



2022

**EXTRA-FINANCIAL
PERFORMANCE
DECLARATION**

FNAC DARTY



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Presentation of the Group

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PRESENTATION OF THE GROUP

Business Model

1.1 / Business Model

1.1.1 / COMPANY PROFILE

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

Operating principally in 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 well-being products, enabled the Group to penetrate the Well-being and Outdoor Activities sectors and, in doing so, accelerate its diversification.

With more than 25,000 employees, Fnac Darty generated revenue of almost €8 billion in 2022. The relevance of its omnichannel model is based on a dense geographical coverage combined with sustained momentum on digital platforms. As of the end of 2022, the Group has a multi-format network of 987 stores. It is France's third largest e-commerce retailer in terms of audience with its three commercial websites: fnac.com, darty.com and natureetdecouvertes.com. In 2022, Fnac Darty recorded more than 71 million checkout transactions in its stores and a cumulative average of nearly 24 million unique online visitors per month in France⁽¹⁾. After two years of strong growth, the Group is facing a normalization of its level of online sales, which stands at 22% of total revenue. By combining the strengths of Fnac, Darty and Nature & Découvertes, omnichannel sales accounted for 49% of the Group's online sales in 2022, up +3 points compared to last year.

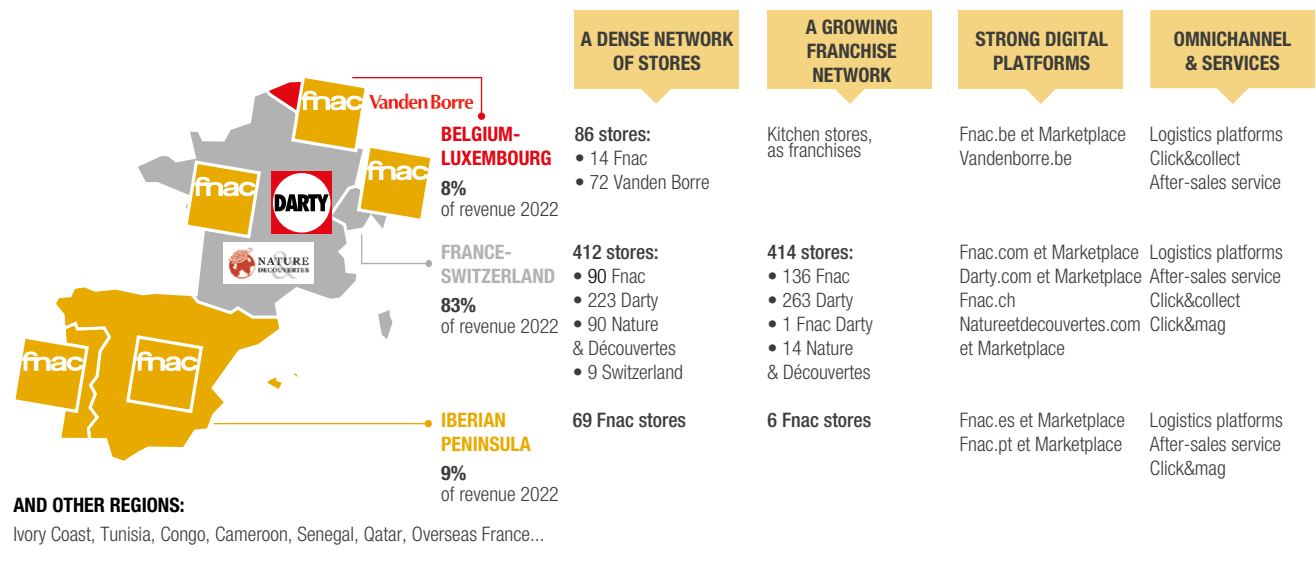
The Group operates primarily in Europe via three regions: France and Switzerland, Belgium and Luxembourg, and the Iberian Peninsula. The France and Switzerland region covers the Group's French and Swiss activities and represents 83% of sales in 2022. The Belgium and Luxembourg region covers the activities of Fnac and Vanden Borre in Belgium and Luxembourg and represented 8% of sales in 2022. Lastly, the Iberian Peninsula covers Fnac activities in Spain and Portugal, and represented 9% of revenue in 2022. The Group is also developing its franchise business internationally and now has 13 stores in Africa and the Middle East, and 18 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 services. These services guarantee a seamless, hybrid purchasing experience, combining in-store and online shopping.

(1) Fevad, cumulative average for Fnac and Darty for 2022.

The Group's omnichannel experience is outlined below.



Store network as of December 31, 2022.

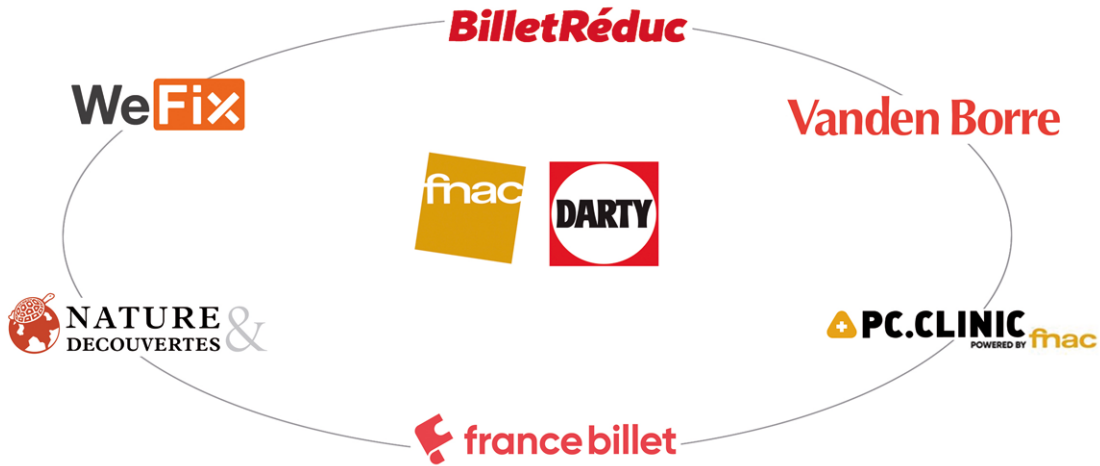
1.1.1.2 / A galaxy of brands orbiting Fnac and Darty

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 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.

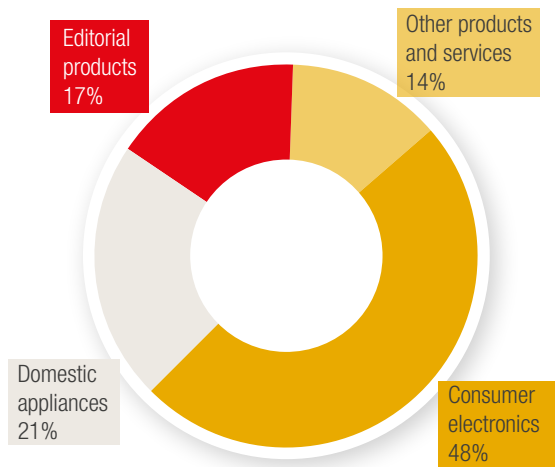
A diverse range of products and services

(as a % of revenue 2022)

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 (over 48% of the Group's revenue in 2022), 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 (around 17% of the Group's revenue) and, on the other, by Darty's leadership position in the domestic appliances market (around 21% of Group revenue). Moreover, the Group continued to diversify its product and services offering. The sale of other products and services (over 14% of the Group's revenue) such as the Darty Max repair subscription, Toys and Games, Stationery, Natural and Well-being 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 / **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 987 stores at the end of 2022, 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 2.3 million products repaired in 2022 by more than 2,500 after-sales service employees. It plans to recruit an additional 500 technicians by 2025. To do so, the Group is intensifying its training and recruitment of repair technicians, opening its own apprentice training center (*centre de formation d'apprentis* – CFA) for domestic appliance repair professionals at the end of 2022. Fnac Darty is also the biggest collector of WEEE (waste electrical and electronic equipment) with over 44,000 tons of products collected each year for recycling and re-use Group-wide, including over 40,000 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 111 in 2021 and 115 in 2022). 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 fifth edition of which was published in September 2022. 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. Finally, on its digital medium L'Éclairer Fnac, <https://leclairer.fnac.com/>, the Group includes a range of content designed to enable consumers to access educated opinions and make informed choices on the major themes related to culture and technology;
- the Group also intends to expand its offer toward 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, the Fondation Nature & Découvertes has raised nearly €15 million for the protection of biodiversity and nature-based education through more than 3,000 projects, 148 of which took place in 2022. 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 recorded nearly 10 million users in 2022. All these projects are described in Chapter 2.



PRESENTATION OF THE GROUP

Business Model

Fnac Darty also reaffirmed its environmental strategy, by setting objectives to put the entire organization under pressure to help reduce GHG emissions related to its activities and to implement strategies to adapt to the consequences of climate change. Consequently, in 2022, the Group submitted three science-based objectives to the Science Based Targets initiative⁽¹⁾, which approved them in October:

- to halve Scope 1 and Scope 2 CO₂ emissions by 2030 compared to 2019;
- to reduce emissions from the use of products sold by -22% per product sold by 2030 compared to 2019;
- to ensure suppliers representing 80% of product manufacturing emissions set targets aligned with climate science by 2026.

This last target remains the operational objective and concerns the GHG emissions upon which the Group considers that it has the capacity to take direct action: to reduce by -50% the CO₂ emissions related to product transportation and to the energy consumed by sites.

Finally, the Group relies on robust 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. Since 2022, the Sales Department has been actively involved in the SBT objectives relating to products sold. The Climate Committee monitors the trajectory of the CO₂ 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.

(1) 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).

1.1.1.4.2 / ESG objectives serving the financial ambitions of the 2025 plan Everyday

Everyday strategic ambitions	ESG objectives for 2025	Added value	Financial targets for 2025
1 Embodying new standards for successful digital and human omnichannel retail in the future	<ul style="list-style-type: none"> ✓ 50% of online sales will be omnichannel sales ✓ Continued development of the store network, mainly through franchises 	<ul style="list-style-type: none"> ➤ Encouragement of click&collect, which is more environmentally friendly than home delivery ➤ Wider access to culture ➤ Increased positive impact on the territories (employment and social inclusion) 	<p>Generate recurring free cash-flow</p> <ul style="list-style-type: none"> ✓ Cumulative free cash-flow^(b) of around €500 million for 2021-2024^(c) ✓ Recurring free cash-flow^(b) ≥ €240 million in 2025
2 Helping consumers adopt sustainable behaviors	<ul style="list-style-type: none"> ✓ Achieve a sustainability score of 135^(a) ✓ 2.5 million products repaired annually 	<ul style="list-style-type: none"> ➤ An unparalleled offer ➤ Enhanced sustainability of equipment ➤ Customer loyalty 	
3 Becoming the leader in subscription home assistance services	<ul style="list-style-type: none"> ✓ > 2 million subscribers to our Darty Max repair service 	<ul style="list-style-type: none"> ➤ An unparalleled offer ➤ A captive ecosystem and increased customer loyalty ➤ A solution to deal with planned product obsolescence ➤ A move upmarket in products sold 	

(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.

(c) Considering that 2022 was another year of crisis, linked to a particularly high inflationary environment that led to a slightly negative FCF level in 2022, the Group extended the period initially set for generating cumulative FCF of around €500 million from 2021-2023 to 2021-2024.



1.1.1.4.3 / Corporate Social Responsibility policy

With more than 25,000 employees worldwide, 987 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 main CSR challenges identified through the materiality analysis renewed in 2022 and the double materiality analysis conducted in 2022:

- sustainability of the business model and new patterns of consumption;
- climate change and the consequences of climate change;
- business line development and the organization of work, in a context of a shortage of technical profiles and a talent war;
- the ethics of all parties in an ecosystem of partnerships.

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 five pillars of the Group's CSR policy: sustainable consumption, climate protection, business ethics, territories and culture, and finally human capital.



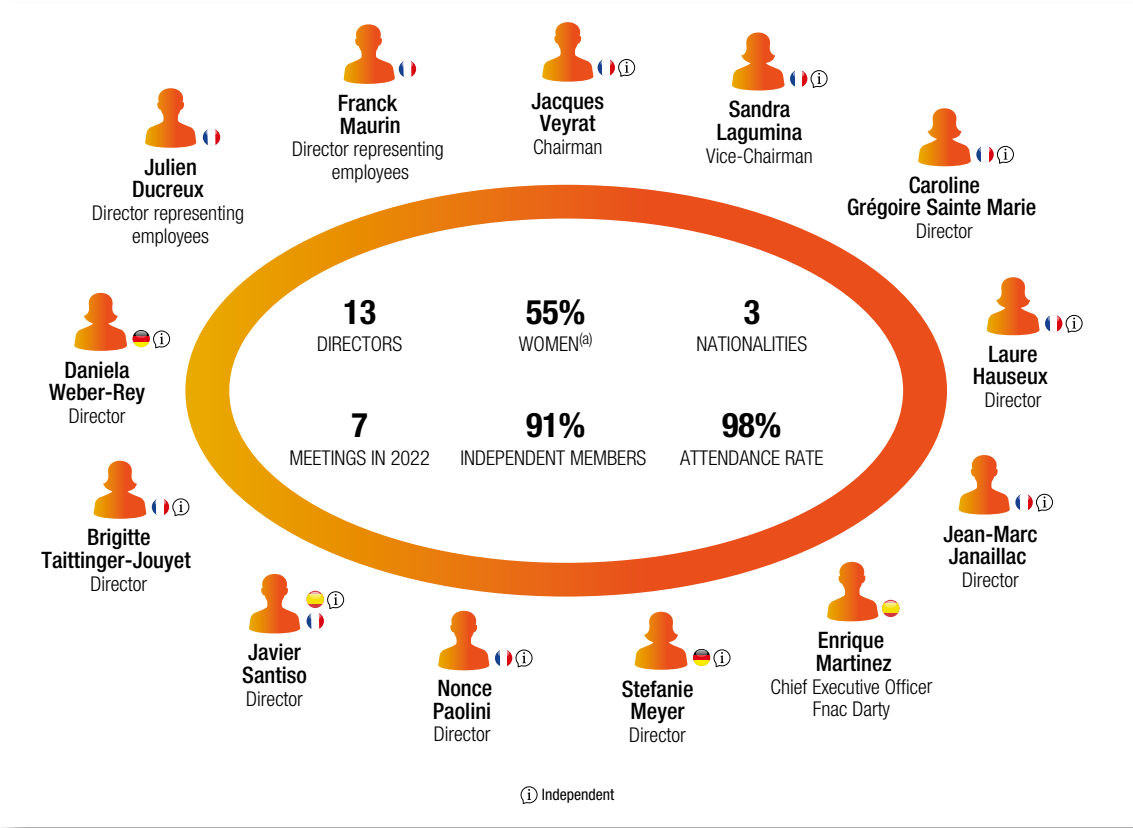
All five of these pillars are described in Chapter 2 of this document.

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, 2022



(a) Excluding employee directors; 46% of all directors are women.





PRESENTATION OF THE GROUP

Business Model

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.

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 2022, the Board was composed of 13 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 Sandra Lagumina (Independent Director);
 - has 3 members;
 - meets at least four times a year and as many times as it deems necessary.
- 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 Brigitte Taittinger-Jouyet (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 Jean-Marc Janailac (Independent Director);
 - has 5 members;
 - meets at least once a year and as many times as it deems necessary.
- 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.

