

Risk factors	Description	Potential impact	Horizon	Strategic response
<b>Market risks</b> In response to the climate crisis, supply and demand for certain products and services are changing greatly.	Changing consumer behavior, which could reduce their consumption for environmental reasons, or promote alternative distribution channels or players (second-hand, committed brands, etc.).	++	MT	The Group has chosen to turn this risk into an opportunity. Therefore, the strategic plan Everyday has placed sustainability at the heart of its priorities for the years ahead. Fnac Darty is developing several areas to meet new consumer expectations and to change its business model in order to make the permanent switch to a more circular economy: development of customer information on reliability and repairability, development of disruptive repair services, acceleration of the "second life" offer, etc. See also section 1.5.
<b>Physical risks</b>				
<b>Acute risks:</b> Climate change is accompanied by extreme weather phenomena: heat waves, floods, storms, and so on.	Interruptions to the supply chain, which could lead to supply disruptions. Disruption to operations and logistics in the event of extreme events.	To be assessed in 2022		
	Material damage to the Group's infrastructure.	To be assessed in 2022		
<b>Opportunities</b>				
<b>Business opportunities</b> associated with low-carbon products and services, or facilitating the energy transition.	Access to new markets associated with the ecological transition of consumers.	+	MT	In its diversification strategy, Fnac Darty chose to focus on technologies that support the ecological transition, particularly in the urban mobility segment, which is driven by public policies seeking to reduce automobile use in city centers. Each year, the Group strengthens its position in this segment through innovative and unprecedented partnerships, such as the one with Citroën for exclusive marketing of AMI, the automobile manufacturer's fully electric mobility solution. See also section 1.4.3.4.
	Diversification of activities thanks to the emergence of new consumer expectations.	++	MT	As more and more consumers are calling into question the linear retail model and re-evaluating their own consumer habits, the Group is positioning itself as a leader in more sustainable consumption and has made this ambition a priority in its new strategic plan Everyday. To achieve this, it is focusing on innovative and pioneering services such as the Darty Max repair subscription, strengthening its after-sales service, and significantly developing its "second life" offer. These activities allow Fnac Darty to harness new growth drivers and to reduce its exposure to a potential drop in sales or to the shift in consumer behavior away from the most carbon-intensive products, such as consumer electronics or domestic appliances. See also section 1.5.



## 2.4.2.2 / Resilience of the organization's strategy in relation to various scenarios

The specialized retail market is not considered a high-stakes sector; consequently, the Group did not use forward-looking climate scenario analysis tools during the development of its new strategic plan. However, strategic monitoring and numerous prospective studies, particularly relating to changes in consumer behavior, did inform the analyses conducted; these helped shape the Group's strategy, transforming transition risks into business opportunities.

The integration of climate risks and opportunities in the strategy is described in detail in section 1.1.3 "Strategic challenges, sources of opportunity, aligned with the sustainable development objectives."

Furthermore, to assess its risks and opportunities associated with climate change, Fnac Darty uses the IPCC RCP scenarios and the transition scenarios developed by the French Environment and Energy Management Agency (Agence de l'environnement et de la maîtrise de l'énergie – Ademe) to analyze the associated impacts. For this analysis, the underlying assumptions are increasing carbon regulations and taxation, an increase in the cost of raw materials and energy, and a slow but sustained change in consumer behavior.

## 2.4.3 / STRENGTHENED MANAGEMENT OF CLIMATE RISKS AND OPPORTUNITIES

In its management of climate-related risks, Fnac Darty takes account of the impacts of climate change for its organization, and the impacts of its activities on climate change.

This approach, from the dual materiality standpoint, operates at several levels in the Company.

	Risk management	Remedial action
<b>Risks associated with the impact of the Group's activities on climate change</b>	<p>The risks of serious damage to the environment, including several risks related to the worsening of climate change, are monitored as part of the Vigilance Plan and the Climate Committee's monitoring of the low-carbon pathway. The most significant risks identified are:</p> <ul style="list-style-type: none"> <li>■ the impacts very closely linked to Fnac Darty's business model: the retailing of new products (particularly electrical and electronic products) generates CO<sub>2</sub> emissions through the manufacturing process. This risk is regularly (every quarter) assessed by the Climate Committee and is based on: <ul style="list-style-type: none"> <li>■ annual monitoring of CO<sub>2</sub> emissions generated by the products sold,</li> <li>■ annual monitoring of CO<sub>2</sub> "avoided" through repairs and the sale of second-hand products;</li> </ul> </li> <li>■ the impacts associated with the transportation of goods (from warehouses to customers and from warehouses to stores) and the energy consumption of sites, which are identified in the Vigilance Plan's risk mapping and which are assessed quarterly by the Climate Committee and daily by the managers of the Group's various transportation operations. The assessment of these impacts is monitored quarterly by business KPIs (CO<sub>2</sub>eq emissions generated per pallet, CO<sub>2</sub>eq emissions generated per package, CO<sub>2</sub>eq emissions generated per delivery, CO<sub>2</sub>eq emissions generated per after-sales service call, CO<sub>2</sub>eq emissions generated per square meter).</li> </ul>	<p>Section 2.2 "Promote sustainable consumption and an educated choice" (advise, offer, repair, reuse, recycle) Section 2.4.4 "Reduction objectives, indicators and performance"</p>
<b>Risks associated with the impact of climate change on the Group</b>	<p>Climate-related risks are taken into account by the Internal Audit Department and are identified in the Group's risk mapping. They are reviewed and revised at the same time as the Group's risks. This mapping is presented and approved by the Board of Directors' Audit Committee once a year.</p> <p>Since 2021, climate-related risks have been updated annually, which is carried out under the aegis of the Climate Committee in collaboration with all of the departments concerned.</p>	<p>Section 6.1 "Risks related to changes in the economic model" Section 2.4.1 "Dedicated governance to incorporate the issue at all levels of the Company"</p>

## 2.4.4 / REDUCTION OBJECTIVES, INDICATORS AND PERFORMANCE

### 2.4.4.1 / Science-based objectives

In 2019, Fnac Darty worked to create a low-carbon pathway that complies with the global pathway defined by the Paris Climate Agreement.

In 2021, this pathway was reviewed in accordance with the recommendations of the Science Based Targets initiative (SBTi) and across the Group's entire carbon footprint. The SBTi, developed by the CDP, the United Nations Global Compact, WRI, and WWF, aims to promote the adoption by companies of carbon strategies based on scientific knowledge, i.e., strategies aimed at a decarbonization level that meets the goals of the Paris Agreement, holding the increase in the global average temperature to well below 2°C above pre-industrial levels (and pursuing efforts to limit global warming to 1.5°C).

The targets set for Fnac Darty, which will be submitted for approval by the SBTi in 2022, are:

- a 50% reduction in CO<sub>2</sub> emissions by 2030 compared to 2019 for scopes 1 and 2 (Group scope);
- a commitment requiring suppliers representing 72% of the Group's scope 3 CO<sub>2</sub> emissions to have defined science-based reduction targets.

In order to manage as effectively as possible the impact of the Group's most direct activities on the climate, Fnac Darty decided to retain, at an operational level, the target set in 2020, which is also

based on a 1.5°C pathway. This objective is now integrated in the strategic plan and covers the scope of transportation and energy:

- **a 50% reduction in CO<sub>2</sub>eq emissions by 2030 (vs 2019, Group scope) in relation to:**
  - **transportation** (warehouse–store transport, last-mile delivery, dispatch of packages, after-sales service workshop flows, business travel – scope 1 and scope 3);
  - **sites energy** (scope 1, scope 2, and scope 3).

This chapter presents the performance related to this target, as well as the CO<sub>2</sub> emissions calculated for the other categories of the carbon emissions data. In 2023, Fnac Darty will present the monitoring of the defined targets within the framework of its submission to the SBTi.

The following additional objectives, set out in the strategic plan Everyday and monitored monthly by the Executive Committee, make it possible to measure in concrete terms the Group's performance in the climate transition:

- Achieve a sustainability score <sup>(1)</sup> of 135 by 2025 (see section 2.2.1.2);
- Achieve a target of 2.5 million repaired products by 2025 (see section 2.2.3).

Fnac Darty's ambitions for the sustainability of its products illustrate the Group's commitment to acting on the most significant emissions categories contributing to its total carbon emissions: the manufacture of new products distributed by its brands and the use of these products.

### 2.4.4.2 / Greenhouse gas emissions data

#### Breakdown of the Group's CO<sub>2</sub>eq emissions in 2021

Emissions scope	2019	2020	2021
Scope 1 – Direct emissions in kt CO <sub>2</sub> eq	19.4	18.6	20.6
Scope 2 – Indirect emissions in kt CO <sub>2</sub> eq	8.4	2.1	1.7
Scope 3 – Other emissions in kt CO <sub>2</sub> eq	4,381.1	not available	4,274.2

(1) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

## Detailed overview of emissions in tons of CO<sub>2</sub> equivalent in 2021

Group scope (retroactively incorporating Nature & Découvertes into the 2019 data in order to accurately reflect the total carbon footprint for the base year). The figures in bold are the emission items used to assess the target of a 50% reduction in CO<sub>2</sub>eq emissions by 2030 in relation to transportation and site energy (compared to 2019).

Emissions scope <sup>(a)</sup>	2019 emissions <sup>(a)</sup> (in kt CO <sub>2</sub> eq)	2020 emissions (in kt CO <sub>2</sub> eq)	2021 emissions (in kt CO <sub>2</sub> eq)
<b>Scope 1</b>			
<b>Direct emissions <sup>(b)</sup></b>	<b>19.4</b>	<b>18.6</b>	<b>20.6</b>
<b>Scope 2</b>			
<b>Indirect emissions <sup>(c)</sup> (market-based <sup>(d)</sup>)</b>	<b>8.4</b>	<b>2.1</b>	<b>1.7</b>
<b>Scope 3</b>			
Products and services purchased	2,323.0	2,356.7	2,354.9
Fixed assets	51.7	42.6	44.6
<b>Fuel- and energy-related emissions</b>	<b>16.4</b>	<b>14.4</b>	<b>17.6</b>
Upstream transportation of goods	38.6	34.8	36.3
Waste generated	124.4	not available	117.4
<b>Business travel</b>	<b>1.1</b>	<b>0.7</b>	<b>0.7</b>
Work commutes	33.2	not available	30.6
Upstream leased assets	0.6	0.6	0.6
<b>Downstream transportation of goods and retail</b>	<b>6.1</b>	<b>10.1</b>	<b>9.3</b>
Use of products sold	1,166.6	975.0	998.6
End of life of products sold	27.8	26.4	29.3
Franchises	0.4	0.2	0.4
Customer travel	591.1	638.0	634.0
<b>TOTAL EMISSIONS</b>	<b>4,408.9</b>	<b>NOT AVAILABLE</b>	<b>4,296.5</b>

(a) Downstream leased assets, the processing of products sold, and investments have not been calculated as they are deemed to be non-material or not applicable to the Group. For more information on the reported scopes, see the methodological note in section 2.7.

(b) Consumption of primary energy source: natural gas, heating oil, fuel, leakage of refrigerants, etc.

(c) Energy consumption: electricity, heating, cooling.

(d) Location-based emissions are available at the end of this chapter in the summary of performance indicators in section 2.6.

**Monitoring of the reduction objective approved by the Group as part of its low-carbon strategy**

Emissions items <sup>(a)</sup>	2019	2020	2021	2021 vs 2020	2021 vs 2019
	emissions <sup>(b)</sup> (in t CO <sub>2</sub> eq)	emissions (in t CO <sub>2</sub> eq)	emissions (in t CO <sub>2</sub> eq)		
Transportation	58,587	57,806	61,159	5.8%	4.4%
Energy	21,704	13,145	14,329	9.0%	(34.0)%
<b>TOTAL</b>	<b>80,291</b>	<b>70,951</b>	<b>75,488</b>	<b>6.4%</b>	<b>(6.0)%</b>
Of which scope 1	19,369	18,597	20,617	10.9%	6.4%
Of which scope 2	8,409	2,147	1,705	(20.6)%	(79.7)%
Of which scope 3	52,514	50,207	53,166	5.9%	1.2%
<b>T CO<sub>2</sub>EQ/€ MILLION</b>	<b>10.9</b>	<b>9.5</b>	<b>9.4</b>	<b>(0.8)%</b>	<b>(13.5)%</b>

(a) In 2021, the Group improved the reliability of its methods for calculating emissions related to business travel (fuel consumption of company vehicles) and fugitive emissions. This approach led to the recalculation of emissions in this category for 2019 and 2020, and to the integration of these in the scope of the target in order to report all scope 1 emissions.

(b) Emissions generated by Nature & Découvertes were retroactively included in order to accurately reflect the complete carbon footprint for the base year.

For the items included in the reduction objective (transportation and site energy), the carbon footprint is lower in 2021 compared with 2019, the reference year. It is up compared to 2020 due to the global health crisis, which forced the Group to close its stores for several months in 2020.

The drop in emissions is significant in relation to revenue, which is explained by the results of the actions undertaken by the various transportation and energy sectors in France and in the European subsidiaries: optimization of transportation plans and loads, purchase of renewable electricity, development of remote troubleshooting solutions, and so on. These actions and their results are described in detail in section 2.4.4.4 below.

The following paragraphs aim to accurately describe the mitigation policies implemented to limit the environmental impact of the various items that are measured and managed by the members of

the Climate Committee, the actions taken in 2021 and the relevant performance, as well as high-priority areas for 2022–2023.

In order to control the reduction of CO<sub>2</sub> emissions generated by these various flows, environmental performance indicators are now analyzed by cross-referencing them with economic and operational performance indicators.

**2.4.4.3 / Energy consumption of sites and energy purchases**

With more than 1,600,000 m<sup>2</sup> of warehouses, stores and offices, the energy consumed by the Group's sites is a substantial source of its CO<sub>2</sub> emissions, since they represent almost 20% of the total emissions recognized within the scope of the emissions reduction objective.

Group (current scope)	2019 <sup>(a)</sup>	2020	2021	Change vs 2020	Change vs 2019
Energy consumed (in MWh)	225,896	206,398	217,021	5%	(4)%
Energy consumption of sites by surface area (in kWh/m <sup>2</sup> )	138	125	133	6%	(3)%
Fugitive emissions (refrigerant gas) (in t CO <sub>2</sub> eq)	3,232	3,246	3,224	0%	(5)%
<b>KPI: CO<sub>2</sub> emissions generated by energy consumption <sup>(b)</sup> of sites (excluding fugitive emissions) per square meter</b> (in kg CO <sub>2</sub> eq/m <sup>2</sup> (market-based <sup>(c)</sup> ))	11.3	5.9	6.7	14%	(41)%
CO <sub>2</sub> emissions generated by sites (with fugitive emissions) per square meter (in kg CO <sub>2</sub> eq/m <sup>2</sup> (market-based <sup>(c)</sup> ))	13.2	8.0	8.8	10%	(33)%
CO <sub>2</sub> emissions generated by the sites (in CO <sub>2</sub> eq (market-based <sup>(c)</sup> ))	21,704	13,145	14,329	9%	(34)%

(a) Including Nature & Découvertes.

(b) Electricity, gas, heat and cooling networks, and oil.

(c) Location-based emissions are available at the end of this chapter, in the summary of performance indicators in section 2.6. For more information on the reported scopes, see the methodological note in section 2.7.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Reduce impacts on the climate

For the past several years, in order to improve the energy efficiency of its sites, the Group has rolled out centralized technical management systems (CTM) and LED lighting deployment projects. In addition, as part of the renewal of its air conditioning and heating systems, Fnac Darty prioritizes less energy-intensive systems and is stepping up its maintenance operations to ensure that its equipment is properly adjusted and avoids over-consumption of energy.

### Share of renewable energy in electricity purchases

	2019	2020	2021	Change vs 2020
<b>TOTAL</b>	<b>24%</b>	<b>36%</b>	<b>45%</b>	<b>25%</b>
<i>Fnac and Darty France</i>	0%	14%	25%	71%
<i>Fnac Belgium and Vanden Borre</i>	95%	95%	97%	2%
<i>Fnac Spain</i>	100%	100%	100%	=
<i>Fnac Portugal</i>	60%	100%	100%	=
<i>Fnac Switzerland</i>	97%	87%	100%	=
<i>Nature &amp; Découvertes</i>	100%	100%	100%	=

To reduce the carbon footprint related to their energy consumption, Fnac and Darty France have chosen to use traceable guarantee of origin certificates, via a direct electricity purchase agreement with a renewable energy producer (Power Purchase Agreements).

After signing two contracts to purchase the power produced by existing plants (see below), in 2021 the Group negotiated, and at the beginning of 2022 signed, a Corporate Purchase Agreement relating to the energy produced by a future solar farm in central France, which will be built and operated by Valeco. With 20 MW of installed capacity, this future solar power plant, which will start operating in 2023, will cover around 16% of the annual energy consumption of Fnac Darty sites.

In developing this project, Fnac Darty and Valeco have been particularly attentive to the protection of biodiversity. Covering an area of 20 hectares, the future solar farm will be developed on former agricultural land that the municipality has transformed to accommodate an industrial project. Valeco has chosen to preserve the former agricultural activity of the site by specifically implementing a beekeeping activity, which will focus on the Black Bee of Sologne, as well as a pasture for sheep. To achieve this, hedges will be created and the existing hedge will be strengthened both to contribute to the landscaping of the project and to strengthen ecosystem continuity. Local species that attract avifauna and pollinators will be selected (field maple, common dogwood, privet, etc.).

Valeco will promote the development of local employment for the entire project, for example, by working with local communities and businesses. The Company also undertakes to prioritize hiring local professionals to maintain the site's vegetation (farmer for the grazing, workplace integration association or maintenance

As part of its responsible purchasing policy, the Group is increasingly sourcing energy from renewable sources for its electricity and gas.

### Actions and Performance 2021

- **Direct purchase of renewable electricity: +25% compared with 2020**

company for green spaces, local fencing specialist, etc.), as well as for the beekeeping activity to be set up. With this new project and Valeco's development in the region, a new maintenance base is set to be deployed in the surrounding area.

The electricity generated by the solar power plant will be injected into the Solvay Energy Services balance perimeter before being redistributed to Fnac Darty's consumption sites.

Furthermore, after having signed a Power Purchase Agreement in 2019 for the 2020 and 2021 production of a six-turbine wind farm in the Occitanie region, the contract was renewed for 2022 and 2023. In 2021, the electricity produced by this wind farm has accounted for more than 12% of the annual consumption of Fnac and Darty sites in France.

Since January 2021, through another Power Purchase Agreement, Fnac Darty France has also purchased the production of a hydraulic dam in the Île-de-France region, accounting for more than 13% of the annual consumption of French sites.

Elsewhere in the Group, subsidiaries continue to almost exclusively source electricity from renewable sources.

### Energy efficiency actions

In 2021, the Group began a new phase in improving its monitoring tools, intended for its energy equipment located in the Fnac stores. The former technical building management facilities of 72 stores are being renovated, which will enable more in-depth monitoring of the heating, air conditioning, and ventilation systems as well as lighting fixtures. This operation should result in consumption being reduced by approximately 5% for the same configuration.



Following the regulatory energy audits conducted in 2020 and 2021, the resulting recommendations are being processed using a digital tool that will be used to draw up a Group-wide action, structured to meet the objectives of the first deadline of the Tertiary Decree in 2030. This tool will make it possible to define a theoretical trajectory to reduce energy consumption and to monitor the smooth running of the work program year-on-year.

Faced with an unprecedented increase in energy costs and the regulatory constraints of the Tertiary Decree, which will come into effect at the end of 2022 with the start of data transmission on the Operat platform, the Group has adapted its governance. This has resulted in the appointment of an Energy Manager, with the aim of eventually creating a team dedicated to managing the Group's energy performance over time and involving all the Group's departments in the systemic consideration of the energy issue.

In 2021, the health crisis continued to place constraints on store operations, notably by requiring indoor air to be over-ventilated in order to maintain a CO<sub>2</sub> level below the threshold of 400 ppm. Running fan motors faster, increased ventilation operating times and, depending on the season, increased heating or cooling of new air flows resulted in the Group's energy consumption increasing by around 5%. Furthermore, with all stores being closed for two months in 2020, it was expected that overall consumption would rise despite the actions taken to control energy.

#### 2.4.4.4 / Goods transportation and business transportation

Logistics at Fnac Darty, a key skill for the Group, draws considerable strength from the complementary nature of its brands. Every day, thousands of products move between warehouses, stores, delivery platforms, sorting centers, repair shops, and customers' homes.

#### Actions and Performance 2021

Scope: Group <sup>(a)</sup>	2019 <sup>(b)</sup>	2020	2021	Change vs 2019
CO <sub>2</sub> eq emissions (in t CO <sub>2</sub> eq)	26,621	23,160	24,048	(10)%
Fnac France and Darty France	21,365	18,201	18,317	(14)%
<b>KPI: CO<sub>2</sub> emissions per pallet transported</b> (in kg CO <sub>2</sub> eq/pallet)				
France (Fnac, Darty, Nature & Découvertes)	16.7 <sup>(b)</sup>	15	13.9	(11)%
<b>KPI: CO<sub>2</sub> emissions per kilometer traveled</b> (in kg CO <sub>2</sub> eq/km)				
Other countries (Belgium, Switzerland, Portugal, Spain)	0.97 <sup>(a)</sup>	0.98	0.97	(1)%

(a) Franchises included (because they are restocked by the Group).

(b) Excluding Nature & Découvertes in 2019.

However, these flows have a significant impact on air quality and global warming and are in fact subject to an increasing number of regulations. In France, for example, the rapid development of "low emission zones" and therefore traffic restrictions for the most polluting vehicles (with a ban on diesel vehicles from 2024, and on combustion engine vehicles by 2030), or the possible introduction of taxes on heavy goods vehicles in some regions, are likely to increase indirect costs in the short and the medium term.

In the medium term, these costs could also increase as a result of the forthcoming reform of the European carbon market, which could be extended to the maritime sector and which may be followed, from 2026, by a new carbon market for road transportation.

In order to respond to these risks and limit the impact of such road transportation on air quality, noise pollution, and global warming, the Group is working, under the aegis of the Climate Committee, on strategies to decarbonize its fleet and optimize its flows in cooperation with its transportation providers.

#### 2.4.4.4.1 / Goods transportation between warehouses and stores

Store transportation relates to re-supply flows between the Group's warehouses and its integrated and franchise stores. In this flow, Fnac Darty focuses its efforts on four levers:

- optimizing transportation plans and the warehouse network to limit the distances traveled;
- maximizing and optimizing truck loading;
- prioritizing transportation providers committed to environmental sustainability and operating or investing in less carbon-intensive fleets;
- developing multimodal transportation.

In 2021, the French transportation department committed to the Fret 21 initiative, led by the Ademe (French Environment and Energy Management Agency) and the AUTF (French Shippers' Council), which encourages companies acting as carriers' clients to better integrate the impact of transportation into their sustainable development strategy.

As part of Fret 21, Fnac Darty has made a commitment to reduce its CO<sub>2</sub> emissions as regards transportation by 10% in three years. In order to achieve its objective, Fnac Darty intends to use various levers such as:

- converting means of transport to cleaner models (biogas, biofuel, etc.);
- transparency of information about the CO<sub>2</sub> emissions generated by the various delivery methods for web orders;
- optimizing the filling of delivery bins at its logistics sites;
- increasing the number of transport service providers with an environmental approach recognized by the charter or the "Objectif CO<sub>2</sub>" label.

At the same time, in 2020 and 2021, Fnac Darty France conducted a comprehensive review of its transport plans (in 2020 for France and in 2021 for the Île-de-France region).

- Île-de-France flows: the Group has seized the opportunity to reduce its GHG emissions while responding to future traffic restrictions in the Greater Paris metropolitan low emission zone by contracting with service providers who operate bio-CNG vehicles, with the aim of achieving 100% of distribution – 45 vehicles in low season. In addition to a reduction in greenhouse gas emissions, the level of fine particulate emissions will also fall significantly.
- France flows: the new transport plan has led the Group to enter into contracts with carriers that are engaged in environmental initiatives, and to initiate discussions with these suppliers to encourage them to convert part of their fleet into vehicles with lower emissions (particularly using biofuels). To further improve the optimization of truck loading, Fnac Darty has turned to transportation providers offering to pool their distribution with other players in the sector.

- Nature & Découvertes flows: Since 2006, Nature & Découvertes has used rail/road transport to deliver goods to be sold at some of its stores. Around 15 stores in the south of France are supplied by rail and road.

#### **2.4.4.4.2 / Shipment of packages to customers' homes or pickup points**

E-commerce delivery covers parcels delivered by couriers – more than 17 million parcels shipped in 2021, of which over 10 million originate from France. Because of its omnichannel model, the Group offers a wide range of delivery services: packages can be delivered to customers' homes, to a Group store, or to other collection points. They are delivered from the warehouses, or directly from the stores.

The Group's omnichannel model reduces the impact of e-commerce activity, since many products ordered online are collected by customers in store via "click&mag" (parcels delivered from the warehouse to the store) or "click&collect" (parcels from in-store stock, without delivery).

Since 2020, Fnac Darty has calculated CO<sub>2</sub> emissions generated from parcels based on the CO<sub>2</sub> reports of its service providers. By cross-checking these balance sheets with the volumes of packages transported by each of these carriers, the Group has found that transporting packages for collection in-store produces an average of 70% less CO<sub>2</sub> than transporting packages for home delivery (excluding the customer's travel). In fact, the distances traveled by the trucks are smaller and the packages are pooled in greater numbers, which reduces the environmental impact of a package.

Furthermore, for packages delivered to customers' home addresses or to "pickup points" by courier companies, the Group favors service providers whose GHG emissions are offset or who invest in the decarbonization of their fleet<sup>(1)</sup>.

(1) Fnac Darty recognizes CO<sub>2</sub> emissions from parcels delivered by its service providers who are offsetting their emissions.

## Actions and performance 2021

Scope: Group	2019	2020	2021	Change vs 2019
Number of parcels shipped (in millions)	11.9 <sup>(b)</sup>	19.1	17.5	46%
CO <sub>2</sub> emissions generated by the shipment of packages (in t CO <sub>2</sub> eq) <sup>(a)</sup>	6,097	10,083	9,258 <sup>(a)</sup>	52%
<b>KPI: CO<sub>2</sub> emissions per package</b> (in kg CO <sub>2</sub> eq/package)	0.49 <sup>(b)</sup>	0.53	0.53	8%

(a) Of which over 5,000 t CO<sub>2</sub>eq offset by transport providers.

(b) Excluding Nature & Découvertes.

Scope: Fnac and Darty France <sup>(a)</sup>	2019 <sup>(b)</sup>	2020	2021	Change vs 2019
Share of packages delivered in-store	32%	24%	27%	(15)%
<b>KPI: CO<sub>2</sub> emissions per package</b> (in kg CO <sub>2</sub> eq/package)	0.53	0.53	0.54	
CO <sub>2</sub> emissions per package delivered to a collection point (in kg CO <sub>2</sub> eq/package)	not available	0.20	0.20	
CO <sub>2</sub> emissions per home-delivered package (in kg CO <sub>2</sub> eq/package)	not available	0.63	0.66	

(a) Since 2020, Fnac Darty has calculated CO<sub>2</sub> emissions generated from parcels based on the CO<sub>2</sub> reports of its service providers. The service providers chosen to transport parcels to stores in France (for the in-store collection service) have CO<sub>2</sub> reports that differentiate between the service level: home or store delivery. See also the methodological note in section 2.7.

(b) Excluding Nature & Découvertes.

Emissions associated with package shipping are up on 2019, which can be explained by the sharp acceleration in e-commerce activity over the past two years, resulting from changes in consumer purchasing behavior since the beginning of the Covid-19 crisis.

Against this background of a global pandemic, the increase in online orders from French overseas departments and regions, as well as from abroad, also led to an increase in shipments by air, which contributed to the deterioration in CO<sub>2</sub> emissions for this flow.

In France, the carbon intensity of this flow is still affected by an unfavorable mix of delivery services. In fact, the share of packages delivered in-store (lower "emissions" than for packages delivered to customers' homes) has not yet returned to 2019 levels, which affects the CO<sub>2</sub> emissions balance.

Service providers taking action to help reach carbon neutrality in France were prioritized: in 2021, emissions from 67% of parcels shipped in France were offset by these service providers (Colissimo, Chronopost, DPD, Top Chrono), i.e. more than 5,000 tons of CO<sub>2</sub>.

In 2021, under the initiative of the Climate Committee, the Group rolled out a major project to encourage customers to consider the impact of their e-commerce activities (delivery methods, travel, etc.): Fnac Darty now informs its online customers of the CO<sub>2</sub> emissions associated with each delivery service offered, and encourages them to calculate the impact of their travel (in the case of collection in-store) – see also "Informed delivery project" below, in the overview of commitment No. 1 of the charter to reduce the environmental impact of e-commerce.

As part of the Group's objectives set within the Fret 21 initiative, the e-commerce team also intends to strengthen its dialogue with suppliers in order to encourage carriers to accelerate the decarbonization of their fleets and optimize loading and transport plans in a co-construction approach.

### Signature of the commitment charter to reduce the environmental impact of e-commerce

The rapid growth of e-commerce highlighted the importance of eco-responsible development of e-commerce logistics activities. In this context, the French Government has entrusted France Logistique and France Stratégie with a consultation mission aimed at publishing voluntary commitments by logistics real estate players on the one hand, and by online retail players on the other. In 2021, Fnac Darty actively participated in drafting a commitment charter, alongside other players in e-commerce, under the leadership of the Federation of e-commerce and distance selling (Fevad).