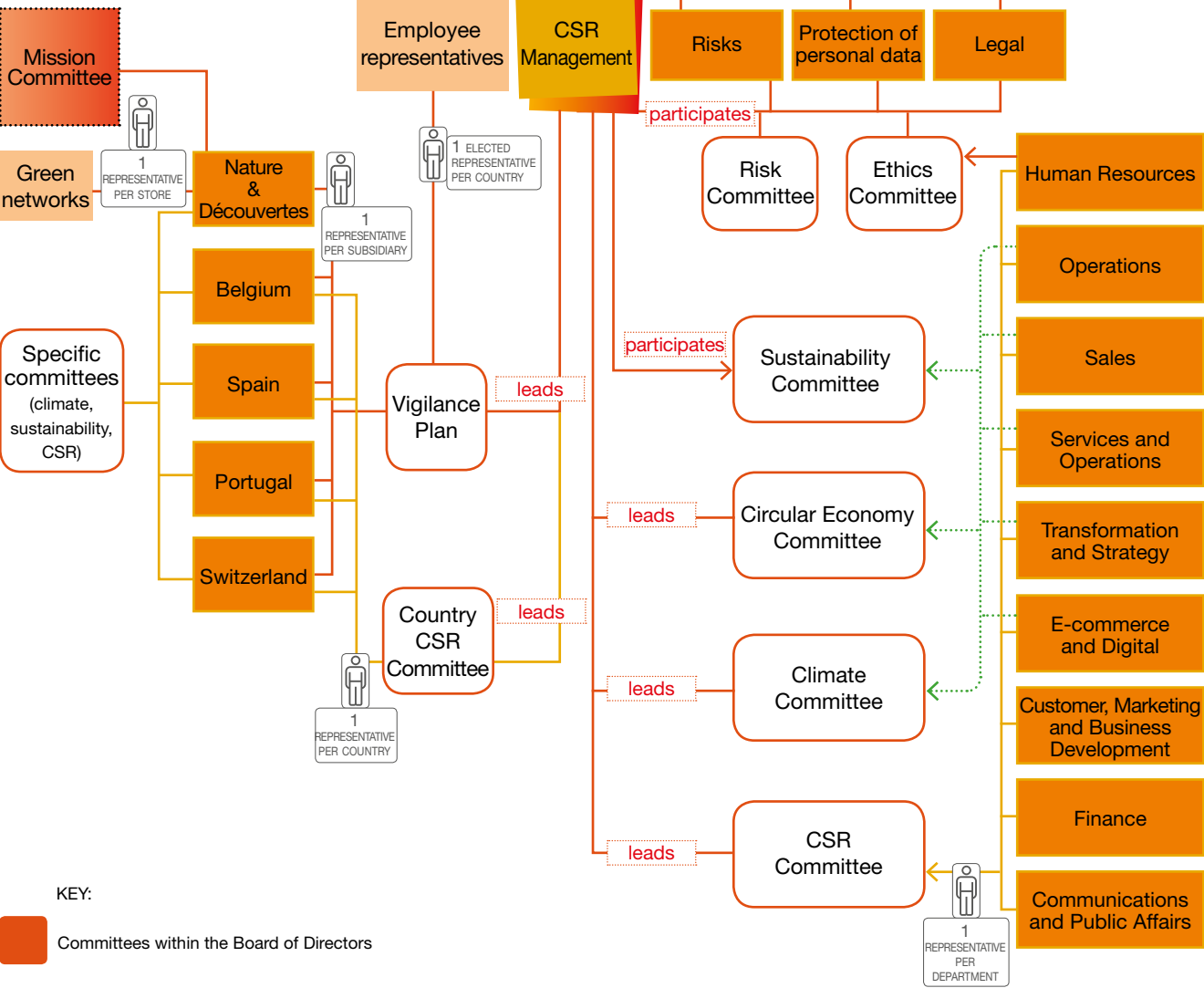
These concerns are driven right from the top of the Company, with focal point representatives in the Group's subsidiaries and various departments.

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.

Finally, Fnac Darty has structured its governance to take a strategic approach to all CSR issues, by setting up specialized committees sponsored by one or more members of the Executive Committee. A Climate Committee was created in 2019 to monitor the trajectory of the CO₂ emissions generated by the Group, draw up action plans and monitor the roadmaps for the various operational sectors, and extend the low-carbon strategy to other indirect emissions items. In 2021, a Sustainability Committee was created to develop the Group's product offer to make it more sustainable, as well as a Circular Economy Committee to oversee projects aimed at reducing packaging, optimizing unsold stock, improving waste collection, and recycling and re-use of materials.

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

Board of Directors



KEY:

- Committees within the Board of Directors
- Executive Committee, Management and Subsidiaries
- Cross-border committees responsible for implementing the CSR strategy in business lines
- Employee and staff representatives
- Nature & Découvertes Mission Committee



1 PRESENTATION OF THE GROUP

Business Model

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 30% in 2022. The Group is also aiming for women to make up at least 40% of the Executive Committee by 2025. At the date of this document, this figure stands at 42%.

1.1.1.4.6 / Shareholding

Geconomy has been the Group's reference shareholder since 2017, holding 24.2% of the equity as of December 31, 2022. 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 also been a shareholder of the Group, holding a stake of 11.3% in Fnac Darty's equity as of December 31, 2022.

In 2022, Vesa Equity Investment gradually increased its holding in the Group and, as of December 31, 2022, held 23% of Fnac Darty's equity and voting rights. It does not intend to seek the appointment of one or more members to the Board of Directors.

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

When it launched its strategic plan Everyday, Fnac Darty implemented a shareholder return policy with a mid-term target payout rate of at least 30%, calculated on net income, Group share from continuing operations (see section 1.5.4 "Financial outlook and mid-term ambitions" of this document). In 2021, the Group paid an initial ordinary dividend of €1.0 per share. In 2022, the Group paid a dividend of €2.0 per share, i.e. a payout rate of 37%. Lastly, Fnac Darty will propose that the General Meeting scheduled for May 24, 2023 approves the distribution of a dividend of €1.40 per share. This amount represents a payout ratio of 38% of net income, Group share from continuing operations, in line with last year and with the shareholder return policy set out in the strategic plan Everyday.

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 2022, Fnac Darty requested a sustainability rating from Moody's ESG Solutions (formerly Vigeo Eiris/VE) (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) – Fnac Darty was included for the first time in the best category, "Advanced" (A1+), with an ESG score of 61/100, a significant increase of +17 points in three years and now ranks in the top 5% worldwide. Improvement was seen in each of the three ESG components, especially in Social (up 9 points compared with 2021). Finally, the Group improved the transparency of the non-financial information it published, up 3 points in one year to 98%, significantly above the sector average⁽¹⁾ of 69%. This performance reflects the positive results of the actions put in place as part of the Group's ambitious CSR policy and highlights Fnac Darty's environmental, social, ethical and governance commitments – as pillars of its strategic plan Everyday.

In addition, ratings agency Sustainalytics (www.sustainalytics.com) classifies the Group's ESG risks as low, awarding a score of 12/100, compared to the previous score of 11.4. 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 59/100.

MSCI (www.msci.com) confirmed the Group's AA rating in 2022 for the fourth consecutive time, with a retail industry-adjusted score of 7.8/10, which makes Fnac Darty one of the top 27% of specialized retail companies to receive an AA rating.

In 2022, Fnac Darty's reporting on its climate actions was awarded a rating of A- for the second consecutive year by the Climate Disclosure Project (CDP) (www.cdp.net/en), a rating that is above average for European companies (B) and above average for the specialized retail market (C).

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

The Group was also recently awarded a score of 71/100 by the Gaia Rating agency (www.gaia-rating.com/), up +5 points from last year and significantly above the average of 51/100 for the retail sector.

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
	2022		2021	
Moody's ESG Solutions (formerly Vigeo Eiris)	A1+ (Advanced)	61/100	A2 (robust) – 54/100	↗
Sustainalytics	Low ESG risks	12/100	11.4/100	=
MSCI	AA (leader)	7.8/10	7.8/10	=
CDP	A-		A-	=
EthiFinance (Gaia Rating)		71/100	66/100	↗

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

Our resources

An ecosystem of reputable and 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 people

More than **25,000 employees**, including:
 ■ more than **75%** in direct contact with customers
 ■ more than **3,000** after-sales service staff

A resilient financial position

- **Resilient sales in 2022, down by just -1.2%** in a climate of increasing inflation and an uncertain geopolitical environment
- Gross margin rate up **+80 bps to 30.3%**
- Cash and cash equivalents amounted to **€932 millions**
- **No major repayment maturity date before 2026**, an undrawn additional credit line implemented to secure the refinancing of the next maturity in May 2024
- **Solid financial ratings BB+, BBB and Ba2** by the rating agencies Standard & Poor's, Scope Ratings and Moody's, with all three ratings indicating a stable outlook

An omnichannel and multiformat model

- **987 stores**, 420 of which are franchised
- **14 main websites**
- **Third-largest player in e-commerce in France** in terms of visitors⁽¹⁾
- A significant level of **click&collect** on nearly **50%** of online sales

A centralized and in-house logistics network

- **14 warehouses and around 85 delivery platforms** for physical sales, e-commerce and after-sales services
- A French **after-sales structure centralized** around five repair workshops, a central spare parts warehouse and more than 120 technical centers

Key markets

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

Governance to meet the highest standards

- **A diverse range of skills** and a significant proportion of women (55%⁽²⁾) on the Board of Directors
- **An independence rate** of 91% 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) Source: Fevad, cumulative average for Fnac and Darty for 2022.

(2) Excluding employee Directors; 46% of all Directors are women.

Added value for



Customers

- Independent services and advice, to enable an educated choice and sustainable consumption
- Omnichannel offering and operational performance that can be adapted to each individual's needs

- > **More than 800,000 subscribers registered for the Darty Max repair service**, including Vanden Borre Life subscribers in Belgium
 - ◊ with a target of more than 2 million subscribers in 2025
- > **An improving sustainability score** (115 in 2022 versus 111 in 2021),
 - ◊ with a target of 135 in 2025
- > **Customer satisfaction at the highest level with an aggregate Net Promoter Score (NPS) above 60**, up +3 points compared to 2021 and up +8 points in two years



Employees

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

- > **94% of employees received training in 2022**
- > **More than 60% of salespeople trained in video/chat since it was launched in 2021**
- > **30% of leadership positions held by women⁽³⁾**,
 - ◊ with a target of 35% in 2025
- > **Payment in 2022 of an exceptional purchasing power bonus to almost 80% of the Group's employees**



Partners and suppliers

- Balanced and long-term supplier relationships
- Synergies and cooperation

- > **More than 40% 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 three years**
- > **Relationships with suppliers of our commercial products that last more than 15 years on average, and are on the increase**
- > **Strategic partnership, particularly in the urban mobility market and with Google to offer an enhanced online shopping experience**



Shareholders

- A healthy balance sheet and a solid cash position
- Improved non-financial ratings
- A strategic plan that aims to generate recurring free cash-flow from operations and provide sustainable shareholder returns

- > **The generation of cumulative recurring free cash-flow from operations⁽⁴⁾ of €500 million between 2021 and 2024⁽⁵⁾ and > €240 million from 2025**
- > **A regular return for shareholders with a payout ratio of > 30% in the medium term**
- > **Proposal to pay an ordinary dividend of €1.40/share in 2022⁽⁶⁾**
- > **Included for the first time in the best "Advanced" category (A1+) by Moody's ESG Solutions with an ESG score of 61/100, a significant increase of +7 points**



Company

- Democratization of culture and promotion of cultural diversity
- Historic partnerships with operators in the social and solidarity economy

- > **Nearly 7,000 free cultural events, in-store and online (including 1,300 in France)**
- > **Organization of the first ever Fnac Gaming Tour, with no fewer than 63 events in 20 stores across 11 towns and cities in France**
- > **More than €1 million in donations received by Fnac Darty from customers and more than €7 million in donations financed by Fnac Darty**



Environment

- Extending the life span of products by repair and second life
- Waste collection and recycling
- Actions to reduce CO₂ emissions

- > **2,3 million products repaired,**
 - ◊ with a target of 2.5 million products repaired in 2025
- > **Nearly 44,000 metric tons of electronic waste collected Group-wide**
- > **A reduction of -17% in the Group's CO₂ emissions (related to transportation and energy) compared to 2019**
- > **Three objectives for reducing CO₂ emissions aligned with climate science and validated by the Science-Based Target initiative**



Public authorities

- Cooperation with institutions to promote product sustainability
- Fiscal responsibility

- > **Signature of the government protocol for energy efficiency and the EcoWatt charter**, a joint initiative launched by RTE (the French electricity transmission system operator) and Ademe (the French environment and energy management agency), to reduce consumption and to circulate alerts issued by RTE
- > **Signature of the EcoGaz Charter**, initiated by GRDF (the French gas distribution network)
- > **Active support for the law aimed at strengthening the book economy**
- > **More than €103 million in tax and contributions paid, including more than €90 million in France**

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

(4) Excluding IFRS 16.

(5) Considering that 2022 was another year of crisis, linked to a particularly high inflationary environment that led to a slightly negative FCF level in 2022, the Group extended the period initially set for generating cumulative FCF of around €500 million from 2021–2023 to 2021–2024.

(6) Proposal submitted to a vote at the General Meeting on May 24, 2023.



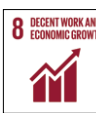


1 PRESENTATION OF THE GROUP

Business Model

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
Global economic, energy and geopolitical crises			
Purchasing power impacted in an inflationary environment	Guaranteed prices suited to a climate of crisis and a wide range of products at a wide range of prices		<ul style="list-style-type: none"> ■ Guarantee employee safety ■ Develop skills and employability ■ Promote gender equality and quality of life in the workplace ■ Increase positive impacts on the territories: employment and solidarity
Disrupted supply chains	A high-quality, sustainable relationship with our suppliers, in line with our leading position in the specialized retail market in France		
	A primarily premium product positioning, providing the Group with better protection from product shortages mainly affecting the entry-level range		
	Centralized, in-house logistics capabilities, providing the ability to adapt quickly and nimbly Partnerships with key delivery service providers and strong internal delivery capabilities that can be easily mobilized when required		
Radically different employment relationships	A Group that reconsiders the ways it organizes work and invests in the areas of professional equality and employability, with the aim of attracting and retaining talent		
Volatility in energy prices and increasing risks to the security of energy supplies	A Group that is putting in place energy efficiency measures in order to reduce consumption A Group that has limited the impact of the increase in energy prices through hedging		

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

Our strengths

**Relevant
SDGs**

Our contribution to the SDGs

Our achievements and objectives

Achievements

- Continued long-term roll out of the “Welcomer” role in stores
- 94% of employees trained in 2022, stable compared to 2021
- Launch of a company CFA for domestic appliance repair technicians and the opening of 41 Tech Academies, which have already welcomed more than 488 trainees across France, 220 of whom have been recruited as permanent staff on completion of their diploma
- 100% of employees are covered by branch collective bargaining agreements
- Supplier relationships lasting more than 15 years on average
- Awarded the “Relations Fournisseurs & Achats Responsables” (“Responsible Supplier Relations & Purchasing”) label for its indirect purchasing, for a period of three years^(a)
- Signature of the government protocol for energy efficiency and the EcoWatt charter, a joint initiative launched by RTE (the French electricity transmission system operator) and Ademe (the French environment and energy management agency), to reduce consumption and to circulate alerts issued by RTE
- Signature of the EcoGaz Charter, initiated by GRDF (the French gas distribution network)
- Roll-out of an energy management system (EMS) across France
- Signature of a contract to sell green electricity and a Corporate PPA (Power Purchase Agreement) with Valeco for the power generated by a future solar farm, to enter into force in mid-2023
- Payment of an exceptional purchasing power bonus to almost 80% of the Group’s employees

Medium-term objectives

- The majority of investments in stores will be allocated to the implementation of energy efficiency solutions in 2023 and 2024
- A reduction in the Group’s energy consumption in France by -15% by 2024 compared to 2022
- 35% of women in the Leadership Group by 2025 (compared with 27% in 2021 and 30% in 2022)
- 40% of the Executive Committee to be women by 2025 (compared with 38% in 2021 and 42% as of the date of this document)

(a) Excluding commercial purchasing.



1 PRESENTATION OF THE GROUP

Business Model

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

Redefinition of priorities and a rethinking 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



- Encourage repairs
- 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: launch of a subscription-based repair service, 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 987 stores at the end of 2022, meaning 90% of French people have a Fnac or Darty store within 15 minutes of home
- More than 10 million members at the end of 2022, including more than 7 million in France
- An aggregate Net Promoter Score (NPS) above 60, up +3 points compared to 2021 and up +8 points in 2 years
- A Darty Max subscription-based repair service covering almost all products, now available in all Fnac and Darty stores in addition to e-commerce sites, with more than 800,000 subscribers at the end of 2022
- Implementation of the first video-based service for product care and maintenance in the Darty Max subscription
- Publication of the fifth edition of the "After-sales Service Barometer" in September 2022
- Over 5,000 salespeople, who receive training on a regular basis to provide them with expertise, and more than 2,500 employees dedicated to after-sales services
- Launch of a Fnac & Moi responsible citizen voucher to reward the sustainability habits of Fnac customers, members and subscribers
- Accelerated roll-out of second-hand sales through the Fnac Second Life and Darty Second Life brands, where volumes of resold products increased by +34% compared with 2021
- Biggest collector of WEEE, with 44,200 tons collected Group-wide in 2022, including 40,250 tons in France
- Nature & Découvertes, a B Corp company since 2015, renewed its certification for the third consecutive time and a social purpose corporation (société à mission) since the end of 2022
- Launch of informed delivery on the Fnac and Darty websites, providing customers with transparent information on the CO₂ impact of various delivery options

Medium-term objectives

- A "sustainability score" of 135 in 2025 (vs 115 in 2022)
- 2.5 million products repaired in 2025 (compared with 2.3 million in 2022)
- ≥ 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

Online retail now an established consumer habit

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 click&collect 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 peak demand in a short timescale

Robust digital and logistics platforms, scaled to support very high demand, particularly during peak sales periods

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 more than 22% of the Group's sales in 2022 (+3 points compared to 2019)
- Omnichannel represents half of online sales
- 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
- Accelerated roll out of video chat with salespeople for both the Fnac and Darty brands in France, generating 285,000 interactions on the websites of the two brands in 2022
- 17 million active references on our Marketplaces
- A GDPR program and data protection governance structure, to guarantee a high level of data protection

Medium-term objectives

- Achieve online sales penetration of at least 30% in 2025
- Maintain a level of 50% of omnichannel sales as online sales



1 PRESENTATION OF THE GROUP

Business Model

Fnac Darty, a leader in tackling the current challenges

Our strengths

Relevant SDGs

Our contribution to the SDGs

Growing climate and environmental challenges

Rising raw materials prices and a scarcity of natural resources

A Group with a premium market position, offering products with a relatively short innovation cycle, enabling price adjustments that best reflect the global context
A business model that is increasingly focused on service



- Help customers make an educated choice
- Encourage repairs
- Give a second life to products
- Ensure waste collection and recycling

Growing awareness

The Group's firm commitment to reducing its CO₂ emissions through a trajectory aligned with the Paris Agreement



- Contribute to public debate around sustainability
- Strengthen governance and integration of climate risks

Robust governance of CSR and environmental risks, with a Climate Committee that manages the trajectory of CO₂ emissions, draws up action plans and monitors the roadmaps for the various operational sectors



- Reduce emissions generated by transportation and energy from sites
- Extend the measurement and management of indirect emissions, particularly those generated by the products sold

Increasing regulation

Passed in 2020, the French Anti-Waste Law for a Circular Economy (AGEC) aims to reduce waste and promote the recycling and reuse of products. This law requires the recovery of used products to be extended to cover new products and information on the reparability index to be extended to new products
Passed in August 2021, the French Climate and Resilience Law governs certain environmental claims and the requirement to indicate the climate impact of products in advertisements

Innovation to foster a more circular economy

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

Intensifying physical climate risks

An ambitious climate strategy to reduce GHG emissions and bring on board the Group's whole ecosystem

Our achievements and objectives

Achievements

- Environmental initiatives valued by non-financial rating agencies, with the CDP confirming an A- rating for the second consecutive year, inclusion for the first time in the Moody's ESG Solutions best category, "Advanced" (A1+), with an ESG score of 61/100, a significant increase of +7 points, reflecting in particular an increase in the social pillar of +9 points compared to 2021 and MSCI renewing its AA rating for the third consecutive time
- 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 27% in France (up 2 points compared with 2021)
- A reduction of -17% in the Group's CO₂ emissions (related to transportation and energy) in absolute terms and of -22% in relation to revenue in 2022 compared to 2019
- Signature of a 10-year direct electricity purchase agreement with a renewable energy producer (Corporate PPA) 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 (approved by the SBTi^(a))

- Halve Scope 1 and Scope 2 CO₂ emissions by 2030 compared to 2019
- Reduce emissions from the use of products sold by -22% per product sold by 2030 compared to 2019
- Ensure suppliers representing 80% of product manufacturing emissions set targets aligned with climate science by 2026

(a) 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).

1.2 / History of Fnac Darty

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.

2022 Darty Max, repair service subscription, is now available to Fnac customers.

First retailer to launch its own apprentice training center (centre de formation d'apprentis – CFA) dedicated to training repair technicians in domestic appliances.

1.3 / Resilient 2022 results for the Group, confirming the power of its omnichannel model and its operational agility

KEY HIGHLIGHTS AND ANALYSIS OF 2022 FINANCIAL RESULTS

The key highlights and a detailed analysis of the Group's net financial income for 2022 are presented in Chapter 4 of this document.



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: computers and tablets, telephony, TV and video, sound (hi-fi, headsets and speakers), photography 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: Darty Max, after-sales services, insurance and warranties, gift boxes and gift cards, ticketing, Marketplace and franchise fees;
- diversification: Mobility, Toys and Games, Well-being.

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 ^(a)

	2022	Change from 2021		2022	Change from 2021
TV (Video)	2,471	(9.0%)	Books	3,980	(3.0%)
Sound	1,216	(2.0%)	Audio	272	(5.3%)
Photo	514	4.0%	Video	207	(3.6%)
IT	5,126	(10.0%)	Gaming	1,659	(7.5%)
Telephony	3,588	(1.0%)	Large domestic appliances	6,196	1.0%
Connected devices	3,128	(1.40%)	Small domestic appliances	3,860	(5.0%)
Toys and Games	4,213	(1.8%)			

(a) Source: GfK, February 2023.

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 markets of both the Fnac and Darty brands. 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⁽¹⁾. Although the e-book market is growing in France, the rate of penetration remains low, at 3%⁽²⁾ of the market in 2022.

After two years of special circumstances marked by an unprecedented health crisis that led to the closure of stores for certain periods and therefore an acceleration in the digitalization of the retail sector, the e-commerce market share increased in 2022. According to Fevad⁽³⁾, 2.3 billion online transactions were made in 2022, an increase of +7% compared to 2021. E-commerce revenue increased by +14% in 2022, driven primarily by the increase in services, particularly transport, tourism and leisure, while online sales fell by -7% year-on-year, therefore failing to return to an annual growth rate that was closer to pre-Covid levels.

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 points of sale (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, Amazon Prime, Disney+) 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 in 2020 and 2021. Having peaked at the end of this period, the market slowed in 2022. This has also led to an upgrade in IT products (a trend toward 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.

The smartphone market experienced a fall in volumes, but an increase in the average selling price linked to strong sales of premium brands and the launch of foldable products helped to stabilize the market in value terms. It should be noted that 2022 was dominated by significant disruption throughout the year.

Similarly, the post-Covid period marked the return to mobility and travel, resulting in strong sales in travel-related products. As such, the headset market has experienced sustained growth since the end of 2022, a trend that is expected to continue.

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

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.

(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 2023.

(3) Fevad, 2022 e-commerce balance sheet published on February 7, 2023.



1 PRESENTATION OF THE GROUP

Fnac Darty markets and offering

Over this period, Gaming also benefited from the strong enthusiasm for the new generation of Playstation and Xbox consoles, which were released at the end of 2020. However, these were then particularly affected by inventory shortages affecting the entire industry. The situation is expected to return to normal in 2023.

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 and the buoyancy of the new-build and renovation real-estate markets. The small domestic appliance sector is characterized by two major structural trends, the first affecting household chore-related appliances such as vacuum cleaners, which is mainly driven by end-of-life renewals, and the second, which involves pleasure purchases, or even festive buying, such as hair appliances, which is driven by innovation and advertising in all forms.

For the white goods market, 2022 appeared to be a year of consolidation after a particularly remarkable year of exceptional double-digit growth in 2021. The post-lockdown enthusiasm and shortages of products, or even components, strongly stimulated demand in 2021, with purchase expectations that naturally did not reoccur in 2022.

Over the last 10 years, the average selling price in the large domestic appliances category has always fluctuated between erosion and stability. However, since 2018, a new phenomenon has occurred; a solid and uninterrupted rise in the latter, a trend that is accelerating (+6% in 2021 and 2022 compared to +1% in 2018 and +2% in 2019). In 2022, the small domestic appliances category suffered from sluggish consumption linked to uncertainties about the future (inflation, armed conflict, erosion of purchasing power, rise in energy prices, etc.) which had a direct effect on so-called impulse/pleasure purchase categories in areas such as food preparation (food processing), espresso machines and certain health/beauty/fitness categories.

Over the past two years, suppliers of large and small domestic appliances have significantly increased the period for which they hold spare parts and have also improved the reliability of household appliances. Consumers are increasingly encouraged to extend the life span of their devices by asking for after-sales services. This has also contributed, at least in the short term, to reducing the sales volumes of products, particularly in large domestic appliances, but this new phenomenon is only expected to be temporary, since the efforts made over many years to significantly reduce the electricity and water consumed by such appliances are expected to boost volumes. In fact, a category A refrigerator in 2022 consumes approximately 75% less electricity than a 15-year-old appliance.

Finally, 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. After a year of very strong growth in 2021, the book market increased in 2022, but still remained well above its pre-Covid value. In fact, according to Banque de France figures, the book market posted growth of +2.2% in 2022 compared to 2021 and +8.5% compared to its pre-crisis level. In 2022, the market benefitted from an increase in the number of beneficiaries of the Culture Pass, a system introduced in May 2021 that allows all 15- to 18-year-olds to benefit from a voucher of up to €300 to spend on books, audio and video products or shows in all Fnac stores in France.

Despite the increase in digital practices and the ongoing decline in the CD format, the physical music market benefitted from the return of vinyl. K-Pop (abbreviation of Korean Pop) and French urban music are two major trends in the music release market in France.

Despite a slight upturn in 2022, the video market remains well below its pre-Covid value. In addition to the continued rise of digital platforms, the market was penalized by a very late and slightly muted recovery in new cinema releases.

There has been an acceleration in the Group's diversification in recent years, in two segments in particular:

- 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: reselling reconditioned products sourced from partners (suppliers, reconditioning partners), recovering products from consumers with offers to buy back their old equipment and making 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 2022, the Group generated consolidated revenue of €3,830 million from consumer electronics sales, representing more than 48% 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. Since 2021, the Group has 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 second wave of this program was launched in 2022.

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.

1.4.3.2 / Editorial products offering

Physical products offering

Editorial products include books, music, video, and gaming products. In 2022, the Group generated consolidated revenue of €1,344 million from the sale of editorial products, representing around 17% of its consolidated revenue.

Fnac, France’s leading bookseller ⁽¹⁾, leads the way in its markets, offering the largest range on the market with almost 500,000 titles sold. In 2022, 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 6,700 titles in France, including 2,000 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.

(1) Source: Livres Hebdo, July 2022, ranking of 400 booksellers in France.



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Fnac Darty also digitalized its cultural promotion with the launch, in 2021, of L'Éclaireur Fnac (<https://leclaireur.fnac.com/>), a digital medium for facilitating informed opinions and educated choices. The objective of this medium is to help readers by providing content designed to inform their opinions and choices on major cultural and technological issues. This platform is supplied with existing prescriptive content, such as that from Claque Fnac or Labo Fnac, but also with new content that help to strengthen online interactions with customers.

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 2022, the Group generated consolidated revenue of €1,639 million from domestic appliance sales, representing around 21% 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 and, currently, remote working have 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. The over-equipping seen in 2021 (as a result of the closure of restaurants and remote working still being an everyday occurrence), mostly in the areas of breakfast, kitchen and cooking equipment, combined with the reduced level of innovations being brought to market (as the brands opted to defer their innovation programs to facilitate a return to more normal levels of industrial production) resulted in sales dropping in 2022.

Darty does not sell just the major brands; it also sells a number of its own brands and license brands. When Darty sells a license brand, 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 license brands 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, Fnac Darty and Nature & Découvertes conducted audits of factories that manufacture own-brand products for the Group, primarily based in China. All the actions put in place are outlined in section 2.5.4.2 "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 2022, other products and services accounted for some 14% 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 2022, 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 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, in 2021, the Group launched two Vanden Borre Life offers in Belgium: one covering repairs for large domestic appliances and the second extending this to include televisions.

These complementary offers aim to better meet customers' expectations in terms of repairs, but they also represent another step toward 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.

Since June 2022, the Group has sold its Darty Max service in all its integrated Fnac stores in France, as well as in Darty stores and on its e-commerce sites. Furthermore, the Group has enhanced its offering by incorporating an unprecedented preventive maintenance service, using video consultation to identify at-risk products, maintain them better and anticipate breakdowns, so as to extend the life span of the product. As a result, at the end of December 2022, the Group had more than 800,000 subscribers registered for the Darty Max repair service. To support the increase in the number of repaired products, 2.3 million in 2022, the Group is intensifying its training and recruitment of repair technicians; this year it opened its own apprentice training center for domestic appliance repair professionals, based on the Group's expertise.

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. However, take-up of this service is in decline as a result of the increase in subscriptions to the Darty Max repair service.

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 offers its customers financing 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.

Financing solutions enable customers to pay for their purchases in several monthly installments (between 2 and 36 months), as they wish. During promotional periods, the cost of financing is met by Fnac Darty.

Among the financing solutions available both in-store and on the Group's e-commerce sites, customers can subscribe to a Fnac MasterCard or Darty Visa card. In addition to the option to pay in several installments, this card allows customers to benefit from loyalty benefits for each purchase made (in Fnac Darty or elsewhere), for example, Fnac loyalty vouchers or Darty gift cards.

Access to financing is granted by the banking partner, particularly Crédit Agricole Consumer Finance in France, after the customer's solvency has been verified and other regulatory checks carried out.

Rental

Fnac Darty has offered a long-term rental offering (12 or 24 months) since 2018, in partnership with Crédit Agricole Consumer Finance in France. The offering focuses on the following product categories: telephony, micro-computing, tablets, smart watches, vacuum cleaners, urban mobility.

This offering is particularly well-suited to customers who renew their equipment on a regular basis and wish to remain at the cutting edge of technology.

The products are reconditioned at the end of the rental period and reintroduced into the second-life loop.

Access to the long-term rental service is granted by the banking partner, particularly Crédit Agricole Consumer Finance in France, after the customer's solvency has been verified and other regulatory checks carried out.



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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.

Both the Fnac and Darty brands offer their customers subscription-based solutions to protect their digital lives. Firstly, insurance against damage and theft can be taken out when purchasing a device. To ensure our customers' digital habits are safe, Fnac Darty has developed and marketed the "Serenity Pack," available in a single or dual version. It includes 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), as well as subscriptions for Canal+, Deezer, Kobo+ 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.

Across all the Group's e-commerce sites, the platforms enable 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 Group's visibility, reputation and transaction security in all the countries in which it 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 2.5.4.2 "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 2022, Fnac Darty had 420 stores operating as franchises, i.e. 43% of its total store network. The Group's strong presence across regions, through its vast store network, 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 around 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 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 2022, Fnac Darty boasted a substantial membership base of over 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. Since February 15, existing and future Fnac customers, members and subscribers have thus benefited from a new relationship platform, Fnac & moi. This includes a responsible loyalty voucher, which means that it rewards, via a credit in euro, each customer's more responsible behavior, such as purchasing a second-hand product, choosing click&collect delivery or using the Group's after-sales service to repair a product.

At the end of December 2022, Fnac+ and Darty+ had 2.4 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 continued in 2022 with the opening of 11 new spaces in France, 6 of which are dedicated exclusively to this offering. At the end of 2022, the Group had more than 195 Kitchen points of sale, including 38 stores dedicated exclusively to this offering. At the same time, Vanden Borre in Belgium also has a kitchen offering with 25 Vanden Borre Kitchen stores at the end of 2022, all of which are operated as franchises.

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, the company 123Billets, administrator of the website Billetreduc.com (which sells cut-priced tickets) and the companies Tick&Live and CTS Eventim France in the 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 for 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 then again at the end of 2021. With the total lifting of restrictions at the end of the first quarter of 2022, the Group recorded a recovery in ticketing sales, which returned to levels verging on those seen before the pandemic.

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'Éclaireur Fnac (<https://leclaireur.fnac.com/>), a digital medium that supports consumers by providing content intended to inform their opinions and choices on cultural issues. The website had an average of close to 800,000 visits per month in 2022. 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.



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Finally, the Group has recently signed a partnership agreement with the organizing committee for the Paris 2024 Olympic and Paralympic Games to be an official supporter of the games. Ahead of the Paris 2024 Olympic and Paralympic Games, Fnac Darty wants to develop initiatives for the Cultural Olympiad. For the duration of the Paris 2024 Olympic and Paralympic Games, the Group also undertakes to contribute to the athlete experience by offering services inside the Athletes' Village. Just as they do for French people every day, Fnac Darty's teams intend to supply the Village with small and large appliances, including some products from IOC TOP Partners, so that the athletes and their delegations can enjoy the best possible stay. True to its commitment to informed and sustainable consumption, Fnac Darty will also be on hand to provide after-sales service for the Village.

Toys and Games

Since November 2011, Fnac has offered a range of toys and games that have been selected to meet our customers' expectations and to be in line with our brand DNA that revolves around culture, creativity, fun and education. These are available in our stores either in dedicated "Fnac Kids" areas – which provide games, toys, books, DVDs and CDs for children in a single space with a specific layout focused on welcoming very young children – or in toy departments, and also on our website.

Stationery & Leisure

Fnac also offers a range of stationery in sixty integrated and franchised points of sale. All essential school supplies can be found in these areas, which have also been extended to meet the new consumer expectations for office/remote working products. To this end, a more inventive range has been developed in order to inspire all generations and uses. Finally, based on its market positioning, Fnac is offering an increasingly broad range of artistic leisure products.

And in order to enhance the customer's experience of the brand, the gift/decoration/luggage offering, which has been introduced in 30 selected stores since 2019, is working with the Stationery team to develop a comprehensive gift-oriented offering to meet all budgets, and also to provide a more consistent and coordinated response to seasonal trends.

Six Nature & Découvertes shop-in-shops are now located in our stores, enabling the Group to strengthen its product offering around the Well-Being and Natural Products segments, themes that are increasingly important for consumers.

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

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.).

Since 2019, Fnac Darty has strengthened its positioning in the mobility market by developing a range of scooters, particularly with the Xiaomin brand, and electric bicycles, with the Vélair brand and the exclusive launch of the Angell Bike 2020. Fnac Darty has also expanded its offering in the urban mobility segment, signing a unique partnership with Citroën to exclusively market the launch of Ami, the car manufacturer's fully electric mobility solution.

The first Fnac and Darty Mobility concepts were launched at the end of 2020 in the Darty République and Fnac La Défense stores, establishing this category as a genuine product range in our stores.

Since 2021, the range has continued to expand and the Group now offers an extensive soft mobility ecosystem: scooters for specific purposes (urban, road, sports), electric bicycles with the entry to the market of brands such as Peugeot, Levelomad, Iweech, other electrical equipment such as electric skates, glide bikes, hoverboards, and a range of essential accessories to accompany the sale of these products to promote safety (helmets, anti-theft devices, lights, hi-vis clothing and bags) and durability (spare parts). Also essential for supporting this growth and offering the most comprehensive service to our customers are services (primarily insurance against damage and theft) and repairs.