The commitment charter to reduce the environmental impact of e-commerce commits signatories, including Fnac Darty, to:

- raise awareness and inform the "consumer-player";
- reduce packaging volumes and encourage reuse;
- rely on logistics that are environmentally friendly;
- report on the implementation of commitments.



## Reporting on the implementation of commitments:

1) Inform the consumer of the environmental impact of the delivery	<p><b>“Informed delivery” project:</b></p> <p>In 2021, Fnac Darty developed a new service in the specialized retail sector: the Fnac and Darty websites published the GHG emissions associated with the delivery of a 1 kg package depending on the delivery service selected. Tested in the fourth quarter of 2021, “informed delivery” information was made available to all web customers in February 2022.</p> <p>As part of its ongoing progress, the Group intends to refine and supplement this information by gradually incorporating other quantified impacts such as GHG emissions generated by packaging, information systems, and warehousing. To this end, the Group, alongside other players in the sector, is participating in a study led by the Ademe and the French General Commission for Sustainable Development (CGDD), which measures the environmental footprint of e-commerce distribution setups. Fnac Darty is a member of the Advisory Committee and has agreed to share its internal data in order to carry out the impact measurements.</p> <p>Well aware that customers’ travel can have a significant impact on the total carbon footprint of a delivery (in the case of packages delivered to a collection point), Fnac Darty has chosen to collaborate with Datagir, a public service supported by the Ademe and the incubator of the French Interdepartmental Directorate of Digital, by making their eco-calculator available to web customers <a href="https://monimpacttransport.fr/">https://monimpacttransport.fr/</a>. Lastly, throughout the online pathway, the Group provides advice aimed at raising awareness among its customers. Thus, in the context of a delivery to a collection point, Fnac Darty encourages its customers to pool their trips or to use environmentally friendly modes of transport.</p>
2) Promoting good ordering habits	In 2021, Fnac Darty redesigned customer information about the recovery of products subject to EPR, particularly WEEE, to improve its readability and understanding. In its communications to customers, Fnac Darty regularly reminds them of the importance of recycling and re-using items, and particularly of repair work.
3) Encouraging good habits by reminding consumers of recycling and reuse guidelines	
4) From September 1, 2022, providing consumers with the opportunity to identify the products in the catalog with the best environmental performance	See section 2.2.1 “Help customers make an educated choice”, and section 2.2.4 “Give a second life to products”.
5) Taking measures to reduce packaging volumes	
6) Only using delivery packaging whose primary materials are recycled, recyclable, or reusable	See section 2.2.5 “Reduce packaging, ensure waste collection and recycling”.
7) Ensuring that warehousing activities carried out in new buildings have an environmental performance that is systematically certified	Not concerned to date.
8) Promoting the development of decarbonized delivery methods	In 2021, the French department of transportation committed to the Fret 21 initiative, supported by the Ademe (French Environment and Energy Management Agency) and the AUTF (Association of Freight Transportation Users) – see section 2.4.4.4. Fnac Darty has also maintained and developed its partnership with Stuart, a bicycle delivery service from its stores. This service is available in 12 French metropolitan areas and helps to reduce the carbon footprint of around 1,500 deliveries per month and up to 5,000 in peak season.
9) Systematically grouping together shipments of products ordered at the same time by the same consumer when the goods can be received and stored, unless specifically requested by the consumer	The Group’s delivery policy already meets this commitment.

#### 2.4.4.4.5 / Delivery of large appliances to customers' homes

Fnac Darty has the biggest network of local logistics centers in France, comprising around 90 delivery platforms spread out across the whole of France. From these sites, the Group's teams and subcontracted service providers deliver major appliances (large domestic appliances and TVs) to customers' homes, where they

install them and collect their old appliances under the "2 for 1" WEEE recovery service (see also section 2.2.5.1). For the portion operated by the Group's teams, the fleet consists of approximately 450 fully owned vehicles.

For several years now, the Operations Department has been engaged in research aimed at optimizing its delivery routes and modernizing its fleet of vehicles to reduce the impact of delivery.

#### Actions and Performance 2021

Scope: Group	2019	2020	2021	Change vs 2020	Change vs 2019
Number of deliveries (in thousands)	2,019	2,270	2,218	10%	(2)%
France	1,749	1,960	1,930	(1.5)%	10.9
CO <sub>2</sub> emissions (in t CO <sub>2</sub> eq)	14,416	14,701	17,126	16%	21%
<b>KPI: CO<sub>2</sub> emissions per delivery (in kg CO<sub>2</sub>eq)</b>	7.1	6.5	7.7	19%	8.4

In 2021, the Delivery and Last-Mile Network department was involved in two areas: reducing fuel consumption and optimizing processes to reduce delivery failures.

#### Fleet replacement and optimization

In order to decarbonize its fleet and meet future restrictions on the use of diesel vehicles in low emission zones, Fnac Darty France acquired 20 m<sup>3</sup> trucks that run on CNG: 35 trucks were delivered in 2020, to achieve full deployment in January 2021. For the time being, and for reasons of availability of CNG supply sources, these trucks are being deployed in Paris, Toulouse, Strasbourg and Lyon.

Tests are carried out on electric vehicles which, for the time being, due to constraints related to vehicle range, do not meet the requirements of this activity. The purchase of new CNG trucks is also being considered.

In 2021, a project to monitor truck tire pressure was launched in France, with three objectives: to reduce GHG emissions, to optimize costs, and to increase the safety of delivery personnel. After an audit revealed that approximately 82% of the vehicles had abnormal tire pressure, and after a pilot phase, the project was extended to the entire fleet. It involves a monthly pressure check and regular tire inflation, performed directly on-site, with the objective of saving approximately 55,000 liters of fuel, 105 tons of CO<sub>2</sub> equivalent, and 241 kg of PM10 (estimates carried out based on data from the partner Puump, for 450 vehicles).

#### Reducing delivery failures

The Group continued to roll out its new range of delivery services in 2021, which aims to reduce delivery failures by acting on their root causes: customer not at home, customer changing their mind, incorrect installation classification (built-in/freestanding) requiring an order change, incorrect labeling of delivery constraints (sending one person to an address that needs equipment to be carried, for example).

To reduce delivery failures associated with customers not being at home during delivery, the Group rolled out a "2 hours' notice" system in 2020, which notifies customers of a more precise delivery window than previously.

In 2021, a project to optimize the installation quality of large, built-in domestic appliances was launched, via "built-in cells" responsible for better classifying deliveries to ensure that the household appliances ordered are in line with the installations in customers' homes.

The introduction of trucks that run on CNG (including some bio-CNG) and the actions undertaken to reduce delivery failures have helped to contain emissions. By reducing the return rate in this way, the Group avoided 5,400 deliveries, representing approximately 38 tons of CO<sub>2</sub> equivalent.

### 2.4.4.4.4 / Home after-sales repairs

In France, hundreds of Fnac Darty technicians carry out around 2,000 home service calls every day to repair customers' appliances that have broken down. This service is also available in Belgium and is carried out by Vanden Borre.

While this activity helps to avoid GHG emissions by extending the life span of products (see also section 2.2.3), it too has an impact on the climate linked to the vehicle fleet for after-sales technicians and the shipping of spare parts. It is also directly affected by several regulatory risks: in France, the mobility policy law – which obliges companies managing a fleet of more than 100 vehicles of

less than 3.5 tons to gradually renew their fleet with vehicles that emit less than 60 g/km of CO<sub>2</sub> – and the development of traffic restrictions in “low emission zones”.

For several years, the Group has been developing remote assistance solutions to limit the number of service calls. In fact, according to analyses by Darty's after-sales service, in almost half of all cases the breakdowns reported by customers are not really breakdowns, and maintenance or usage advice is enough to solve the problem. Proven breakdowns are increasingly easy to troubleshoot remotely, thanks to new technologies. However, when necessary, the Fnac Darty teams will visit.

### 2020 actions and performance

Scope: Group (Darty France and Vanden Borre)	2019	2020	2021	Change vs 2020	Change vs 2019
Number of service calls (in thousands)	752	741	801	8%	7%
France	706	680	738	8.5%	15%
CO <sub>2</sub> emissions generated by service calls (including dispatch of spare parts) (in t CO <sub>2</sub> eq)	4,881	4,716	5,715	21%	17%
CO <sub>2</sub> emissions generated by the After-Sales Service's fleet of vehicles for home service calls (in t CO <sub>2</sub> eq)	4,364	4,051	4,206	4%	(4)%
<b>KPI: CO<sub>2</sub> emissions per service call</b> (in kg CO <sub>2</sub> eq/service call)	6.48	6.37	7.14	12%	10.2%
CO <sub>2</sub> emissions per service call, excluding spare parts (in kg CO <sub>2</sub> eq/service call)	5.8	5.5	5.3	(4)%	(9)%

The emissions generated by this activity are up 17% on 2019, due to a significant increase in activity related to the deployment of the Darty Max service. More than 27% of the work carried out in 2021 was performed for subscribers to the Darty Max repair service, some of whom would not have chosen to have their equipment repaired had they not subscribed to the service.

The increase is also explained by the impact of the shipment of spare parts, particularly oversized parts, which are more numerous due to the increasing size of some appliances (particularly American refrigerators and large televisions). It is also due to the integration of many young technicians fresh out of the Tech Academy (see also section 2.1.2.2.2), whose routes are less dense than those of more experienced technicians.

However, the impacts have been contained and, compared to the number of service calls performed, the emissions increased less dramatically, mainly as a result of the actions taken to avoid unnecessary service calls.

Furthermore, excluding spare parts, GHG emissions are down compared to 2019, particularly in intensity when compared with the number of service calls performed.

In France, the Group has therefore deployed planning units responsible for better classifying breakdowns so that repairs can be conducted in a single visit or even repaired by supporting the customer remotely. Based on the “right first time” repair rate recorded in 2021, this reduced the number of service calls by over 43,000, i.e., approximately 275 tons of CO<sub>2</sub> equivalent<sup>(1)</sup>.

These planning units are also responsible for drawing up more effective routes in order to reduce the distances traveled by technicians, thus contributing to reducing GHG emissions.

In 2021, as part of its fleet replacement, the After-Sales Service Department also committed to prioritizing vehicles that release fewer greenhouse gases and other pollutants. A call for tenders was launched for the purchase of approximately 50 electric vehicles (approximately 5% of the After-Sales Service Department's fleet), which will be deployed in the second half of 2022.

(1) Estimated on the basis of 6.43 kg CO<sub>2</sub>eq per service call, the carbon intensity of a service call in France in 2020.

However, the GHG emissions generated by this activity should be compared with those emissions "avoided" through repairs. The study carried out in 2021 on products repaired in 2020 showed that approximately 139,000 tons of CO<sub>2</sub> equivalent were avoided by extending the products' life spans through repairs (see also section 2.4.4.5.2).

#### 2.4.4.4.5 / Flow of products to after-sales service workshops

When defective products cannot be repaired remotely, at home or at in-store service counters, they are sent to one of the Group's repair centers. This is especially the case for small domestic appliances and consumer electronics, which are shipped or transported from stores when customers bring them to the counter.

### Actions and Performance 2021

Scope: Group <sup>(a)</sup>	2019	2020	2021	Change vs 2020	Change vs 2019
Number of products sent to the after-sales service workshops (in thousands)	863	744	715	(3.8)%	(17)%
France	693	611	655	7.2%	(5.4)%
CO <sub>2</sub> emissions (in t CO <sub>2</sub> eq)	2,305	1,851	1,533	(17.2)%	(33.5)%
<b>KPI: CO<sub>2</sub> emissions per product sent to the after-sales service workshops</b> (in kg CO <sub>2</sub> eq/product)	2.7	2.5	2.1	(16)%	(22)%

(a) Excluding Switzerland and Spain, not affected as after-sales operations are managed directly by the brands.

In 2021, the Group continued its efforts to improve the handling of minor breakdowns directly at store after-sales service counters in order to avoid unnecessary shipping; accordingly, based on the dispatch rate, more than 12,700 products were not dispatched

to repair workshops, contributing to a saving of 40 tons of CO<sub>2</sub> equivalent (based on the average emissions of a product sent for repair in France).

### 2.4.4.5 / Extension of the carbon emissions data to other scope 3 categories

#### 2.4.4.5.1 / The carbon footprint of new products sold, throughout their life cycle

As part of its process of continuous improvement, the Group is aiming to extend its measures to include significant scope 3 items, starting with the sources of the emissions related to the products sold.

The Group is fully aware of the weight of these emissions items (more than 95% of its total carbon footprint) and of its responsibility to reduce the impact on the climate associated with its activity as a retailer. Limiting this impact requires significant changes to the business model and supplier relationships, and the prerequisite for this action is the measurement and analysis of these impacts.

In 2021, with the help of specialist firms, Fnac Darty and Nature & Découvertes conducted a quantified analysis of GHG emissions related to the life cycle of new products sold by its brands:

- their manufacturing;
- their transport (upstream);
- their use;
- their end of life.

### Actions and Performance 2021

Scope: Group <sup>(a)</sup>	2019	2020	2021
CO <sub>2</sub> emissions (in kt CO <sub>2</sub> eq)	3,425.3	3,368.0	3,281.4
Of which manufacturing	2,221.2	2,356.7	2,242.8
Of which upstream transportation	9.7	9.8	10.7
Of which use	1,166.6	975.0	998.6
Of which product end of life	27.8	26.4	29.3
Carbon intensity by revenue (in t CO <sub>2</sub> eq/€ million)	464	450	409

(a) For more details on the methodology and in particular the assumptions, please refer to the methodological note.



## 2.4.4.5.2 / Repairing, repackaging, and selling used products: emissions-saving activities

Some of the products sold by Fnac and Darty are particularly carbon-intensive: this is the case for domestic appliances and consumer electronics, the manufacturing and use phases of which produce substantial emissions because of the materials used and the energy they consume when used.

For these products in particular, the Group has been developing its business model for several years to make it more circular and thus reduce these impacts, notably by extending products' life spans. This commitment has been reaffirmed by the Company's management and Directors, who have approved the strategic plan Everyday, in which two of the three priority areas are aimed at the sustainability of the Group's business model, and in particular the sustainability of distributed products.

All the policies described in section 2.2 of this chapter, from repairs to advice, the sale of second-hand products, and the marketing of more sustainable products thus make a concrete contribution to reducing the associated GHG emissions.

In order to measure the positive impact of repairing and selling second-hand products, the Group has conducted a study with EcoAct, an expert in climate studies, on repaired products, repackaged and resold products, and on products that were sold to discounters or donated in 2020. For each repair and reuse service, the study followed a comparative approach, between a reference scenario (purchase of a new product or buyback of a product following a breakdown) and a scenario where the product is repaired, repackaged, or donated. The full life cycle of products was used and the assumptions were based on internal Group data, data in literature, and sectoral averages.

This study is part of a process of continuous improvement. To date, the Ademe has not developed an official methodology or standard life cycle analysis (Product Category Rule) to measure these avoided emissions. A methodology that takes into account applicable standards and recommendations has therefore been developed for this analysis, which includes a high level of uncertainty related to the emission factors used or the assumptions made. The methodology and results of this study were validated by an external and independent certification body in January 2022<sup>(1)</sup>.

### Results (estimates)

Business activity	Number of products selected	Emissions avoided (in t CO <sub>2</sub> eq)
Repair of consumer electronics and domestic appliances by Darty after-sales service	approx. 1,000,000	136,000
Smartphone repairs by WeFix	approx. 210,000	4,550
Second life (second-hand, donations, and sale to brokers)	approx. 320,000	3,500

Based on the nearly 1.5 million products selected for analysis, and in a scenario where the second life of the repaired product is equal to half of the first life of the product, it is estimated that Fnac Darty's repair services and second life activities helped to avoid more than 144,000 tons of CO<sub>2</sub> equivalent in 2020.

This "greenhouse gas saving" represents approximately 4% of the carbon footprint of the products sold by Fnac Darty in 2020, i.e., the emissions of 13,600 French people over one year<sup>(2)</sup>.

Sensitivity analyses have also shown that, even in the pessimistic scenario where the second life of the product would be shorter than the lifetime used for the study's hypotheses, the environmental benefits of repairing electrical and electronic appliances far exceed the rebound effects of the activity (production of spare parts, travel by after-sales technicians, etc.).

Although estimated, this analysis confirms the Group's strategy and illustrates the concrete impact of its commitments to extend the life span of its products.

(1) Critical review performed according to ISO 14067:2018 "Greenhouse gases – Carbon footprint of products – Requirements and guidance for quantification" and ISO 14071:2014 "Environmental management – Life cycle assessment – Critical review process and reviewer competencies: Additional requirements and guidelines to ISO 14044:2006".

(2) Source Ademe.



**2.4.4.5.3 / Other scope 3 items deemed significant****Purchases of goods and services (indirect purchases)**

Scope: Group <sup>(a)</sup>	2019	2020	2021
CO <sub>2</sub> emissions (in t CO <sub>2</sub> eq)	101,792	92,367	112,153

(a) Country data extrapolated from actual data from France in 2019. Data for 2020 and 2021 extrapolated on the basis of the amount of purchases and calculations for 2019.

In 2021, the Indirect Purchasing Department launched a responsible purchasing policy, which notably includes the addition of environmental criteria to its calls for tender and purchasing decisions.

The Group's buyers have undertaken numerous initiatives to promote companies committed to environmental initiatives, to incorporate environmental issues into discussions with suppliers, and to support the Group's operational departments in implementing projects to reduce their environmental impact.

In January 2022, this responsible purchasing approach was rewarded when the Group was awarded the Responsible Supplier Relations and Purchasing (RFAR) label by the Business Ombudsman (French Ministry of Economy and Finance) and the French National Purchasing Council. The label will be valid for a period of three years (see also section 2.5.4).

**Customer travel**

With more than 950 stores at the end of 2021, customer travel accounts for a significant share of the Group's indirect GHG emissions, as is the case for all retailers.

**Estimate of associated GHG emissions, calculated based on actual footfall data**

Scope: Group	2019	2020	2021
CO <sub>2</sub> emissions (in t CO <sub>2</sub> eq)	591,108	637,961	634,024

In order to reduce this emissions item, Fnac Darty has begun to raise awareness among its customers by means of "informed delivery" information being deployed at its Fnac and Darty merchant sites (see section 2.4.4.4.2).

**Digital**

In order to measure this growing source of emissions and take appropriate action, Fnac Darty launched a "green IT" approach in January 2021. The approach was structured around a project manager and representatives/contributors within the E-Commerce and Digital Department, in conjunction with the Group's CSR Department.

This approach is based in particular on publications by the Ademe, Cigref, *the Shift Project*, and the INR (French Institute for Responsible Digital).

Scope: Fnac and Darty France	2021
CO <sub>2</sub> emissions (in t CO <sub>2</sub> eq)	7,088
Non-current assets	2,836
IT services	4,253

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In 2021, the first measurements of the GHG assessment of digital services were carried out in France, and a familiarization campaign for IT teams was launched.

### Measurement work

The data collection was carried out by the Green IT repositories and covers the following areas of digital activity:

- on-premises and cloud providers;
- SaaS partners;
- IT equipment;
- network.

The 2021 measures relate to data from Fnac Darty France and Nature & Découvertes, but does not yet include WeFix, or the specific IT services of France Billet and the subsidiaries abroad.

### Raising team awareness

Familiarization for IT teams, and for the Group's employees more broadly, is an ongoing process.

Since 2021, IT teams have been working on this subject by:

- communicating Green IT best practices to raise awareness of the impact of digital use and reduce the carbon footprint;
- establishing and developing a Green IT Community to share ideas and discuss CSR issues;
- creating a collaborative *Fresque du Numérique* workshop.

In 2022, the priority areas are:

- familiarization for Group employees;
- defining action plans and objectives;
- refining the measurements;
- extending the scope of the measures, particularly internationally, and to France Billet and WeFix;
- implementing a carbon indicator for IT projects.

### Work commutes

With over 25,000 employees across Europe and significant geographical coverage, Fnac Darty is aware of the carbon footprint of work commutes.

The Group conducted an initial estimate of the emissions associated with this scope 3 source in 2020, by carrying out a survey of employees in France on their travel in 2019. This provided data on the travel behavior of employees (methods of transportation, kilometers traveled, number of journeys, etc.), which was then used to calculate the associated CO<sub>2</sub> emissions. The questionnaire also investigated why employees chose a certain method of transportation and what was stopping them from choosing a more environmentally friendly method. This was then fed back to the HR Department during discussions as part of the roll-out of its CSR roadmap.

The survey was repeated to calculate the impact of travel in 2021, with results that remain estimates because they are based on reports; indeed, the many changes in work organization associated with the Covid-19 health crisis have made it difficult to actually measure the days worked on-site.

Scope: Group <sup>(a)</sup>	2019	2020	2021
CO <sub>2</sub> emissions (in t CO <sub>2</sub> eq)	33,183	not available	30,638

(a) Data from European subsidiaries extrapolated from CO<sub>2</sub> equivalent emissions per employee in France.

Given the situation in 2020 (lockdown, working from home), it was not possible to measure CO<sub>2</sub> emissions associated with employee travel for this year. However, Fnac Darty is committed to continuously improving the quality of its data and plans to include all Group employees in these emission measurements.

### Waste generated

Fnac Darty's logistics operations mainly produce packaging waste: pallets of products in protective plastic wrap and cardboard boxes from packages delivered to customers' homes or stores as part of the click&collect framework.

However, within the framework of its recovery obligations (1 for 1 or 1 for 0), the Group also collects electrical and electronic waste, batteries and accumulators, light bulbs and neon bulbs, and ink printers from homes or in-store. The processing of this waste is also included in this calculation.

Scope: Group	2019	2020	2021
CO <sub>2</sub> emissions (in t CO <sub>2</sub> eq)	124,393	not available	117,388

The policies, action plans, and results relating to packaging waste and product waste can be found in section 2.2.5 “Reduce packaging, ensure waste collection, and recycling”.

#### 2.4.4.6 / Application of the EU Taxonomy to the Group's activities

The EU Taxonomy for Sustainable Activities or “EU Taxonomy” establishes a list of economic activities that are considered environmentally sustainable on the basis of ambitious and transparent technical criteria. The implementation of this framework, intended to clarify which economic activities contribute to the European objective of carbon neutrality – the Green Deal – highlights the magnitude of the economic and industrial transformations to be accomplished, as well as the ambition of the European authorities in terms of sustainable finance and transparency. Based on its environmental, social and societal commitments, Fnac Darty fully supports the European Commission in its analysis of activities and definition of technical review criteria aimed at directing investments by public and private stakeholders toward projects that contribute to the transition to a sustainable, low-carbon economy<sup>(1)</sup>.

The first environmental objectives of the Taxonomy relating to climate change mitigation and adaptation prioritized business sectors that contribute significantly to greenhouse gas emissions at European Union level. With a business model based primarily on the distribution of household appliances, electronics and cultural products, Fnac Darty's activities were not considered by the Taxonomy to contribute significantly to these objectives. However, the Group is demonstrating an increase in its climate commitments, as described, among other things, in sections 2.2 and 2.4 of this report. The Group also closely monitors the publication of the delegated acts for the other four environmental objectives, which should better reflect the contribution of the Group's activities to a more sustainable world.

#### 1/ Qualification levels selected by the Group

In accordance with Regulation (EU) 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment within the European Union<sup>(2)</sup>, Fnac Darty is required to disclose, for the 2021 financial year, the share of its revenue, investments, and eligible operating expenses resulting from products and/or services associated with economic activities considered sustainable within the meaning of the classification and criteria defined in the Taxonomy for the first two climate objectives of mitigation and adaptation.

Accordingly, given the changing nature of the European regulatory framework and the information available to date, the Group has defined several levels of qualification for its activities, eligible

(regulatory or voluntary) and qualifying, the definitions of which are presented below. These qualification levels reflect the Group's commitment to transparently communicate the rules applicable in 2021 and the rules potentially applicable from 2023, on the basis of the regulatory timetable as defined to date.

#### Definitions

**Regulatory eligible:** An economic activity is eligible if it is included in Appendixes I and II of the Delegated Act of June 4, 2021 of the Taxonomy Regulation, as contributing to the following two climate objectives (fiscal year 2021):

- 1) climate change mitigation;
- 2) climate change adaptation.

**Qualifying:** An economic activity has been defined as qualifying for the European Taxonomy if, according to the Group, it contributes to the environmental objectives described in Articles 10–15 of Regulation (EU) 2020/852 of June 18, 2020.

Here, the Group takes into account the list of activities proposed in the draft sheet in the Technical Report of the Platform for Sustainable Finance in August 2021, ahead of the delegated acts to be published in 2022, in connection with the following objectives:

- 3) the sustainable use and protection of aquatic and marine resources;
- 4) the transition to a circular economy;
- 5) pollution prevention and control;
- 6) the protection and restoration of biodiversity and ecosystems.

**Voluntary eligible:** The Group has voluntarily defined that an economic activity is considered voluntarily eligible if, without being eligible or admissible in the strict sense of the term, it supplies an eligible market as defined in Appendixes I and II<sup>(3)</sup> of the Delegated Act of June 4, 2021 of the Taxonomy Regulation (see detailed information below).

**Ineligible:** An economic activity is considered ineligible if it is not defined in the European Taxonomy framework, i.e., those Group activities whose correspondence or contribution to the objectives of the Taxonomy could not be identified on the basis of the regulatory information published for the 2021 financial year. This category includes voluntary eligibility, in strict application of the regulations as analyzed to date.

Finally, the concept of alignment provided for by the regulations as of the next fiscal year will be addressed by the Group in the Annual Report for the 2022 financial year.

(1) [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities\\_fr](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_fr).

(2) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=F>.

(3) [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI\\_COM:C\(2021\)2800](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=PI_COM:C(2021)2800).

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Category	Reference regulation	Definition
Eligible for the mitigation and adaptation objectives	Commission Delegated Regulation of June 4, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council	The activities considered eligible are those that meet the definitions set out in the Delegated Regulation on the climate objectives of mitigation and adaptation.
Qualifying for other objectives of the Taxonomy	Regulation (EU) 2020/852 of June 18, 2020, preliminary report from the European Platform on Sustainable Finance published on August 3, 2021 and future delegated acts on objectives 3 to 6	The activities considered qualifying are those which Fnac Darty has identified as contributing directly or voluntarily to one or more of the last four objectives of Taxonomy as described in Articles 12–15 of the European Regulation of June 18, 2020.

### **2/ Methodology developed and ratios linked to the Taxonomy**

A detailed analysis of the Group's activities was conducted in conjunction with a review of the existing processes and reporting systems, enabling the financial aggregates required by the Taxonomy to be outlined. The methodological elements used by the Group to conduct its analysis – assumptions, estimates, and limitations – are described in this report.

The financial information presented below corresponds to the definitions specified in Article 8 of Delegated Regulation 2021/2178 of the European Commission of July 6, 2021 and its appendices supplementing Regulation (EU) 2020/852 specifying how KPI are calculated as well as the information to be published<sup>(1)</sup>. They were analyzed and monitored jointly by the CSR Department, the Financial Control Department, the Indirect Purchasing Department, and the associated business teams.

Based on a detailed analysis of all its business lines, the Group has not identified any eligible revenue on a regulatory basis. The capital expenditure indicator (Capex) will mainly concern the buildings owned and leased by the Group. The operating expenses indicator (Opex) was also identified as not material in relation to total Group Opex.



### **Revenue**

Due to its position as a retailer, no eligible revenue was identified for the first year for the climate change mitigation and adaptation objectives; the activities defined for these objectives did not cover the Group's business activities. Due to the lack of eligible revenue, investments and operating expenses related to activities contributing to the revenue could not be considered as eligible. Hence, in a conservative approach to the application of the Taxonomy, any action implemented to reduce the carbon footprint of the Group's products, and therefore relating to the Group's core business activities, has not been valued in the Capex and Opex indicators.

However, through the sale of products, the Group is able to value on a voluntary basis (voluntary eligibility) the revenue that these sales activities would represent if they were integrated with the Group's production. In this voluntary eligibility approach, the Group has identified two activities that contribute to the climate change mitigation objective (objective 1<sup>(2)</sup>):

(1) <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2178&from=EN>.

(2) [https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-2\\_en.pdf](https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-annex-2_en.pdf).



Activity type	Numerator element	Method	Assumptions/limitations
 6.4. Operation of personal mobility devices, cycle logistics	Revenue associated with urban mobility activities (electric bicycles and scooters, gyropods, etc.).	Data provided by the management control teams and consolidated by the financial control team.	Accessories and spare parts from this product family excluded from the numerator. The classification of urban mobility products may vary from one Group subsidiary to another.
 3.5. Manufacture of energy efficiency equipment for buildings	Revenue associated with sales of domestic appliances (refrigerators, dishwashers, washing machines, tumble dryers, air conditioners, etc.).	Identifiable data within the financial reporting process, produced at each reporting period by the operational management control teams and validated by the Group's financial control team.	As all household appliances are potentially eligible, the Group has decided to only include domestic appliances and exclude televisions from this numerator element. All revenue for these product families is taken into account in the numerator, without distinction of energy efficiency criterion (which must be done in the second part of the alignment analysis of the eligible revenue).

Based on a denominator composed of the Group's total consolidated revenue, **these two activities defined as voluntarily eligible by the Group represent 10.9% of revenue for 2021.**

At the same time, taking into account the regulatory information available to date and the strength of its commitments, particularly in terms of product sustainability (see section 2.2 of the DPEF),

the Group analyzes some of its activities as contributing to the transition to a circular economy, specifically in the categories "Provision of repair and maintenance services and of directly related activities" and "Resale and/or remanufacture of used electrical and electronic equipment", based on the activities listed in the preliminary report of the European Platform on Sustainable Finance for objectives 3 to 6<sup>(1)</sup>.