In this regard, in 2022 the Group 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), and by providing services directly through our after-sales service counters in a selection of stores. This partnership is fully aligned with the Group's commitment to extending the life span 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.

The year 2022 provided the opportunity to continue rolling out this concept in 35 stores across both brands and to explore new markets such as electric mopeds via a rental service and our partner Zeway in Paris and the surrounding area, then with new market players such as Volt, Brumaire and soon Seat.

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, 8 Proxi Darty outlets in Intermarché stores, as well as 1 Fnac shop-in-shop within an Intermarché store, 22 Proxi Fnac outlets in Intermarché shopping malls and 3 Proxi Fnac outlets in Carrefour shopping malls. Alongside this, in November 2018 Fnac Darty opened 2 Darty shop-in-shops in the Carrefour supermarkets of La Ville-du-Bois and Limoges.

In addition, 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 and Switzerland.

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 826 stores in the France and Switzerland region, 414 of which were operated as franchises at the end of 2022.

The Fnac brand has 226 stores, while Darty has 486 stores and Nature & Découvertes has 104 stores⁽¹⁾. The store network expanded with the opening of 50 stores over the period, including 45 operated as franchises – 24 Darty franchised stores, 18 Fnac franchised stores in mainland France and French overseas

territories, including 7 Fnac Proximity format stores, 8 Fnac Travel retail stores, 6 Fnac traditional stores and 3 Nature & Découvertes franchised stores, 2 of which are in French overseas territories. 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 Congo, Cameroon, Ivory Coast, Tunisia, Senegal and Qatar. In 2022, the Group continued its expansion in the Middle East with the opening of its third Fnac store in Qatar, in partnership with Darwish Holding, a pioneer in mass-market retail and retail in the Middle East, and in Africa, with the opening of the second Fnac store in Senegal in partnership with Mercure International, a leading wholesale distributor and retailer with a large presence in Africa. The Group previously collaborated with the company when launching its brands in Congo and Cameroon.

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 and 14 additional shop-in-shops during the first half of 2022. This partnership is helping both brands to strengthen their respective positions in the Swiss market. However, the difficult economic climate in Switzerland, with a particular impact on Manor, led the Group to refocus its partnership on 17 priority points of sale for both brands by the end of the first half of 2023, mainly in French-speaking Switzerland.

The Group recorded more than 53 million checkout transactions in Fnac and Darty stores in the region in 2022. At the same time, the Covid crisis resulted in increased traffic on digital platforms, which nevertheless normalized in 2022. 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⁽²⁾.

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

Key figures	2020	2021	2022
Revenue	€6,227.9 million	€6,700.9 million	€6,613.3 million
Current operating income	€193.8 million	€244.6 million	€202.6 million
Operating margin	3.1%	3.6%	3.1%

(1) Including 4 stores in Belgium, 1 store in Luxembourg, 1 store in Portugal, and 7 franchises in Switzerland.

(2) Fevad, cumulative average for Fnac and Darty for 2022.

**1.4.4.2 / Presence in the Iberian Peninsula**

At the end of December 2022, the Group had a network of 75 Fnac stores in the Iberian Peninsula, including 2 new integrated stores in the region that opened during the year.

The Group recorded more than 13 million in-store checkout transactions in 2022. 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 and another opened in San Sebastian at the end of 2022. Finally, the first Nature & Découvertes store opened in Lisbon, Portugal in 2021.

Key figures	2020	2021	2022
Revenue	€653.8 million	€701.5 million	€719.6 million
Current operating income	€8.4 million	€10.8 million	€16.9 million
Operating margin	1.3%	1.5%	2.3%

1.4.4.3 / Presence in Belgium and Luxembourg

At the end of 2022, the Group had a network of 86 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 2022.

The Group recorded nearly 5 million in-store checkout transactions in 2022 and each brand has a website.

Key figures	2020	2021	2022
Revenue	€608.9 million	€640.1 million	€616.5 million
Current operating income	€13.1 million	€15.4 million	€11.1 million
Operating margin	2.2%	2.4%	1.8%

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 more 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, as well as the creation of content on cultural recommendations on its digital platform L'Éclaireur Fnac strengthened online interactions with customers.

In addition, the IT resources available to expert salespeople 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 over 5,000 salespeople 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 115 in 2022). 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 REFERENCE 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 life span 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. In 2022, the Group further expanded its offering by incorporating an unprecedented preventive maintenance service⁽¹⁾, using video consultation. This makes it possible to identify at-risk products and maintain them better, extending their life span by preventing breakdowns. While 47% to 70% of breakdowns and requests for assistance under warranty⁽²⁾ are caused by a lack of maintenance or poor use, maintaining devices is a strategic approach to extending

their life spans. In order to do more to support more sustainable consumption in the home, the new Darty Max scheme now covers devices of all ages, with no limitations based on the availability period for spare parts, from Group brands or other retailers. Lastly, from this year, Darty Max is now available in all integrated Fnac stores in France, in addition to Darty stores and the Group’s e-commerce sites. As such, at the end of 2022, Fnac Darty had more than 800,000 subscribers to the Darty Max repair service and has set itself the target of having 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. At the end of 2022, Fnac Darty also signed a partnership with HomeServe to facilitate the installation of domestic appliances and extend their life span. Free trials of HomeServe services are being conducted in Darty stores to remove any potential sticking points and facilitate the installation of equipment in the home, and the Darty Max subscription service will be offered to HomeServe customers to help them extend the life span of all their domestic appliances.

(1) At no additional cost in relation to the initial subscription.

(2) Depending on the product category. Source: Ademe, 2022.

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 life span 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.

The year 2022 was marked by a particularly high level of inflation and pressures on purchasing power, which particularly affected the Group's level of activity at the end of the year.

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.

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:

- cumulative free cash-flow from operations⁽¹⁾ of approximately €500 million over the 2021-2024 period⁽²⁾;
- free cash-flow from operations⁽³⁾ of at least €240 million on an annual basis from 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⁽⁴⁾, will enable it to finance its activity through external growth operations and ensure a regular return to shareholders.

Fnac Darty will propose that the General Meeting scheduled for May 24, 2023 approves the distribution of a dividend of €1.40 per share. This amount represents a payout ratio of 38% of net income, Group share from continuing operations, in line with last year and with the shareholder return policy set out in the strategic plan Everyday.

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.

The outlook for the Group is detailed in section 4.3 "Recent events and outlook" of this document.

(1) Excluding IFRS 16.

(2) Considering that 2022 was another year of crisis, linked to a particularly high inflationary environment that led to a slightly negative FCF level in 2022, the Group extended the period initially set for generating cumulative FCF of around €500 million from 2021-2023 to 2021-2024.

(3) Depending on the product category. Source: Ademe, 2022.

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



PRESENTATION OF THE GROUP

Innovation, brands, research and development

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 50 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 proof of concept (POC). 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 15 POCs have been conducted each year. A proactive approach is taken to identifying start-ups that meet the needs of the business lines, with help from our partners, particularly Daphni and Raise Seed for Good, in which Fnac Darty invested in 2016 and 2022 respectively. Collaborations with start-ups are structured and monitored to maximize the organization's ability to successfully roll out their solutions, initially as a POC and then on a large scale.

Examples of key POCs in 2022 include the collaboration with the start-up Ubleam to set up a digital after-sales service log in augmented reality for Darty Max subscribers, to provide all the technical information required to use, maintain and repair their devices as best they can via a QR code installed on each device. The Group is also working with the start-up Greendid so that certain consumer electronics (smartphones, tablets, computers, etc.) can be part exchanged online via fnac.com for an immediate discount.

In addition, the acculturation of as many employees as possible is promoted through monthly monitoring, dedicated meetings (innovation lunches, external speakers) and Fnac Darty's

participation in various events to promote the relationship between major groups/start-ups and innovation. For example, several Innovation Awards were won this year, including the BFM Grand Prix Focus Retail in the 2022 Retail Transformation category for our Darty Max service, and the LSA Trophy for innovation for our Fnac communication campaign "Libérons la culture" ("Let's free culture").

Lastly, in addition to collaborating with start-ups and VC funds, 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 in-house start-up model, or even on Web3 and its implications. Fnac Darty has, therefore, recently invested in Minteed, which is building a comprehensive and easy-to-use technology suite to democratize the adoption of the Web3 by players in the cultural and creative industries and allow them to create, protect and value their work, engage their communities and train their employees. With this investment, Fnac Darty is renewing its pioneering commitment to inventors, supporting them in the valuation, protection and promotion of their inventions across all available channels, in line with its fight for cultural pluralism in all its forms.

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 fulfill 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 1,127 brands⁽¹⁾ that are registered worldwide, primarily under the names "Fnac," "Darty," "Nature & Découvertes" and "WeFix" and the variations thereof that it uses in its commercial offerings.

The Group also owns a portfolio of over 1,495 domain names.

The Group's intellectual property policy focuses on protecting its brands (in particular the "Fnac," "Darty," "Nature & Découvertes" and "WeFix" brands and their derivatives) and its 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 four "Fnac," "Darty," "Nature & Découvertes" and "WeFix" brands are managed coherently and centrally by the Group's Legal Department.

⁽¹⁾ Excluding WeFix, which has 15 brands.



1 PRESENTATION OF THE GROUP

Store network and proprietary real estate

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 420 stores operating under this model at the end of 2022.

With a network of 987 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 m² 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 format stores, 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 38 stores at the end of 2022, including 36 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 96 stores at the end of 2022. 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 11 stores at the end of 2022 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 2022, Fnac had 324 stores in total, including 226 stores in France⁽¹⁾. Fnac opened 24 stores in 2022 (compared to 14 in 2021), including five outside France (1 in Spain, 1 in Portugal, 1 in Belgium, 1 in Senegal and 1 in Qatar). Fnac closed 18 stores in 2022, including 17 in France and one in Spain.

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 department 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 2022, Darty France had 486 stores, including 2 located in Tunisia, and Vanden Borre had 72 stores in Belgium.

(1) Including 11 stores outside France: two in Tunisia, two in Senegal, one in Congo, one in Cameroon, two in Ivory Coast and three in Qatar.

Nature & Découvertes operates across a network of 104 stores, the majority of which (86 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 7 shop-in-shops in Fnac stores (1 in 2021) and 12 stores (6 in 2021), including 2 integrated stores and 4 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. 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 220,000 repairs carried out in 2022 and 493 employees, WeFix operates a network of 141 service areas, including 72 corners, 10 stores, and 59 shop-in-shops, all of which are in France. In 2022, WeFix opened 2 new sales spaces.

Format	Date of concept	Average surface area	Location	Offering	Number of stores
Fnac network					
Traditional	1974	2,400 m ²	City centers – shopping districts	Entire offering	162
Suburbs	2006	2,000 m ²	Suburban areas	Entire offering	17
Proximity	2012	300 to 1,000 m ²	Towns and smaller cities Large cities to supplement the store network	Entire offering	96
Travel (Aelia and MRW)	2011	60 to 300 m ²	Airports and railway stations	Editorial products on hot topics Consumer electronics focused on mobility	38
Connect	2015	80 to 100 m ² for dedicated stores	City centers Shop-in-shop	Telephony and connected objects	11
Darty/Vanden Borre network					
Traditional integrated	1968	1,500 m ²	Proximity to large cities – shopping malls	Entire offering	223
Franchise	2014	600 m ²	Proximity to medium-sized cities	Minimum range	263
Fnac Darty network					
Franchise	2017	1,400 m ²	Retail parks	Large and small domestic appliances Editorial products and consumer electronics TVs	1
Nature & Découvertes network					
Traditional integrated	1990		City centers – shopping districts	Entire offering	90
Franchise	2008		City centers – shopping districts	Entire offering	14



1 PRESENTATION OF THE GROUP

Store network and proprietary real estate

1.7.2 / PROPRIETARY REAL ESTATE

The following table summarizes the areas occupied by the Group as of December 31, 2022, 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 m²)
France ^(a) and Switzerland ^(b)	826	800,000
Iberian Peninsula	75	100,000
Belgium and Luxembourg	86	90,000
TOTAL	987	990,000

(a) Including 13 Fnac and Darty stores located outside France and all Nature & Découvertes stores.

(b) Excluding 27 Fnac shop-in-shops within Manor stores.

Warehouses/Other premises (excluding franchises)	Number of sites	Total occupied surface area (in m²)	
France and Switzerland	Warehouses	8	313,000
	Others ^(a)	70	195,000
Iberian Peninsula	Warehouses	2	32,000
	Others ^(a)	3	5,000
Belgium and Luxembourg	Warehouses	4	40,000
	Others ^(a)	1	4,000
TOTAL	88	589,000	

(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 48 stores, 1 warehouse and 8 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 of these actions are outlined in section 2.3 of Chapter 2 "Reducing our impact on the climate and the environment" of this document.

The Group's main current and planned investments, as of 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

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 2.5.3 of Chapter 2 of the Universal Registration Document). Similarly, the Group will apply the new European regulations for online platforms, particularly the Digital Services Act, published in the OJEU on November 16, 2022.

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. A seller is allowed to offer a reduction of up to 5% on the price of the book for orders purchased or picked up from a retail book store. 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. Under the aegis of ARCEP (the French regulatory authority for electronic and postal communications), the Group took part in the consultation conducted before this regulation was drafted, and approved the proposed pricing grid notified to the European Commission by the French government in November. This decree will enter into effect six months after it is published in the *Official Journal*.

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 2.5.4 "Vigilance Plan" of Chapter 2 of the 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 AGEC 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 AGEC 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. This law extends the obligations (to take back used products that fall within the remit of extended producer responsibility (EPR) at the point of delivery and payment of the eco-tax) to sellers on intermediary platforms. The Group participated in numerous steering committees led by the governments concerned and attended by the eco-organizations to find concrete solutions and facilitate the implementation of these provisions.

From January 1, 2021, the AGEC 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. This obligation to provide information was extended on November 4, 2022 to new product categories: top-loading washing machines, dishwashers, vacuum cleaners, high-pressure cleaners. 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. Having first implemented this project on an experimental basis for certain appliances in 2018 and having helped to develop the system, Fnac Darty was 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. 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.



1 PRESENTATION OF THE GROUP

Regulatory environment and changes

To support and anticipate the creation of low emission zones governed by the French Mobility Orientation Law (Loi d'Orientation des Mobilités – LOM) and in line with the French Climate and Resilience Act, the Group is launching a greening program for its vehicle fleet (see section 2.3.3.4 “Action plans to reduce emissions related to transportation and performance” of this 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 toward more environmentally friendly products, achieved by means of a “Sustainable Choice” pictogram and the annual publication of the Group's “After-sales Service Barometer.” The Group is also a pioneer in calculating the sustainability score, the weighting between the repairability score and the reliability score. Furthermore, in 2022, Fnac Darty was the first retailer to have developed and integrated an innovative “informed delivery” tool into its e-commerce sites, which gives customers an estimate of the environmental impact of various modes of delivery when they purchase online.

Finally, and as part of its ongoing commitment to reduce its impact on the climate, Fnac Darty signed the EcoWatt and EcoGaz charters in autumn 2022 and rolled out an energy efficiency plan based around several pillars: modernization of equipment in favor of more efficient equipment; deployment of LED lighting and centralized building management systems; purchase of electricity from renewable sources; decarbonization of vehicle fleets (both owned and sub-contracted); optimization of loads and distance traveled; awareness and training (employees, customers, suppliers, etc.).

2



Corporate Social Responsibility

2

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Introduction

Fnac Darty has always been committed to creating value for all its stakeholders, and has been determined to avoid and reduce the negative externalities of its activities. This chapter reports on the Group's social, societal and environmental policies and performance, in relation to its main risks and, furthermore, its long-standing commitments.

This Universal Registration Document meets the requirement for a non-financial performance statement (déclaration de performance extra-financière, DPEF) established in France by Order No. 2017-1180 of July 19, 2017 and Decree No. 2017-1265 of August 9, 2017. The information provided covers the activities of all the companies within the Group's scope of consolidation.

The DPEF includes:

- an overview of the Group's business model, in section 1.1.2;
- a description of the main non-financial risks, in section 2.1.5;
- the policies and action plans associated with these social, environmental and societal risks, and the results of these policies through key performance indicators, in sections 2.2, 2.3, 2.4, 2.5 and 2.6.

In accordance with the European Taxonomy Regulation (Regulation 2020/852/EU), this DPEF also includes, in section 2.3.4, indicators relating to the share of revenue, operating expenses and capital expenditure associated with sustainable economic activities in 2022.

In addition, section 2.5.4 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.

Finally, in line with the expectations of its stakeholders, this chapter also presents its 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 8.8.5).