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Activity type	Numerator element	Method	Assumptions/limitations
 14.2. Provision of repair and maintenance services and of directly related activities	Revenue related to after-sales service, Darty Max, Vanden Borre Life, WeFix, REPAR (mobility category) and the sale of spare parts.	Data identifiable within the Group's financial reporting. Service revenue separate from Products revenue.	The sale of spare parts is considered to be a service related to the repair business, promoting product sustainability to consumers, hence its inclusion in the numerator of the eligibility ratio.
 2.8. Resale and/or remanufacture of used electrical and electronic equipment	Revenue related to second life and product sales business activities of WeFix and PC Clinic.	Product revenue (refurbished products) of PC Clinic and of WeFix removed from after-sales service business activity in order to avoid double counting. Second life revenue identified jointly by the Financial Control and Second Life departments.	As far as second life revenue is concerned, only Fnac Seconde Vie and Darty Occasion sales on the web channel have been isolated to date. Sales of second life products in-store are therefore excluded from the eligibility ratio numerator this year.

Based on a denominator composed of the Group's total consolidated revenue, **these two activities, which the Group**

**has assessed as qualifying, account for 1.2% of the Group's qualifying revenue for 2021, as defined by the Taxonomy.**

(1) [https://ec.europa.eu/info/publications/210803-sustainable-finance-platform-technical-screening-criteria-taxonomy-report\\_en](https://ec.europa.eu/info/publications/210803-sustainable-finance-platform-technical-screening-criteria-taxonomy-report_en).

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In addition, the Group has developed internally the sustainability score <sup>(1)</sup> (see section 2.2.1 in the DPEF), whereby one of the scenarios makes it possible to report, on a voluntary, qualitative “retailer” basis, on business activity relating to the production of sustainable consumer electronics. The use of this score highlights the revenue generated by the sale of products with a high sustainability score. The Group’s assessment is that sales of products with sustainability scores that are higher than the average sustainability scores over the year (average of 111 in 2021) fall within the “Manufacture of durable electrical and electronic equipment” category. As this score has until now only been performed on the Darty scope, this business activity is excluded from the calculation of the eligibility ratio, but the Group intends to increase this revenue category in the future by extending the calculation of this score to other scopes within the Group.

Accordingly, eligible (mandatory or voluntary) and qualifying activities for the six objectives of the European Green Taxonomy represent **12.1%** of Fnac Darty’s 2021 revenue:

- 0.0% are identified as eligible;




- 1.2% are considered to qualify;

- 10.9% are considered voluntarily eligible.

The Group will monitor regulatory developments and any clarifications issued by regulators and oversight bodies, and will revise the assessment, particularly with regard to certain business activities that benefit the environment and which could, if the developments permit, justify the possibility of including them in the framework in the future.

### Industrial investments (Capex)

The Capex eligibility assessment focused on so-called individual measures, mainly concerning investments related to property activities: acquisition and ownership of buildings (including long-term leases under IFRS 16), renovation of existing buildings and ad hoc works related to the energy efficiency of buildings. Investments related to waste recovery have not been incorporated into the eligibility KPI numerator as they are not material.

Activity type	Numerator element	Method	Assumptions/limitations
 6.6. Freight transportation services by road	Capex linked to the long-term rental of N1, N2 or N3 class vehicles that meet Euro VI standards.	Inclusion of IFRS 16 rental expenses for commercial delivery and service technician N1 vehicles that meet Euro VI standards (financed as long-term rentals, primarily, and rentals with an option to purchase).	All vehicles that meet the above-mentioned criteria are taken into account in the numerator without discrimination. Although most of them will probably be excluded by alignment criteria, the Group intends to convert a growing proportion of its fleet into vehicles with lower emissions (specifically biofuels).
 7. Construction and real estate	Capex linked to the long-term rental of buildings and their renovation in line with activities 7.1 to 7.7 of the delegated acts covering objectives 1 and 2 of the Taxonomy.	Inclusion of total commitments under IFRS 16. Data from the Group’s Property department and Administrative and Financial department.	All store rental contracts are included in this aspect of the eligibility numerator without discrimination. The Group intends to conduct an exercise to identify “green” leases with an environmental label, with a view to aligning with the objectives of the Taxonomy.
 5.5. Collection and transport of non-hazardous waste in source segregated fractions	Capex linked to the separate collection and transportation of sorted or mixed non-hazardous waste to be processed for reuse or recycling.	Identification of investments in waste compaction equipment with the Indirect Purchasing Department and the associated operational team.	Negligible investments in comparison with the weight of property business, not taken into account in the eligibility ratio numerator this year.

(1) Sustainability score: average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty’s After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

Based on a denominator composed of the Group's total operating investments and total IFRS 16 rentals, **the investments outlined above and identified as eligible account for 58.0% of the Group's 2021 Capex within the meaning of the Taxonomy.**

### Operating expenses (Opex)

The Opex analysis resulted in the amount analyzed being assessed as not significant in view of the Group's materiality thresholds, as the "Taxonomy Opex denominator" to "Group Total Opex" ratio was less than 5%, which, combined with the fact that the Group's activities are not yet eligible, results in the Group using the exemption provided to calculate the Taxonomy Opex KPI in greater detail.

### Summary of the mandatory results of the Group's taxonomy ratios for 2021

	Eligible revenue KPI	Capex eligible KPI
Eligibility	Zero revenue for objectives 1 and 2	Capex (mainly linked to leased buildings)
KPI numerator – total eligibility under objectives 1 and 2	€0 million	€216.5 million
KPI denominator in the sense of the Taxonomy	€8,042.6 million	€373.1 million
<b>KPI: taxonomy eligibility (%)</b>	0%	58.0%

Despite the data reported by Fnac Darty under the Taxonomy, the Group has for many years demonstrated a strong commitment to combating climate change, with science-based objectives to reduce its greenhouse gas emissions, and numerous measures aimed at reducing the environmental impact associated with the life cycle of products distributed by its brands:

- developing customer information for an educated choice, particularly through the ongoing work of Labo Fnac, the After-Sales Service Barometer, sustainability score and Sustainable Choice, which aim to highlight the most sustainable products (see section 2.2.1);
- developing repair services and promoting DIY repairs, including the reinforcement of remote assistance services (see section 2.2.2);
- reuse, with increasing sales of second-hand products and donations of unsold products (see section 2.2.3);

- optimizing the transportation of goods and decarbonizing the associated fleets (see section 2.4.4);
- using renewable energies, via contracts with producers of electricity from wind, hydro-electric and solar sources (see section 2.4.4).

These long-standing commitments have enabled the Group to obtain the following non-financial ratings:

- CDP: A- (vs C in 2020);
- Moody's ESG Solutions (Vigeo Eiris): 54/100 (up +6 points from 2020, including +14 points on the environmental component).

These measures and the associated strategies are described in sections 2.2 and 2.4 of this report.

The Group will review its methodology and its eligibility assessment as the Taxonomy is implemented and as the listed activities and the criteria for technical examination change.



## 2.5 / Acting ethically throughout our value chain

- **Ethics and governance system**
- **Guarantee the protection of personal data**
- **Prevent the risks of corruption**
- **Implement a responsible indirect purchasing policy**
- **Implement a vigilance plan**
- **Ensure fiscal responsibility**

Risks	Opportunities
<ul style="list-style-type: none"> <li>■ Lack of integrity of third parties with which we work</li> <li>■ Serious violations of human rights, health and safety, and the environment</li> <li>■ Non-compliance with the Group/Penalties</li> <li>■ Reputation</li> </ul>	<ul style="list-style-type: none"> <li>■ Sustainable commercial development</li> <li>■ Involvement in improving the working conditions at suppliers</li> <li>■ Strengthening collaboration with suppliers</li> <li>■ Reputation improvement</li> </ul>

Levers activated	2021 Actions	KPI and associated indicators
<ul style="list-style-type: none"> <li>■ A solid ethical approach that is strengthened each year</li> </ul>	<ul style="list-style-type: none"> <li>■ Rollout of the ethics monitoring platform</li> <li>■ Redesign of the ethics e-learning course (7 modules)</li> <li>■ Appointment of ethics officers</li> </ul>	<ul style="list-style-type: none"> <li>■ Number of ethics alerts received and processed</li> <li>■ <b>KPI: percentage of factory audits whose score is deemed to be compliant or average (Fnac Darty)</b></li> <li>■ Proportion of purchases of Nature &amp; Découvertes' own-brand products from suppliers who have signed the Responsible Purchasing Charter</li> </ul>
<ul style="list-style-type: none"> <li>■ Reinforcing the protection of personal data</li> </ul>	<ul style="list-style-type: none"> <li>■ Improving access to information on the processing of personal data</li> <li>■ Strengthening cybersecurity</li> </ul>	
<ul style="list-style-type: none"> <li>■ Anti-corruption procedures and controls</li> </ul>	<ul style="list-style-type: none"> <li>■ Creating the Charter for the Prevention of Conflicts of Interest</li> <li>■ Training 650 people on conflicts of interest and completion of conflict of interest disclosures by key employees</li> </ul>	
<ul style="list-style-type: none"> <li>■ Implementation of a vigilance plan</li> </ul>	<ul style="list-style-type: none"> <li>■ Extending the scope to include WeFix</li> <li>■ Increasing the number of unannounced audits</li> <li>■ Strengthening the procedures for evaluating and monitoring Marketplace vendors</li> <li>■ Training all operations managers in risk prevention</li> </ul>	
<ul style="list-style-type: none"> <li>■ Documenting a responsible purchasing policy</li> </ul>	<ul style="list-style-type: none"> <li>■ Drafting a responsible purchasing policy for indirect purchasing</li> <li>■ Training all indirect buyers in responsible purchasing</li> <li>■ RFAR label awarded in January 2022</li> </ul>	
<ul style="list-style-type: none"> <li>■ Implementation of a responsible tax policy</li> </ul>	<ul style="list-style-type: none"> <li>■ Helping Group subsidiaries to implement the new rules of the E-Commerce Directive</li> <li>■ Commitment to the tax partnership with the Major Corporations Division of the French Directorate-General of Public Finances</li> </ul>	

As a responsible player, Fnac Darty is committed to acting with integrity. Respect, fairness and transparency are at the heart of the Group's day-to-day activity. Its success and reputation depend both on the way in which employees perform their roles and on the performance of the omnichannel model and the services offered.

The Group places particular importance on sustaining its values in its relationships with employees, suppliers, customers, partners and shareholders. Fnac Darty's values and ethical principles contribute to the sense of pride felt by the Group's employees. These commitments are set out in the ethical framework.



## 2.5.1 / ETHICS AND GOVERNANCE SYSTEM

In order to live up to the great example the Group has set in the field of ethics, Fnac Darty is continually improving its ethical system. The Ethics Committee analyses the system's quality, compliance and fitness for purpose in the light of changes to the business environment.

The Ethics Committee, chaired by the General Secretary, is composed of eight permanent members who have been selected for their expertise in labor law, corporate law, the environment, codes of conduct and ethics.

The Ethics Committee approves, evaluates and improves the ethical approach in place. This committee ensures the ethical conduct of the Company's business, specifically in compliance with the Sapin II anti-corruption law, the French act establishing a duty of care by parent companies and major contractors, and the General Data Protection Regulation (GDPR). The Group's Chief Executive Officer attends the Ethics Committee, which presents the summary of its work for the year.

The Group's Internal Audit and Compliance Department monitors the processes and procedures of the ethics system Group-wide.

### 2.5.1.1 / Ethical framework

Fnac Darty's ethical framework comprises all the ethics documents within it:

- Business Code of Conduct <https://www.fnacdarty.com/wp-content/uploads/2021/11/en-code-de-conduite-des-affaires-2021-liens-ma-j-optimise.pdf>;
- Gifts and Benefits Charter;
- Charter for the Prevention of Conflicts of Interest;
- ethics alert line.

This framework is updated regularly to reflect the improvements made. The entire ethical framework is available on a dedicated web page, which has been communicated to employees in France.

The ethical framework is disseminated locally in all Group countries and subsidiaries by local ethics officers who report to the Group Ethics Officer.

The Internal Audit and Compliance department has a risk-based approach to achieve its objective of risk control and process improvement. Compliance issues are systematically incorporated into the action it takes.

The Group risk mapping is updated annually. It summarizes the consolidated risk mapping for all countries, subsidiaries and major departments. The main risks incurred through their respective activities are identified by the management responsible for those activities. These mappings are presented and reviewed by internal control committees, the members of which include: the

Group Internal Audit department, local departments, the Group departments concerned and the Group's cross-departmental control functions (legal, CSR, data protection, taxation, IT, etc.). Remediation plans are documented and monitored in response to any risks identified.

The Group's Internal Audit Department conducts annual interviews with each member of the Executive Committee to map the major risks at Group level. This review is reviewed by the Group's Chief Executive Officer and approved by the Executive Committee before being presented to the Audit Committee that reports to the Board of Directors.

In order to improve risk management, a crisis management policy and manual were created during 2021. These will be supported by the implementation of tailored training courses that will take place during 2022.

### 2.5.1.2 / Outsourced ethical alert mechanism

To strengthen the existing alert system, in 2020, Fnac Darty developed an outsourced platform for monitoring ethics and compliance, which was launched at the beginning of 2021.

This platform complements the usual channels of communication (managerial, HR representatives, employee representatives) and covers both the alert systems required by the applicable regulations (Sapin II, duty of care, etc.) as well as the non-mandatory systems which the Group has set up on its own initiative to stop behavior which is incompatible with Fnac Darty's charters, policies and internal regulations.

This mechanism has been rolled out to all subsidiaries in France and in the countries, and translated into French, English, Spanish, Portuguese, Dutch and Mandarin Chinese, and has been the subject of an internal communication plan.

The link to the platform is also accessible to third parties: the reporting system is included in the Business Code of Conduct, which systematically binds the Group to its employees, partners and suppliers; it is also available to employees on the Group's intranet and to everyone on the Group's corporate site: [www.fnacdarty.com](http://www.fnacdarty.com).

Managed by a separate company who is a leader in its field, this reporting platform, at [report.whistleb.com/fr/portal/fnacdartyGroupe](http://report.whistleb.com/fr/portal/fnacdartyGroupe), enables employees and external stakeholders to give a warning – in a confidential and secure manner – about:

- any professional misconduct, illegal conduct whether that is of an accounting or financial nature, or relates to corruption or a breach of competition law;
- an alert regarding health, hygiene and safety, discrimination or harassment at the place of work;

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- a report regarding environmental protection;
- an alert regarding health, hygiene and safety, human rights or environmental protection concerning a partner or supplier.

The reporting process and all exchanges which take place within the context of a warning are strictly confidential and are carried out via secure, encrypted channels. It is also possible to make a report anonymously.

These reports are sent immediately and exclusively to the authorized members, who decide on the action to be taken and ensure that cases are monitored in accordance with the applicable regulations and the Group's ethical rules.

These recipients:

- analyze the admissibility (if necessary they may call on an Ethics Committee) and acknowledge receipt of the warning (within 10 working days);
- may close the case without follow-up if the warning does not comply with the provisions for warnings or has arisen out of malice;
- ensure the compliance of investigations and directly manage the most sensitive cases;
- may assign files to managers able to process and monitor the handling of such cases;
- ensure that all communication happens via the platform in order to ensure case confidentiality.

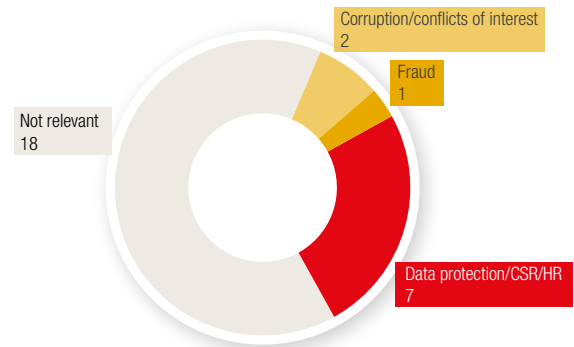
Throughout 2021, the Group communicated broadly to its employees about the launch of this new system and established a permanent and accessible internal communication campaign.

Representative trade union organizations have been informed about the operation of the system and the communication campaign and it was discussed with them. They will be included once a year in an assessment of the use of the mechanism.

During 2021, 28 alerts were received. All alerts received were processed and reviewed. The majority of cases were not relevant (18).

- Two cases related to corruption in conflict of interest matters concerning the awarding of contracts. Both cases had not been declared by the parties concerned during the annual conflict of interest disclosures. In both cases, the individuals were subject to measures and sanctions.
- One case related to fraud and was subject to measures and sanctions.

The seven other principal relevant cases during 2021 related to CSR, data protection and human resources. They were all subject to remediation plans that have been closed.



The annual summary of the activity of the alert and compliance line was prepared and circulated at the Ethics, Audit and CSR Committees.

## 2.5.2 / GUARANTEEING THE PROTECTION OF CUSTOMERS' AND EMPLOYEES' PERSONAL DATA

### 2.5.2.1 / **Protect the personal data of employees and customers**

With millions of visitors to its stores and to its commercial websites each month and close to 10 million subscribers, personal data protection is at the heart of the challenges faced by Fnac Darty. Customers expect their data to be used transparently and proportionately, in keeping with the Group's commitment to an educated choice.

Fnac Darty strives to ensure it uses the data collected by the Group's brands with absolute transparency, and that this use is also legitimate, proportionate and secure. To gain the trust of our customers, which is essential for Fnac Darty, strong protection of customer data as well as that of employees is required. For several years, the Group has been working hard to proactively protect personal data, in accordance with the provisions of the Regulation of April 27, 2016 (GDPR) and the French Data Protection Act.

#### **Governance**

To ensure a high level of personal data protection, Fnac Darty has established a dedicated organizational structure and internal procedures that guarantee the protection of the data throughout the processing cycle.

Fnac Darty had a team of three people in France dedicated to protecting personal data: a Group DPO (Data Protection Officer) appointed to the French Data Protection Authority (Commission Nationale de l'Informatique et des Libertés or "CNIL") and two people in charge of the protection of personal data. The subsidiaries (Belgium, Spain, Portugal, Switzerland, WeFix, and Nature & Découvertes) also have locally appointed DPOs or staff dedicated to compliance with regulations on personal data protection. GDPR officers, responsible for circulating data protection-related issues and news, have also been appointed in each of the major departments. All business lines are thus covered by and represented at a GDPR Committee.

Dedicated committees and workshops organized by the DPO team meet regularly to ensure compliance with GDPR and to monitor the action plans it generates. Issues regarding the protection of personal data are also regularly reported to members of the Fnac Darty Executive Committee for their information or management if necessary. Meetings of the Comex review data protection activity and projects once or twice per year.

- The GDPR Steering Committee, attended by the DPO and GDPR officers, monitors the business line action plans (every three months).

- The GDPR IT Monitoring Committee, attended by the IT Directors, monitors IT action plans (every two months).
- The Country DPO Committee brings together country DPOs to share practices and provide coordination (every six months).

#### **Audits**

The DPO team, in association with Internal Audit and Internal Control, conducts audits, checks or self-assessment campaigns for GDPR officers in order to ensure regular monitoring of GDPR issues.

#### **Documentation of compliance and "Privacy by Design" procedures**

Fnac Darty maintains processing records and documents its compliance by completing processing and impact analysis (AIPD) data sheets and disseminating personal data protection policies.

A Privacy by Design procedure has been put in place to ensure that issues of personal data protection are properly taken into account from the outset when projects are designed and tools selected. It includes an analysis of the processing of personal data and audit questionnaires to assess the guarantees offered by third-party solutions, particularly SaaS (online software). Fnac Darty has a tool for mapping and managing the integration of new SaaS tools that have seen strong growth in recent years.

#### **Training and awareness**

Fnac Darty ensures its employees are trained in data protection issues. Mandatory e-learning on the protection of personal data can be accessed from the e-learning platform. In 2021, the focus was on the business lines, with dedicated training on the protection of privacy delivered to the after-sales service business line (repair technicians, delivery and installation personnel).

#### **Personal rights**

Managing requests from people wishing to exercise their rights (rights of access, rectification, objection, right to portability, withdrawal of consent) is a major concern for Fnac Darty, and the customer services and DPO teams are actively mobilized to respond to them. Various contact channels via DPO e-mail, online contact forms (Darty) or a conversational platform (Fnac through ladvice) ensure that customers' personal data requests are dealt with promptly.

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### Personal data breaches

A system for tracking anomalies and incidents can be used to anticipate data breaches. Regular employee awareness and close cooperation between the DPO and CISO teams also ensure that IT incidents are properly managed and enable the Group to prepare for any personal data breaches that must be notified to the French Data Protection Authority (Commission Nationale de l'Informatique et des Libertés or "CNIL") within a timescale of 72 hours.

### Program and action plans

In 2021, the issue of personal data protection was again at the heart of the Covid-19 crisis, requiring particular care in the processing of employee data.

The actions in the GDPR program related to all areas of the Company and involved all stakeholders. The need to adapt to the new regulatory framework for cookies and advertising tracking techniques continued to mobilize the teams. Fnac Darty focused specifically on adapting to ever-changing security challenges and enforcing limited retention periods in information systems.

Fnac Darty also works to give its customers better control over the use of their personal data. For this reason, in 2022, the Group has continued a major project around a "preference center", which will offer customers improved transparency and better management of their personal data – in addition to the cookies manager.

Particular attention is paid to informing customers, particularly in-store, with improved access to information about the processing of personal data (with signage and a QR code providing direct access to Fnac Darty's data protection policy).

Customers' perceptions of trust and transparency in the use Fnac Darty makes of their personal data has resulted in a customer study and a barometer has been set up so that certain personal data indicators can be monitored regularly.

### **2.5.2.2 / Cybersecurity: essential protection for personal data**

Many critical activities such as sales, retail, financial services and the protection of customers' and employees' personal data depend on the reliability and effectiveness of numerous information systems. Cyberattacks on companies' information systems, websites and employees are increasingly sophisticated and frequent, representing a significant risk for the Group.

Specific policies have been put in place to prevent and manage cybersecurity incidents, in order to ensure the Group's information systems and any third-party data are protected. This activity is governed by a structure that includes an information security policy, as well as meetings of several committees, one of which is specifically tasked with setting up the GDPR compliance program.

As part of its continuous improvement approach, Fnac Darty strengthens its specific policies for the prevention, detection and management of cybersecurity incidents on an ongoing basis, and in 2021, this took place through the implementation of the following projects:

- improving the protection of messaging services;
- improving identity management;
- strengthening the protection of the Group's commercial websites;
- strengthening the obsolescence and replacement management plan.

In 2021, Fnac Darty obtained PCI-DSS certification, which illustrates the robustness of commercial systems and data theft prevention systems.

The rollout of these new procedures has been boosted by significant investment; the cyber security budget has tripled since 2019.

- Number of attacks: 6.8 billion malicious requests blocked.
- Proportion of blocked e-mails: 30%.

### 2.5.3 / COMBATING CORRUPTION

The Group is constantly vigilant and keen to take action under any circumstances to comply with its ethical commitments. The ethical framework documents this commitment in detail in all locations in which the Group operates.

The **Business Code of Conduct**, also called the “Ethics Charter”, is a collection of the basic principles that should govern each person’s behavior in their professional life, both individually and collectively. These principles are reaffirmed through respecting people, respecting Company property, respecting trade regulations, and through the Group’s commitments to social and environmental responsibility.

The **Gifts and Benefits Charter** outlines the Group’s internal rules for accepting gifts and hospitality. Its purpose is to offer instructions to help employees deal more confidently with gifts or hospitality they receive.

The **Prevention of Conflicts of Interest Charter, launched in 2021**, aims to raise awareness of conflicts of interest. Its intention is to help employees avoid them and understand how to conduct themselves when faced with them. For Leadership members and employees potentially at risk, this is combined with an annual conflict of interest disclosure. Using this process, nearly 650 people received conflict of interest training in 2021. All reported conflict of interest situations are reviewed by the Internal Audit department and, if necessary, measures are taken to avoid them. This approach has a dual objective of education and protection.

The **ethics alert line** (see section 2.5.1) enables staff to report with complete confidence and confidentiality any behavior that contravenes the ethical framework and any serious situation or event identified within the Company or within the Group’s partners/suppliers on our ethics alert and compliance website at: <https://report.whistleb.com/en/portal/fnacdartyGroupe>.

Fnac Darty ensures that all of its employees, Management Committees, Executive Committee and corporate officers share these commitments. These documents also form an integral part of the introductory handbook for new employees joining the Group. Lastly, the ethical framework is appended to the contracts and agreements that formalize the Group’s commercial relations with its partners.

#### Key principles from the Business Code of Conduct related to preventing corruption

In order to prevent corruption and other behavior that undermines business integrity, the Group:

- is committed to a zero-tolerance approach to corruption and influence peddling within the Group and in its relationships with third parties;

- forbids political, trade union, cultural or charitable funding for the purposes of obtaining any direct or indirect benefits;
- ensures that charitable contributions, patronages or other sponsorship initiatives are governed by principles of integrity and made without any expectations of receiving anything in return whatsoever;
- is committed to ensuring that independence and integrity concerning various gifts or enticements from third parties are inviolable principles accepted by everyone. To this end, the Group’s Gifts and Benefits Charter outlines the applicable rules;
- prohibits the remittance of any facilitating payments, regardless of whether or not these are permitted under local law;
- asks its employees to pay special attention to any transactions they feel are suspicious and may pertain to money laundering;
- is vigilant regarding conflicts of interest that may arise from situations where personal interests and the interests of the Company are at odds. To this end, the Prevention of Conflicts of Interest Charter, implemented in 2021, helps employees to more easily position themselves to deal with situations they may encounter;
- is committed, in the acquisition of interests that may be necessary as part of its strategic development, to analyzing the integrity of the target entities with regard to the legal environment, in addition to the economic and financial assessments carried out;
- sets out the various procedures to be followed in cases where there is reasonable doubt regarding unethical acts or activities.

#### Involvement of the entire Group in preventing corruption

In accordance with the Sapin II law, the Group has gradually developed an anti-corruption system that is at the heart of all governance activities and that is circulated to all employees:

- the Chief Executive Officer of Fnac Darty, who reports to his Executive Committee on oversight actions and obligations;
- the Group General Secretary, through leadership of the Ethics Committee, the dissemination of internal communications relating to commitments in the fight against corruption, and the development of dedicated training;
- the Group Director of Internal Audit, through managing the implementation of anti-corruption measures Group-wide;

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- the Country Management Committees, which ensure the successful roll-out of the anti-corruption system;
- members of the Leadership Group ensure they themselves and their employees uphold these principles. They all take a mandatory e-learning training course;
- employees are encouraged to report any situations they consider sensitive to their managers, the Human Resources Department or their ethics officers, in line with the principles set out above.

### A continuously improving roadmap for a robust corruption prevention plan

Risk assessment: specific mapping for the risk of corruption has been put in place and is reviewed annually at the meeting of the Ethics Committee. Any action taken is led and regularly measured at meetings of the Internal Audit Committee. It is also shared and discussed with the Group Audit Committee.

Raising employees' awareness of the risk of corruption: a new e-learning training package was finalized in 2021, the rollout of which is scheduled for January 2022. The package consists of seven stand-alone training modules on the following topics: Gifts and Hospitality, Whistleblowing, Code of Conduct, Assessment of Third Parties, Risk Mapping, Managers, Conflicts of Interest. The entire package has been translated into all the Group's languages.

Following a review conducted by the French Anti-Corruption Agency in 2021, these training modules have been selected as they comply with the Sapin II law. To ensure that all Group employees are better able to identify with the situations encountered in the quiz, it has been adapted to reflect the Group's business model and its visual style guide. For each training module, a practical fact sheet about the particular topic can be downloaded and each module refers to the ethical alert line. The Code of Conduct, Gifts and Hospitality and Conflicts of Interest modules each enable the trainee to download the associated internal documentation.

In addition, a video by Michel Sapin, founder of the Sapin II law, introducing the e-learning module is broadcast on the Everyday France ethics intranet, as are all the videos from the training package, covering the seven topics mentioned above.

When the training campaign is launched in January 2022, communications will be sent out from senior management, including the Group Chief Executive Officer. From then on, these seven modules will be monitored.

The training will have to be taken by certain target audiences, according to the topics. The Gifts and Hospitality, Whistleblowing and Code of Conduct modules will be taken by all Group managers. The Assessment of Third Parties, Risk Mapping and Managers modules will be taken by senior management. The Conflict of Interest module will be intended for those identified as being potentially at risk.

### Checks carried out

The internal audit teams have enhanced their tools for assessing compliance with Group rules on corruption risks. Any recommendations made as a result of internal audits are highlighted specifically when they relate to the risk of corruption.

Furthermore, the self-assessment questionnaire specific to corruption risk is based on the AFA questionnaire. Since 2020, where appropriate or possible, audit assignments have included tests on compliance with the requirements of the Sapin II law.

The Group is committed to maintaining strict oversight of its level 1 third parties through a permanent monitoring system set up in 2020 in partnership with the Audit Department.

Internal control committees provide an overview of compliance with the Sapin II law.

### Irregularities identified

In 2021, Fnac Darty was faced with irregularities carried out by certain individuals in a limited number of stores operated by one of its subsidiaries, Darty Île-de-France. As a result of internal control reviews that made it possible to detect some illegal transactions, the Group reported this suspicious conduct to the Public Prosecutor for Paris in January 2021 and filed a complaint.

In addition to the work conducted by the internal teams, the Group tasked external audit firm PwC with accurately assessing the extent of these illegal transactions, the operating methods used and ensuring that such acts can never be repeated.

The Group strongly condemns these practices, which, although not significant at Group level, are nevertheless illegal and completely unacceptable, from the point of view of the practices and ethics of the Group and its employees.

## 2.5.4 / IMPLEMENTING A RESPONSIBLE INDIRECT PURCHASING POLICY

Aware of the various social and environmental impacts of its indirect purchasing, the Group is committed to a global and sustainable approach to performance, for the Company and for the stakeholders within its ecosystem, from the dual materiality standpoint.

Tasked with selecting the most appropriate suppliers of goods and services to meet the Group's operating needs, contribute to its operational performance, and support the strategic plan Everyday, the Indirect Purchasing Department aims to boost the Company's educated purchasing choices, particularly by seeking to understand the environmental and social impacts of its purchasing practices.

To this end, the Indirect Purchasing Department has made commitments that are specific to its activities. These are designed to embody its responsible purchasing approach:

- being a responsible purchaser regarding our suppliers, and working to continuously improve purchasing practices, by developing long-term, balanced relationships with suppliers;
- helping to achieve the objectives set out in the Group's CSR roadmap in terms of climate, sustainability/recyclability/eco-design of products, incorporating Corporate Social Responsibility into purchasing processes, and by aligning ourselves with the Group's CSR policy;
- encouraging the Group's partners to develop a CSR approach, by promoting and monitoring the procedures and initiatives of Fnac Darty suppliers.

These aims and commitments were set out in a responsible indirect purchasing policy, the drafting of which involved all buyers and support departments, such as the CSR Department. To set itself an ambitious goal, the Group relied on the benchmark provided by the "Responsible Supplier Relations and Purchasing" label, backed by ISO 20400:2017 – Sustainable Procurement – Guidance.

Following an audit of practices and framework documents by a specialized firm, this fundamental work resulted in the Group mapping the risks specific to indirect purchasing, identifying the action plans to be implemented and defining lists of CSR criteria relevant to the mapping, for inclusion in future calls for tender.

The initial action plans aimed to improve payment deadlines and update the general terms and conditions of purchase, in order to promote long-term, balanced relationships, as well as to implement business reviews focusing on suppliers' CSR policies and practices.

Working with the teams in a co-construction approach, all buyers in the Indirect Purchasing Department (IPD) were trained in responsible purchasing. Since 2020, CSR criteria have also been incorporated into the annual objectives that affect the variable compensation of all IPD positions (management, division managers, buyers, etc.).

In January 2022, the RFAR Label Award Committee, composed of the Business Ombudsman (French Ministry of Economy and Finance) and the French National Purchasing Council, unanimously decided to award the RFAR label to the Group for indirect purchasing. This label is valid for three years.

Fnac Darty thus joins the ranks of 65 companies recognized by the public authorities for the long-term, balanced relationships they maintain with their suppliers on a daily basis.

### Outlook for 2022

The Group intends to continue the operational deployment of its responsible purchasing policy, particularly by launching action plans targeted at the riskiest purchases or implementing and monitoring indicators focusing on the social aspects of the performance of outsourced labor services (cleaning, security, gardening, etc.).

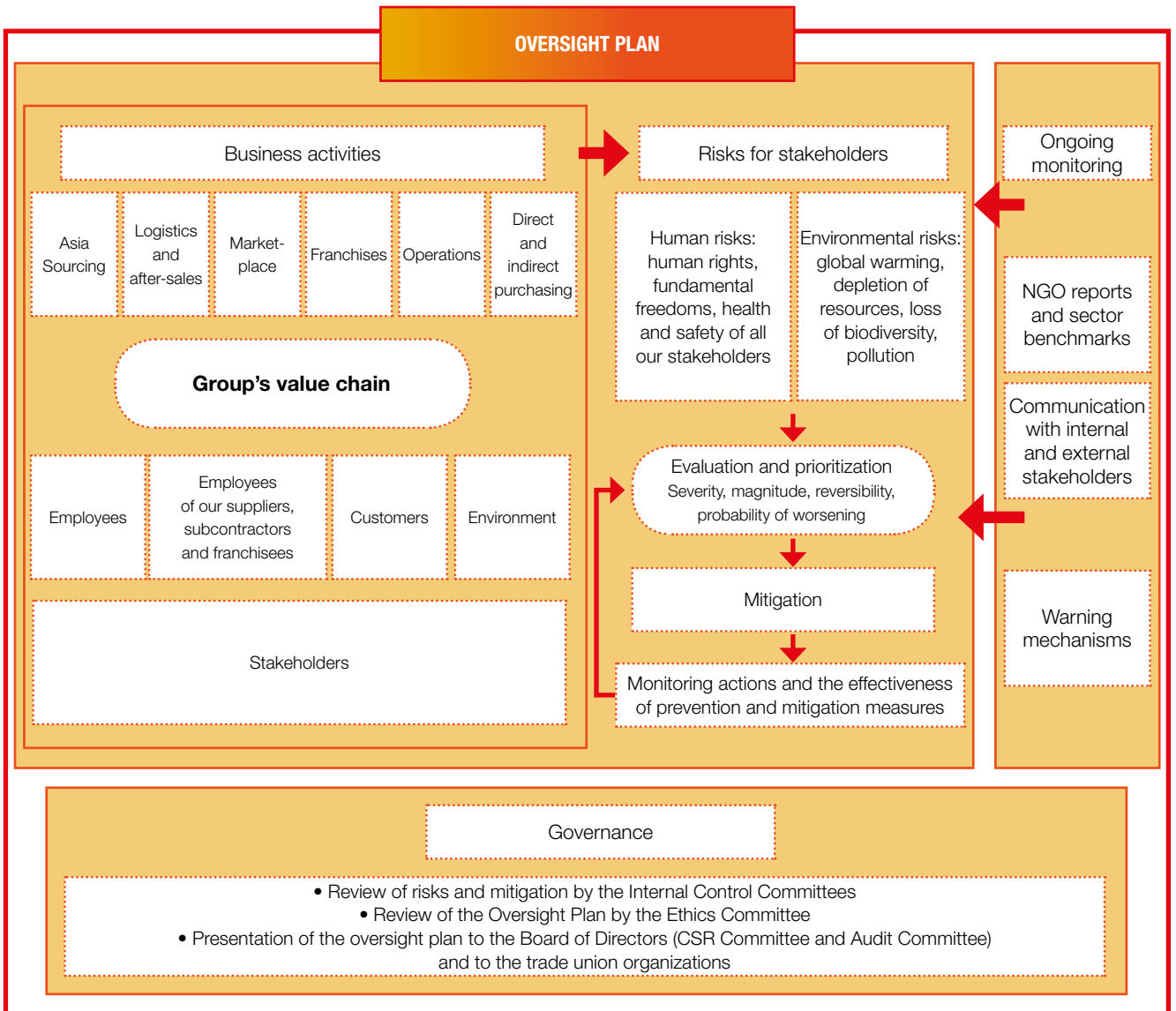
## 2.5.5 / VIGILANCE PLAN

The French law of March 27, 2017 on the duty of care of parent companies and initiating companies reinforces the requirements for responsibility throughout the entire value chain of companies' business activities. With its business activities changing, Fnac Darty took this law as an opportunity to strengthen and further

develop its risk analyses and action plans. The report on the effective implementation of the plan and the results has been made available to the public since 2018, in line with and complementary to its Non-financial Performance Declaration.

### 2.5.5.1 / Overview of the Vigilance Plan

#### Governance and structure





When conducting its business activities, Fnac Darty relies on strong ethical principles and standards and specifically refers to the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the core conventions of the International Labour Organization. The Group is also signed up to the United Nations Global Compact, the principles of which it shares and promotes.

In the conduct of their business, subsidiaries and partners are required to comply with applicable local legislation and the common minimum standards contained in the Business Code of Conduct.

## Scope

As at December 31, 2021, the geographical scope of the Group's Vigilance Plan covers France and the countries of the Group's subsidiaries: Fnac Spain, Fnac Switzerland, Fnac Portugal, Fnac Belgium, Vanden Borre, Nature & Découvertes and WeFix.

The scope of activities includes internal operations and level 1 suppliers/subcontractors.

The risks covered by the Plan relate to serious infringements of human rights and fundamental freedoms, the health and safety of persons, and the environment, which may be caused by the Group or by third parties with whom it has long-term relationships.

The Group's other non-financial risks are assessed and monitored as part of the CSR policy, and these are described in this Non-financial Performance Declaration.

### 2.5.5.2 / Risk mapping, assessment procedures and assessment system

Working with the Internal Audit Department, in 2018 the CSR Department organized a consultation with internal stakeholders in order to develop its risk mapping. This work involved several departments (Sourcing, Purchasing, Human Resources, Operations, Franchises, Marketplace, Sales).

In the spirit of continuous improvement, the mapping is subject to regular review by the CSR and Internal Audit departments, in collaboration with the departments mentioned above. Changes in the Group's environment (acquisitions, new markets, significant growth in a business area, etc.) and the reports and recommendations of NGOs and other external stakeholders (Sherpa, EDH, etc.) are taken into account as part of these reviews.

These consultations are used to identify the risks of serious infringements of human rights, health/safety and the environment in relation to each of the Group's businesses and those of its subsidiaries, suppliers and subcontractors with which the Group's various companies have an "established commercial relationship".

The risks identified are then assessed according to the methodology used by the Internal Audit Department in its risk

management of the Group. These risks are weighted according to their level of occurrence and impact and then with respect to the mitigation or prevention policies in place:

- the impact is assessed according to several criteria, such as the systematic or repeated nature of the threat, or its reversibility, on the working conditions and health/safety of employees, service providers and/or consumers;
- the probability is assessed in relation to the country where the entity operates (on the basis of several indicators including the human development index), in relation to the foreseeable nature of the threat and according to the number of threats recorded within the organization or sector;
- control of impact is assessed according to the level of risk identification and assessment, the control of the activities implemented and its compliance, the inclusion of risk in the audit and sourcing work program, and finally its integration into the training courses.

In 2021, the risks of serious infringements<sup>(1)</sup> of human rights and fundamental freedoms, the health and safety of persons, and the environment are linked to the following activities: sourcing of own-brand products from Asia, purchases of goods and services, Marketplace activity and logistics, after-sales service and delivery activities. Following the various mapping reviews conducted in 2021, 35 risks were identified and assessed.

Risk mapping is reviewed by the Ethics Committee, and the risks and the assessment of those risks are updated with the relevant managers (at least once a year, more so for the most significant risks).

Fnac Darty wanted to involve trade union representatives in this assessment system and mitigation development. In 2020, an ad hoc working group was established (one staff representative per subsidiary), which meets twice a year to discuss the contents of the Plan, in particular policies and actions for prevention.

### 2.5.5.3 / Warning mechanism

In 2021, an outsourced platform for monitoring ethics and compliance was rolled out to all subsidiaries in France and the countries, in French, English, Spanish, Portuguese, Dutch and Mandarin Chinese. The link to the platform is also accessible to third parties: the reporting system is included in the Business Code of Conduct, which systematically binds the Group to its employees, partners and suppliers; it is also available to employees on the Group's intranet and to everyone on the Group's corporate site.

Managed by a separate company who is a leader in its field, this reporting platform, at [report.whistleb.com/fr/portal/fnacdartyGroupe](https://report.whistleb.com/fr/portal/fnacdartyGroupe), enables employees and external stakeholders to raise the alarm – in a confidential and secure manner. Please see section 2.5.1.2 for further details on the mechanism and the alerts received in 2021.

(1) Fnac Darty considers that a risk is significant if the net risk is equal to or greater than 2/4.

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### 2.5.5.4 / Prevention and mitigation measures

The table below shows the breakdown of the main risks identified as part of the mapping work. The associated colors correspond to the level of net risk (net risk = (impact × probability)/risk control).

	Sourcing of own-brand products and products under license	Operations (after-sales service, logistics)	Franchises	Marketplaces	HR	Operation of stores	Indirect purchasing	Commercial purchasing
<b>Human rights and fundamental freedoms</b>								
Human rights (forced labor, child labor)	●	●	●	●	●	●	●	●
Fundamental freedoms (freedom of association, pay, working hours, discrimination, etc.)	●	●	●	●	●	●	●	●
<b>Health &amp; Safety</b>								
Employee health and safety		●	●		●	●		
Customer health and safety	●		●	●		●		●
Health and safety of the employees of the Group's subcontractors or suppliers	●	●		●		●	●	●
<b>Environment</b>								
Pollution	●	●	●	●		●	●	●
Depletion of resources	●			●			●	●
Climate change	●	●	●	●			●	●

- Low risk
- Medium risk
- High risk
- Very high risk

#### **A/ Area of risk: sourcing from Asia**

In order to offer its customers an economical alternative to major brand products, Fnac Darty sells products under its own retail brands. These products are supplied directly from the manufacturers, a majority of which are located in China.

Key figures relating to "own-brand product sourcing" in 2021 (scope of Fnac Darty, excluding Nature & Découvertes):

- €146 million of purchases sourced from Asia and Europe, representing 2% of total purchases;

- 11 own brands, 7 brands under license, approximately 1,400 products;
- 128 suppliers, 195 active plants;
- 94 plants audited in 2021, including 36 unannounced audits;
- 103 audit criteria (76 relating to production quality and 27 relating to Corporate Social Responsibility).

## Risks identified

The production of electrical and electronic equipment, and the countries where the plants that manufacture them are located (China), generate risks, which are summarized below.

Risks	Resources implemented	Preventive measures	Actions and performance 2021
<ul style="list-style-type: none"> <li>■ Fundamental freedoms and human rights (freedom of association, working time, compensation, forced labor, child labor, discrimination)</li> <li>■ Health and safety of employees within the plants, e.g., in the event of non-compliance of facilities and personal protective equipment</li> <li>■ Health and safety of customers, particularly in the event of quality issues or non-compliance with European standards (REACH, RoHS)</li> <li>■ Environment, e.g., in the event of poor environmental practices in the plants</li> </ul>	<ul style="list-style-type: none"> <li>■ A team of 90 people, including 60 in China</li> <li>■ 13 internal auditors</li> </ul>	<ul style="list-style-type: none"> <li>■ Framework document (Group Vendor Manual, translated into Mandarin Chinese)</li> <li>■ Audit grid comprising 103 criteria, 27 of which are related to Corporate Social Responsibility</li> <li>■ Full audit conducted prior to entering into any contract, then audit conducted at least every two years</li> <li>■ Announced and unannounced audits</li> <li>■ Audits by internal auditors</li> </ul>	<ul style="list-style-type: none"> <li>■ Continuation of the audit campaign: 48% of active plants audited</li> <li>■ Increase in unannounced audits: 36 unannounced audits (out of a target of 25)</li> <li>■ 91.5% of audits deemed compliant (before corrective action plan)</li> <li>■ Inclusion of an audit criterion on the provision of an ethical alert mechanism for workers</li> <li>■ 39% of auditors were themselves subject to an unannounced audit</li> </ul>

### Changes in risks in 2021

Two factors led the Group to reassess these risks upward: the Covid-19 pandemic and the shortage of semiconductors. In this high-pressure environment, suppliers may ignore certain risk prevention measures in order to contain costs and meet deadlines. Fnac Darty therefore increased its vigilance when auditing plants.

### Risk prevention and mitigation policy

The Group has established strict rules and stringent control procedures with its suppliers in order to guarantee the safety and satisfaction of its customers during use of these products, and compliance with all applicable regulations. During testing, the products are checked in accordance with the highest standards; therefore, if French guidelines prove to be stricter than European ones, the French standards are used as the benchmark.

Moreover, the Group ensures that the suppliers selected and the associated plants respect the rights of employees and the environmental standards in force. In this regard, the Sourcing Department has integrated CSR criteria into its processes and into the documents that frame the supplier relationship, and it conducts regular audits.

### Framework document

The Group Vendor Manual defines the relationship between Fnac Darty and its suppliers, and includes the Business Code of Conduct. The document provides a framework for supplier relations; it sets out the standards and procedures that each party agrees to follow. In particular, it requires the supplier to provide evidence of compliance with European regulations (or local regulations if the national laws of the countries in which the products are to be distributed differ): an EC declaration of conformity, a material safety data sheet for products containing substances covered by the REACH Regulations, information on products covered by the CHIP Regulation and, since 2020, information on the availability of spare parts and product repair manuals, in compliance with the European Directive on the ecodesign of products.

The Vendor Manual also includes a chapter on the social and environmental standards to which suppliers are required to comply – and which includes 11 critical failure points, including six relating to human rights, fundamental freedoms and health & safety. For example, there is zero tolerance for the use of forced labor (in any form whatsoever), physical or verbal abuse, blocked emergency evacuation routes, or the absence of separation between sleeping areas and the production site.

Compliance with these standards is monitored through audits.

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### Audits

To ensure compliance with Group standards, Fnac Darty's Statutory Auditors carry out announced and semi-or unannounced audits; the audit schedule and results for each plant are monitored through a centralized database. These audits have two components:

- quality assurance and control;
- Corporate Social Responsibility.

This second component brings together several aspects of control:

- human rights and employment law;
- health and safety;

Procedures associated with audit results:

Audit result	Associated procedure	Control
> 85% = full compliance	None	Audit every two years
70% to 85% = average compliance	Requirement to take corrective action	Follow-up audit
60% to 70% = non-compliance	Cessation of production with the requirement to take corrective action before production recommences	Follow-up audit before any launch of production or before production recommences
< 60% = serious non-compliance	Cessation of production and termination of supplier relationship	
Not compliant with one of the critical failure points	Cessation of production with the requirement to take corrective action before production recommences	Follow-up audit before any launch of production or before production recommences

Fnac Darty relies on a team of 13 people based in China to carry out these audits. These auditors are themselves subject to regular checks.

The Fnac Darty teams help the suppliers to prepare corrective action plans.

### Due diligence in Nature & Découvertes

Nature & Découvertes has always been vigilant of its suppliers and ask them to follow a Quality Charter that requires them to act responsibly. The Company promotes long-term sustainable partnerships to help it progress its approach of continuous improvement. Likewise, the Company favors relationships with small businesses in order to encourage local craftsmanship wherever possible.

- ethics;
- the environment.

A preliminary audit is carried out for all these elements prior to entering into any contract with a new plant. If this identifies any major deficiencies, no orders will be placed. If it identifies areas for improvement, the plant is required to take corrective action before production will be initiated. Follow-up audits are scheduled to ensure the supplier is compliant before the start of production.

Active plants are then audited every two years; this period may be shortened if any breach of quality or social and environmental standards is suspected. The procedures associated with the outcome of these audits are the same as for the advance audits.

Every year, social and environmental audits are conducted by an external service provider based in Hong Kong. The two entities share the same audit vision, focused on supporting suppliers.

At the same time, Nature & Découvertes continues to rely on a Responsible Purchasing Charter for its suppliers. This refers to the conventions of the International Labor Organization and describes the principles and standards with which suppliers undertake to comply. Of the 610 active suppliers in 2021, 250 were signatories to the charter at the end of 2021, covering more than 64% of purchases of Nature & Découvertes own-brand products.

### Actions/measures taken in 2020 and 2021

In order to improve auditors' and suppliers' understanding of the audit grid, the critical failure criteria were strengthened: non-compliance on one of these criteria now automatically results in the non-compliance of the entire audit, without any manual intervention by the auditor.

The framework contract with the production plants (Vendor Manual) has been updated with additions to the supplier's responsibility in the event of a maximum breakdown rate threshold being exceeded, on its commitment to comply with European standards and on new procedures for pre-compliance tests. In order to avoid any misinterpretation of this document and to ensure that suppliers adhere to these rules and principles, the Vendor Manual has been translated into Chinese.

### Results

Scope: Fnac Darty suppliers (excluding Nature & Découvertes) in Asia	2020	2021
<b>KPI: Proportion of plants whose audit result is deemed to be average or compliant<sup>(a)</sup></b>	91.7% <sup>(b)</sup>	91.5%

(a) Before corrective action.

(b) Corrected historical data: in order to better reflect the performance of the audit process, the Group has chosen to exclude from the calculation of this KPI the result of follow-up audits to check any corrective actions required after non-compliant initial audits.

Scope: Nature & Découvertes	2020	2021
Proportion of purchases produced by Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter	64.3%	64.1%

Between 2020 and 2021, the rationalization of the number of Nature & Découvertes suppliers continued. However, this rationalization had a greater impact on the breakdown of revenue by supplier, which is why the indicator remains stable between 2020 and 2021.

### Outlook for 2022

The Group has begun to think about how to extend its audit and prevention measures to certain level 2 suppliers and beyond. Some of the minerals used in the manufacture of own-label products have been identified as social and environmental risks, and as part of the process of continuous improvement, the action plans arising from this framework will primarily apply to suppliers that use these minerals (which may come from conflict zones) and will aim to ensure that purchasing them complies with responsible procurement practices, and does not contribute to conflict or other associated illegal activities.

In order to guarantee the same audit standards in the plants located in Europe (extended to Turkey), the independent third parties in charge of audits must use the same audit grid as that used for plants in China.

As part of the mapping of risks associated with non-commercial purchasing, shipping has been identified as an "at risk" sector. This will result in the Indirect Purchasing Department working with teams based in Asia to strengthen the weighting of the criteria associated with the CSR performance of candidate service providers in calls for tender. Likewise, indirect buyers plan to initiate discussions with current service providers regarding their CSR performance and their action plans relating to the duty of care.

### B/ Area of risk: purchasing products and services

Fnac Darty's purchasing falls into two categories: commercial purchasing (intended to be resold by its brands) and indirect purchasing (intended to enable the Group to carry out its business activities). These risks are managed in different ways.

With regard to commercial purchasing, the supplier relationship is managed directly by the Commercial Department and governed by the Business Code of Conduct.

With regard to indirect purchasing, which governs business relationships with around 3,000 suppliers, there are numerous risks, concerning both the purchase of services (transportation, remote customer relations, temporary staff, security, works), as well as goods (consumables). The information below relates to this type of purchasing.

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Risks	Resources implemented	Preventive measures	Actions and performance 2021
<p>Indirect purchasing:</p> <ul style="list-style-type: none"> <li>■ Fundamental freedoms and human rights (including non-compliance with working hours, payment of overtime, discrimination, etc.)</li> <li>■ Health and safety of subcontractors' employees, e.g., lack of training</li> <li>■ Health and safety of customers, e.g., lack of gas and electricity certification of delivery and installation staff employed by subcontractors</li> <li>■ Environment, e.g., poor environmental practices in the management of construction waste or waste chemicals used for cleaning</li> </ul>	<ul style="list-style-type: none"> <li>■ A team of 12 buyers in France, all trained in responsible purchasing and sustainable development issues</li> </ul>	<ul style="list-style-type: none"> <li>■ Framework documents, shared with suppliers and subcontractors:               <ul style="list-style-type: none"> <li>■ Business Code of Conduct</li> <li>■ Responsible purchasing policy</li> </ul> </li> <li>■ Increasing inclusion of CSR criteria in calls for tender</li> </ul>	<ul style="list-style-type: none"> <li>■ Audit of the practices, framework documents and selection criteria of the Indirect Purchasing Department</li> <li>■ Mapping of purchasing risks</li> <li>■ Documentation of the responsible purchasing policy</li> <li>■ Identification of action plans to be implemented</li> <li>■ Development of a list of CSR criteria in connection with the mapping, to be included in future calls for tender</li> <li>■ Training buyers in responsible purchasing</li> <li>■ Introduction of CSR business reviews with strategic suppliers</li> <li>■ Distribution of the link to the ethical alert line, through the Business Code of Conduct and the Supplier Charter</li> </ul>

### Actions/measures taken in 2021

In 2021, the mapping of purchasing risks helped to refine the assessment of these risks. It shows that, once the level of risk control has been taken into account, the net risk is concentrated on transportation purchases (by sea and road), purchases of furniture and packaging, works, maintenance and cleaning services, as well as call centers.

As part of its new responsible purchasing policy, the Group is working hard to control the environmental and social impacts associated with its purchasing activities, by incorporating these risks into its practices from the tender phase (inclusion of CSR criteria) and into monitoring of its commercial relationships (dedicated business reviews).

For further details, see also section 2.5.4 "Implementing a responsible indirect purchasing policy".

### 2021 Results

Having reviewed the application submitted at the end of 2021, the RFAR Label Award Committee, composed of the Business Ombudsman (French Ministry of Economy and Finance) and the French National Purchasing Council, unanimously decided to award the RFAR label to the Group. This label is valid for three years.

This label recognizes the Group's commitment to long-term, balanced relationships with its suppliers<sup>(1)</sup>.

### Outlook for 2022

The Group intends to continue the operational deployment of its responsible purchasing policy, particularly by launching action plans targeted at the riskiest purchases or implementing and monitoring indicators focusing on the social aspects of the performance of outsourced labor services (cleaning, security, gardening, etc.).

### C/ Area of risk: Marketplace

Launched in 2009 for Fnac and 2015 for Darty, the Marketplace aims to guarantee better product availability and to expand the catalog. Therefore, new product categories have been added to the Group's classic catalog: games & toys, then sport, gardening, DIY and, most recently, home furnishings, which includes furniture and bedding.

2021 key figures:

- more than 4,000 sellers on the Fnac Darty Marketplace;
- more than 17 million active product items available.

(1) Excluding commercial purchasing.

Risks	Resources implemented	Preventive measures	Actions and performance 2021
<ul style="list-style-type: none"> <li>■ Fundamental freedoms and human rights: infringements of freedom of association, working hours, pay, forced labor, child labor, discrimination</li> <li>■ Health and safety of employees in plants where products are manufactured, e.g., in the event of non-compliance of facilities and personal protective equipment</li> <li>■ Health and safety of customers, e.g., in the event of non-compliance of products with European standards</li> <li>■ Environment, e.g., in the event of poor environmental practices in the plants, or due to the impact of the life cycle of products distributed by the Marketplace</li> </ul>	<ul style="list-style-type: none"> <li>■ A quality division comprising 10 people</li> </ul>	<ul style="list-style-type: none"> <li>■ Business Code of Conduct, incorporated into the General Terms and Conditions of Use of the Marketplace</li> <li>■ Quality assessment and monitoring procedures</li> <li>■ Monitoring and procedures when recalling products</li> </ul>	<ul style="list-style-type: none"> <li>■ Strengthening of the procedures for using quality indicators to assess vendors.</li> <li>■ Reinforcement and documentation of product recall procedures</li> <li>■ More than 1,800 tests conducted (compared with 500 in 2019 and 1,054 in 2020) and 231 vendors removed from the approved list</li> </ul>

Operating in a highly regulated and constantly changing sector, the Group ensures compliance with the regulations that govern the Marketplace's activities. A quality monitoring process has been set up to optimize customer loyalty and ensure their safety. The quality division therefore aims to monitor sellers and ensure they meet compliance standards. A Vendor Monitoring Committee meets once a month to monitor the indicators in use.

Partner vendors undertake to comply with the Marketplace's General Terms and Conditions of Use, acceptance of which includes compliance with the Group's Business Code of Conduct. However, due to the countries in which the products distributed are manufactured, particularly Asian countries, the Group has set demanding recruitment standards for vendors and quality monitoring, particularly regarding complaints.

If failures are identified, and after a test period, the penalties set out in the General Terms and Conditions of Use/General Terms and Conditions of Sale may be imposed on the vendors. These penalties may go as far as removing them from the approved list.

### Actions/measures taken in 2021

In order to strengthen the product recall process, whether originating from the authorities or suppliers, in 2021 the Group strengthened its procedures by documenting its response pathway, from monitoring, through liaising with vendor (s) and customers, to withdrawing the specific products from sale.

Assessment procedures were also strengthened, and a specific process for new vendors was launched; as such, the Group now imposes an upper limit on orders and increased quality monitoring during this period.

### 2021 Results

Post-clearance monitoring procedures (on the rate of complaints in particular) have resulted in the Group launching approximately 1,800 tests (compared with 1,054 in 2020) and removing 231 vendors from the approved list in 2021.

### Outlook for 2022

In accordance with the new obligations imposed by the AGEC law (the "circular economy law"), since January 1, 2022, Marketplaces have been jointly and severally liable in the event that vendors do not comply with the EPR principle (Extended Producer Responsibility), including the obligations to take back a used device free of charge when a new device of the same type is purchased and to pay an eco-tax on products they sell in France.

In 2021, the Group led several projects in direct collaboration with recycling organizations to ensure compliance on its own behalf and that of its partner vendors. The new procedures will be implemented in 2022.

### D/ Area of risk: operations

At the heart of the Fnac Darty model, the logistics, delivery and after-sales operations have been identified as the most exposed to health and safety risks. These businesses are by nature accident-prone, and these risks are more likely to occur in the event of a breach of the principles of risk precaution and prevention (procedures, training, control).

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Risks	Resources implemented	Preventive measures	Actions and performance 2021
<p>Health and safety of workers:</p> <ul style="list-style-type: none"> <li>■ Road traffic accidents</li> <li>■ Miscellaneous accidents and musculoskeletal disorders related to handling activities (carrying loads, repeated movements, vehicle-pedestrian collisions, etc.)</li> <li>■ Accidents related to the installation or handling of electrical and electronic equipment (risks caused by lithium batteries and gas or electricity installations)</li> </ul>	<ul style="list-style-type: none"> <li>■ A Training Academy with trainers dedicated to safety training</li> </ul>	<ul style="list-style-type: none"> <li>■ List of mandatory training courses (required by regulations or deemed essential by the Group)</li> <li>■ Regular training</li> <li>■ Investment in workstation ergonomics</li> <li>■ Eco-friendly driving</li> </ul>	<ul style="list-style-type: none"> <li>■ Training all operations managers in risk prevention</li> <li>■ Rollout of "safety representatives" at each logistics site</li> <li>■ Investment in risk prevention tools (wheel locks, electric trolleys, etc.)</li> <li>■ Introduction of warm-up sessions</li> <li>■ Introduction of monthly tire pressure checks</li> </ul>

### Actions/measures taken in 2021

In 2021, Fnac Darty launched a comprehensive action plan dedicated to strengthening and monitoring mandatory training (regulatory or deemed essential for the proper conduct of the Group's operations), supervised by the Fnac Darty Academy. In addition to regulatory training (gestures and posture, gas and electricity certification), all managers in the Operations Department (after-sales service, delivery and logistics) have been trained in risk management.