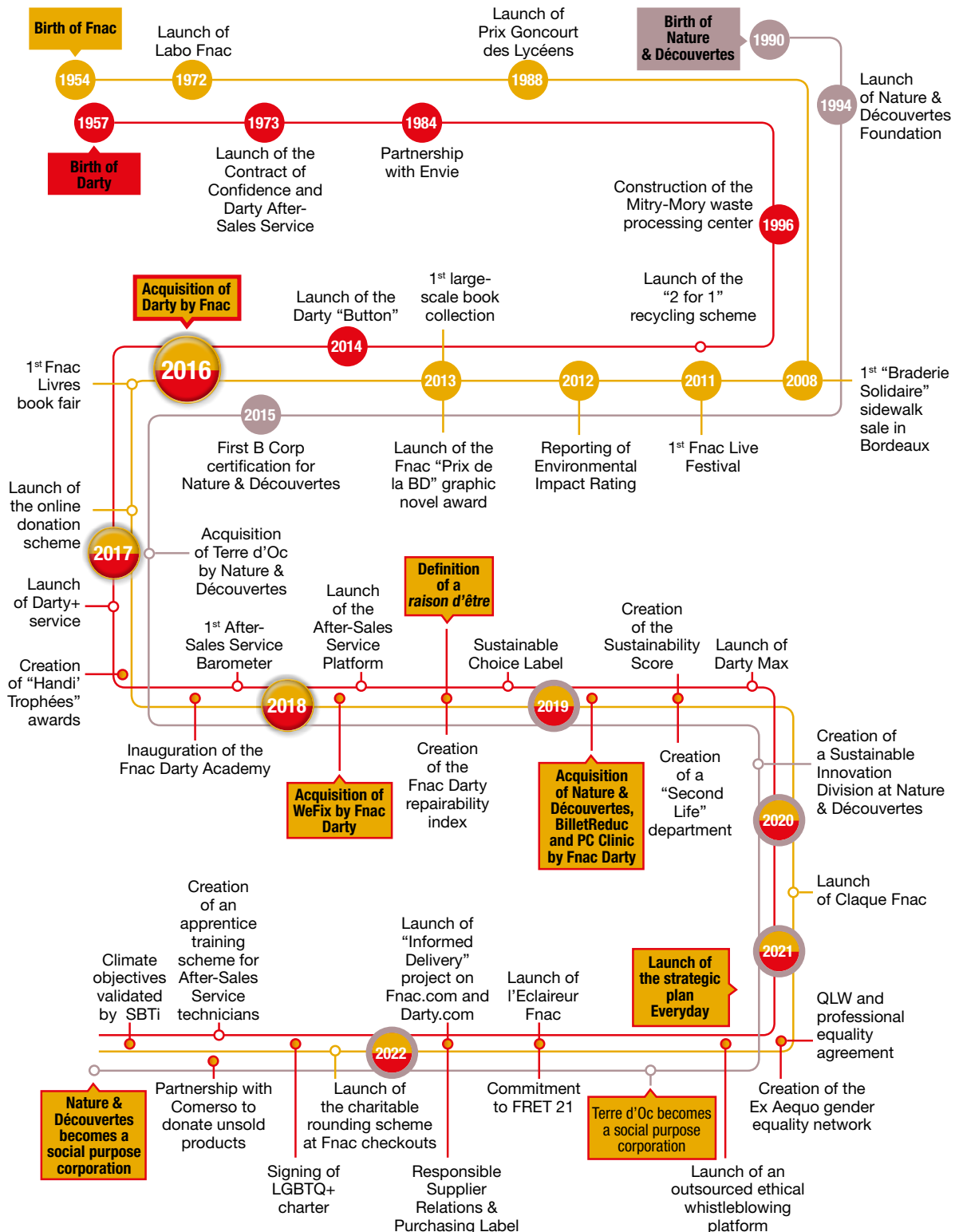
All of the Group's sustainable development policies are based on complying with and promoting the principles or recommendations contained in:

- the Universal Declaration of Human Rights;
- the fundamental conventions of the International Labour Organization;
- the United Nations Global Compact (see cross-reference table in section 8.8.8);
- the Paris Climate Agreement.

2.1 / Governance and CSR risks

2.1.1 / COMMITMENTS SPANNING MORE THAN 65 YEARS

Several years ago, Fnac Darty embarked on a major transformation of its business model, a key pillar of which is sustainable development. This change is based on more than 65 years of societal commitments.





2.1.2 / A CSR APPROACH AT THE HEART OF THE GROUP'S STRATEGY

For Fnac Darty, sustainable development is a source of opportunity: to increase sales of fast-growing responsible and innovative products and services, to foster long-term relationships of trust with all stakeholders (employees, customers, suppliers, shareholders, public authorities), to reduce costs and to promote employee engagement.

To accelerate the development of a sustainable economic model, the Group has placed corporate social responsibility performance at the heart of its strategic plan Everyday for 2025: two of the three pillars of the strategy are based directly on the CSR policy it has been rolling out for several years.

The incorporation of sustainable development issues into the Company's overall strategy is described in Chapter 1 of this document.

Nature & Découvertes, a certified B Corporation now a "social purpose" corporation (*société à mission*)

Based on a CSR approach that is rooted in reconnecting with nature and protecting biodiversity, Nature & Découvertes has set itself a strategic goal of accelerating its development by placing commitment to responsibility at the heart of its business model and retaining its leadership position in regard to CSR commitments. The strategic plan Ambition 2025 aims to preserve the company's CSR expertise by actively working on the sustainability of the range, the omnichannel development of the brand and on reaffirming its leadership in terms of commitments.

The company has adopted the *raison d'être* to "Choose solutions that make a genuine, daily contribution to the transition toward sustainable, biodiversity-friendly lifestyles." This *raison d'être*, a true strategic compass that has been enshrined in the company's bylaws since October 2022, is reflected in its range of sustainable products and experiences that are focused on nature and ecological transition: natural well-being, children's toys and games, food and entertaining, traveling and outdoor leisure, as well as books.

In 2022, in a bid to provide a firmer, long-term foundation for the company's unique nature and DNA, Nature & Découvertes became a "social purpose" corporation (*société à mission*) within the meaning of the French Pacte law⁽¹⁾. Changes to the bylaws were approved by the Extraordinary General Meeting of October 25, 2022, enabling the Fnac Darty subsidiary to join the circle of companies legally committed to societal causes.

In this context, the objectives Nature & Découvertes intends to pursue, as set out in its bylaws, are as follows:

- to develop a range of products and experiences that promote sustainable lifestyles;
- to preserve and promote relationships with the natural world;
- to unite the communities that are transforming the world.

From 2023, a committee responsible for monitoring the purpose will bring together external stakeholders (experts whose field of expertise is linked to the objectives set out in the bylaws) and internal stakeholders.

In order to evaluate the actions already in place and identify areas for improvement, Nature & Découvertes continues to rely on B Corp, a certification designed for commercial organizations wishing to integrate social, environmental and societal issues more strongly into their business models. The questionnaire, which assesses the non-financial performance of the company, provides an overview of overall performance and identifies action plans for progress aimed at limiting the impact of the brand's activity.

Terre d'OC, a mission focused on fair trade and respect for women's work

Terre d'OC, a Nature & Découvertes subsidiary specializing in organic and fair-trade tea blends, has also been a social purpose corporation since 2021. Its *raison d'être* is: "Designing and manufacturing well-being products that are beautiful, good, and healthy, based on an intention to preserve natural resources and biodiversity while developing the organic and fair-trade sectors, and highlighting women's work all around the world."

For the last 25 years, the Terre d'OC teams have been working in a way that respects both the planet and its people, with a strong commitment to genuinely fair trade, the best of organic and a respectful world.

(1) Pacte: Plan d'Action pour la Croissance et la Transformation des Entreprises, an action plan for the growth and transformation of companies, which gives French companies the opportunity to register and implement their CSR transformation via a unique legal framework.

Description of committees

- The CSR Committee of the Board of Directors, described in section 3.2.1.3, comprises four independent directors and one non-independent director (the Group's Chief Executive Officer). 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, CSR, Risk and HR Directors and the DPO. It ensures that the Group complies with regulations relating to ethical business conduct, particularly the French Sapin II and Duty of Care laws and the GDPR;
 - the Climate Committee: composed of three members of the Executive Committee (Comex), it is responsible for rolling out and ensuring compliance with the Group's Climate roadmap. Alongside the General Secretary in charge of CSR and Governance, and the Director of Services and Operations, the Commercial Director has also been a member of this Committee since 2022, for monitoring and managing the targets for reducing GHG emissions associated with distributed products (see section 2.3.1.1);
 - the Circular Economy Committee: composed of three Comex sponsors (the General Secretary in charge of CSR and Governance, the Director of Services and Operations, and the E-Commerce and Digital Director), it leads projects aimed at reducing packaging, optimizing unsold goods, improving collection and recycling, and reusing materials;
 - the Operational CSR Committee: composed of one Comex sponsor (the General Secretary) and the 14 business line representatives (one for each Group department), it monitors the roll-out of the roadmaps of each department and introduces new projects;
 - the Country CSR Committee: composed of one Comex sponsor (the General Secretary) and the seven CSR representatives from each of the Group's European subsidiaries, it monitors the roll-out of the roadmaps for each country and shares best practice implemented in each subsidiary. In the last two years, the CSR representatives have also put in place a dedicated governance structure within each subsidiary;
 - the Sustainability Committee: composed of two Comex sponsors (the Group Strategy and Transformation Director and the Commercial Director), it aims to monitor the action plans for offering a more sustainable product range and finding a second life for 100% of 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.

Integration of CSR within short-and long-term variable compensation objectives

For several years, the annual variable component of compensation of the Chief Executive Officer and members of the Executive Committee has included a CSR component that is defined in consultation with the CSR Department and aligned with the Group's social and environmental issues and strategy. The criteria relate to the respective responsibilities of the executives and are based on quantifiable indicators, including, for certain members, targets for reducing greenhouse gas emissions or objectives related to the representation of women in positions of responsibility (see section 3.1.9). The criteria and objectives linked to the Chief Executive Officer's variable compensation are approved by the Board of Directors on the recommendation and proposal of the Appointments and Compensation Committee.

Since January 1, 2021, all managers eligible for annual variable compensation, i.e. 3,000 employees, have had a CSR objective accounting for 10% of this variable component. These objectives are defined in consultation with the CSR representatives of each department or scope, on the basis of their CSR roadmaps, and the CSR Department. For 2023, given the importance of climate issues, the CSR criterion takes the form of one common indicator for all, to reduce energy consumption, and one specific indicator associated with the CSR roadmap of each department for greater alignment and impact.

The long-term incentive plan (LIP) for the Chief Executive Officer, members of the Executive Committee and the Company's key managers, also incorporates a 3-year CSR performance condition. The CSR performance condition currently takes the form of two objectives aligned with the strategic plan. Its weighting was increased from 20% to 25% in 2022. The first objective focuses on climate issues with the reduction of greenhouse gas emissions, while the second involves improving the sustainability score⁽¹⁾.

(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.

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.

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 contribute in this way to rolling out the brand’s commitments in their local area. They work in tandem with the deputy Store Managers to achieve approximately 15 objectives over the year. These objectives help to enhance team cohesiveness and the sharing of best practices, reflected in real actions in-store.

The Green Networks raise awareness amongst teams in store and engage them in Nature & Découvertes’ CSR commitments in areas such as waste management, the integration of people with disabilities, publicizing advocacy initiatives to customers and local stakeholders, supporting local community projects for protecting and learning about the natural world through the Fondation Nature & Découvertes and charitable rounding, or promoting nature-oriented education programs and events.

Awareness and training in sustainable development issues

Fnac Darty uses training and innovative formats such as the “Fresque du Climat” workshops to raise employee awareness of the Group’s social and environmental issues and to inspire each one of them to get involved in the CSR strategy.

The Executive Committee and all the CSR representatives in France and in other countries have taken part in these workshops to raise awareness of the causes and consequences of climate change. At Nature & Découvertes, all head office employees and store-based “green network” employees (approximately 10% of the workforce) have also taken part in a “Fresque du Climat” workshop.

At the same time, Fnac Darty regularly uses various internal communication channels to talk about the Group’s CSR challenges and its plans to address them – energy efficiency in 2022, for example. The CSR department is also often asked to take part in induction seminars for new employees, and training on climate and CSR issues is available on the Group’s e-learning platform.

2.1.4 / IDENTIFICATION OF CSR RISKS AND MATERIALITY

Fnac Darty relies on various in-house risk management procedures to identify the risks that apply to the Group, including CSR risks. Consequently, all relevant departments are involved in identifying and analyzing the Group’s major risks (see section 6).

This analysis is combined with other risk mapping exercises: the mapping of risks to human rights, health and safety, and the environment (as part of the duty of care), corruption risks (the French Sapin II law), risks related to personal data protection (GDPR), and risks associated with climate change. Due to their specific nature, this latter risk-mapping exercise is subject to thorough, long-term analysis (to 2030 and 2050).

CSR risks are assessed jointly with management. They cover:

- internal factors that may adversely affect human rights, the health and safety of people, and the environment;

- external factors (major trends) that may affect the Group’s business activity, financial position, reputation and results.

The Group’s CSR risks fall into four main categories:

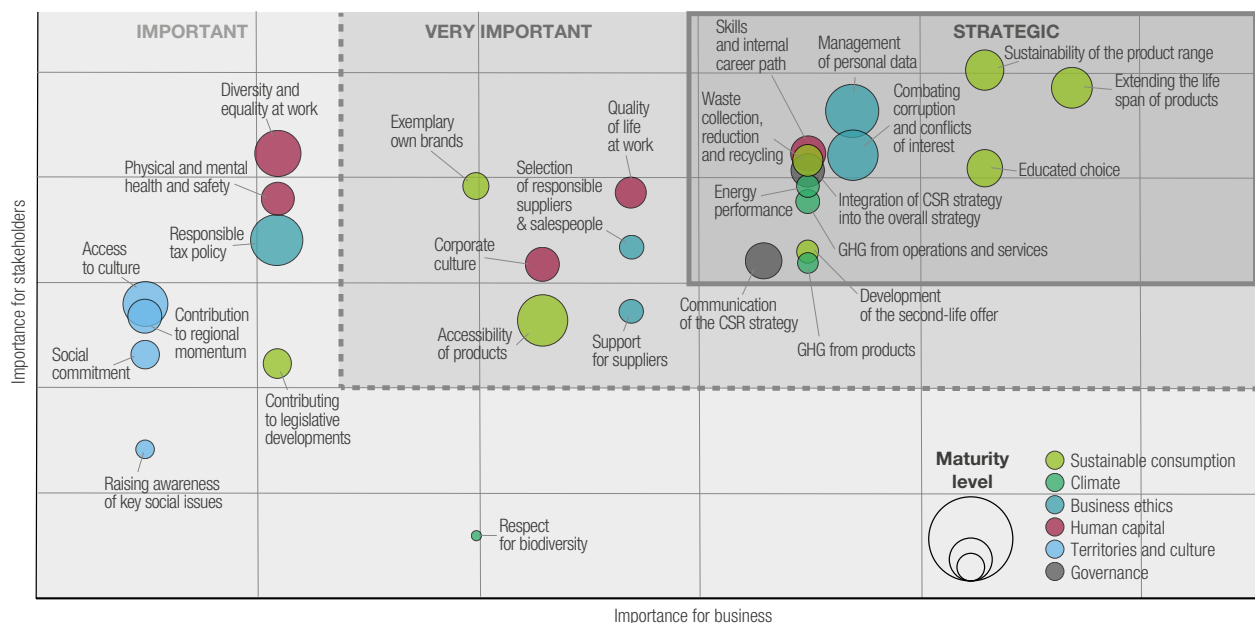
- sustainability of the business model and new patterns of consumption;
- climate change and its consequences;
- business line development and the organization of work, in a context of a shortage of technical profiles and a talent war;
- the ethics of all parties in an ecosystem of partnerships.

To ensure its CSR policy is current, the Group relies on the complementary strengths of the above-mentioned risk mapping processes and its materiality analysis, so as to respond to the negative externalities of both its activities and its value chain, and the expectations of its stakeholders in terms of Fnac Darty’s sustainable development priorities.

Fnac Darty revised its materiality analysis in 2022, in order to update the priority of these issues in a changing environment. To achieve this, the Group conducted a broad qualitative and quantitative consultation, in order to assess the 28 issues that a panel of internal and external stakeholders considered to be material. As a result, 1,003 Group employees and 1,017 external stakeholders (suppliers, customers, media outlets, public bodies, community organizations, professional bodies and networks) responded to the survey asking them to assess the level of importance the Group places on each issue, and the progress Fnac Darty has made on each issue. In parallel with the quantitative consultation, a cycle of longer interviews took place with 18 external stakeholders, three internal stakeholders and two customer focus groups.

Several versions of the matrix were produced as a result of these consultations. The first compares the expectations of external stakeholders with those of internal stakeholders; this analysis shows that the external and internal perspectives are significantly aligned. The second compares (internal and external) stakeholders' expectations with the impact each issue has on the Company's overall performance (see matrix and analysis below). These impacts may be financial, reputational, legal or operational, and their assessment is based on the above-mentioned risk analyses.

The matrix below shows the 28 issues assessed as priorities.



Analysis of results

As with the previous exercise conducted in 2018, the priority issues still relate to the product range: the "sustainability" of the offering, extending product life spans, helping customers make an educated choice. This position confirms the relevance of the strategic priorities set out in the plan Everyday for 2025.

Two issues have entered the top 15 strategic CSR issues: managing personal data and combating corruption and conflicts of interest. The Group's stakeholders consider that the Group has made significant progress in these two areas, which are governed by policies that are strengthened year after year.