These risks, the associated mitigation policies and the results of these policies are described in the social portion of this chapter (section 2.1.3.).

With regard to the risk inherent in handling lithium batteries, an action plan focused on the various risk management measures was rolled out in 2021; this specifically concerns the storage of used batteries and raising risk awareness among the teams.

### 2021 Results

Scope: Group (excluding Nature & Découvertes)	2019	2020	2021
Frequency rate of workplace accidents with stoppage time	27.5	30.1	31.5
Frequency rate of workplace accidents with stoppage time	1.5	1.7	1.9

### Outlook for 2022

In order to anchor risk management knowledge in day-to-day practices and instill a culture of safety, specialist instructors will be sent out into the field in 2022 to work with teams on developing concrete processes that "ritualize" risk prevention.

Training in risk prevention will also be extended to supervisors in 2022.



## 2.5.6 / BEING A RESPONSIBLE TAXPAYER

### 2.5.6.1 / Worldwide presence of Group

In 2021, the Group was composed of 53 legal entities, 35 of which are located in France. Of these French entities, 29 entities are members of a tax consolidated group within the meaning of Article 223A of the French CGI (French Tax Code) in 2021. Other French entities do not meet the legal conditions for being part of the tax consolidation.

Other than the United Kingdom, which has a scheme similar to the tax consolidation scheme, which the Group's English subsidiaries have chosen, the Group's entities established outside France are not members of an equivalent scheme.

In France, the Group has numerous entities for the following reasons:

- Fnac stores are grouped together in entities by geographical region (for example, Fnac Paris for the Paris stores, Codirep for stores in the Paris region) or by type of store (Fnac Périphérie groups together smaller stores located on the outskirts of towns);
- Darty stores are also grouped together by large geographical region (Île-de-France for Établissements Darty et Fils, the west of France for Darty Grand Ouest and the east of France for Darty Grand Est);
- some activities require dedicated entities: after-sales service operations (managed by MSS), home training that requires an enhancement (A2I) and ticketing activities;
- purchases of companies do not necessarily entail a merger as the banners are different (Nature & Découvertes, WeFix, Fnac, Darty).

In other countries, the number of entities is smaller and each entity brings together the stores of a banner. For example, there is only one banner in Spain, and therefore only one company: Fnac Spain.

In Luxembourg, there are two companies that each operate a store: one under the Nature & Découvertes banner and the other under the Fnac banner. The Group's presence in Monaco has just one store.

With the exception of the United Kingdom, China and Hong Kong, the Group's presence in a country is maintained through the operation of a store under one of the Group's banners. The presence in the UK is linked to the history of the Darty Group, which was listed in the United Kingdom until its buyback in 2016. Accordingly, there are still two holding companies in the United Kingdom, one of which will soon be dissolved because it's inactive, and the other, Darty Limited, formerly the parent company of Darty Group, finances the retirement fund for employees of the British company Comet, which was part of the same group, and for which Darty Limited took over the obligations. The Group's presence in Hong Kong and China relates to Darty's manufacturing of small domestic appliances for its own brands such as Proline or for brands licensed by third parties. This manufacturing requires a local team responsible for quality control in the subcontractors' manufacturing plants as well as a team responsible for product specifications.

### 2.5.6.2 / Key figures

#### **Distribution consistent with business activity**

Fnac Darty is committed to paying taxes and contributions in each country where it operates and does not participate in any tax avoidance schemes. Through its subsidiaries, Fnac Darty has a presence in 11 countries. The Group has operating companies that run the stores and whose tax expense is consistent with and proportional to their contribution to the Group's earnings, which illustrates a principle of tax compliance rather than value creation. As the weight of the business activities conducted in France is particularly large for the Group, this is where the tax expense is highest. The Group's head office, purchasing and cash management activities are focused in France.

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(€ thousand)	Corporation tax and corporate value-added tax (CVAE) <sup>(a)</sup>	Local taxes <sup>(b)</sup>	Other taxes <sup>(c)</sup>	Total
France	77,931	32,145	12,376	122,452
Spain	Deficit in 2021	468	439	907
Portugal	2,188	2	66	2,256
Belgium	5,030	936		5,966
Luxembourg	77			77
Monaco	Deficit in 2021			-
Germany	Deficit in 2021			-
Switzerland	36		58	94
United Kingdom	Deficit in 2021			-
China	8			8
Hong Kong	Deficit in 2021			-
<b>TOTAL</b>	<b>85,271</b>	<b>33,551</b>	<b>12,939</b>	<b>131,761</b>

(a) Excluding deferred taxes and exceptional expenses for corporate income tax (CIT) related to tax audits.

(b) In France, this includes: property tax, CFE, tax on offices in Île-de-France, tax on commercial premises and tax on brands.

(c) In France, this includes: mutual aid social security contribution (contribution sociale de solidarité) and company vehicle tax.

### Streamlining of the effective tax rate

The effective tax rate for the Group is 33.9% for the 2021 financial year. The impact of the corporate value-added tax (CVAE) is 5% (included in the corporate tax in the Group's financial statements). Restated for the corporate value-added tax (CVAE), the Group's tax rate is in line with the Group's corporate income tax rate (CIT), given the country mix, i.e. around 30%.

The total corporate tax expense increased by €14.5 million in 2021, in line with an increase in pre-tax income. This increase in the tax expense is offset by the reduction in the CVAE, the rate of which was halved in 2021.

### An important source of income for French local authorities

Fnac Darty has a particularly dense geographical coverage in France. The Group's stores and e-commerce sites generate a total of €44 million in local taxes (including CVAE of €11 million).

These local taxes consist of property tax, tax on offices in Île-de-France, the Corporate Real Estate Tax, tax on commercial premises, tax on brands and the corporate value-added tax (CVAE). These taxes directly benefit French local authorities, enabling them to finance their activities.

The Group is therefore heavily involved in financing local authorities in which it operates numerous stores, offering an unparalleled geographical coverage for a specialized retail group.

### **2.5.6.3 / Tax policy**

The tax policy of Fnac Darty aims to:

- make the tax costs associated with the operation of the Group's brands foreseeable;
- reduce its exposure to tax risks;
- preserve its reputation and image.

These objectives are consistent with several of the Group's CSR commitments, such as promoting the economic and cultural development of regions and ensuring the exemplary conduct of its business.

By paying taxes in the States and local authorities where it creates value, Fnac Darty contributes to the quality of life and improvement of public infrastructures for its customers.

### **2.5.6.3.1 / Tax risk management**

#### **Governance**

The Group's Tax Department is made up of experienced employees. It also relies on the tax expertise of the heads of accounting who manage the tax reporting obligations. They are assisted by external tax advisers as necessary, in particular to clarify complex points of law.

In addition, each department in the Group has an obligation for internal control. When this department finds a tax risk, it must notify the Group Tax Department.

The Group Tax Department advises and assists the operational departments and subsidiaries specifically on the following:

- regulatory tax oversight and help with implementing new tax rules. For example, in 2021 the Tax Department helped the Group's subsidiaries to implement the new rules of the E-commerce Directive that applied from July 1, 2021;
- tax audit assistance;
- drafting of tax documentation such as transfer pricing documentation;
- helping subsidiaries on the tax aspect of operational projects;
- the tax audit of companies within the Group's scope, and tax audits on ad hoc matters.

#### **Acceptable tax risks**

The Group does not use any optimization system or aggressive tax planning.

For each transaction, the Group assesses the tax risks relating to a specific tax position.

Fnac Darty ensures that all its entities comply with the tax regulations applicable to it. No entity held by the Group is located in a country listed on the French or European list of non-cooperative tax jurisdictions.

#### **DAC 6**

The "DAC 6" Directive requires financial intermediaries, and in some cases taxpayers themselves, to declare to the tax authorities any potentially aggressive international tax operations they have, if at least one "hallmark" covered by the Directive exists.

The Group does not have an aggressive tax planning scheme and believes that it is not required to file the statement provided under DAC 6.

#### **IFRIC 23**

IFRIC 23 – Uncertainty over Income Tax Treatments clarifies the application of the provisions of IAS 12 "Income Taxes" relating to recognition and evaluation when there is uncertainty regarding the treatment of income tax.

To this end, the IFRIC 23 interpretation sets out a single uniform method for recognizing tax risks.

From 2019, the Group standardized its tax risk recognition process, implementing standardized procedures for communication between the subsidiaries of all tax jurisdictions and the Group's Tax Department. Under the new process, if an uncertain tax position is likely not to be accepted by the tax authorities, this situation is reflected in the financial statements in tax payable or deferred taxes. As of December 31, 2021, uncertain tax positions were assessed in accordance with these standards and, at the end of this assessment, no new risks were detected.

#### **Transfer prices**

Fnac Darty applies the arm's length principle to transfer prices. Transfer prices are not, under any circumstances, a tax planning tool (the transfer of profits to a country with a lower tax rate than another, optimization of losses).

In particular, the Group's entities outside France are free to purchase goods from the purchasing department located in France. The operational demands of each entity dictate whether or not they make use of this.

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In order to set its transfer prices, the Group tries to find the most conventional method that complies with OECD principles, while maintaining simple guidelines and methods for the calculation.

The Group's transfer prices consist primarily of the re-invoicing of head office expenses, the invoicing of interest by the centralized cash company, and the sale of goods by the purchasing center located in France to French or foreign subsidiaries. Transfer prices are regularly audited by the tax inspectors during their tax audits.

### **2.5.6.3.2 / Relations with the tax authorities**

Fnac Darty works in a transparent way with the tax authorities in the various countries in which it operates.

#### **Tax controls**

The Group is fully aware that the maintenance of high-quality public services, from which it benefits, depends on the verification by the tax authorities that the tax payable and paid by the Group has been calculated properly. The Group maintains an official, open and constructive relationship with the tax authorities in order to seek appropriate solutions to limit unnecessary litigation.

Fnac Darty is subject to regular tax audits. In France, several Group companies are continually under a tax audit. As such, in 2021, four companies in France were in the process of account verification and two tax audits were in progress on Fnac Belgium and Fnac Switzerland.

As tax law is sometimes subject to interpretation and uncertain positions, the Group does not hesitate to call on the tax authorities to request a ruling or a tax position. Despite these procedures, it is still possible that tax audits will expose undetected tax risks or that disagreements may arise with the tax authorities over a difference in the interpretation of local or international tax regulations, or over the assessment of a factual situation.

However, the Group only has a limited number of tax disputes in progress before the courts.

These limited and technical issues show that the Group has few disputes with the tax authorities.

From 2022, the Group is committed to a tax partnership with the Major Corporations Division of the French Directorate-General of Public Finances, the protocol for which was signed at the beginning of the year. This provides access to a department dedicated to addressing any tax issues that may arise, thereby improving the legal security of the transactions carried out by the Group.

#### **Fnac Darty procedures for the tax authorities with regard to third parties**

The Group also receives numerous right-to-information requests concerning other taxpayers, particularly as part of a verification process that sellers operating through a platform are complying with their VAT obligations. The departments concerned process these requests quickly, in coordination with the Tax Department.

In accordance with the law, Fnac Darty files declarations which facilitate the monitoring by the tax authorities: salary declarations, declaration of fees, declaration of income from platform sellers.

#### **Other relationships with the tax authorities**

The Group is a member of various professional bodies which promote retailers' opinions. It expresses its individual opinion at meetings or public consultations.

Fnac Darty has made no request to the tax authorities of any country to obtain any tax advantage in regard to the taxation of its profits.

## 2.6 / Summary table of non-financial indicators

The figures shown are in current scope and Group scope (unless otherwise specified).

Indicators	Unit	2019	2020	2021	Section
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p><b>Risks:</b> The development of business lines in a context of digital acceleration</p> </div> <div style="width: 45%;"> <p><b>Commitment 1: develop human capital</b></p> <ul style="list-style-type: none"> <li>■ Develop skills and employability</li> <li>■ Promote gender equality and quality of life in the workplace</li> <li>■ Guarantee employee health and safety</li> </ul> </div> </div>					
<b>EMPLOYEES AND ORGANIZATION OF WORK</b>					
Workforce as at 12/31 <i>(fixed-term + open-ended contracts, current scope)</i>	Employees	24,046	24,886	25,585	
Workforce in France <i>(fixed-term + open-ended contracts)</i>	Employees	17,676	18,895	19,270	
Average workforce	FTE	21,454	22,474	22,927	
Percentage of open-ended contracts <i>(Group)</i>	%	88.3%	89.2%	87.8%	
Proportion of temporary workers <i>(from fixed-term contract + open-ended contract + temporary employees)</i>	%	13.4%	12.5%	13.1%	
Average seniority of employees on open-ended contracts	Years	12.8	12.3	12.7	
Average age of employees on open-ended contracts	Years	40.5	38.9	40.9	
Proportion of full-time workers <i>(from employees on open-ended contracts)</i>	%	81.9%	82.8%	83.8%	
Proportion of managers <i>(from employees on open-ended contracts)</i>	%	22.8%	23.8%	24.3%	
Number of permanent employees recruited <i>(excluding acquisitions)</i>	Employees	3,127	2,562	3,570	
Number of departures of permanent employees <i>(excluding disposals)</i>	Employees	3,749	2,976	3,818	
<b>TRAINING</b>					
Proportion of employees receiving training in classroom over the year compared to total number of employees	%	66.0%	37.5%	56.7%	
Percentage of total headcount trained via classroom programs or remotely during the year	%	82.9%	75.9%	93.7%	§ 2.1.2.1
Average number of training hours per employee trained via classroom programs	Hours	15.4	13.7	15.5	
<b>KPI: Number of training hours (across all formats) per employee trained</b>	Hours	14.2	9.2	14.9	
<b>KPI: share of payroll allocated to training</b>	%	2.5%	2.8%	3.2%	
<b>ABSENTEEISM</b>					
Overall absenteeism	%	5.0%	5.9%	7.5%	Intro 2.1
<b>KPI: absenteeism due to sickness</b>	%	4.6%	5.2%	5.3%	

## 2 CORPORATE SOCIAL RESPONSIBILITY

Summary table of non-financial indicators

Indicators	Unit	2019	2020	2021	Section
<b>HEALTH AND SAFETY</b>					
Number of employees trained in safety	Employees	6,000	4,985	14,474	
Total number of hours of safety training	Hours	31,514	18,618	45,125	
<b>KPI: frequency rate of accidents with stoppage time</b> (excluding Nature & Découvertes)	Number	27.5	30.1	31.5	
<b>KPI: severity of accidents with stoppage time</b> (excluding Nature & Découvertes)	Number	1.5	1.7	1.9	section 2.1.3
Frequency rate of workplace and travel-related accidents with stoppage time (excluding Nature & Découvertes)	Number	35.5	36.1	38.7	
Severity of workplace and travel-related accidents with stoppage time (excluding Nature & Découvertes)	Number	1.7	2.0	2.2	
<b>GENDER EQUALITY</b>					
Gender equality index (consolidated)	Unit	90	90	88	
Percentage of women in the total workforce	%	39.0%	39.6%	39.1%	
Percentage of manager-level women in the workforce	%	35.7%	37.0%	37.2%	
Percentage of female store managers	%	13.6%	18.2%	19.9%	
Percentage of women on the Board of Directors (excluding employee Directors)	%	50%	50%	50%	§ 2.1.1.1
<b>KPI: percentage of women in Leadership Group roles</b>	%	24.3%	24.3%	26.6%	
<b>KPI: percentage of women on the Executive Committee</b>	%	33.3%	33.3%	38.5%	
<b>KPI: proportion of women who granted least one individual raise during the year</b>	%	33.2% (29.5% for men)	22.9% (23.5% for men)	22.3% (25.2% for men)	
Number of women newly recruited under open-ended contracts		1,185	1,068	1,439	
Proportion of employees with disabilities (on open-ended contracts, excluding Belgium and Switzerland)	%	5.2%	4.9%	5.0%	
Percentage of people with disabilities newly recruited under open-ended contracts (excluding Belgium and Switzerland)	%	1.2%	0.8%	1.7%	§ 2.1.1.2
Proportion of employees on open-ended contracts who are over 50 years of age	%	22.6%	23.2%	24.4%	
Percentage of employees on open-ended contracts who are young people	%	10.8%	11.0%	11.6%	
<b>COMMITMENT</b>					
NPS employees (recommendation score out of 10)	Unit	7	7.5	6.7	§ 2.1.1.3.3
Staff turnover	%	16.2%	12.5%	16.4%	

<b>Risks:</b> Sustainability of the business model and new consumption patterns	<b>Commitment 2: promote sustainable consumption and an educated choice</b> <ul style="list-style-type: none"> <li>■ Help customers make an educated choice</li> <li>■ Develop the product range to offer more sustainable products</li> <li>■ Encourage repairs</li> <li>■ Give a second life to products</li> <li>■ Ensure waste collection and recycling</li> <li>■ Contribute to public debate around sustainability</li> </ul> <b>Commitment 3: contribute to the social and cultural development of territories</b> <ul style="list-style-type: none"> <li>■ Provide access to culture to as many people as possible</li> <li>■ Increase the positive impact on the territories</li> </ul>
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Indicators	Unit	2019	2020	2021	Section
<b>SUSTAINABILITY OF PRODUCTS SOLD</b>					
Percentage of products with an environmental certification in the offer <sup>(a)</sup> (Nature & Découvertes scope)	%		11%	12%	section 2.2.2
Share of revenue generated by products with a positive impact <sup>(b)</sup> (Nature & Découvertes scope)	%		76%	70%	
<b>KPI: Sustainability Score</b> <sup>(c)</sup> (France scope)	Unit	100	105	111	§ 2.2.1.2
<b>REPAIR</b>					
<b>KPI: number of products repaired</b>	Number (thousand)	1,835	1,822	2,106	
Number of products repaired at home	Number (thousand)	460	436	515	
Number of products repaired in the workshop	Number (thousand)	429	307	397	
Number of products repaired in-store	Number (thousand)	150	134	191	section 2.2.2
Number of products repaired by remote customer service centers	Number (thousand)	616	755	798	
Number of products repaired by WeFix	Number (thousand)	180	190	205	
Number of Darty Max subscribers	Number	n.a.	200K	500K	§ 2.2.3.1
Number of users in the sav.darty.com community	Number	4 million	7 million	10 million	§ 2.2.3.3
<b>PURCHASING OF PACKAGING AND WASTE</b>					
<b>KPI: volumes of packaging (cardboard and plastic) consumed/revenue</b>	Tons/€ million	0.6	0.8	0.7	§ 2.2.5.2.1
<b>KPI: volumes of electrical and electronic waste collected</b> (Group)	Tons	51,489	49,943	51,766	§ 2.2.5.1
Volumes of electrical and electronic waste collected in tons (France)	Tons	46,373	44,898	46,778	
Volumes of recoverable waste generated and sent to recycling providers (France scope, excluding Nature & Découvertes)	Tons			7,607	
Volumes of non-recoverable waste (France scope, excluding Nature & Découvertes)	Tons			4,322	§ 2.2.5.2.2
<b>KPI: waste recovery rate</b> (cardboard, paper, plastic, polystyrene, wood, metal, glass; excluding waste brought in by customers and excluding hazardous waste) (France scope, excluding Nature & Découvertes)	%			64%	

(a) Organic agriculture, FSC Wood, Bio Cosmos Cosmetics, Bio Ecocert Cosmetics, Eco Ecocert Cosmetics, Natural Cosmos Cosmetics, Organic Cotton, Max Avelaard, Oekotex 100.

(b) Products promoting environmental education, crafts, renewable energies, health and wellbeing, education and teaching.

(c) Average of a reliability score and a reparability score, calculated on the basis of data collected by Fnac Darty's After-Sales Service Department over the last two years for each product listed, weighted by the volume of products sold by the Group in the year in question.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Summary table of non-financial indicators

Indicators	Unit	2019	2020	2021	Section
<b>SOCIAL AND CULTURAL DEVELOPMENT OF TERRITORIES</b>					
Number of stores opened	Number	78	40	55	§ 2.3.2.1
Number of cultural events	Number		1,300	5,700	§ 2.3.1.1
<b>DONATIONS AND SOCIALLY INCLUSIVE PROJECTS</b>					
Total raised by socially inclusive initiatives across the Fnac Darty Group	€ thousands	3,856	4,520	10,987	
<i>of which financial donations and donations in kind</i>	€ thousands	3,258	3,669	10,178	§ 2.3.3.2
<i>of which donations collected in-store and on commercial websites</i>	€ thousands	598	851	809	

### Risks:

The climate emergency and its consequences on companies

### Commitment 4: reduce impacts on the climate

- Strengthen governance and integration of climate risks
- Reduce emissions generated by transportation and energy from sites
- Extend emissions management to products, services and employee travel

Indicators	Unit	2019	2020	2021	Section
<b>CARBON FOOTPRINT</b>					
Total scope 1 emissions	kt CO <sub>2</sub> eq	19.4	18.6	20.6	
Total scope 2 emissions	kt CO <sub>2</sub> eq	8.4	2.1	1.7	
Total scope 3 emissions	kt CO <sub>2</sub> eq	4,381.1	not available	4,274.2	
<i>Products and services purchased</i>	kt CO <sub>2</sub> eq	2,323.0	2,356.7	2,354.9	
<i>Fixed assets</i>	kt CO <sub>2</sub> eq	51.7	42.6	44.6	
<i>Fuel- and energy-related emissions</i>	kt CO <sub>2</sub> eq	16.4	14.4	17.6	
<i>Upstream transportation of goods</i>	kt CO <sub>2</sub> eq	38.6	34.8	36.3	
<i>Waste generated</i>	kt CO <sub>2</sub> eq	124.4	not available	117.4	
<i>Business travel</i>	kt CO <sub>2</sub> eq	1.1	0.7	0.7	§ 2.4.3.2
<i>Work commutes</i>	kt CO <sub>2</sub> eq	33.2	not available	30.6	
<i>Upstream leased assets</i>	kt CO <sub>2</sub> eq	0.6	0.6	0.6	
<i>Downstream transportation of goods and retail</i>	kt CO <sub>2</sub> eq	6.1	10.1	9.3	
<i>Use of products sold</i>	kt CO <sub>2</sub> eq	1,166.6	975.0	998.6	
<i>End of life of products sold</i>	kt CO <sub>2</sub> eq	27.8	26.4	29.3	
<i>Franchises</i>	kt CO <sub>2</sub> eq	0.4	0.2	0.4	
<i>Customer travel</i>	kt CO <sub>2</sub> eq	591.1	638.0	634.0	
Total carbon footprint	kt CO <sub>2</sub> eq	4,408.9	not available	4,296.5	
<b>INDICATORS MONITORING TARGETS FOR REDUCING EMISSIONS RELATING TO ENERGY CONSUMPTION AND TRANSPORTATION</b>					
CO <sub>2</sub> emissions generated by site transportation and energy	t CO <sub>2</sub> eq	80,291	70,951	75,488	
<i>of which Scope 1</i>	t CO <sub>2</sub> eq	19,369	18,597	20,617	
<i>of which Scope 2 – market-based</i>	t CO <sub>2</sub> eq	8,409	2,147	1,705	§ 2.4.3.2
<i>of which Scope 3</i>	t CO <sub>2</sub> eq	52,514	50,207	53,166	
CO <sub>2</sub> emissions from transportation and energy from sites by revenue	t CO <sub>2</sub> eq	10.9	9.5	9.4	



Indicators	Unit	2019	2020	2021	Section
<b>ENERGY</b>					
Energy consumed	MWh	225,896	206,398	217,021	
<i>of which electricity</i>	MWh	195,253	176,553	180,922	
<i>of which gas</i>	MWh	26,985	26,660	31,591	
<i>of which heating network</i>	MWh	338	534	832	
<i>of which cooling network</i>	MWh	3,321	2,952	3,676	
Fuel consumed	liters	57,043	57,973	80,676	
Share of renewable energy in electricity purchases	%	24%	36%	45%	
Percentage of renewable energy in electricity purchased in France	%	0%	14%	25%	
Energy consumption of sites by surface area	kWh/m <sup>2</sup>	138	125	133	§ 2.4.4.1
Fugitive emissions (leakage of refrigerants)	t CO <sub>2</sub> eq	3,232	3,246	3,224	
CO <sub>2</sub> emissions generated by sites (including fugitive emissions)/m <sup>2</sup> ( <i>market-based</i> )	kg CO <sub>2</sub> eq/m <sup>2</sup>	13.2	8.0	8.8	
CO <sub>2</sub> emissions generated by sites (including fugitive emissions) ( <i>market-based</i> )	t CO <sub>2</sub> eq	21,703	13,145	14,324	
<b>KPI: CO<sub>2</sub> emissions generated by energy consumption of sites (excluding fugitive emissions)/m<sup>2</sup> (<i>market-based</i>)</b>	kg CO <sub>2</sub> eq/m <sup>2</sup>	11.26	5.9	6.7	
CO <sub>2</sub> emissions generated by sites ( <i>location-based</i> )	t CO <sub>2</sub> eq	32,160	28,813	31,664	
CO <sub>2</sub> emissions generated by sites/m <sup>2</sup> ( <i>location-based</i> )	kg CO <sub>2</sub> eq/m <sup>2</sup>	19.6	17.5	19.4	
<b>TRANSPORTATION OF GOODS BETWEEN WAREHOUSES AND STORES</b>					
Emissions generated by transportation of goods between warehouses and stores ( <i>Group scope</i> )	t CO <sub>2</sub> eq	26,621	23,160	24,048	
Emissions generated by transportation of goods between warehouses and stores ( <i>Fnac France and Darty France scope</i> )	t CO <sub>2</sub> eq	21,365	18,201	18,317	
<b>KPI: CO<sub>2</sub> emissions generated by transportation of goods to stores/pallet</b> ( <i>Fnac France, Darty France and Nature &amp; Découvertes scope</i> )	kg CO <sub>2</sub> eq/pallet	16.7	15	13.9	§ 2.4.4.4.1
<b>KPI: CO<sub>2</sub> emissions generated by transportation of goods to stores/km</b> ( <i>Spain, Portugal, Switzerland, Belgium scope</i> )	kg CO <sub>2</sub> eq/km	0.97	0.98	0.97	
<b>LAST-MILE DELIVERY</b>					
Number of deliveries	In thousands	2,019	2,270	2,218	
Number of deliveries in France	In thousands	1,749	1,960	1,930	
CO <sub>2</sub> emissions generated per last-mile delivery	t CO <sub>2</sub> eq	14,416	14,701	17,126	§ 2.4.4.4.3
<b>KPI: CO<sub>2</sub> emissions generated by last-mile delivery/delivery</b>	kg CO <sub>2</sub> eq/delivery	7.1	6.5	7.7	

## 2 CORPORATE SOCIAL RESPONSIBILITY

Summary table of non-financial indicators

Indicators	Unit	2019	2020	2021	Section
<b>AFTER-SALES SERVICE CALLS</b>					
Number of service calls	In thousands	752	741	801	
Number of service calls in France	In thousands	706	680	738	
CO <sub>2</sub> emissions generated by home service calls (including dispatch of spare parts)	t CO <sub>2</sub> eq	4,881	4,716	5,715	
CO <sub>2</sub> emissions generated by after-sales service travel/intervention	kg CO <sub>2</sub> eq/ service call	6.48	6.37	7.14	section 2.4.4.4.4 and section 2.4.4.4.5
Number of products sent to the after-sales service workshops	In thousands	863	744	715	
Number of products sent to the after-sales service workshops in France	In thousands	693	611	655	
CO <sub>2</sub> emissions generated by products for repair traveling to after-sales service workshops	t CO <sub>2</sub> eq	2,305	1,851	1,533	
CO <sub>2</sub> emissions per product sent to the after-sales service workshops	kg CO <sub>2</sub> eq/ product	2.7	2.5	2.1	
<b>E-COMMERCE</b>					
CO <sub>2</sub> emissions generated by "e-commerce" flows	t CO <sub>2</sub> eq	6,097	10,083	9,258	
<b>KPI: CO<sub>2</sub> emissions generated by dispatch of packages</b>	t CO <sub>2</sub> eq	0.49	0.53	0.53	§ 2.4.4.4.2
<b>PRODUCTS SOLD</b>					
Total Product Emissions	kt CO <sub>2</sub> eq	3,425.3	3,368.0	3,281.4	
<i>of which manufacturing</i>	kt CO <sub>2</sub> eq	2,221.2	2,356.7	2,242.8	
<i>of which upstream transportation</i>	kt CO <sub>2</sub> eq	9.7	9.8	10.7	
<i>of which use</i>	kt CO <sub>2</sub> eq	1,166.6	975	999	§ 2.4.4.5.1
<i>of which product end of life</i>	kt CO <sub>2</sub> eq	27.8	26.4	29.3	
Carbon intensity by revenue	t CO <sub>2</sub> eq/€ million	464	450	409	

### Risks:

Ethics for all based on a model of development through partnership

### Commitment 5: ensure exemplary business conduct

- Protect the personal data of employees and customers
- Prevent the risks of corruption
- Implement a vigilance plan
- Ensure fiscal responsibility

Indicators	Unit	2019	2020	2021	Section
<b>WARNING MECHANISM</b>					
Number of ethical alerts received and handled by the outsourced warning mechanism	Number			28	§ 2.5.1.2
<b>SOURCING FROM ASIA</b>					
Number of active Fnac Darty plants	Number	200	192	195	
Number of plants audited	Number	105	97	94	
Number of unannounced audits	Number		19	36	
<b>KPI: percentage of factory audits whose score is deemed to be compliant or average (Fnac Darty)</b>	%		91.7%	91.5%	§ 2.5.5.4
<b>KPI: percentage of Nature &amp; Découvertes suppliers that have signed the Responsible Purchasing Charter</b>	%		64.3%	64.1%	
<b>MARKETPLACE</b>					
Number of Marketplace vendors tested as part of quality monitoring	Number	500	1,054	1,800	§ 2.5.5.4

## 2.7 / Methodology note

The Non-financial Performance Declaration (*Déclaration de Performance Extra-Financière* or "DPEF") is drafted by the Group's CSR Department, who also coordinates the reporting of non-financial data. This data comes from the departments concerned (Human Resources, Logistics, Maintenance, Purchasing, Sales, etc.) in France and the other countries in which the Group operates.

The data is entered into a reporting tool, making the collection, monitoring and management of performance indicators easier. The reporting methodology is set out in a protocol that is updated each year and sent to contributors when data collection begins.

All published figures are subject to several consistency checks, both in-house and external (by an independent third party).

### Reporting scope

Unless specified, the scope covers all subsidiaries of the Group.

Data is collected for the previous calendar year, from January 1 to December 31. If the full-year data is not available, the reporting period may be shifted, but will still cover a genuine period of twelve consecutive months, in order to take into account the seasonality of the Company's activity.

### Methodological specifications for social data

The consolidation scope corresponds to all legal companies whose employees are included in the dedicated human resources information system. Therefore, Fnac Appro Groupe and stores

in train stations or airports are excluded. The scope of the coverage corresponds to 99.51% of the workforce of the financial consolidation.

Consolidated into the Group in 2020, CTS Eventim and 123 Billets joined the scope. Fnac Tourisme, liquidated in 2021, was taken out of scope.

As they are independent, the workforce of franchises are also excluded.

### Methodological specifications for environmental data

The scope of consolidation corresponds to all the Group's operating subsidiaries, except for WeFix. The stores that closed in 2020 or opened after June 30, 2020 are excluded from the reporting scope. Any other exclusion from the reporting scope is indicated and explained in the relevant section(s).

In view of their independence, franchises are excluded from the scope of publication. However, they are indirectly included in the reporting of CO<sub>2</sub> emissions, as they benefit from freight transportation flows.

As part of its process of continuous improvement, Fnac Darty improves year on year its provision of comprehensive data on the inventory of its direct and indirect greenhouse gas (GHG) emissions. The table below shows the scope of the figures published in the DPEF.

"Not applicable (n.a.);" refers to a transportation flow or fuel that is not used.

Source of emissions		Fnac France and Darty France	Fnac Belgium and Vanden Borre	Fnac Spain	Fnac Portugal	Fnac Switzerland	Nature & Découvertes
Sites' power	Electricity						
	Natural gas			n.a.	n.a.	n.a.	
	Heating oil		n.a.		n.a.	n.a.	n.a.
	Refrigerant gas					n.a.	
	Heating networks		n.a.	n.a.	n.a.	n.a.	
	Refrigeration networks		n.a.	n.a.		n.a.	n.a.
Logistics transportation	warehouse-stores transportation						
	E-commerce						
	Last-mile delivery						n.a.
	After-sales visits			n.a.	n.a.	n.a.	n.a.
	After-sales workshop flows		n.a.	n.a.			n.a.
	Business travel						

CO<sub>2</sub> emissions were calculated by categorizing GHG emissions into three scopes (1, 2 and 3).

Category	Description
<b>Scope 1</b>	= direct emissions from fixed and mobile sources
<b>Scope 2</b>	= indirect emissions related to consumption of electricity, heat and cooling from a network
<b>Scope 3</b>	= other indirect emissions

The selected unit is the equivalent CO<sub>2</sub>.

The emission factors used to calculate CO<sub>2</sub> emissions are primarily those recommended by the Ademe (French Environment and Energy Management Agency) in the “*Base Carbone*” database (last available figures). Fnac Darty holds the emission factors supplied by its service providers or suppliers on some specific items. For market-based energy, the emission factors are calculated by suppliers. Failing that, AIB emission factors are used.

### **Scope 1: 100% of emissions reported**

Fnac Darty’s direct greenhouse gas emissions come from gas and oil consumption at the Group’s various sites, from the fuel consumption of the Group’s fleet vehicles, and from refrigerant gas leaks.

Source of emissions	Methodology
<b>Direct emissions from fixed sources of combustion</b>	Emissions associated with the gas and oil consumption of the Group’s various sites are calculated on the basis of specific data provided by suppliers. For each energy source, Fnac Darty multiplies the energy consumption by the relevant emission factor (combustion phase – scope 1 – <i>Base Carbone</i> ).
<b>Direct emissions from mobile sources of combustion</b>	Emissions associated with the fuel consumption of last-mile delivery vehicles, vehicles used by technicians conducting home service calls, and service and company vehicles, are calculated on the basis of specific data provided by suppliers. Fuel consumption is multiplied by the relevant emission factors for each type of fuel used (combustion phase – scope 1 – <i>Base Carbone</i> database).
<b>Direct fugitive emissions</b>	Emissions associated with refilling refrigerant gas in relation to gas leaks are calculated on the basis of specific data provided by suppliers. The volume in kilograms of refrigerant gas refilled is multiplied by the relevant emission factors (scope 1 – <i>Base Carbone</i> database).

### **Scope 2: 100% of emissions reported**

Fnac Darty’s indirect greenhouse gas emissions come **from electricity consumption and energy supplied by the heating and cooling networks of the Group’s various sites**. The calculations are based on specific data.

Source of emissions	Methodology
<b>Electricity</b>	Emissions associated with electricity consumption have been quantified according to market-based and location-based methods since 2020. Electricity-related emissions for 2019 were recalculated in accordance with this methodology. Fnac Darty has chosen the market-based method to monitor its performance, in particular its responsible energy purchasing policy. Emissions related to market-based electricity are calculated on the basis of the emission factors provided by the Group’s various electricity suppliers. If these are not available, the calculation is based on the supplier’s production capacity mix (the consumption associated with each energy source is then multiplied by the emission factors specific to each energy (combustion phase – scope 2 – <i>Base Carbone</i> database). If neither the emission factors nor the supplier’s production capacity mix are available, Fnac Darty calculates market-based emissions using the residual mix (source: AIB), in accordance with the recommendations of the GHG Protocol.
<b>Heating and cooling networks</b>	Some of the Group’s sites are connected to municipal heating and cooling networks. The associated energy consumption is multiplied by the emission factors specific to these networks (scope 2 – <i>Base Carbone</i> database).

### Scope 3: Other indirect emissions

#### Details regarding new products sold

The Group has commissioned a consultancy firm to assess the carbon footprint of the products sold by the Group in 2020 and to produce a bespoke Fnac Darty calculation tool specific to track GHG emissions over time. This assessment uses the Bilan Carbone methodology; the approach used was the complete product life cycle approach. The calculations are performed using a dedicated calculation tool.

The following scope 3 items were included in the study:

- product purchasing – i.e., the manufacture of products;
- upstream transportation of goods – i.e., transportation between the supplier and Fnac Darty;
- use of products sold – i.e., the energy consumed by appliances;
- end of life of products sold – the processing of products as waste;
- customer transport – estimated in addition to the product footprint.

The transportation of products from warehouses to stores and distribution are excluded, as the Group already evaluates and monitors this as part of its target to reduce GHG emissions.

#### Details regarding other items in Scope 3

The Group commissioned a consultancy firm to produce an inventory of its GHG emissions for 2019, with a view to setting science-based targets, which will be subject to SBTi approval in 2022. The methodology used to assess the carbon footprint is that developed by the GHG Protocol.

Some categories have therefore been calculated for the first time:

- fixed assets;
- franchises;
- indirect purchasing.

Note: certain categories are not applicable or are deemed not to be significant for the Group. This is the case for upstream and downstream leased assets, investments, process emissions and product transformation.

Source of emissions	Methodology
<b>Products and services purchased</b>	The manufacture of new products sold was measured based on the volume of products sold by the Group in 2021; assumptions made for each product category and per unit emission factors came from recognized databases (Ademe, EcolInvent, IEA, etc.). In the absence of specific emission factors, the calculation is based on the weight of the product and its main component. In the absence of sales volumes for 2019 and 2021 for the editorial products of the Fnac Belgium, Fnac Spain, Fnac Portugal and Fnac Switzerland subsidiaries, an extrapolation was conducted based on the ratio between the volumes of editorial products in the total volumes sold by Fnac France in 2021. Emissions associated with the manufacture of products sold by Nature & Découvertes in 2019 and 2021 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020, the calculation methodology for which is identical to that of the Group.
<b>Of which indirect purchasing</b>	Based on the mapping of indirect purchasing in France, this was measured primarily on the basis of the monetary ratios method ( <i>Base Carbone</i> database) for 2019. Each item was increased by 10% to cover GHG emissions from indirect purchasing carried out by the Group's European subsidiaries. Emissions by Nature & Découvertes in 2019 and 2021 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020, the calculation methodology for which is identical to that of the Group.
<b>Fixed assets</b>	Using actual data for 2020, this item was evaluated based on the emission factors of the <i>Base Carbone</i> database. In accordance with the methodology of the GHG Protocol, only those fixed assets purchased, acquired or leased on long-term leases during the reporting year are recognized in the GHG Protocol and are not amortized. Emissions by Nature & Découvertes in 2019 and 2021 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020, the calculation methodology for which is identical to that of the Group.
<b>Fuel- and energy-related emissions</b>	The methodology used is the same as for scopes 1 and 2, but the emission factors are specific to emissions generated by other phases of the energy or fuel life cycle (source: <i>Base Carbone</i> database and AIB).



Source of emissions	Methodology
<b>Upstream transportation of goods</b>	<p>Depending on the country of origin (based on actual data or assumptions), the distance between the manufacturing country and France has been estimated for each product category. The associated emissions are calculated based on the emission factors of the <i>Base Carbone</i> database.</p> <p>Emissions associated with the upstream transportation of products sold by Nature &amp; Découvertes in 2019 and 2021 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020, the calculation methodology for which is identical to that of the Group.</p> <p>Store transportation: the Group's various subsidiaries use several methodologies to measure the carbon footprint of goods transportation, based on the available input data:</p> <ul style="list-style-type: none"> <li>■ based on the fuel consumption of the trucks: the liters of fuel or kilograms of gas are then multiplied by the relevant emission factors (<i>Base Carbone</i>);</li> <li>■ based on the distance traveled by type of truck: the distances traveled are related to the average consumption of the various vehicles used (source: Ademe) then the liters consumed are multiplied by the relevant emission factors (<i>Base Carbone</i>).</li> </ul> <p>Dispatch of spare parts to service centers for use by after-sales technicians: the volumes of spare parts are multiplied by the emission factors provided by the transport provider. They vary depending on the size of the part.</p> <p>Dispatch of broken products to Group repair centers: for France, there is a courier stream (Fnac Darty relies on either the CO<sub>2</sub> footprint of providers, or on the volumes multiplied by a default emission factor) and a stream that is transported through internal shuttles (sub-contracted). For the internal shuttle stream, the distances traveled are related to the average consumption of the various vehicles used (source: Ademe) then the liters consumed are multiplied by the relevant emission factors (<i>Base Carbone</i> database). For the rest of the Group, volumes are multiplied by a default emissions factor.</p>
<b>Waste generated</b>	<p>For French sites with a waste monitoring tool, based on volumes entrusted to waste treatment providers, associated GHG emissions have been calculated based on emission factors from the <i>Base Carbone</i> database.</p> <p>For sites that do not have this tool (sites located in shopping malls or sites that depend on collections performed by local authorities), the emissions were estimated by extrapolation (by ratio to revenue).</p> <p>In other subsidiaries, emissions are estimated based on actual data and emission factors from the <i>Base Carbone</i> database.</p> <p>Waste-related emissions from Nature &amp; Découvertes in 2019 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020, the calculation methodology for which is identical to that of the Group.</p>
<b>Business travel</b>	The Group relies on the reporting conducted by travel agencies.
<b>Employee commutes</b>	<p>Commuting-related GHG emissions have been calculated based on data from a survey of 2,218 employees, i.e., nearly 13% of the workforce of Fnac and Darty France. The answers were then extrapolated to all employees in France. The Group cross-referenced the distance data with the theoretical number of days worked per employee and the number of days reported as working from home, and then with the modes of transport indicated by the respondents. The emission factors used come from the <i>Base Carbone</i> database.</p> <p>Emissions related to travel by employees of European subsidiaries for 2019 and 2021, and by employees of Nature &amp; Découvertes for 2021, have been estimated by extrapolation (based on the average workforce and the average theoretical days worked) for 2019 and 2021.</p>
<b>Downstream transportation of goods and retail</b>	<p>Dispatch of packages: in order to refine the calculation of its emissions, Fnac Darty has been using the GHG balance of its various transport providers to calculate this emissions item since 2020. These footprints are correlated to the number of packages shipped via these service providers in order to obtain emission factors specific to each supplier. For service providers who are unable to provide GHG assessment results, Fnac Darty applies the emission factor of the carrier with the most similar logistics and fleet.</p> <p>Dispatch of large products (mainly large TV sets) by the subsidiaries Fnac Spain, Fnac Portugal and Fnac Switzerland: the default emissions factor used is for shipping a 20 kg TV set by the service provider used to ship this type of product in France.</p>
<b>Use of products sold</b>	<p>Based on actual data regarding products sold, emissions are calculated on the basis of assumptions regarding the life span and annual consumption of products, and the relevant emission factors from the <i>Base Carbone</i> database.</p> <p>Emissions associated with the use of products sold by Nature &amp; Découvertes in 2019 and 2021 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020, the calculation methodology for which is identical to that of the Group.</p>

Source of emissions	Methodology
<b>End of life of products sold</b>	Based on the type of waste associated with each product, emissions are calculated using the relevant emission factors from the <i>Base Carbone</i> database. Emissions associated with the end of life of products sold by Nature & Découvertes in 2019 and 2021 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020, the calculation methodology for which is identical to that of the Group.
<b>Franchises</b>	For franchises, only scope 1 and 2 emissions are taken into account: emissions related to electricity production (exclusion of upstream and line losses) and emissions related to leakage of refrigerants. The data on the electricity consumption of franchises has been extrapolated from the average consumption of Fnac sites in France for 2019. The consumption of refrigerants has been extrapolated per square meter from the calculated scope. Emissions from 2020 and 2021 have been estimated by extrapolation from the number of franchises opened.
<b>Customer travel</b>	This item has been estimated based on actual data on the number of in-store visitors and on assumptions regarding means of transport (source: INSEE) and travel distance depending on the location of the store (5 km to 20 km). French data is deemed to represent the behavior of other countries. Emissions related to travel by Nature & Découvertes customers in 2019 and 2021 have been estimated by extrapolation from the number of visitors, based on the full carbon footprint in 2020, the calculation methodology for which is identical to that of the Group.

As part of its process of continuous improvement, Fnac Darty improves the measurement and monitoring of these emission items each year. However, this approach requires corrections and sometimes recalculations. For this reason, the CO<sub>2</sub> data reported in 2021 and 2020 for 2020 and 2019 may vary compared to the data reported in the 2019 and 2020 DPEF. Any significant adjustments are shown under the data concerned.

### Methodology concerning our response to the DPEF

The Non-financial Performance Declaration (DPEF) requires companies to describe their most significant non-financial risks, and set out their business model, incorporating the CSR risks and issues deemed to be priorities.

To this end, in 2018 the CSR Department engaged in extensive consultation with internal and external stakeholders to identify the key non-financial risks and related challenges. These key risks and challenges were presented to and validated by the Executive Committee, before being used as a basis for discussion with all departments concerned in order to identify the most relevant indicators to summarize the Group's non-financial performance.

The CSR Department worked closely with the Internal Audit Department for the risk analysis, and with the Finance Department for the definition of the business model.

Each year, the Group seeks to extend the reporting scope and relevance of the performance indicators it monitors. As a result, the indicators adopted in 2021 cannot always be compared with 2019, as the data is not available.

Conversely, certain indicators published in previous years were not considered sufficiently relevant to describe the Group's performance and therefore be part of this DPEF.

Key indicators will be defined in the relevant section (s).

Following the consultations conducted by Fnac Darty for its materiality analysis, some information required under the DPEF was deemed to be insignificant. Therefore, in light of the Group's business sector, the following information will not be published: "Means of combating food insecurity and waste, and promoting respect for animal welfare and responsible, equitable and sustainable food". However, information on the actions taken by Nature & Découvertes to combat food waste is described in 2.2.4.3.

This document has been audited by an independent third party (ITP) whose conclusions are presented at the end of the chapter.

## 2.8 / Independent Third-Party Report by one of the Statutory Auditors on the Consolidated Non-financial Performance Declaration

Year ended December 31, 2021

To the General Meeting,

In our professional capacity as an independent third party (“ITP”) appointed as Statutory Auditor of your company (hereinafter the “entity”), accredited by Cofrac under No. 3-1049<sup>(1)</sup>, we have conducted work for the purpose of delivering a justified opinion expressing a conclusion of moderate assurance on the historical information (recorded or extrapolated) within the Non-financial Performance Declaration, prepared in accordance with the company procedure (hereinafter the “Guidelines”), for the year ended December 31, 2021 (hereinafter the “Information” and “Declaration”, respectively), presented in the Group’s Management Report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

### Conclusion

Based on the procedures we implemented, as described in the “Nature and extent of the work” section, and the evidence obtained, we have not identified any material anomalies likely to call into question the conformity of the Declaration with the applicable regulatory provisions, and find that the Information, taken as a whole, is presented accurately and in accordance with the Guidelines.

### Preparing the Non-financial Performance Declaration

The absence of a generally accepted and commonly used framework agreement or established practices upon which to evaluate and measure the Information allows for the use of different but acceptable measurement methods, which could affect comparability between entities and over time.

Consequently, the Information must be read and understood with reference to the Guidelines, the key elements of which are included in the Declaration.

### Limitations inherent in the preparation of the Information

As indicated in the Declaration, the Information may be subject to uncertainty inherent to the very nature of scientific or economic knowledge and to the quality of the external data used. Certain data is sensitive to the methodological choices, assumptions and/or estimates used in order to produce it and which are presented in the Declaration.

### The entity’s responsibility

It is the role of the Board of Directors:

- to draft a Declaration in accordance with the legal and regulatory provisions, including an overview of the business model, a description of the main non-financial risks, an overview of the policies in place with regard to these risks and the results of these policies, including key performance indicators and also the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- and to implement the internal controls it believes necessary for the preparation of Information that is free of material misstatement, whether as a result of fraud or error.

The Declaration has been produced by applying the entity’s Guidelines, as mentioned above.

### The responsibility of the independent third party appointed as Statutory Auditor

Our role, on the basis of our work, is to deliver a justified opinion expressing a conclusion of moderate assurance on:

- the conformity of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code; and
- the accuracy of the historical information (recorded or extrapolated) provided pursuant to paragraph 3 of parts I and II of Article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions relating to the main risks.

(1) Cofrac accreditation inspection, no. 3-1049, available from [www.cofrac.fr](http://www.cofrac.fr).



As it is our responsibility to deliver an independent conclusion on the Information as prepared by the management, we are not authorized to be involved in the preparation of this Information, as this could compromise our independence.

It is not our role to express an opinion on:

- the entity's compliance with other applicable legal and regulatory provisions (in particular with regard to the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy), the vigilance plan, and measures to combat corruption and tax evasion);
- the accuracy of the information required by Article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- the conformity of products and services with applicable regulations.

### Applicable regulatory provisions and professional standards

Our work outlined below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code and in accordance with the professional standards of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) relative to this assignment, providing the basis for the verification program, as well as international standard ISAE 3000<sup>(1)</sup>.

### Independence and quality control

Our independence is defined by the provisions contained in Article L. 822-11-3 of the French Commercial Code and the profession's Code of Ethics. We have also established a quality control system, which covers the policies and documented procedures aiming to ensure compliance with the applicable legal texts and regulations, ethical rules, and professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment.

### Means and resources

Our work used the skills of six people and took place between December 2021 and March 2022 over a total period of around four weeks.

To aid us in the execution of our tasks, we called upon our sustainable development and Corporate Social Responsibility specialists. We conducted dozens of interviews with the persons responsible for the preparation of the Declaration.

### Nature and extent of the work

We planned and performed our work giving due consideration to the risk of material anomalies in the Information.

We believe that the procedures we conducted in applying our professional judgment enable us to arrive at a conclusion of moderate assurance:

- we have been informed about the activities of the entity and the main risks to which it is exposed;
- we have assessed the appropriate nature of the Guidelines in terms of their relevance, comprehensiveness, reliability, impartiality and understandability, taking into consideration best practices within the sector, if necessary;
- we have verified that the Declaration covers each category of information pursuant to part III of Article L. 225-102-1 in terms of social and environmental factors, respect for human rights, and combating corruption and tax evasion;
- we have verified that the Declaration presents the information provided for in section II of Article R. 225-105, where it is relevant in relation to the main risks, and includes, where applicable, an explanation of the reasons for the absence of the information required by the second subparagraph of section III of Article L. 225-102-1;
- we have verified that the Declaration includes the business model and the description of the main risks linked to the activity of the entity, including, if relevant and proportionate, the risks created by its business relations, its products or its services, as well as the policies, actions and results, including key performance indicators relating to the main risks;
- we have consulted the documentary sources and conducted interviews to:
  - assess the selection and validation process of the main risks and the consistency of the results, including the key performance indicators selected, with regard to the main risks and policies presented, and
  - Corroborate the qualitative information (actions and results) that we considered the most important presented in the Appendix. For certain risks<sup>(2)</sup>, our work has been carried out at the level of the consolidating entity; for other risks, work has been carried out at the level of the consolidating entity and in a selection of entities<sup>(3)</sup>;

(1) ISAE 3000 (Revised) – Assurance engagements other than audits or reviews of historical financial information.

(2) Ethics for all based on a model of development through partnership.

(3) Fnac Darty France and Fnac Belgium & Vanden Borre.

## 2 CORPORATE SOCIAL RESPONSIBILITY

Independent Third-Party Report by one of the Statutory Auditors on the Consolidated Non-financial Performance Declaration

- we have verified that the Declaration covers the scope of the entity;
- we have read the internal control and risk management procedures put in place by the entity and have assessed the collection process aimed at the completeness and accuracy of the information;
- for the key performance indicators and other quantitative results we deemed most important presented in the Appendix, we implemented:
  - analytical procedures to verify the correct consolidation of data collected, as well as the consistency of developments, and
  - detailed tests, based on surveys or other selection methods, consisting of verifying the correct application of definitions and procedures, and reconciling the data in the supporting documentation. This work was carried out with selected contributing entities<sup>(1)</sup> and covers between 82% and 100% of data chosen for these tests; and
- we have assessed the overall consistency of the Declaration in relation to our knowledge of the entity.

The procedures implemented as part of a moderate assurance assignment are less extensive than those required for a reasonable assurance assignment carried out in accordance with the professional standards of the Compagnie Nationale des Commissaires aux Comptes; a higher level of assurance would require more verifications.

Paris-La Défense, France, March 16, 2022

**KPMG S.A.**

Anne Garans  
*Partner*  
*Sustainability Services*

Éric Ropert  
*Partner*

(1) Fnac Darty France and Fnac Belgium & Vanden Borre.

## APPENDIX

**Qualitative information (actions and results) considered to be the most important**


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Collective agreements signed  
 Measures to promote well-being at work  
 Commitments and actions to reduce the environmental impact of activities  
 Actions to promote the circular economy and product sustainability  
 Actions to promote the social economy  
 Procedures implemented in the field of good business conduct and to combat corruption

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**Key performance indicators and other quantitative results considered the most important**


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Absenteeism due to sickness  
 Proportion of women in Group Leadership roles  
 Proportion of women granted at least one individual raise during the year  
 Share of payroll allocated to training  
 Number of training hours per employee trained  
 Severity of workplace accidents  
 Frequency rate of workplace accidents with stoppage time  
 Sustainability score  
 Number of products repaired  
 Volumes of WEEE collected in tons  
 Waste recycling rate  
 CO<sub>2</sub> emissions generated by site energy consumption/sq. m  
 CO<sub>2</sub> emissions generated by transportation of goods to stores/km traveled  
 CO<sub>2</sub> emissions generated by transportation of goods to stores/palette  
 CO<sub>2</sub> emissions generated per last-mile delivery/delivery  
 CO<sub>2</sub> emissions generated by "e-commerce" flows/package  
 Percentage of factory audits whose score is deemed to be compliant or average (Fnac Darty)

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# 3



## Risk factors and management

<b>3.1 / Risks related to changes in the economic model</b>	<b>166</b>	<b>3.5 / Risk management associated with the Covid-19 health crisis</b>	<b>180</b>
<b>3.2 / Security risks</b>	<b>173</b>	<b>3.6 / Insurance</b>	<b>181</b>
<b>3.3 / Regulatory risks</b>	<b>175</b>	<b>3.7 / Risk management</b>	<b>183</b>
<b>3.4 / Financial risks</b>	<b>177</b>	3.7.1 / The risk management system	183
		3.7.2 / Risk mapping	192

### 3 RISK FACTORS AND MANAGEMENT



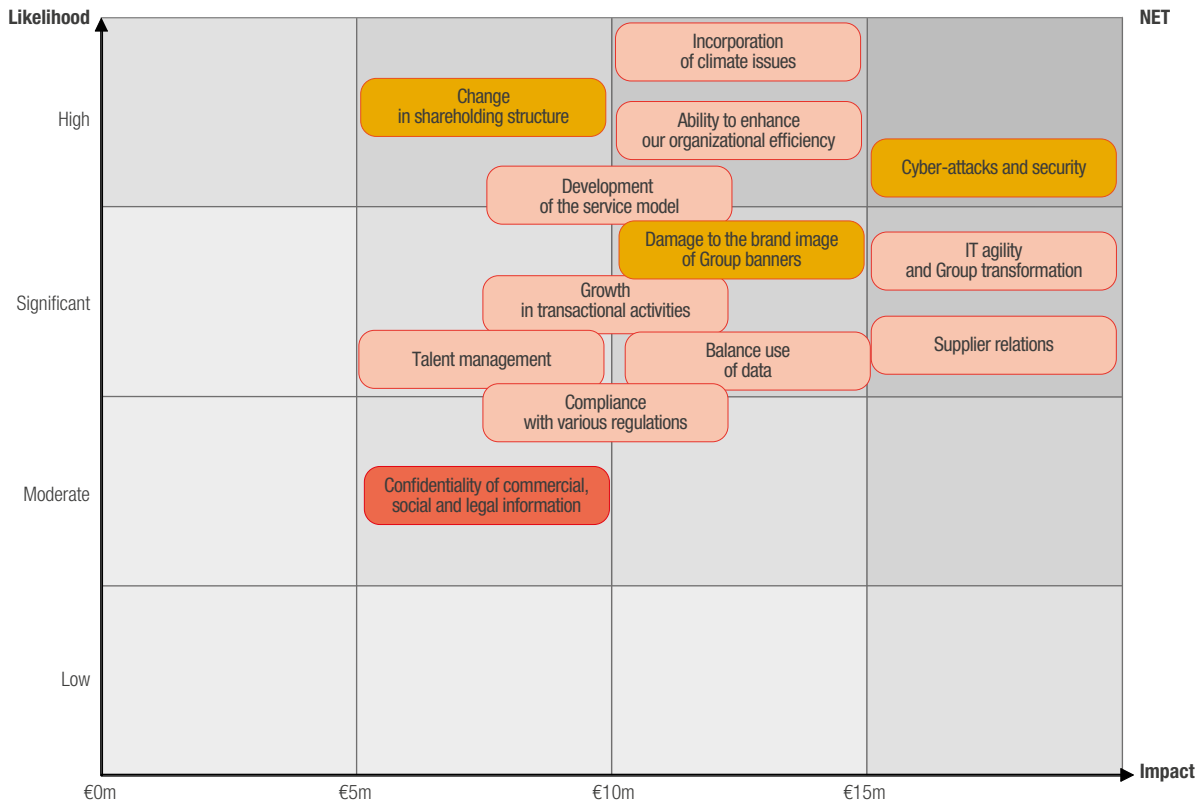
The Group operates in a constantly changing environment and is therefore exposed to both external and internal risks in developing its activities relating to its strategic plan. Moreover, the Group has conducted a review and assessment of the risks that could potentially have a material adverse impact on its activities, its financial position, its net assets, its income, its ability to achieve its objectives, its image and its reputation. This chapter set outs the main risks identified to which the Group considers itself to be exposed, as well as the internal control and risk management procedures implemented to prevent, manage and mitigate these risks. The risk mapping was presented and approved at the Audit Committee meeting in December.

The most substantial risk factors within each category are presented first. The importance of each risk is calculated as at the date of this document, based on an assessment of the estimated level of impact of the risk and the likelihood of its occurrence.

#### Main risks identified to which the Group considers itself to be exposed

Type	Description	Page
<b>Risks related to changes in the economic model</b>	IT agility and Group transformation	396
	Relations with suppliers	397
	Ability to enhance our organizational efficiency	398
	Ability to integrate climate issues into our strategic planning and tactical decisions	399
	Damage to the brand image of Group's banners	400
	Development of the service model	401
	Growth in transactional activities	401
	Talent management	402
<b>Security risks</b>	Cyber-attacks and information system security	403
	Confidentiality of key strategic, commercial, social and legal information	404
<b>Regulatory risks</b>	Compliance with the various regulations	405
	Balanced use of data	406
<b>Financial risks</b>	Liquidity risk	407
	Pension plan	408
	Change in the Group's capital structure	409

Assessment of risks according to their likelihood of occurrence and estimated financial impact



# 3 RISK FACTORS AND MANAGEMENT

Risks related to changes in the economic model

## 3.1 / Risks related to changes in the economic model

Against the backdrop of the crisis, Fnac Darty needs to persist with transforming its omnichannel model by continuing to adapt its organization and investing in IT systems and operational resources. Product and service lines must continue to be updated to achieve a better fit with changing consumer behaviors. However, the Group strives to balance its investments so as to maintain the profitability of its economic model, and keeps a close eye on developments and the economic outlook.