Issues related to skills and quality of life in the workplace, in a context of shortages of technical skills and intense competitive





pressures, are also increasing in significance. The agreements on quality of life in the workplace and the forward planning of jobs signed with the trade unions in 2021 and 2022 should help to address these issues in part.

Against the backdrop of rising energy costs and risks to the security of energy supplies, the Group's energy performance appears to be an emerging and priority issue. Fnac Darty responded by implementing an energy efficiency plan.

Finally, respect for biodiversity raises expectations, particularly on the part of the rating agencies, and is the subject of increasing regulatory pressure. Confronted with this emerging issue, the Group has decided to go ahead and analyze the impact of its activities on biodiversity for the first time (see section 2.3.3.6).

2.1.5 / SUMMARY OF RISKS, MATERIAL ISSUES AND MAIN OBJECTIVES

The following table provides a summary of the Group's main CSR risks and their connection with the material priorities arising from the materiality analysis. It also includes the Sustainable Development Goals the Group will be contributing to in addressing these risks.

Pillar/category of risk	Main sustainable development risks	Group risks	Material issues	Policies, action plans and performance	Contribution to the SDGs		
Risks: Sustainability of the business model and new patterns of consumption Commitment: Promote sustainable consumption and an educated choice	<ul style="list-style-type: none"> ■ Changes in consumer behavior (alternative consumption, drop in demand, possible boycotts, etc.) ■ Increased cost of raw materials (increased cost of distributed products) ■ Scarcity of natural resources (disruptions to supply chains) ■ Tensions in cross-border relationships (disruptions to supply chains) ■ Economic crises (declining purchasing power) ■ Increased energy prices (higher indirect costs) 	<ul style="list-style-type: none"> ■ Integrating climate issues into business lines and strategy ■ Ability to adapt the organization to changes in the economic climate 	<ul style="list-style-type: none"> ■ Helping consumers make responsible choices ■ Sustainability of the product range ■ Extending the life span of products ■ Expanding the second-life offering ■ Waste collection, reduction and recycling ■ Contributing to consultations on legislative developments ■ Raising public awareness of sustainability issues 	2.2.1.1			
				2.2.1.2			
				2.2.2			
				2.2.3			
				2.2.4			
				2.2.5.1			
				2.2.5.2			
				2.3.3.3 and 2.3.3.4			
				2.3.3.4			
				2.3.3.4			
2.3.3.4 and 2.3.3.5							
2.3.3.3							
2.3.3.6							

Pillar/category of risk	Main sustainable development risks	Group risks	Material issues	Policies, action plans and performance	Contribution to the SDGs
Category of risk: Business line development and the organization of work, in the context of a shortage of technical profiles and a talent war Commitment: Develop our most valuable asset: people	<ul style="list-style-type: none"> Ability to attract and retain talent Shortage of technical skills Lack of employee engagement Breaches of employee health and safety 	<ul style="list-style-type: none"> Talent management Social unrest 	<ul style="list-style-type: none"> Attracting and retaining talent, particularly in hard-to-fill or growing professions Physical and mental health and safety Quality of life in the workplace Corporate culture Diversity and gender equality Maintaining purchasing power 	2.4.1	
				2.4.4	
				2.4.5	
				2.4.5.1 2.4.5.2 and 2.4.2.2 2.4.5.3	
Category of risk: The ethics of all parties in an ecosystem of partnerships Commitment: Act ethically throughout our value chain	<ul style="list-style-type: none"> Breaches of data security and personal data protection Risks to human rights, health and safety and the environment Non-compliance with regulations on anti-corruption and conflicts of interest 	<ul style="list-style-type: none"> Cyber attacks Fraudulent use of data Compliance with various regulations Supplier relations 	<ul style="list-style-type: none"> The fight against corruption and conflicts of interest Enhanced management of personal data and strengthened cyber security policy Selection and support of responsible suppliers and salespeople 	2.5.2	
				2.5.3	
				2.5.7	
Commitment: Contribute to the social and cultural development of territories	n.a.	n.a.	<ul style="list-style-type: none"> Promoting wider access to culture Increase positive impacts on the territories Engaging for social inclusion 	2.6.1	
				2.6.2	
				2.6.3	

Fnac Darty's approach to Corporate Social Responsibility is regularly assessed by non-financial rating agencies, whose ratings are steadily improving. For more details, please refer to section 1.1.1.4.7.

Agency	Rating and score			Trend
	2022		2021	
Moody's ESG Solutions (formerly Vigeo Eiris)	A1+ (Advanced)	61/100	A2 (robust) – 54/100	
Sustainalytics	Low ESG risks	12/100	11.4/100	=
MSCI	AA (leader)	7.8/10	7.8/10	=
CDP	A-		A-	=
EthiFinance (Gaïa Rating)	71/100		66/100	

Objectives monitored under the strategic plan Everyday

Five priority objectives from the Group's strategic plan Everyday are monitored as part of the Company's overall performance. As part of the task of auditing the non-financial performance statement, certain indicators are checked more thoroughly and a justified opinion is issued in respect of these indicators, expressing a conclusion of reasonable assurance⁽¹⁾ from 2022 onwards; these indicators are identifiable by the symbol ✓.

Objective	Reference year	Performance for the reference year	2022 performance	Target achievement rate
2.5 million products repaired by 2025	2019	1.9 million	2.3 million	67%
2 million Darty Max subscribers in 2025 ✓	2019	0	Around 765 k	38%
Sustainability score of 135 by 2025 ✓	2019	100	115	43%
Achieve female representation of 35% in the Leadership Group by 2025 ✓	2019	24.3%	30.3%	56%
(50%) reduction in CO ₂ emissions related to energy and transportation ✓	2019	81,575 t CO ₂ eq	67,938 t CO ₂ eq (-17%)	33%

2.1.6 / OPEN DIALOGUE WITH THE GROUP'S STAKEHOLDERS

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

In 2022, Fnac Darty updated its materiality analysis. This analysis, which is described in section 2.1.4, enabled the Group to gather the views of a wide range of more than 2,000 internal and external stakeholders.

At the same time, the Group continues to use several mechanisms and channels to engage in dialogue, a (non-exhaustive) summary of which is set out below:

Stakeholders	Means/methods of promoting dialogue
Customers	<ul style="list-style-type: none"> ■ Around three out of four employees have direct contact with customers. Salespeople, delivery personnel, home technicians and advisors are in constant dialogue with customers. ■ The Group regularly conducts customer surveys, which are an essential part of understanding their expectations. ■ Customer reviews and complaints posted on commercial websites allow our teams to resolve annoyances or even to be alerted to quality concerns regarding a service or product. ■ In-store cultural events – more than 1,300 in France in 2022 – continue to provide excellent opportunities for Group employees, customers and artists to connect.
Employees and social partners	<ul style="list-style-type: none"> ■ 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. ■ Keen to learn about its employees' expectations and any concerns they may have, the Group has been using an anonymous listening system since 2018. ■ 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.). ■ Since 2022, as provided for in the Group Agreement on Professional Equality and Quality of Life in the Workplace, direct collective expression meetings have been organized within each team, at least once a year, to discuss issues relating to working conditions.

(1) The procedures implemented as part of a reasonable assurance assignment are more extensive than those required for a moderate assurance assignment.

Stakeholders	Means/methods of promoting dialogue
Suppliers	<ul style="list-style-type: none"> ■ The Sales Department has daily conversations with suppliers on product performance and pricing, as well as on new criteria such as reliability and repairability and, since 2022, on their targets for reducing greenhouse gas emissions. ■ These same teams regularly participate in or organize trade shows and an annual sales convention, to meet with suppliers. ■ As part of the sourcing of its own-brand products, the Group carries out audits each year at its suppliers' factories, during which it gathers information on their expectations and any difficulties they may have. ■ 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.
Franchise network	<ul style="list-style-type: none"> ■ Fnac Darty teams dedicated to expanding the franchise network visit franchises periodically. ■ An annual national convention and regional meetings allow for discussion of any issues encountered by self-employed franchisees in the operation of their franchises.
Associations	<ul style="list-style-type: none"> ■ 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. ■ Fnac Darty maintains regular dialogue with consumer and environmental protection associations (Stop Planned Obsolescence, Friends of the Earth). ■ Through its solidarity policy, Fnac Darty partners and collaborates with many non-profit organizations, such as Libraries Without Borders, Envie, Télémaque, Sport dans la Ville (Sport in the City) and French Popular Relief.
Public authorities	<ul style="list-style-type: none"> ■ The Group contributes indirectly to parliamentary debates on draft legislation related to its activities, by responding to public consultations and making its opinions known to the AFEP, for example. It also 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. ■ Fnac Darty participates in working groups and in consultations with government-led, sector-based players such as Ademe (repairability index, environmental information, sustainability index, etc.).
Investors/shareholders	<ul style="list-style-type: none"> ■ 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. ■ Fnac Darty's management and Investor Relations team are in regular contact with analysts and investors, via roadshows, telephone meetings or conferences organized by brokers (including several dedicated to SRI investors each year), in collaboration with the CSR Department. ■ 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. ■ 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.

2.2 / Promote sustainable consumption and an educated choice

Background and trends

Faced with the scarcity of raw materials and increasingly frequent disruption of supply chains as a result of climate change or geopolitical tensions, the circular economy is becoming the key to ecological transition and sustainable development. Consumers are more concerned about these issues and are increasingly aware of this fact, and they are now adapting their consumer habits accordingly.

According to the “Responsible Consumption Barometer,” the Group’s annual survey of one thousand French consumers, one third of respondents say they are “very committed” and the vast majority say they are “moderately committed” to more responsible consumption. On the other hand, 42% of those surveyed said they had reduced their consumption in 2022. 63% of them said eco-friendliness was the main reason for this reduction. The reason ranking second, at 51%, remains the cost of products. This trend is increasing significantly, up by +12 points in one year, driven by the inflation levels households faced in 2022.

Building on its 50 years of expertise in after-sales service, Fnac Darty has fully engaged with these issues by placing sustainability at the heart of its strategic plan Everyday. The Group is investing in extending the life span of its products, one of the major focuses of the transition toward more circular and more responsible consumption habits. To achieve this, the Group is concentrating its efforts on maintenance, repair, reconditioning and second hand.

Risks

- Inability to adapt to new customer expectations
- Reduction in customers’ interest in buying sustainable products due to their price, in a context of declining purchasing power
- Inability to demonstrate the economic value of repair compared to replacement
- Competitive pressure on repair and second life
- Strengthening of circular economy and climate regulations (across the entire product life cycle)
- Depletion of natural resources and rising greenhouse gas emissions, related to the life cycle of products

Opportunities

- Growth in the “more sustainable” products market (reliable, repairable, consuming less energy, contributing to the ecological transition, etc.)
- Access to new markets (second-hand, urban mobility)
- Groundbreaking innovations – Employee commitment, involved in a meaningful Company project
- Monetary valuation of unsaleable new products and waste



CORPORATE SOCIAL RESPONSIBILITY

Promote sustainable consumption and an educated choice

Levers put in place by Fnac Darty	2022 key highlights	Performance and monitoring of objectives
<ul style="list-style-type: none"> Development of objective and transparent customer information 	<ul style="list-style-type: none"> Launch of “informed delivery” After-Sales Service Barometer, sustainability score and Sustainable Choice: faster promotion of the most sustainable products and inclusion of an energy performance criterion in ratings Ongoing consumer advocacy work by Labo Fnac 	<ul style="list-style-type: none"> Product categories covered by the After-Sales Service Barometer: 88 (compared to 77 in 2021)
<ul style="list-style-type: none"> A more sustainable offering, to support eco-design and an educated choice 	<ul style="list-style-type: none"> Strengthening governance through the Sustainability Committee, to develop the product range Progressive integration of sustainability criteria in commercial purchases and in supplier dialogue An ever more responsible Nature & Découvertes offer, thanks to the Sustainable Innovation Division 	<ul style="list-style-type: none"> KPI: sustainability score^(a): 115 ✓ Target: 135 by 2025 For Nature & Découvertes, 64% of revenue generated by products with a positive impact
<ul style="list-style-type: none"> Innovations to make repairs simpler and more economically relevant for customers 	<ul style="list-style-type: none"> Creation of an intelligent after-sales service knowledge base dedicated to customer relations and repairs Inclusion of “video maintenance” in the Darty Max repair subscription the After-Sales Service Community to promote DIY-repair and the correct use of products 	<ul style="list-style-type: none"> Number of people dedicated to repairs: around 3,000 KPI: Number of products repaired: 2.3 million Visits to the After-Sales Service Community website: 10 million
<ul style="list-style-type: none"> A department dedicated to the second life of products 	<ul style="list-style-type: none"> Rapid development of the second-hand product offering and reworking of the brand images of Fnac and Darty “second life” Increase in the “second life” product range in response to the expansion of recycling criteria Rapid increase in donations of unsold products and diversification of distribution channels 	<ul style="list-style-type: none"> Number of products donated to associations 500,000
<ul style="list-style-type: none"> Packaging and waste management optimization initiatives 	<ul style="list-style-type: none"> Enhanced management of waste recovery performance Optimization of packaging solutions for shipped parcels Continuation of partnerships with Envie, working for reintegration through repair 	<ul style="list-style-type: none"> KPI: Waste recovery rate: 68% KPI: Volume of WEEE^(b) collected: 44,285 tons
<ul style="list-style-type: none"> Raising awareness among the general public of sustainability issues 	<ul style="list-style-type: none"> Active cooperation with public authorities Creation of an energy efficiency plan and an associated communications plan Creation of a “green” offer from the Retailink advertising network for advertisers Increase in the number of promotional campaigns on repair and second life 	

(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) Waste electrical and electronic equipment.

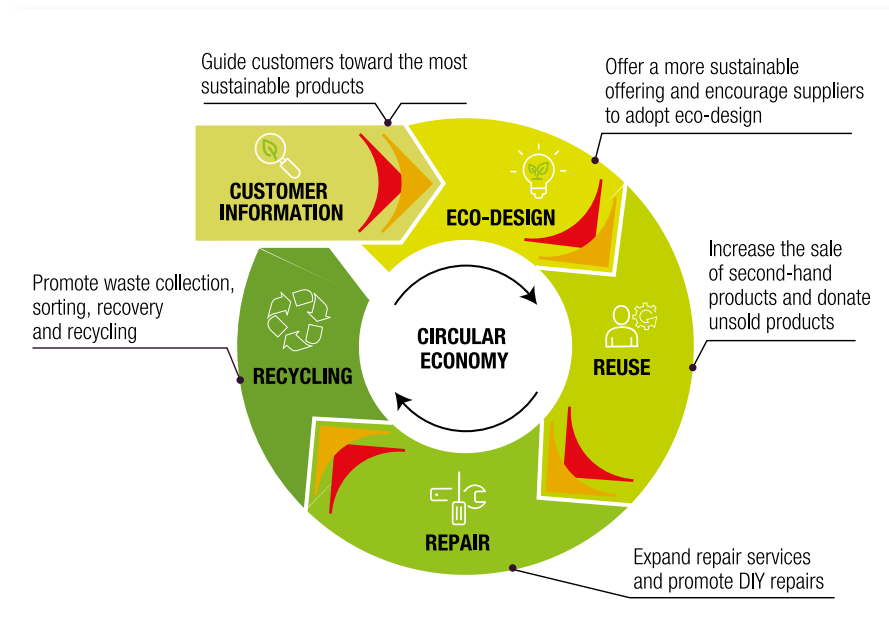
The update of the Group’s materiality analysis, which was carried out in 2022, confirmed that sustainability, extending the life span of products and “an educated choice” remain the highest priority issues for Fnac Darty, both in regard to their impact on the Group’s development and from the point of view of stakeholders (see also section 2.1.4).

Growing consumer awareness of environmental issues and the increase in the cost of living are changing consumer habits. For the Group, these developments carry with them:

- 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 (services, second-hand products, urban mobility), to reduce its indirect costs and to gain market share by proposing a product range that meets customers’ expectations.

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 to 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 2.3 “Reduce our impact on the climate and the environment”).





CORPORATE SOCIAL RESPONSIBILITY

Promote sustainable consumption and an educated choice

2.2.1 / INFORM CUSTOMERS AND DEVELOP THE OFFER, TO ENABLE AN EDUCATED CHOICE

Over the last few years, Fnac Darty has stepped up its historical mission of advising its customers so they can make an educated choice. This *raison d'être* is based on strong evidence from the history of the Group's brands.

As customers face an infinite number of choices, Fnac Darty's mission is to guide its 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 criteria that vary greatly from one brand to the next: the reliability and repairability of a product. As the leader in after-sales service in France, the Group has a unique database addressing these criteria (breakdown rates, repair rates, prices of spare parts, etc.) and over the past five years, it has developed innovative tools to make this data public and readily understandable, and to highlight the most sustainable brands.

Guiding consumers toward reliable and repairable products, particularly for the most carbon-intensive products such as domestic appliances and televisions, is all the more important because these account for a very large proportion of the Group's indirect greenhouse gas (GHG) emissions. In fact, in the analysis of a product's life cycle, the manufacturing phase represents the main source of GHG (see analysis in section 2.3.3.3.). Taking action on these product categories is therefore a major Group focus in reducing its climate impact.