### Risks related to changes to the economic model – IT agility and Group transformation

#### Risk identification

Fnac Darty's ambition, as expressed through its strategic plan and the multiplication of the Group's growth drivers (its online platforms, Marketplace, development of the franchise, partnerships, etc.), requires significant investment and the extremely rapid and successful transformation of its information systems.

Some applications used by the Group need to be updated to improve the customer experience and strengthen operational continuity during busy periods. There is a lack of standardization across the applications used by the Group's various entities.

Moreover, the Group may fail to deliver this transformation successfully, both in terms of its capacity and its speed of execution.

#### Risk management

The governance for a three-year master plan was set up in 2018 and updated at the end of 2020. This master plan is sponsored at Executive Committee level in close collaboration with the business lines and its main measures include:

- the monthly monitoring of key issues and investment strategies at Executive Committee level within a dedicated committee;
- the rollout of agile development, particularly in the Digital Factory project, aims to create omnichannel and omni-brand IT functionality in France. The creation of combined IT and business teams to help improve the efficiency of production launches and to mitigate the associated risks;
- the insourcing of key IT resources, enabling control of core business components over time and facilitating the success of the plan to converge the Fnac and Darty IT systems;
- strengthening the continuity of service arrangements for the most critical applications in place, including handling the obsolescence of end-of-life applications;
- the use of public cloud resources to provide faster support for new business strategies (subscription, CRM, data sharing & advertising, ramp-up of online sales).



### Risks related to changes in the economic model – Relations with suppliers

#### Risk identification

Fnac Darty offers a wide range of products and is supplied by a large number of suppliers. In France, in particular, purchases from the top twenty suppliers represented around 60% of the total purchases made in 2021.

A major portion of the Group's operations depends on its capacity to negotiate under good commercial conditions and maintain contracts and long-term business relations with its suppliers, especially those for whose products there is no substitute as far as customers are concerned (e.g. Samsung, Apple, Microsoft, Sony, etc.). Any deterioration in the brands' relationships with their main suppliers, partners or service providers, the imposition of stricter conditions by these parties, or the non-renewal or early termination of their main supply or service agreements may have a material adverse effect on the Group's image, operations, earnings, financial position and outlook.

In addition, amid a global shortage of semiconductor components, the Group could also be faced with its suppliers' inability to deliver the expected volumes.

#### Risk management

The Group's sales policy is designed to develop strategic partnerships with suppliers, partners and contractors in its primary markets:

- align our interests and suppliers' interests around the value strategy, with its opportunities and constraints, by entering into partnerships that shape the entire relationship (purchasing, communication, merchandising, demonstrations, etc.);
- ad-hoc structures with a specific governance system are implemented with the aim of rebalancing our relations with our suppliers through:
  - a "hybrid" mode of operation which links buyers to product categories and provides central coordination,
  - integration of the scope of the France and international Purchasing Departments (management of European contracts) is in progress,
  - separate management of the Services area by a specific Services Department;
- offer developments to the services delivered to our suppliers through data supply and to the customer's experience online and in store;
- agreements with suppliers are periodically negotiated in accordance with local laws and regulations and the Business Code of Conduct (appended to supplier contracts).

# 3 RISK FACTORS AND MANAGEMENT

Risks related to changes in the economic model

## Risks related to changes in the economic model – Ability to enhance our organizational efficiency

### Risk identification

The simplest, most impactful, and most readily implementable cost-saving plans have already been accomplished through the synergies announced at the time of the Fnac Darty integration. The Group must nevertheless continually seek out further cost-saving plans to ensure that its operational efficiency and earnings do not deteriorate due to the normal inflation of costs, particularly real estate costs.

As such, the Group may not be able to implement sufficient cost-saving plans to offset the impact of inflation.

The Group needs to ensure that it maintains an ideal balance between its store network and changes in business activity and consumer behavior.

### Risk management

The performance culture is central to the Group's strategy, to ensure that all departments contribute to the search for potential cost savings while maintaining operational efficiency, which has been in place for several years.

A governance structure and action plans to support its staff have been identified, primarily through a matrix structure that permits decision-making without hampering Group-wide development and pays special attention to any potential human resource impacts in its entities. Performance plan management is monitored monthly by the Executive Committee.

In 2020, the Property Department realigned its organizational structure to improve its response to the challenges of developing sales activities and managing real estate costs, with a clear roadmap for redefining store formats and optimizing retail space.

## Risks related to the development of the business model – Ability to integrate climate issues into our strategic planning and tactical decisions

### Risk identification

The profound environmental crisis that is facing our societies is gradually calling into question the production and consumption methods of the last 50 years.

Against this backdrop, public authorities are strengthening the legislative arsenal to force companies to reduce their environmental impacts, particularly those related to transport, energy, waste and consumer goods. The number of consumers seeking to consume better, or consume less, is steadily increasing. Young workers are increasingly conscious of CSR commitments, and many investors are investing in companies that are rated highly by non-financial rating agencies.

The Group must incorporate this growing dimension and develop its business model to prevent contradictions or inconsistencies that, in some extreme cases, could lead to smear campaigns on social networks or demonstrations outside head offices, stores or warehouses.

The Group must also ensure compliance with new climate regulations and anticipate future changes in the regulatory framework.

Failure to incorporate these environmental issues would expose the Group to multiple risks, such as:

- damage to the Group's reputation;
- decline in popularity;
- loss of business;
- non-compliance and penalties.

A detailed description of the risks identified by the Group is presented in chapter 2, section 2.4.2.

### Risk management

Aside from these risks, Fnac Darty believes that the incorporation of environmental issues into its business model represents an opportunity to enhance the strong and historic assets of the Group's brands (responsible image, after-sales service, technical laboratory, sales expertise, store network, etc.). By integrating the sustainability objective into its strategic plan, the Group is demonstrating its desire to make itself more sustainable and to position itself as the leader in responsible retail.

In this regard, the Group has implemented three major initiatives:

- 1/ definition of a *raison d'être* that embeds environmental concerns within a context of hyperchoice and over-consumption: "Committed to providing an educated choice and more sustainable consumption." This mission statement guides the Company in its strategic decisions and its day-to-day activity and management;
- 2/ strengthening governance: social and environmental responsibility is driven by the Executive Committee and the Board of Directors. Since 2021, a CSR objective has been incorporated into the variable compensation of the Chief Executive Officer, the members of the Executive Committee and all managers.

A *Climate Committee* is steering the Group's target of a 50% reduction in CO<sub>2</sub> emissions by 2030 (compared to 2019) for transport and energy, established in line with the science and in order to limit global warming to 1.5°C.

A *Circular Economy Committee* oversees cross-functional initiatives to promote repair, reuse and recycling.

A *CSR Committee* steers the roadmaps of the operational departments in France and internationally, and instigates projects aimed at reducing the environmental impact of the Group's activities;

- 3/ the development of services and advice that promote a more circular economy: launch of the "sustainability score" and the "Sustainable Choice" label, a subscription-based repair service (Darty Max), a repair assistance platform, expansion of the pre-owned Occasion activities, etc.

The management of this risk, the governance, the decarbonization strategy, the objectives and all actions taken to address this risk are detailed in chapter 2, section 2.4 ("Reduce impacts on the climate") and section 2.2 ("Promote sustainable consumption and an educated choice").

# 3 RISK FACTORS AND MANAGEMENT

Risks related to changes in the economic model

## Risks related to changes in the economic model – Damage to the brand image of the Group's banners

### Risk identification

The success of our banners relies in part on the strong reputation and consumers' high opinion of our Fnac, Darty and Nature & Découvertes brands. In the context of the growth of its network of franchises and of Marketplace, the development of external partnerships, increasingly fierce competition and the development of social media that encourage the rapid dissemination of opinions, comments and reviews, the Group's ability to maintain the consideration, preference and distinctive character of its brands, the ability to integrate CSR and ethical issues into the choice of our suppliers and partners, and to retain the membership of its customer loyalty programs, are key factors for longevity.

Moreover, our banners' brand image could be affected by exceptional events such as liability incurred for marketing faulty products, the ability to integrate CSR and ethical issues in the choice of our suppliers and partners, or non-compliance with applicable regulations.

### Risk management

A number of measures have been implemented to reduce the aforementioned risks:

- an ongoing monitoring mechanism flags any event likely to affect the Group's image and reputation. This system relies on various departments working together, in particular the Marketing Department, Internal Communications and the Risk Prevention Department;
- a mechanism to monitor the reputation of our leading third parties has been initiated under the Sapin 2 law;
- Fnac Darty's Business Code of Conduct, which was updated at the end of 2021, is available on the Company's internal network and appended to our contracts and agreements with third parties; it sets out the Group's ethical commitments and the behaviors required;
- furthermore, the IT Charter sets out the rules governing the use of the IT tools available to employees in compliance with the Group's ethical rules.

### Risks associated with changes to the economic model – Development of the service model

#### Risk identification

The significant changes in the Fnac Darty service model involve speedy adjustments within the organization. We need to develop appropriate IT systems, align our internal processes, and train and gear up our technical and sales teams. To achieve the expected profitability of this model, it is essential that we provide the quality of service promised to the customer and that the business is managed effectively. The Group must also tighten up controls to guard against the various risks inherent in these activities.

#### Risk management

The Group relies on its ecosystem and partnerships to make its services accessible to as many customers as possible.

It is organized to acquire the right skills for managing subscriptions and driving its profitability (churn, NPS, payment problems).

The Group is recruiting 500 technicians over the plan period to provide the capacity to meet the customer demand for repairs generated by the increase in Darty Max repair subscriptions.

It is expanding its IT platform to include new subscription management functionality, and continues to develop control reporting tools.

The Group is capitalizing on its high levels of flexibility/agility, which helped it to recruit 500,000 subscribers to its new Darty Max service by the end of 2021, despite stores being closed for several weeks.

### Risks associated with changes to the economic model – Growth in transactional activities

#### Risk identification

The development of our multichannel model and the growth of our online sales are placing increasing pressure on Fnac Darty's operations. The Group needs to support its growth ambition by maintaining its delivery capacity and ensuring high-class service in dealing with the challenges of controlling the costs of availability, order preparation, shipment and delivery.

#### Risk management

The structure of our operating model is changing to bring our capacity more closely into line with increasing demand. The Group plans to make a significant investment in high-quality modern equipment to mechanize and automate order preparation and shipment. The aim of these investments over the term of the plan is to ensure a significant improvement in productivity and service quality.

The development of click&collect also helps to mitigate the impact of online sales growth on operations, with stores being used as warehouses and delivery locations.

# 3 RISK FACTORS AND MANAGEMENT

Risks related to changes in the economic model

## Risks associated with changes to the economic model – Talent management

### Risk identification

The Group needs to maintain the commitment of its employees and ensure that it retains the talent required to implement the strategy and develop the various business activities. Failure to control workforce turnover would mean the Group was unable to capitalize on employees' experience, which could therefore impede its operational efficiency.

The Group could also find it difficult to hire for existing business lines that will be crucial in the future. The Group's strategy commits us to strengthening our technical business lines and our digital skills.

### Risk management

The Group has implemented:

- regular face-to-face communication;
- the Group plans changes to its workforce per business line based on demographic data and assumptions contained in the strategic plan, thereby making it possible to pre-empt changes and establish appropriate action plans;
- development reviews, carried out in order to identify talent and support these individuals in their career path within the Group;
- employees are asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose;
- the Group has developed its structure and work environment in order to facilitate a collaborative approach and agility within digital business lines;
- support for Group employees and managers on new collaborative ways of working has been implemented with the roll-out of teleworking and management through accountability;
- adjustment of the compensation policy for a number of Group business lines;
- development of the Fnac Darty Academy, with the creation of nine classes, allowing the Group to establish a pool of experts in the technical, kitchen designer or delivery business lines;
- a partnership with Pôle Emploi to set up the readiness for individual employment (POEI) system through several classes on delivery and kitchen designer roles;
- actions to modernize the employer image with technicians (various communication plans);
- modernization of recruitment models and practices to provide faster and more targeted hiring;
- discussion is ongoing on how to develop and enhance working methods.

In addition, the use of dedicated tools and resources, the development of links with specialized schools, the use of sponsorship and the recruitment of staff (especially in the context of work-study programs) with digital skills are intended to foster employee retention in these areas within the Group.

## 3.2 / Security risks

### Security risks – Cyber-attacks and information system security

#### Risk identification

Most of the Group's operations rely on information systems developed or administered by internal resources or outside contractors. Any fragility or failure of these systems could disrupt business operations and potentially have major repercussions on the Group's sales and financial results, particularly with regard to websites and ordering and payment systems, and especially during peak business activity, such as at the end of the year.

Our Group's commercial websites could be subject to cyber-attacks and our databases might be corrupted.

Our Group could also be the subject of internal malicious actions through privilege escalation, particularly due to inadequate security of our access to information systems and networks.

Our employees and customers could be subject to phishing scams (wrongful use of the Fnac Darty identity) resulting in unlawful data capture.

#### Risk management

Fnac Darty's Information Systems Department ensures that all IT applications are consistent throughout the Group through a coordinated strategy that aims to anticipate operational incidents, particularly in the context of sharing tools due to the consolidation of the two banners, and to arrange emergency plans.

The Group aims to ensure the security of the information systems and the data they contain.

This is achieved through appropriate governance, technical solutions, shared standards, a common policy and the distribution of the IT Charter to employees, the implementation of a complementary security solution enabling the detection of threats and suspicious activities linked to IT systems (endpoint detection and response), the management of digital identities, cyber resilience and the strengthening of the security audits of external service providers. Verifying external IT service providers by obtaining contractual guarantees ensures the confidentiality and security of the data processed (PCI-DSS compliance of service providers processing banking data).

Furthermore, the Group works continuously to raise its employees' awareness of cyber security, with mandatory training for all employees.

Increasingly stringent security solutions are in place on our commercial websites, messaging services, and outflows.

Every year, specialist external consultants carry out anti-intrusion audits and, where necessary, draw up immediate action plans.

# 3 RISK FACTORS AND MANAGEMENT

Security risks

## Security risks – Confidentiality of key strategic, commercial, social and legal information

### Risk identification

In the context of its current operations and strategic development, the Group processes and stores key information that could be used for malicious purposes.

The Group must, at all times, ensure the controlled management of any confidential information upon which the market success of the year's major commercial operations depends.

### Risk management

The Group ensures the confidentiality of its key information by means of:

- an internal authorization and rights policy for the various shared tools and networks;
- a reminder of the best practices to adopt when using tools and managing information, provided in the Group's IT Charter;
- the monitoring of key employees' inboxes for suspicious emails;
- regular awareness-raising of all employees about the risk of phishing;
- the management of key commercial information in a siloed, restricted manner and in accordance with a "just-in-time" data approach.



### 3.3 / Regulatory risks

#### Regulatory risks – Compliance with the various regulations

##### Risk identification

Because of its in-store and online retail activities, the Group is exposed to changes in the legal and regulatory environment in the countries in which it operates. In particular, the Group's activities are subject to controls, investigations and regulations relating to consumer protection, competition, e-commerce, intermediation in consumer credit and insurance, personal data protection, information technology, digital and physical book prices, contractual warranties for customers, and store safety and accessibility.

The Sapin 2 Law and the law establishing a duty of care places a heavier obligation on our Group to put in place an annual declaration on interest representation activities, as well as measures to combat corruption and influence-peddling, and a vigilance plan covering the risks of infringements of human rights, the health and safety of people and the environment, in every country where the Group is present.

The Group's business is also affected by environmental regulations, which may have an impact on the products our banners distribute (such as obligations to dispose of or recycle consumer electronics and domestic appliances), the organization of after-sales services, the methods and cost of transporting products distributed, or the costs our banners incur for the rental of retail space.

Moreover, financial penalties and/or the requirement to publish such penalties may be imposed on the Group if its compliance is considered to be insufficiently robust, impacting the Group's earnings and image.

##### Risk management

Legal and regulatory requirements are monitored and incorporated at the country level by the local Finance and Legal Department with the support of the Group's advisory network, under the supervision of the Group's Legal, Finance and Tax Departments.

The Group's Business Code of Conduct, updated in 2021, reaffirms our commitments to compliance with legal and regulatory obligations towards Group employees and the third parties with which we enter into contracts.

This system is supplemented by letters of representation signed in-house by key employees.

Employees are reminded of our obligations through internal training courses carried out in a classroom or via e-learning modules.

The Group participates in discussions that may affect its environment, by presenting its actions and innovations to the public authorities, by participating alongside the authorities in discussions prior to the drafting of legislative and regulatory texts, and by defending its positions and proposals during hearings with the government, parliamentarians, local elected representatives, or independent authorities.

The Group aims to support political objectives in terms of a commitment to a more circular economy, consumer protection, and equal treatment of economic operators, while preserving the interests of the companies concerned.

The Group provides technical expertise useful for political decision-making in a fully transparent manner. As part of a constructive approach with the public authorities, the Group is able to promote innovative proposals thanks to its operational experience, but also to warn about the economic, social and environmental risks to which certain measures might expose the sector's stakeholders. In the latter case, the Group is responsible for working proactively on compromise solutions that are satisfactory and acceptable to all stakeholders.

Its approach to interest representation alternates between its own commitments and participation within groups of stakeholders under the aegis of the professional federations – national or local – of which it is a member.

# 3 RISK FACTORS AND MANAGEMENT

Regulatory risks

## Regulatory risks – Balanced use of data

### Risk identification

As part of its ongoing activities and strategic development, the Group processes and maintains significant volumes of personal data in a complex and innovative technological environment. As such, the Group could be exposed to malicious external uses or attacks.

In an aggressive competitive environment, the Group also ensures, within the context of its activities, a balance between using personal data for commercial purposes and protecting the privacy of its customers.

### Risk management

In 2017, Fnac Darty appointed a Group Data Protection Officer (DPO) with the CNIL (Commission Nationale de l'Informatique et des Libertés – French data protection authority). Three people were employed to strengthen the data protection team. Each country subsidiary also has a Data Protection Officer or person responsible for monitoring this issue. Specific governance of personal data protection has been implemented across the entire scope of the business.

As part of a continuous improvement process, an action plan is carried out in particular with regard to (see section 2.5.2 “Protecting the personal data of employees and customers”):

- dedicated governance led by a Management Committee and a report at the Executive Committee level; “data protection” champions in each department;
- keeping a register of personal data processing operations;
- awareness and training;
- documentation and procedures;
- informing data subjects;
- retention for limited periods;
- security of information systems;
- introduction of formal contracts (Data Protection Agreements) with subcontractors and partners;
- following an initial customer survey, implementation of a barometer with monitoring of indicators to measure the annual change in customer perception of the actions and improvements carried out by the Group in terms of personal data processing.

## 3.4 / Financial risks

### Financial risks – Liquidity risk

#### Risk identification

The Group's activity is seasonal and is marked by a significant spike in its activity at the end of the year with the Black Friday period at the end of November and the Christmas celebrations in December. Group revenues and EBITDA are therefore significantly higher in the fourth quarter than in the other quarters of the year.

The Group's working capital requirements fluctuate during the year and are normally highest in the third quarter of each year, leading to significant liquidity needs.

As of December 31, 2021, the Group's gross debt was €951.7 million (excluding IFRS 16), consisting mainly of:

- €200 million convertible bond, maturing March 2027;
- €650 million in senior bonds maturing in April 2024 and April 2026 with capitalized interest;
- €100 million in loans from the EIB.

Free cash flow from operations amounted to €170 million in 2021.

The EIB contract, the bank loan, the state-guaranteed loan and the bond issue contain clauses customary for these types of financing, namely financial commitments, general restrictive covenants and early repayment clauses.

As of December 31, 2021, the Company was in compliance with its financial covenants under the loan agreement (see section 2.11.5 "Financial debt" of this Universal Registration Document).

The Company conducts a specific periodic review of its liquidity risk.

The terms and conditions of the Group's financing lines are detailed in section 2.11.5 "Financial debt" of this Universal Registration Document.

#### Risk management

Liquidity risk for the Group and each of its subsidiaries is closely and regularly evaluated by the Group through periodic financial reporting.

In order to manage liquidity requirements, the Group has diversified its sources of financing, set up a €300 million NEU CP program in the first quarter of 2018 (increased to €400 million in June 2020), and has access to an unused €500 million revolving line of credit maturing in March 2028.

Furthermore, the process of diversifying financing and renegotiating the Group's financial instruments launched in early 2018, which contributes to risk management and mitigation, continued in 2021. In 2019, the Group refinanced the €650 million bond issue from 2016 in two tranches of €300 million and €350 million maturing in 2024 and 2026 respectively, and raised financing of €100 million, amortizable over nine years, from the European Investment Bank. In 2021, the Group refinanced the term loan maturing in March 2023 by issuing a €200 million convertible bond maturing in March 2027. Lastly, due to the Covid-19 crisis, in April 2020 the Group raised €500 million in financing in the form of a state-guaranteed loan from a group of French banks. This financing was repaid in full in March 2021.

#### Centralized cash management

Fnac Darty Participations et Services has entered into centralized cash management agreements for an unlimited term with its main French and its non-French subsidiaries.

The purpose of these agreements is to centralize the Group's cash management ("cash pool") in order to encourage coordination and optimization in using cash surpluses or in covering aggregate cash requirements at Group level.

Pursuant to the agreements, these subsidiaries deposit any cash surpluses they do not use to finance their operation and their capital expenditure program with Fnac Darty Participations et Services, in exchange for which Fnac Darty Participations et Services finances their working capital requirements and capital expenditure program.

# 3 RISK FACTORS AND MANAGEMENT

Financial risks

## Financial risks – Pension plan

### Risk identification

The pension plan, known as the “Comet pension plan,” which is funded by Darty in the United Kingdom, has been taken over as part of the Fnac Darty consolidation. Fnac Darty’s financing obligations depend on the future performance of the assets, the level of interest rates used to measure future commitments, actuarial projections and experience of changes in pension plans and the applicable regulations.

Due to the many variables that determine the pension financing obligations, which are hard to predict, as well as any statutory changes, the future financing obligations for this pension plan in terms of cash could be larger than the amounts estimated as of December 31, 2021.

In this case, these financing obligations could have a negative impact on the Group’s financial position.

Since October 1, 2021, the regulation of pension funds in the UK has changed with an increased supervisory role for the UK regulator. Fnac Darty is complying with this new regulation by assessing the impact that key decisions taken by the Company may have on the financing of the pension fund.

### Risk management

The monitoring of the commitments under this pension fund is jointly managed by the Financial Operations and Transformation Department and the Financing and Treasury Department.

Commitments are reassessed jointly every three years by the Group and the Comet Board of Trustees.

Following the three-year renegotiation that took place in 2019, it was decided that contributions to the fund would be suspended from 2020 for the next two years.

The Group is a member of the Comet pension fund Board, which meets approximately once per quarter.

The Group uses a valuation model to formalize key decisions that could have an impact on the financing of the fund, in particular when these decisions relate to the Group’s sources of financing, share buybacks or dividend payments.

**Strategic risks – Change in the Group's capital structure****Risk identification**

Upon completion in 2017 of Ceconomy's purchase of the shares held by Kering, Ceconomy International group held 24.3% of the share capital and voting rights of the Company as of December 31, 2021. Furthermore, in early February 2018, SFAM bought 11.38% of Fnac Darty shares from the Knight Vinke investment fund. As of December 31, 2021, the shareholding of the Indexia Développement group (formerly SFAM) in the Company remained the same, at 11.3% of share capital and voting rights.

Currently, no shareholder can influence the adoption or rejection of resolutions submitted for approval by Company shareholders at Ordinary and/or at Extraordinary General Meetings, in particular with respect to the appointment or removal of members of the Board of Directors, approval of the annual accounts, dividend distributions, authorizations related to capital increases, mergers, contributions, or any other decision requiring approval from Company shareholders.

However, these recent changes demonstrate that the Group is potentially exposed to the risk of a change in shareholding structure that may hinder the execution of its strategic roadmap.

**Risk management**

The Company's bylaws stipulate that shareholders must inform the Company when they pass the 3% capital holding threshold, and any multiple of 1% above this threshold.

Any shareholder holding more than 5% of the capital must also make a declaration of intent providing the information specified in Paragraph VII of Article L. 233-7 of the French Commercial Code, including a declaration regarding any intention to take control of the Company or to continue purchasing securities. This declaration is renewable every six months. Together with the performance of shareholder identification studies several times per year, these mechanisms ensure that the Company is well informed about the various participants that have a stake in its capital.

The Group also adheres to a strict policy ensuring that its governing bodies remain independent in the event of potential conflicts of interest with an existing shareholder. Accordingly, following the acquisition by Ceconomy of its equity stake in the Group, the latter entered into a dialog with Ceconomy in order to determine the best way for it to be represented in the Company's governance without hindering the proper functioning of operations or impeding execution of the Group's strategy.

As such, no Director representing Ceconomy is present on the Board of Directors, but the Ceconomy group did participate in the selection of three Independent Directors.

None of the 14 Directors on the Board are linked to the company Indexia Développement (formerly SFAM), a service provider for the Group, and it therefore has no influence on the Group's decisions.



## 3.5 / Risk management associated with the Covid-19 health crisis

### Specific risks associated with the Covid-19 pandemic

In addition to the specific risks that are subject to regular review and defined action plans, the Group continued to face the Covid-19 health crisis in 2021, but with a lower impact. The main issues are listed below:

#### Risk identification

- The Group must ensure the health of its employees, customers and service providers by incorporating everyday prevention measures to suit each business line.
- If the pandemic develops differently in a particular country, it may disrupt industrial supply chains and cause inventory shortages in certain product categories.
- The health measures imposed by the authorities may have an impact on the logistics chain for the transportation of goods, on the supply of certain Group products and on the ability to deliver and sell to the end customer.
- Social problems could slow the pace of consumer recovery post Covid-19.
- Greater digitization in consumer behavior could adversely affect store footfall and the Group's revenue.
- The Group needs to remain vigilant regarding the sound financial health of the key partners in its ecosystem.

#### Risk management

- The digitalization of the working environment has enabled the move to remote working to protect employees.
- The choices and decisions aimed at ensuring the safety of our stores and head office were continued in 2021. (chapter 2.1.3.1 "Measures taken to protect employees and customers during the health crisis").
- The Group has adapted its goods purchasing policy to deal with production delays. Working closely with its suppliers, it has drawn up a tactical purchasing plan for key product categories.
- Building on the centralized organization of its logistics platforms and the reliability of its digital platforms, the Group continued to adjust its operational model to respond to changes in demand and the situation.
- The Group relies on its ecosystem of partnerships with delivery providers and its internal delivery capabilities to ensure that its delivery times are in line with the highest market standards.
- The Group adapted its stores and developed click&collect to address health constraints during key commercial periods for the Group.

While the impact of Covid-19 was not felt as strongly as in 2020, the Group remains vigilant, periodically and very closely reassessing the development of the situation and its impact on its activities and results.

## 3.6 / Insurance

### General overview

The Group took out its insurance policies under conditions that were tailored to the scale and type of the Group's risks.

The Group's insurance approach is coordinated by its Legal Department, which is responsible, with the support of the other departments, for identifying risks, quantifying their consequences and reducing them by:

- recommending preventive measures for risks that can be eliminated or reduced by these means; and
- establishing financing arrangements, including the transfer to insurance companies of risks of an exceptional nature where the potential impact is high and the frequency is low.

This requires each Group subsidiary to provide the Group Legal Department with the information required to identify and quantify risks, and to implement appropriate resources to ensure business continuity in the event of an incident. Based on this information, the Group Legal Department negotiates with the major players in the insurance and reinsurance industry in order to find the cover best suited to the Group's risk coverage requirements.

### Risk prevention policy

The risk prevention, precaution and protection policy is managed at Group level by the Risk Committee, which brings together multiple departments involved in risk management. Its role is to identify, assess and reduce exposure to risk and the occurrence and severity of claims, through:

- audits of the main operational sites;
- adherence to the recommendations of security professionals;
- internal control procedures;
- staff training;
- the dissemination of risk management best practices; and
- the implementation of appropriate emergency plans.

### The Group's insurance policy

The Group's policy of transferring material risks to insurance companies is primarily determined by:

- the best economic balance between risk cover, premiums and deductibles; and
- the choice and limitations available in the insurance market, and local regulations.

Under its insurance policy, the Group favors the "all risks with exceptions" approach, which is determined by assessing the financial consequences for the Group of potential claims, specifically in terms of:

- property damage resulting from fire, explosion, water damage, theft, natural events causing damage to the Group's own property (buildings, furniture, equipment, merchandise or computer systems), riots, terrorism, war or other causes;
- operating losses following direct damage;
- third-party liability: personal injury or damage to property caused to third parties due to products, installations and equipment;
- cyber-attacks;
- transportation of goods; and
- vehicle fleet.

The setting up of insurance coverage is based on determining the level of coverage required to cope with the reasonably estimated occurrence of the risks that the Group wishes to transfer to the insurance market for each facility and company concerned. This appraisal takes into account the assessments made by brokers and insurers, as insurance professionals and underwriters of the Group's risks.

Uninsured risks are those for which no coverage is offered on the insurance market or where insurance is offered at a cost that is disproportionate to the potential benefits of such insurance. The Group's insurance requirements are reviewed regularly by the Risk Committee in order to verify their suitability with regard to developments within the Group and the insurance market.

# 3 RISK FACTORS AND MANAGEMENT

## Insurance

The main insurance programs taken out by the Group cover all of its subsidiaries. This coverage is underwritten by international insurance brokers that specialize in the coverage of major risks with reputable insurers.

### Main insurance programs

The main insurance programs taken out by the Group to cover the risks it faces in its operations are described below. Where necessary, they may be supplemented by local programs specific to the country in question:

**Damage and operating losses:** The principal purpose of this policy is to insure the Group against damage resulting from fire, explosions, water damage, theft, natural disasters affecting property (buildings, furniture, equipment, merchandise, or computer systems) and those for which the Group is liable, and against resulting operating losses, for an estimated period required for resumption of normal business. The cover limit is €400 million and €20 million per claim for direct damages and operating loss combined for the Group over the insurance term expiring January 1, 2023.

**Third-party liability:** This policy chiefly covers operating risks and post-delivery or post-service risks of physical injury or material damage caused to third parties due to the activity of any of the Group's subsidiaries or products sold by the Group. The amount of damage covered in this respect is capped for the Group for an insured period expiring April 30, 2022. The cover limit is €75 million per claim per year for the Group.

**Cyber risk:** This policy covers the risks of loss of confidentiality, integrity and availability of the Group's information systems. The Cyber coverage limit is \$20 million per claim per insurance period, for an insured period expiring on April 30, 2022.

**Transportation of goods:** This policy covers the Group's goods while they are in transit against the risk of damage, theft, loss or major events that may occur during transportation. The cover limit for this policy, which is renewed on April 30, 2022, is €1 million per claim.

**Vehicle fleet:** This policy covers our fleet of around 2,000 vehicles against the risks of liability and damage that may arise during the circulation of our vehicles. Foreign subsidiaries have local cover.

**Insurance expenses borne by the Group:** The cost to the Group of all insurance policies for the period ended is approximately €6.5 million.



## 3.7 / Risk management

The AMF defines risk as the possibility of an event whose consequences are likely to impact the persons, assets, environment and objectives of the Company, its image or its reputation.

Risk management includes areas that encompass far more than just financial risks: strategic, operational, market, corruption, image, reputation or compliance risks. Risk management is a management tool that contributes to:

- creating and protecting the Company's value, assets, image and reputation;
- preserving the longevity of the Company's short-, medium- and long-term activities;
- securing the Company's decision-making process and other processes to achieve its objectives;

- encouraging consistency between the Company's actions and its values; and
- mobilizing the Company's workforce around a shared vision of the main risks.

The Group closely associates risk management with internal control. The Group's risk management and internal control systems rely on a series of resources, procedures and actions aimed at ensuring that proper measures are taken to identify, analyze and control:

- risks that could have a significant impact on the Company's assets or the achievement of its objectives, whether operational, financial or related to compliance with laws and regulations; and
- the activities, efficiency of its operations and efficient use of resources.

### 3.7.1 / THE RISK MANAGEMENT SYSTEM

The implementation of the risk management system in the Group is based on an organizational framework, a three-step risk management procedure and ongoing oversight.

#### 3.7.1.1 / Risk management structure and coordination with internal control

##### Organizational framework

The organizational framework includes:

- a structure that defines the roles and responsibilities of those concerned, establishes clear and consistent procedures and standards within the system; and
- a risk management policy that formalizes the system objectives.

##### **Organization of risk management at country level**

Managing the exposure to decentralized risks is the responsibility of the country CEO and local managers, who are closest to the risks associated with the activities they exercise or supervise:

- monthly performance reviews help to detect the appearance or occurrence of risks;
- country Security Departments are responsible for the security of the Company's physical and intangible assets and for the security and safety of all persons present at all the Group's sites; they implement all human, organizational and technical means to handle risks of an accidental or intentional nature; and
- the Support Services Departments, in their role of securing and driving progress, may identify risks and propose an action plan to the reporting line for their containment.

### Organization of risk management at Group level

The Internal Audit Department organizes, for management, the process of mapping the Group's major internal and external risks based on a formalized approach for identifying and assessing risks.

The Security Department circulates a set of rules and best practices to control the risks within its remit. The network of individual country Security Directors also rely on these rules and best practices. Its objectives at Group level are to harmonize procedures, reduce risks and optimize safety costs by promoting synergies and raising the awareness of all personnel within the Group's banners.

The Legal Department identifies and analyzes the Group's material legal risks and the insurable risks to be included in the Group's financial statements.

Preparation of the strategic plan by the Strategy Department provides the opportunity to assess the major external risks and update the mapping of the Group's major risks.

### Risk management policy

The Group instituted its risk management policy based on the COSO II Framework.

### A three-step risk management process

- Risk identification: the Group treats risk identification as an ongoing business process. Risk identification helps to categorize and centralize major risks either with the Security Department or with the Internal Audit Department, depending on the type of risk.
- Risk assessment: in terms of the Group's activities, this approach is documented at least once a year during a risk self-assessment process headed by the Internal Audit Department. The risk management policy sets out the criteria and procedures for these assessments. The aim is to review potential consequences of the main risks (consequences that may be of a financial, HR, legal, image-related or reputational nature) and assess the likelihood of their occurrence, as well as the level of risk management.

- Handling risk: the last step of the risk management process includes identifying the action plan(s) best suited to the Company.

### Managing risk management procedures

The risk management system is subject to regular monitoring and review, which allows it to be continually improved.

The Audit Committee reviews on an annual basis the risk map prepared by the Internal Audit Department and validated by the Group's senior management. The Audit Committee monitors the progress of dedicated action plans for major risks through specific presentations made by the sponsors of the various risks.

The Group also conducts regular internal audits in France and abroad to assess and improve the effectiveness of its risk management systems.

### Links between risk management and internal control

The risk management and internal control systems are complementary to the management of the Group's activities:

- the risk management system aims to identify and analyze the main risks. Such risks are addressed and are the subject of action plans. These plans may propose a change to the organization, the implementation of projects and the introduction of controls. Any such controls to be implemented come within the internal control system and may be reviewed in light of the risk mapping;
- the internal control system relies on the risk management system to identify the main risks to be contained; and
- the audit plan relies mainly on risk mapping to test the assessment of the level of control of identified risks.

The coordination and balance between the two systems depend on their shared underlying control environment, and, more specifically, the Company's specific risk and control culture, and the ethical values specified in the Group's Business Code of Conduct.

### 3.7.1.2 / General internal control principles

#### Internal control definition and objectives

The internal control system within the Group encompasses a number of tailored resources, policies, practices, procedures and initiatives, the purpose of which is to ensure that the required measures are taken to control:

- the activities, efficiency of its operations and efficient use of resources;
- the risks likely to have a material impact on the Company's assets or its ability to meet its objectives, whether of an operational, financial or compliance nature.

Internal control is defined as a process conducted by senior management under the control of the Board of Directors, and implemented by the Directors and all employees. Irrespective of the quality and scope of internal control, it cannot entirely guarantee that the objectives in the following areas will be achieved:

- compliance with applicable laws and regulations;
- application of instructions and strategy adopted by senior management;
- proper functioning of internal processes, including those contributing to the protection of the Company's assets; and
- reliability of financial information.

#### Internal control limits

The following limitations inherent in any internal control system affect the probability that the Company will achieve its established objectives, in particular:

- human errors or malfunctions that occur when decisions are made or implemented;
- deliberate collusion between several persons, making it possible to elude the control system in place;
- deliberate fraud by management;
- where the implementation, or even maintenance, of a control would be more burdensome than the risk which it is supposed to alleviate; and
- when, in endeavoring to achieve the above-mentioned objectives, companies are confronted with events and hazards that are outside of their control (unforeseen changes in markets and competition, unforeseen change in the geopolitical situation, errors in forecasting or estimating the impact of such changes on the organization, etc.).

#### Internal control components

The quality of the internal control system depends on the following components:

- a control environment based on rules of conduct and integrity that are upheld by the management and communicated to all employees;
- the existence of clearly and appropriately defined roles and responsibilities;
- a system for categorizing, analyzing and managing the main risks; and
- ongoing monitoring of the internal control system, and regular review of its performance.

#### **The Group's internal control environment**

This environment is structured around the principles and values that are detailed in the Group's internal codes and charters and govern the behavior and ethics of all employees. It relies on the management of human resources to ensure the competence, ethics and involvement of employees.

#### **Principles and values**

- The Business Code of Conduct was updated in 2021. The aim is to reaffirm the basic principles that should govern each person's behavior in their professional life, both individually and collectively. These principles are reaffirmed through respecting people, respecting Company property, respecting trade regulations, and through the Group's commitments to social and environmental responsibility.
- A "Gifts and Benefits Charter", updated in 2021, outlines the Group's internal rules for accepting gifts and hospitality. Its aim is to help employees deal more confidently with the offer of various gifts and enticements from suppliers, third parties and partners.
- A "Prevention of Conflicts of Interest Charter", launched in 2021, aims to raise awareness of conflicts of interest. Its intention is to help employees avoid them and understand how to conduct themselves when faced with them. For members of the Leadership Group and employees potentially at risk, this is combined with an annual conflict of interest disclosure. Through the process related to this disclosure, nearly 650 people received conflict of interest training in 2021. All reported conflict of interest situations are reviewed by the Internal Audit Department and, if necessary, measures are taken to avoid them. This approach has a dual objective of education and protection.

# 3 RISK FACTORS AND MANAGEMENT

## Risk management

- The “ethics alert line” enables staff to report with complete confidence and confidentiality any behavior that contravenes the ethical framework and any serious situation or event identified within the Company or within our partners/suppliers on our ethics alert and compliance website.
- The key unifying values of the Fnac Darty Group are respect, loyalty and transparency. These shared underlying values are reiterated in the updated Business Code of Conduct.
- An Ethics Charter for Securities Trading, updated in 2019, in compliance with AMF instructions, defines the obligations incumbent on persons holding privileged information.
- A charter relating to the appropriate use of information systems is updated every year to raise awareness and increase user responsibility among Fnac Darty employees in respect of their rights and duties.

These codes and charters have been validated by the Group’s Executive Committee. They are available to all employees for reference on the intranet sites of the Group’s banners.

“Fnac Darty’s Essential Rules,” updated in 2020, set forth the 15 main operational and administrative cycles of the Group’s activities and the key internal control rules to follow in respect of legal or regulatory compliance, and in respect of efficiently allocating resources in order to achieve these objectives. In addition to these rules, there is a “Store Best Practices” corpus and a “Risk Prevention in management” glossary.

### Human resources policy

The human resources policy contributes to internal control, in particular via the delegation of power and responsibilities, descriptions of functions, an employee assessment system and investments in training.

- Given the size of the Group and its workforce, the diversity of its activities, and the geographical dispersion of its different entities, it is necessary to delegate powers and responsibilities for the business to operate effectively. Responsibilities are delegated to appropriate people and entities, along with all the powers and resources they need to carry them out, in compliance with applicable regulations. Official job descriptions exist for key functions. The descriptions refer to the necessary controls for the supervision of the activity and also serve as a framework for the individual assessment system. The identification and description of key skills (managerial and business-specific) for the Group allows for the gradual implementation of a shared system for managing skills.

- Training, a component of annual plans, is focused on business-specific skills, combining specialist know-how, management expertise, and mandatory and regulatory knowledge. It is provided from the time new recruits first join the Group and continues throughout their careers, ensuring their individual development and that they follow essential rules on safety and compliance.
- All Group managers and employees benefit from an annual performance and skills appraisal and a professional interview designed to identify their training and professional development needs. Group Human Resources is responsible for the Group’s senior executives (recruitment, international mobility, career management and training). Succession plans are in place for the principal Group management positions.
- Employees are asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose.
- Compensation policies are managed and controlled by Group Human Resources for the principal management functions and at country level for other functions, in accordance with the main defined goals.

### Organization

The structure of the Group’s internal control involves persons throughout the chain of command, from the Executive Committee to all employees and supervisory and assessment bodies, including the Board of Directors, the Audit Committee, the Appointments and Compensation Committee, the Corporate, Environmental and Social Responsibility Committee and the Statutory Auditors.

The allocation of responsibilities and application of the rule on the division of functions ensures control and provides the basis on which the respective roles of the various decision-making bodies are built.

### The Executive Committee

The Executive Committee determines the Group’s main strategic policies and their impact on the major financial and management goals. It reviews the development of the business and decides which directions to take and which action plans to follow.

It is chaired by the Chief Executive Officer of Fnac Darty, and in 2021 will include, in addition to the latter, the Chief Executive Officer of Belgium and Luxembourg, the Group General Secretary, the Director of Human Resources, the Director of Sales, the Director of Customer and Business Development, the Director of Services and Operations, the Director of Operations, the Director of Administration and Finance, the Chief Executive Officer of Fnac Spain, the Director of E-commerce and Digital, the Director of Communications and Public Affairs, and the Executive Director of Transformation and Strategy.

### Investment Committees

The Group Investment Committee examines and authorizes all investment decisions on major projects and projects related to:

- the creation of directly owned or franchised stores; and
- the acquisition or disposal of companies or businesses.

The Group Investment Committee is chaired by the Chief Executive Officer and its permanent members are the Group Chief Financial Officer, the Group Deputy CFO in charge of performance, and the Group Deputy CFO in charge of financial operations and financial transformation. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer and the experts involved in the projects (e.g. the Property Department for a real estate project).

The IT Investment Committee examines and authorizes all investment decisions on major IT projects.

The IT Investment Committee is chaired by the Group's Deputy Chief Financial Officer, and its permanent members are the Group Director of Operations and Information Systems and the Group Financial Control Director. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer.

### Operational managers and employees

Management is the operational agent for internal control and relies on it for the achievement of its targets; the exercise of appropriate controls is therefore one of the prime responsibilities of every Group manager. This responsibility begins at the first level of supervision. Awareness of these controls among the main participants is formalized by the signing of delegations of powers and responsibilities.

As part of their delegated powers and formalized responsibilities, each Director and manager defines, implements and manages the internal control system. In particular, store, subsidiary and entity Directors are responsible for maintaining a satisfactory level of internal control over the assets and cash flows of the unit or company they manage.

Employees must be aware of the internal control systems for the objectives assigned to them, and must comply with the control principles and rules. They may help to improve and detect malfunctions. They are informed of the existing measures when they sign their employment contracts and by the internal regulations of the legal entities to which they report.

### Other internal control participants

- The Group Legal Department advises and assists the operational departments and subsidiaries on major legal questions.
- The Group Tax Department advises and assists the operational departments and subsidiaries on major tax issues.

- The Group Financial Operations Department is in charge of implementing and ensuring compliance with the procedures for reporting and preparing the consolidated financial statements.
- The Group Human Resources Department advises on and ensures compliance of internal practices with labor laws and regulations.
- The Group Security Department and the Group Architecture, Works and Maintenance Department conduct specific risk analyses and propose action plans for security and safety.
- The CSR Department advises operational departments and subsidiaries and helps them with the actions to be implemented in order to comply with societal and environmental responsibilities and duty of care.

### Supervisory and internal control assessment bodies

- The Board of Directors contributes to the general control environment through the skills of its members. It is regularly informed of major internal control and risk management methodologies and describes them in its Activity Report.
- Part of the Audit Committee's responsibility is "to ensure the implementation and relevance of internal control procedures and to identify and hedge Company risks, in particular risks relating to its financial or commercial assets (whether physical or intangible) as well as any type of contingent risk relating to employees, customers or third parties arising from the activities of the Company and/or its subsidiaries".
- Part of the Appointments and Compensation Committee's responsibility is "to evaluate the independence of the members of the Board of Directors, propose the appointment of its members, senior management and the specialized committees, and to examine and propose to the Board all elements and conditions for the compensation of members of senior management and the Group's main Directors".
- Under its rules, part of the Corporate, Environmental and Social Responsibility Committee's responsibility is "to examine the principal risks and opportunities for the Group in corporate, social and environmental matters". It also oversees the risks associated with the duty of care.
- Having been set up in 2019, the Climate Committee meets once per quarter and comprises two sponsors from the Executive Committee (Group General Secretary and Director of Operations and Information Systems), as well as the Directors of Indirect Purchasing, CSR, Logistics, National Transportation, the Services Policy and After-Sales Service. It is responsible for deploying and verifying compliance with the Group's climate roadmap, ensuring that climate awareness is incorporated into the Company's global strategy and driving the reduction objectives for greenhouse gas emissions.

# 3 RISK FACTORS AND MANAGEMENT

## Risk management

- In January 2018, the Group's Ethics Committee was set up. It is chaired by the General Secretary, and its permanent members are the Human Resources Director, the Legal Director, the Security Director, the Internal Audit Director, the CSR Director and the Data Protection Officer. This Committee's primary responsibilities are to ensure that the Group's codes, charters and policies are kept up to date, to monitor the effectiveness of risk reduction plans when mapping specific risks involving corruption, duty of care, and data protection, and to prepare an annual report of its work for the Executive Committee.
- The Group's small Ethics Committee was established in July 2002 and is chaired by the General Secretary. Its permanent members are the Group Director of Human Resources, Group Legal Director, Group Risk Prevention Manager and Group Internal Audit Manager. The Committee's main duty is to oversee the follow-up and management of information reported via the ethics and compliance alert line.
- A GDPR Management Committee was set up in 2017 to oversee compliance and adherence with the European General Data Protection Regulation (GDPR) of May 25, 2018. This Committee is chaired by the Data Protection Officer (DPO) appointed by the Group for France, who coordinates the DPOs appointed for other countries. The main objectives of this Committee, which meets every three months in the presence of the GDPR representatives of each major department, are explained in chapter 2 of this Universal Registration Document, in particular in section 2.5.2 "Guaranteeing the protection of customers' and employees' personal data".
- The Group's Insurable Risks Committee was created in 2019. It has the authority to validate, assess and improve the effectiveness of the risk management system in place, particularly in order to reduce net risk. This Committee meets at least once every quarter and is chaired by the Group General Secretary. Its permanent members are the Legal Director, the Financial Control Director, the Security Director, the Internal Audit Director, the Director of Internal Control France and the Head of Insurance.
- The Group Internal Audit Department, which contributes to the assessment of the internal control system through its missions, draws up recommendations for the improvement of its operations. The Internal Audit Department is in charge of managing and coordinating risk management, in particular through annual risk mapping and monitoring of action plans. It is also in charge of the central administration and analysis of internal control pursuant to the Financial Security Law and the AMF's reference framework set out in the section below, "Oversight of the system". The Group Internal Audit

Department, which reports to the Group's General Secretary, reports the main results of its assessments to executive management and the Audit Committee.

- The Statutory Auditors take note of the elements of internal control that are pertinent for the audit in order to take into consideration those factors that may generate risks of material anomalies in the financial statements, and not for the purpose of formulating an opinion on the efficacy of the internal control.

At the time they deem appropriate, the Statutory Auditors communicate to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that they believe to be of sufficient importance to merit attention, unless the Auditors believe that this approach would be inappropriate under the circumstances. They submit this communication in writing when detailing weaknesses believed to be significant. The Statutory Auditors communicate the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time they deem appropriate.

### Oversight of the system

The ongoing oversight of the internal control system and the regular review of its functioning entail three types of tasks: annual self-assessment exercises, internal audits and observations made by the Statutory Auditors, as indicated in the previous paragraph. In addition to the existing system, in October 2021 senior management commissioned the consulting firm PwC to carry out a maturity assessment on the organization of risk management, internal control and internal audit. The purpose of this assessment was to obtain an independent and objective evaluation to determine the areas for improvement to be implemented to ensure full coverage of the issues within the Group.

### Self-assessment

Those in charge are asked to apply the internal control system in order to assess the level of internal control achieved through the use of controls that are essential to the proper functioning of their activities.

This approach helps to:

- raise awareness among operational and functional managers of the internal control procedures for which they are responsible;
- provide a structured and objective framework for analyzing risks and sharing internal control best practices; and
- launch action plans and, if necessary, improvement plans.

The internal control analysis strategy is based on the following principles:

- an annual self-assessment of Fnac Darty's essential rules, through questionnaires filled in by key operational staff in each Group country organization. In 2021, 15 cycles were self-evaluated. The questionnaires were updated following the creation of the Legal Charter and the update of GDPR risk mapping. The questionnaire for the "Finance, Accounting and Management" cycle sent to country Chief Financial Officers takes into account the AMF's reference framework and, in particular, its application guide.

These questionnaires help operational staff to assess the quality of the internal control procedures for which they are responsible. They standardize the level of internal control across all activities and allow operational staff to benefit from best practices. They enable the launch of improvement action plans based on the results obtained.

### Internal audit

In 2021, the Internal Audit Department continued to strengthen its system for assessing the organizations' internal control and risk management. The main actions undertaken concern:

- Internal Control Committees for all French and international subsidiaries, as well as for major departments. The purpose of these committees includes:
  - formalizing feedback from operational managers concerning identified and/or proven risks, and
  - ensuring that control activities are implemented and that they cover the subsidiary's risks.

These Internal Control Committees met between January and December with the country and subsidiary CEOs and CFOs, and the Legal Department, Tax Department, Financial Department, Internal Audit Department, Data Protection Department and Information Security Department;

- the performance of specific audits in connection with the risk mapping.

### Statutory Auditors

Within the framework of their assignment to certify the financial statements, the Statutory Auditors make observations. At the time they deem appropriate, the Statutory Auditors communicate to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that they believe to be of sufficient importance to merit attention, unless the Auditors believe that this approach would be inappropriate under the circumstances. They submit this communication in writing when detailing weaknesses believed to be significant. The Statutory Auditors communicate the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time they deem appropriate.

### 3.7.1.3 / Internal control procedures relating to the preparation of financial information

#### General principles relating to the organization of accounting and financial internal control

##### Definition and objectives

Accounting and financial internal control includes the processes that provide accounting data: the financial information production process, account-closing process and the communications process.

The accounting and financial internal control system aims to ensure:

- compliance with accounting regulations and proper implementation of the principles on the basis of which the financial statements are prepared;
- implementation of senior management's instructions on financial reporting;
- the preservation of assets;
- the quality of information reported for the preparation of published financial statements and the reliability of their centralized processing for Group consolidation, with a view to the distribution and use of that information for management purposes; and
- the control of production of financial, accounting and management items.

### Scope

The scope of application of internal control procedures relating to the preparation and handling of financial and accounting information comprises the parent company and all subsidiaries included in the consolidated financial statements.

### Organization and management process of the accounting and finance function

#### Organization

Group financial and accounting information is prepared by the Group Finance Department.

In 2021, the Group's Financial Department supervised:

- the Financial Operations and Transformation Department, including consolidation, financial control, the accounting shared services center, commercial administration and a single Group finance project manager;
- the Financial Performance Department, which brings together the management control functions in France, internal control and the Finance Directors of all countries and BUs;
- the Tax Department;
- the Investor Relations Department;
- the Security Department;
- the Treasury and Finance Department;
- the Real Estate Department.

#### Standards

##### Accounting standards

The Group has a body of accounting rules and policies which must be applied to all consolidated subsidiaries.

These accounting rules, which are regularly updated, take into account changes in accounting regulations and standards.

The accounting standards establish the principles required for the consistent processing of transactions. They specify, in particular, the recording methods pursuant to International Financial Reporting Standards (IFRS).

The budgetary and closure procedures ensure consistency in the processing of data.

##### Management standards

Management standards not only specify the rules applying to the valuation of certain major account balance sheets and income statements, but also the controls and validations applying to key processes.

The Financial Control Department is responsible for updating these rules and improving the quality of their formalization.

#### Management process

The production and analysis of financial and accounting information is based on a set of management procedures, such as:

- the medium-term plan, which measures the consequences of the strategic directions on the Group's major financial and management goals. The plan is also used annually by the Group to assess the value-in-use of assets relating to the various cash generating units;
  - the annual budget, compiled after discussions with Country and Group operational departments and general management: this budget, which identifies the major financial goals and operational action plans, is prepared in the fourth quarter of the year and is definitively adopted in the following first quarter after any intervening events are taken into account;
  - the annual budget is updated at least twice a year to ascertain whether the budgetary targets have been met and, if necessary, to revise said targets in light of the results to date and any changes in the internal and external environment. In addition, a rolling monthly forecast is provided as part of the monthly budget update, with the entities sending in their revised monthly earnings and cash flow forecasts based on their business activity estimates;
  - the reporting that is carried out each month on the basis of monthly result closures performed by all entities dependent on the Group allows rapid reporting of financial information and regular monitoring of operational performance. The Financial Operations Department, on the basis of the controls delegated to country or subsidiary Chief Financial Officers, makes sure that this reporting is consistent and complies with the applied accounting treatments.
- The Group's CEO, its Chief Financial Officer, and the regional, country or subsidiary CEOs meet regularly with the managers of the various activities to assess the development of the business, based on financial and operational aspects; and
- the Financial Operations Department regularly monitors, for annual and semi-annual closures, the off-balance sheet commitments of consolidated legal entities, including as part of the statutory consolidation processes, which require them to list all their commercial or financial commitments and monitor them over the years.



### Information systems

The purpose of the financial and accounting information systems implemented in the Group is to meet the requirements in terms of compliance, security, reliability, availability and traceability of information.

- Financial management and accounting data are managed with a single SAP information system in all Fnac banner activities to ensure consistent processing, comparison and control of accounting and financial information. Financial management and accounting data are managed using a different SAP information system for Darty France, using software developed in-house for Vanden Borre (Darty Belgium).
- Financial reporting data and budget construction and tracking data are managed using a single information system across all Group activities. This SAP BPC tool interfaces with the various accounting information systems.
- Consolidation data are collected in a single consolidation tool known as BPC Consolidation, which interfaces with Fnac Darty's SAP BPC consolidated reporting system.

To reinforce internal control of systems, the Organization and Information Systems Department has strengthened the system used for the division of functions and has improved right of access controls through a formalized annual review across the entire Group.

### Preparation of accounting and financial information

#### Operational bookkeeping processes

All bookkeeping processes, including sales, purchases and inventory management, fixed assets, payroll and cash are the subject of specific monitoring procedures and accounting validation and authorization rules.

### Consolidation of accounts

The statutory consolidation of accounts is performed monthly using a single consolidation tool that allows the consolidated subsidiaries' financial information to be transmitted in real time after a comprehensive validation process of the consolidation files by their Statutory Auditors, CEOs and CFOs, who sign a representation letter every six months, thus ensuring the quality of the financial information transmitted.

The Financial Control Department conducts the consolidation process.

### Financial communication

The Investor Relations and Financial Communication Department, which reports to the Group Chief Financial Officer, is responsible for preparing a precise timetable for releasing the latest financial information on the Group's activities to the financial markets.

This timetable complies with the requirements of the market authorities. Managers verify, with help from the Legal Department, that the information is released within the required time and in compliance with the laws and regulations that it monitors on an ongoing basis.

All material information communicated to the financial community accurately and transparently reflects the situation of the Group's activity, and is released in accordance with the principle of equality of information between shareholders.

### Statutory Auditors

As part of their ongoing assignment, the Statutory Auditors audit the annual and interim accounts and financial statements of consolidated entities. The Group's annual consolidated financial statements are prepared under the supervision of the Financial Operations Department under the responsibility of the Group Chief Financial Officer after validation by the entities' Finance Departments. The Chief Executive Officer and the Group Chief Financial Officer certify that the consolidated financial statements are true and present a fair view by signing a representation letter addressed to the Statutory Auditors.

### 3.7.2 / RISK MAPPING

Under its risk management and internal control procedures, the Group maps the principal risks to which it is exposed. The Group assesses the potential impact of each risk that is identified. The risk maps are updated regularly and allow the Group to define and monitor the various action plans that are implemented to reduce or manage these risks. The risks identified in the most recent Group risk mapping are described in the previous sections of chapter 6 "Risk factors and management". Additionally, in order to meet new regulatory requirements, risk mapping specifically for anti-corruption risks and risk mapping relating to the French law establishing a duty of care that must be exercised by parent companies and ordering companies have been carried out.

#### 3.7.2.1 / Mapping of Group business risks

The key business risks identified are mapped at Group level with contributions from the Group's countries and main operational departments. This mapping is initially approved by the Executive Committee and then reviewed and approved by the members of the Audit Committee in December of every year.

Audit Committee members are updated on a regular basis on the progress of any risk mitigation plans.

#### 3.7.2.2 / Specific mapping of Group corruption risks

In accordance with the Sapin 2 Law promulgated in December 2016, which came into effect in June 2017, the Group has established a corruption risk mapping process. Developed from interviews with the Group's various departments, it takes into account the geographical location of our activities, our interactions with third parties, the various business lines within the Group, our human resources policy, and existing procedures. The action plans defined in this regard have helped to strengthen our business ethics system (see chapter 2, section 2.5.3 "Combating corruption"). The mapping of corruption risks is reviewed annually by the Group's Ethics Committee.

#### 3.7.2.3 / Specific mapping of Group risks relating to duty of care

In consideration of the French law establishing a duty of care that must be exercised by parent companies and ordering companies, the Group, in conjunction with the Company's stakeholders, has mapped the specific risks relating to fundamental human rights and freedoms, personal health and safety, ethics and the environment that directly or indirectly result from its business activities. This work has helped us to define a robust Vigilance Plan that includes appropriate mitigation measures (see chapter 2, section 2.5.5 "Vigilance Plan"). The mapping of risks relating to duty of care is reviewed annually by the Group's Ethics Committee.

#### 3.7.2.4 / Specific mapping of Group GDPR risks

Under the General Data Protection Regulation that was adopted in 2016 and took effect in 2018, the Group has mapped its GDPR risks. Developed from interviews with the Group's various departments, it takes into account the geographical location of our activities, our interactions with third parties, and the various business lines within the Group. This mapping helps to direct actions for the GDPR compliance program in each business line (see section 2.5.2 "Guaranteeing the protection of customers' and employees' personal data"). The mapping of GDPR risks is reviewed annually by the Group's Ethics Committee.

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