2.2.1.1 / Customer transparency

Fnac Darty is convinced that information and advice are powerful drivers 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 helps customers to choose more reliable and repairable products, encourages manufacturers to adopt eco-design principles, and actively contributes to reducing the Group's greenhouse gases.

Sustainability score: an effective tool for assessing brands' sustainability

Drawing on 50 years of expertise in after-sales service, the Group has developed a method that measures the sustainability of domestic appliances and consumer electronics and assigns a sustainability score to each product. This score corresponds to the average of product reliability (i.e. the breakdown rate) and repairability (availability of spare parts). Since 2022, Fnac Darty has factored a new criterion into this calculation, one which is important for democratizing repair: the price of spare parts.

The ratings assigned to products are then weighted by the volumes sold, allowing a score to be established for each brand, as well as by category or universe.

Lastly, once consolidated, these scores can be used to calculate an overall sustainability score, with a baseline of 100 established in 2019. This score is used as a tool to drive Group performance to ensure a more sustainable offering (see also section 2.2.1.2). The objective of the strategic plan Everyday is to achieve a sustainability score of 135 by 2025.

Scope: France	2020	2021	2022	2025 Everyday objective	Achievement rate
Sustainability score ^(a) (consolidation) ✓	105	111	115	135	43%

(a) Further information about the calculation methodology for this indicator is available in the note on methodology in section 2.7.

Having risen from 100 to 115 (all categories combined) in three years, the sustainability score shows that, overall, Fnac Darty's offer is increasingly sustainable: the products offered for sale tend to be more reliable and more repairable, and customers tend to prefer these products. This is the result of actions carried out at several levels:

- greater collaboration with brands: enhanced dialogue has been established to escalate the causes of breakdowns to suppliers, helping them to design products that are more reliable and more repairable, and to extend the availability period for spare parts;
- increased monitoring by product managers to offer more sustainable product ranges;

- highlighting the most sustainable products via the "Sustainable Choice" selection.

The After-Sales Service barometer

In September 2022, Fnac Darty released the fifth "After-Sales Service Barometer," its annual study on the reliability and life span of domestic appliances and multimedia equipment, by brand. This study is based on the sustainability score and is carried out in partnership with Harris Interactive to ensure reliable, objective results.

The Barometer has become a key tool for information and benchmarking, and therefore a valuable decision-making tool for customers when they buy. This fifth edition was extended to 88 categories of domestic appliances and consumer electronics (versus 77 in 2021). It also drew on an analysis of more than 910,000 repairs conducted by the Darty After-Sales Service between July 2021 and June 2022, and on a survey of more than 10,000 customers.

To make the information readily accessible, Fnac Darty designed a dynamic infographic which is available on the L'Éclaireur Fnac website (<https://leclaireur.fnac.com/barometre-sav/>). The infographic displays the scores for the "universes" (cooking, washing, flooring, etc.) and then compares the ratings for the various product categories (e.g. front-loading washing machine, top-loading washing machine, washer-drier). Four information points are given for each universe:

- the reliability score;
- the reparability score;
- availability of spare parts;
- the average cost of the parts.

Lastly, when consumers go into a category, they have access to brand rankings, with details on the rating and advice on how best to maintain the product.

There are several lessons to be drawn from 2022:

- the price of spare parts, a new indicator on the Barometer, can double from one brand to the next and is strongly impacted by inflation;
- better maintenance can significantly extend product life span, preventing almost half of breakdowns;
- the reliability of most products has improved considerably, as has the availability period of spare parts, with an extra seven months on average and over a year for large appliances.

"Sustainable Choice"

The lessons learned from the After-Sales Service Barometer help to highlight those brands making the biggest effort to produce reliable, repairable, less energy-intensive appliances. To help customers choose sustainable products, in 2019 Fnac Darty adopted a clear, objective label: "Sustainable Choice." The criteria used to select products and devise this label, which is prominently displayed on products in store and on the e-commerce sites, are based on the sustainability score. "Sustainable Choice" products are selected based on the breakdown rates recorded by the Darty After-Sales Service, the brands' commitment to supplying spare parts and, for large domestic appliances, the energy rating. The selection is reviewed every three months so as to incorporate new products.

In 2022, there were more than 900 Sustainable Choice products in the Fnac and Darty brands, including 212 large domestic appliances, 170 small domestic appliances and 522 consumer electronics products.

To ensure that sustainable products are accessible to everyone, despite the decline in purchasing power, "Sustainable Choice" products are selected from several price ranges. In addition, Darty has decided to allow its customers to benefit from 0% finance on "Sustainable Choice" labeled products during certain promotional campaigns.

Results

Following the creation of the Sustainable Choice selection, many brands have extended the availability of their spare parts. 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 reparability criteria, and their confidence in the label's objectivity, is shown by the increase in sales of products carrying the Sustainable Choice label.

The Labo Fnac: 50 years of service to consumers

Defending consumers by giving them as much information as possible so they can make an educated purchase is in Labo Fnac's DNA. In 2022, this unique brand concept celebrated its fiftieth birthday.

Every year, the Labo Fnac 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.

There is no equivalent of the Fnac Lab in any other retail chain. Its culture of independence and the robust nature of its testing and analysis set it apart from the competition and enable it to develop a unique relationship of trust with consumers.

Since 2018, Labo Fnac has been actively involved in devising a reparability index that was initially launched with PCs and extended to smartphones in 2019. This largely inspired the government index, which has been mandatory since January 1, 2021.

Testing results are published monthly on the fnac.com website, the L'Éclaireur Fnac site and its dedicated comparison site at <https://lab.fnac.com>. Labo Fnac publishes information on high-tech products and laboratory tests, to help consumers make the right choice.

In 2022, 915 tests were conducted on 470 products, comparing them based on performance criteria that are not always easy for customers to assess at the point of sale.

A new test bench dedicated to the fast-expanding urban mobility segment will be launched in 2023.



2 CORPORATE SOCIAL RESPONSIBILITY

Promote sustainable consumption and an educated choice

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 AGECE Law was implemented.

The methodology developed by Labo Fnac in fact largely inspired the new repairability index applied to manufacturers 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.

Raise awareness and encourage customers to choose a delivery method producing fewer emissions

The rise of online commerce is resulting in increased traffic in urban areas and an increase in greenhouse gas emissions and fine particles. Reducing these environmental impacts requires greater collaboration between the various players in the value chain: e-merchants, carriers and customers. This conviction led Fnac Darty to participate in drafting the commitment charter for reducing the environmental impact of online trade, signing up to it as well. The charter was developed under the leadership of the French Ministry of Environmental Transition, in collaboration with the French e-commerce and distance selling federation (FEVAD) and other players in online commerce.

The Group works on a number of fronts to reduce these impacts, by reducing empty space in packaging, optimizing truck loading and selecting transport providers involved in decarbonization initiatives. Over the last few years, under the auspices of the Climate Committee, Fnac Darty has also managed the greenhouse gas (GHG) emissions generated by package shipments and has developed a methodology to measure the emissions associated with each level of delivery service (for more details, see also section 2.3.3.3).

To share the results of this analysis with customers and enable them to make an educated choice when selecting their delivery method, Fnac Darty has developed customer information that is groundbreaking for the specialized retail market: it publishes, on the Fnac and Darty websites, the greenhouse gas emissions associated with the delivery of one kilogram of packages, based on the delivery service selected.

Being aware that when delivery is made to a pick-up point, the customer's journey may have a significant impact on the total carbon footprint of the delivery, Fnac Darty joined forces with Datagir, a public service led by Ademe and the Interministerial Digital Department incubator, to provide web customers with the eco-calculator at <https://monimpacttransport.fr/>. Customers can use this tool to assess the impact of their trip to the collection point.

In addition, the Group provides advice throughout the web journey to raise customers' awareness of this issue. Thus, in the context of in-store and collection point deliveries, Fnac Darty encourages its customers to pool their trips or to use environmentally friendly modes of transport.

Tested in the fourth quarter of 2021, the "informed delivery" project was made available to all web customers in February 2022.

Recognition:

- Grand Prix Good Economy: Silver in the "Products & services" category;
- R Awards (Collectif Génération Responsable): "Coup de cœur" of the Jury in the panel's Favorite in the "Visibility for consumers" category.

2.2.1.2 / Develop the product range to offer more sustainable products

Continuing the numerous innovations launched by the Group to provide customers with better information on product sustainability, Fnac Darty is upgrading its brand catalogs. 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 for the sustainability objective of the plan Everyday and drive the achievement of a sustainability score of 135 by 2025, a dedicated committee has been created, sponsored by two members of the Executive Committee, namely the Commercial Director and the Director of Transformation and Strategy. The committee meets once a month and reports to the Executive Committee with the same frequency. Its objective is to monitor the projects launched to develop the sustainability of the offer and second life, and the associated KPIs, including the sustainability score.

In order to apply the decisions made at Sustainability Committee meetings and make changes to catalogs to move toward a more sustainable product offering, the Sustainability Department organizes working groups each month involving after-sales service managers and product managers. These sessions are used to monitor various indicators, including the sustainability score, via monitoring tools and warning systems in case of a deterioration in breakdown rates.

Product managers now have access to an overall view of their portfolio, allowing them to manage their product mix more effectively. If a product breaks down, the product manager, in contact with their counterpart in after-sales service, can initiate or strengthen dialogue with suppliers, particularly as regards product reliability and repairability or the availability of spare parts. If no solution is found, the product may be discontinued.

Furthermore, since 2022, the CSR department has worked with product managers to engage suppliers in adopting climate science-based targets for reducing their GHG emissions. The objective that Fnac Darty has committed to meeting and which was approved by SBTi⁽¹⁾, is to secure agreement from its suppliers representing 80% of CO₂ emissions from product manufacturing to reduce their GHG emissions on a science-based trajectory by 2026 (see also section 2.3.3.1).

Lastly, to strengthen commitment and embed a culture of sustainability within the sales teams, improving the sustainability score is now an integral objective of the variable component of employee compensation for those eligible for it.

A Sustainable Innovation Division at Nature & Découvertes for increasingly responsible purchasing

Created in July 2020 and part of the Nature & Découvertes' Offer Department, the Sustainable Innovation Division applies the Company's continuous improvement approach to its product offer.

Scope: Nature & Découvertes

	2020	2021	2022
Share of Nature & Découvertes revenue generated by products with a positive impact in revenue from products sold ^(a)	76%	70%	64%

(a) Products promoting environmental education, crafts, renewable energies, health and well-being, education and teaching.

In 2022, the work of the Sustainable Innovation Division supported continued process and quality improvements, particularly for reducing the environmental impact of the product offer, from design through marketing, via a number of avenues:

- drive the reduction in the carbon footprint of our products:

Building on the measurement of the carbon footprint of its products, Nature & Découvertes defined an overall trajectory for reducing carbon emissions focused on the product families that generate the most emissions: -26% in emissions by 2030. The main drivers of action identified are WEEE⁽²⁾ materials, mass and power, and optimization of packaging;

- strengthen the responsible purchasing policy;

A list of 27 criteria identifies the listing requirements for the entire product offer in each collection (spring-summer/fall-winter). These purchasing criteria applicable to all product families are used to carry out an assessment at the end of each season in order to adapt the subsequent collection and develop more sustainable and environmentally friendly products.

In 2022, more than 2,200 active, new or reintroduced products (fall-winter collection) were analyzed and filtered using these criteria, to check that they met Nature & Découvertes' product listing requirements.

- In the Well-Being family, 78% of cosmetic products are certified, with the target set at 75%.
- In the Flavour family, 91% of food products are certified, with a minimum target of 90%.

- In the Toy/Games family, 52% of all wooden/cardboard toy/game products are FSC/PEFC certified, with the target set at 50%.
- In the Outdoor family, 76% of leather products are vegetable tanned and/or LWG certified, with the target set at 70%.
- In the Décor family, 27% of textile products are certified, with the target set at 30%.

The objective is for all active listed products to comply with Nature & Découvertes' requirements in respect of these purchasing criteria by 2025.

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

- minerals: list only uncolored, non-reconstituted stones, authenticated by gemology certificates, thus improving their traceability;
- seeds, plants and wood products: know the species and their origins to ensure that none are threatened or invasive;
- textiles, candles and cosmetics: strengthen the continuous improvement process for certified textiles, fragranced candles made from vegetable wax (excluding palm oil), organic and fair-trade cosmetics and the absence of endocrine disruptors;
- food products: guarantee AB or fair-trade certification;
- wood: source FSC/PEFC-certified wood.

(1) Science-Based Target initiative.

(2) Waste electrical and electronic equipment.



CORPORATE SOCIAL RESPONSIBILITY

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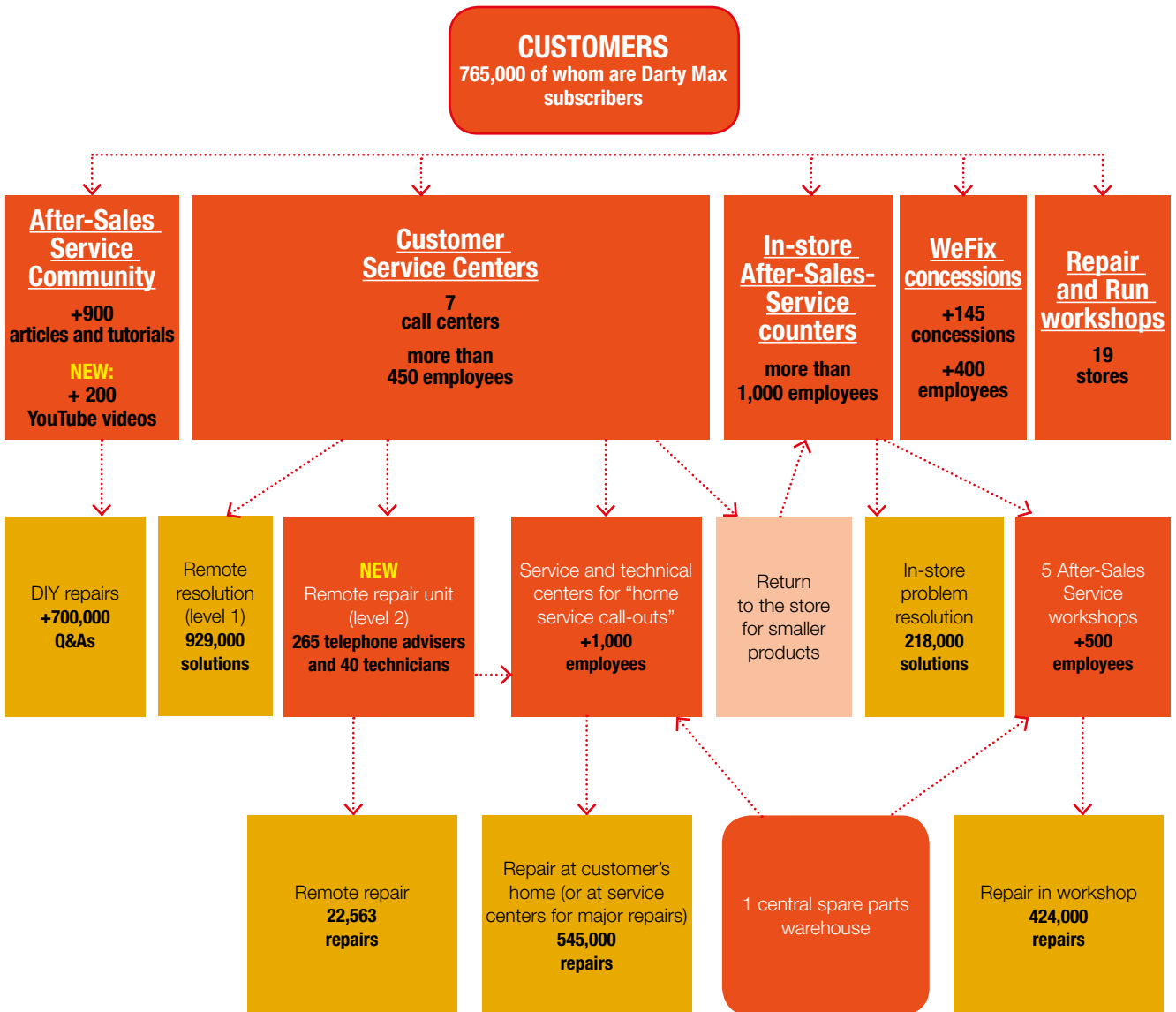
2.2.2 / ENCOURAGE MAINTENANCE AND REPAIR

Over the last few years, civil society, starting with consumers, has condemned planned obsolescence and the environmental impacts associated with prematurely discarded products. In response to this disapproval, Fnac Darty's strategic guidelines follow a sustainable approach. The Group thus favors maintenance and repair over replacement to reduce the impact of its business activities and, at the same time, to address the increase in the cost of living by offering economically relevant alternatives to the purchase of new products.

Fnac Darty has opted to support its strategic plan Everyday by significantly developing its repair activities. To achieve this, the Group can leverage one of its core assets: its after-sales service. Fnac Darty has offered repair services for all devices purchased at Fnac Darty and elsewhere for more than 20 years.

There are more than 3,000 employees dedicated to this activity in remote customer relations centers, at in-store after-sales service counters, at home, in workshops and in WeFix corners, making Fnac Darty the largest after-sales service provider in France.

2.2.2.1 / France's largest after-sales service, and sharp acceleration in activity



Repair is a practical response to the Group's climate challenges. 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 2022 accounted for approximately 2 million tons of CO₂ equivalent, i.e., 65% of the 3 million tons of CO₂eq attributable to the full life cycle of these products (see also 2.3.3.5). Extending the life span of these products by repairing them delays the manufacture of new products and therefore represents substantial "avoided emissions."

To quantify this positive impact, the Group measures the emissions avoided by repair each year, with the support of a firm of experts. The approach is comparative, 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 but leads to emissions generated by the repair activity (production of spare parts, travel by after-sales technicians, etc.). The analysis by Fnac Darty and EcoAct of products repaired in 2022⁽¹⁾ shows that repair activities in France avoided 200,000 tons of CO₂eq. Sensitivity analyses have shown that the environmental benefits of repairing domestic appliances far exceeded the rebound effects of the business.

Objective part of the plan Everyday: 2.5 million products repaired⁽²⁾ in 2025

Scope: France	2020	2021	2022	Δ vs 2021	Target achievement rate
KPI: Number of products repaired (in thousands)	1,822	2,106	2,344	11.3%	67%
■ At home	436	515	545	14%	
■ In a repair workshop	307	397	424	7%	
■ In-store	134	191	218	6%	
■ By remote customer relationship centers	755	798	929	17%	
■ By WeFix	190	205	229	12%	

2.2.2.2 / Maintenance: increasingly important for extending product life spans

According to an Ademe study, 40 to 70% of breakdowns result from maintenance issues or improper use by the customer of their device. While maintenance is one of the keys to extending the life span of domestic appliances and consumer electronics, many consumers do not follow the maintenance instructions and sometimes are not even aware of them. In order to prevent breakdowns, the Group has a role to play in raising awareness of the need to properly maintain equipment.

Maintaining appliances is not an ingrained habit: 64% of French people inquire about usage and maintenance advice when buying equipment, but just 15% routinely follow such advice⁽³⁾. The Group introduced several arrangements in 2022 to raise customer awareness of proper maintenance:

- the Darty Max subscription now includes maintenance of all registered devices in the network at least once a year, via video chat with an expert (see also section 2.2.2.3);

- maintenance advice is included for each of the 80 product families in the after-sales service Barometer (see also After-Sales Service Barometer section 2.2.1.1). These "first-aid techniques" are also supported by more in-depth advice from the Darty After-Sales Service Community (see also section 2.2.2.6);
- to coincide with Sustainable Development Week and the fifth After-Sales Service Barometer, Fnac Darty launched the "Il suffit d'un geste pour leur sauver la vie!" campaign ("Just one step to save their lives!"). For three weeks, consumers were invited to take advantage of a free service, exclusive to Darty Max: a 25-minute "video interview" with an after-sales service technician;
- with 80% of French people failing to properly maintain their appliances due to inadequate instructions⁽³⁾, from 2023 stickers will be affixed to some of the products manufactured by the Group to remind customers of essential maintenance procedures, providing permanent, concise and easily accessible guidance for customers.

(1) Scope: products repaired at home and in after-sales service workshops. The study's methodology and results are described in more detail in section 2.3.3.5.

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

(3) Ademe/Odoxa, 2021, Étude sur l'entretien des équipements et produits domestiques en France. (Study on the maintenance of household goods and equipment in France.)



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2.2.2.3 / Darty Max, making repairs easier

One of the lessons learned from the After-Sales Service Barometer is that the price of repairs (of labor and/or 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.

A major pillar of the strategic plan Everyday and the Group's low-carbon trajectory, 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.

In 2021, the Group decided to expand its offer to the entire home: small domestic appliances, home cinema TV, sound, photography and multimedia. In June 2022, the service was extended to Fnac.

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⁽¹⁾. 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 repair, support for preventive maintenance of their appliances in the form of an annual video consultation.

Objective part of the plan Everyday: 2 million Darty Max subscribers in 2025

Scope: France	2020	2021	2022	2025 objective
Number of Darty Max subscribers	approx. 200,000	approx. 500,000	approx. 765,000	2 million

Recognition:

- Grand Prix de la Good Économie: Ensuring access to sustainable products and services: Gold Prix Corporate awarded to the "Darty Max" repair subscription;
- Grand Prix Focus Retail BFM TV – "Retail Transformation Award of the Year" awarded to the "Darty Max" repair subscription.

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 large domestic appliances – except hoods – less than seven years old, purchased at Vanden Borre or elsewhere. In 2022, the subsidiary also introduced a Vanden Borre Life subscription maintenance service.

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.

HomeServe

In November 2022, Fnac Darty established a partnership agreement with HomeServe. HomeServe will offer Fnac Darty customers a variety of services such as connecting up or plumbing in their new device, to ensure trouble-free installation. HomeServe is committed to promoting the Darty Max subscription service to its customers.

(1) Subject to a flat fee for the first repair in the case of products purchased elsewhere.

2.2.2.4 / **Supporting the acceleration of repair services**

To support the acceleration of repair business activities, mainly generated by the increase in Darty Max subscriptions, the Group is strengthening its after-sales service organization and its teams of technicians.

Two new repair workshops

In October 2022, Fnac Darty opened a new service center in Chilly-Mazarin, in addition to its five other workshops. This site covers more than 10,000 m² and was designed to become the epicenter of the Group's repair activities. It comprises three major departments:

- the central spare parts warehouse, with more than 40,000 listed products and 140,000 parts in stock;
- the "repair" area, with a workshop reserved for practical training for the Group's future technicians;
- a "second life" area for repaired or reconditioned products to be resold in store or online.

In November 2022, Fnac Darty also relocated its western workshop, investing in a building covering nearly 8,000 m², close to Tours. This facility now handles product repairs and reconditioning for the entire Grand Ouest region of western France.

These investments demonstrate the Group's ambitions in terms of repair and sustainability and ensure the implementation of sufficient resources to achieve the target of 2.5 million product repairs per year by 2025.

Technicians, the cornerstones of sustainable consumption

This strategy led to a sharp increase in the number of home service visits, up 6% in 2022 compared to 2021. In order to support this demand, Fnac Darty is strengthening its teams of after-sales service technicians, as key partners in the large-scale development of repairs. An extensive recruitment campaign has been launched, with the aim of hiring an additional 500 technicians on permanent contracts by 2025. To achieve this, the Group is drawing on its Tech' Académie, which delivered work-study diploma training to more than 497 students in 2022 (see also section 2.4.1.2).

Remote repair: an efficient solution preventing unnecessary journeys

Fnac Darty is also investing in the development of remote repairs. Five remote repair units were set up in 2022, employing 265 telephone advisers and 40 technicians. They either repair the broken device directly or diagnose its cause in advance. This system helps to reduce unnecessary journeys, as well as confirming the cause of the breakdown and the parts required for repair.

In-store, Fnac Darty has introduced new filtering techniques to reduce the number of items sent from stores to workshops. In 2022, after-sales service counter employees were trained in the use of the new intelligent after-sales knowledge base (see below), to help with the repair of certain minor breakdowns directly at the counter, as well as with the diagnosis of repairs requiring parts. In addition to avoiding GHG emissions related to transportation, this process also ensures customer satisfaction, as 75% of requests are resolved directly in-store.

Belgium is also developing remote diagnostics as well as in-store filtering systems.

Roll-out of an intelligent after-sales service knowledge base dedicated to customer relations and repairs

In order to capitalize on the after-sales service expertise, Fnac Darty has established an intelligent knowledge base consolidating 20 years of technical know-how. Launched in 2021 in partnership with the Mayday start-up, this library pools information, providing access to it in a harmonized way that is readily useable by home service technicians and technicians working in call centers or on after-sales service counters. The platform's search engine can be used to enter breakdown-related questions along with the product reference. This means that technicians can quickly home in on the right operating mode, procedures and tutorials to help with resolution. This valuable tool plays a considerable role in improving after-sales service performance. It also makes an effective contribution to the resolution of minor breakdowns and to remote diagnostics.

- 244,796 technical fact sheets and 502,474 articles in the knowledge base.
- More than 1.5 million documents viewed each year.



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Development of repair at Nature & Découvertes

In order to extend the life span of the products sold by the brand, the Sustainable Innovation Division has focused its efforts in several areas:

- reduction in after-sales service from stores via the roll-out of operational solutions such as:
 - mandatory training for on-site teams,
 - updates to store procedures for after-sales service, guarantees, returns and refunds,
 - the distribution of a “best practice guide for after-sales service returns” for stores in order to improve and facilitate after-sales service management,
 - the creation of breakdown diagnostic support sheets to help with analysis of after-sales service returns;
- the reorganization of processes and management for the flows of spare parts between the warehouse and stores, to improve their visibility and accessibility to customers so as to support reparability.

2.2.2.5 / 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 (1 hour 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.

The arrival of WeFix within the Group helped to speed up the brand's development: in 2022, 5 new repair corners were opened, bringing their total number in France and Belgium to 143. A total of 279 people were recruited and 235 people were trained as repair technicians.

While about three-quarters of a smartphone's environmental impact are linked to its manufacture⁽¹⁾, 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.

Already the leading retailer of Apple products in France, Fnac Darty – via its subsidiary WeFix – joined the network of Apple Authorized Service Providers in France in 2022. This agreement, for repairing and accessing Apple spare parts, is a guarantee of quality for customers. Their Apple warranty is maintained, including when a part is replaced.

(1) Source: Ademe.

2.2.2.6 / The after-sales service community, to encourage DIY repairs and proper use

The Group supports consumers by providing advice on use, maintenance and repair, through the “After-Sales Service Community,” sav.darty.com, a public-facing website launched in 2018.

This online platform helps online users find information to help them troubleshoot and make good use of their products, drawing on the experience of the 7 million members of the community and the Group's after-sales service experts. Anyone can become an educated consumer by talking to other users who know and use their product, with facilitation by expert moderators, and by accessing the tutorials produced by Fnac Darty. The site is an everyday tool for extending the life span of consumers' products and is publicly accessible from a browser or a search engine, and via the darty.com product pages.

More than 10.8 million consumers visited the sav.darty.com Community in 2022 to find repair, use and maintenance solutions.

At the end of 2022, there were

- more than 60 articles and more than 900 tutorials for products and product families, dealing with use, maintenance and repair;
- more than 115,000 questions and more than 620,000 answers on specific products, accessible to the public;
- assistance from 5 Darty experts, for technical validation of answers provided by the Community and for writing editorial content.

2.2.2.7 / PC Clinic and Clinica Fnac, offering repair services in Portugal

Every year, Fnac Portugal boosts its repair service with its “Clinica Fnac” and “PC Clinic” workshop brands. Both brands offer guaranteed and non-guaranteed repairs, diagnostics and quick telephone repairs.

Clinica Fnac and PC Clinic have 37 stores and corners across the country, more than 160 after-sales service technicians, and repaired more than 55,000 appliances in 2022 (up 47% compared to 2022).

Over the last few years, Fnac Portugal has strengthened and extended its repair partnerships with major brands including Apple, HP, Samsung, Huawei, Lenovo and Asus.

Thanks to their geographical coverage, their partnerships and the promise of speedy repair, Clinica Fnac and PC Clinic are positioning themselves as the go-to for quick repair in Portugal.

2.2.3 / 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 lifespan. 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 or outdated products has become a priority development area for the Group in recent years.

In order to find responsible solutions for customer returns and unsold products, democratize access to technology at lower cost, and increase the value of these products, the “second life” business is developing several recovery channels:

- resale of reconditioned or slightly damaged products;
- resale of nonfunctioning products to discounters;
- donations to associations.

In 2022, volumes resold under the Fnac “second life” and Darty “second life” brands increased by 34% compared to 2021.

The strong growth in these business activities led to the opening of two “second life” workshops. Covering 900 and 2,000 m² respectively, these new spaces significantly increase the division’s operational capacity, bringing second life and after-sales service together, for products requiring repair (see also section 2.2.2.1).

2.2.3.1 / Develop a high-quality second life product offering

Although “second life” has seen rapid growth in recent years, it still sometimes suffers in the market from negative perceptions around product quality. The Group has opted to develop a high-quality offering and place second-life products alongside new ones.

A range of reconditioned products meeting the same quality standards as new products

The Group’s objective is to develop an offering that optimizes its 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:

- after-sales service, with a two-year warranty (one year more than the statutory warranty period for reconditioned products);
- a 15-day cancellation period;
- delivery-installation, with the same service offering as for new products;

- associated repair services, with the integration of second life products into the Darty Max maintenance and repair subscription service.

More transparent classification of second life product condition

Fnac Darty also commits to providing transparent information on the condition of “second life” products. The scale from “excellent” to “good” has been overhauled to provide customers with a more detailed description of the potential defects that their reconditioned product might present.

Second life in Portugal

In 2022, Fnac Portugal continued to develop the in-store Fnac RESTART range for reconditioned consoles and telephones and is currently developing a marketplace offering.

Fnac Suisse has also created a “second life” page in addition to setting up in-store corners, and has introduced take-back for Apple products through its partnership with Revendo.ch.

2.2.3.2 / Increasing the supply of second life products

Fnac Darty is taking a variety of approaches to increasing its second life product pipeline without compromising on quality:

- improved classification and expanded sorting criteria: Fnac Darty is actively working to reduce upstream product breakages, including during the transport phase. For products that are still operational, the Group has reviewed its sorting criteria to include for sale products with certain flaws, including dents or scratches. Thanks to the new close relationship between the reconditioning workshops and the after-sales service workshops, there are also more repaired second life products;
- take-back, an effective approach to boosting product circularity: the Group has launched take-back schemes to promote circularity, to encourage customers to put their used items back on the market. Fnac and Darty take back consumer electronics – smartphones, cameras and other multimedia devices – in return for a voucher. The product can be taken back to a store or online by dropping the product off at a pick-up point. The vast majority of these products are then resold directly by Fnac Darty.



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For editorial products, in September 2022 Fnac Darty launched the test phase of a new book take-back service in 26 stores and via the web. Fnac Second Life now takes back books directly. Books that have been taken back are sorted and then made available for resale through a partnership with Rediv.

2.2.3.3 / **A solidarity-based second life for unsaleable new products via donations**

When new products are deemed unsaleable, Fnac Darty gives preference to donations to associations or social economy companies. The Second Life Division has significantly developed this channel since 2020. In 2022, nearly 500,000 products from the catalog were donated to associations such as the Agence du Don en Nature, and long-standing partner associations such as Emmaüs France, Bibliothèques sans Frontières, Envie and Secours Populaire (see also section 2.6.3.3).

In 2022, a new solution for donating unsold goods directly by and from stores was rolled out in all Fnac stores. This was introduced in partnership with Comerso, one of the leading players in the recovery of unsold goods, which has developed a logistics and IT solution for managing donations in kind.

As a result, stores can donate directly to local associations, avoiding returns of such products to the warehouses and helping to create an impact directly in the areas where stores are located.

In parallel, the Group continued 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 nearly 17,000 tons of domestic appliances in 2022. Close to 41% 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 and in kind) made to associations are presented in more detail in section 2.6.3.

Partnerships to reduce waste, particularly food waste, at Nature & Découvertes

Nature & Découvertes is continuing two partnerships with Comerso (unsold non-food goods) and Too Good To Go (unsold food products), and is testing an "anti-waste" section to get more value out of perishable inventories.

Nature & Découvertes also launched a "Second-hand" service in 2022 with its first limited sale of reconditioned products from the Astronomy, Outdoor Activities, Toys and Games and Well-Being families on its e-commerce site.

Since 2020, Nature & Découvertes has been a signatory to the "Look, Smell, Taste, Don't Waste" date labeling initiative introduced by the Too Good To Go start-up and joined by stakeholders (manufacturers and retailers) in the agri-food industry. The initiative is fully consistent with the process of managing expiration dates that Nature & Découvertes embarked on in 2019.

This commitment is reflected in a roadmap of 18 actions shared by stores, warehouses and headquarters, which includes a variety of measures such as:

- overhauling product specifications;
- overhauling logistics specifications;
- involving suppliers;
- automating logistics tools;
- introducing FEFO (First Expired First Out) at the warehouse and in stores;
- setting up a tracking indicator for marked down products;
- training advisers;
- overhauling promotional campaigns;
- adding "et aussi après" ("and afterward") to product packaging.

Review of the partnership with Too Good To Go to save unsold goods

- 18,083 baskets, the equivalent of 18 tons of food saved from waste since launch in July 2019.

Comerso review 2022

- 124,000 products donated with a value of €431,000.
- Donations to associations: Predominantly Apprentis d'Auteuil and Libraries Without Borders.

2.2.4 / 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, such as cardboard boxes, plastic sheeting and polystyrene;
- waste electrical and electronic equipment, batteries and other small consumables, such as cartridges and light bulbs.

For the Group, optimizing the management of this waste is essential:

- to ensure that sites comply with current and future statutory requirements, including, in France, the law on Energy Transition for Green Growth and the so-called "Cinq flux" (Five flows) decree, the Environmental Code and the extension of the principle of extended producer responsibility to new waste categories;
- to limit the costs associated with waste processing (cost of processing common waste, penalties for downgrading skips) by reducing the proportion of non-recyclable waste through better sorting of materials;
- to improve the Group's performance in terms of waste recovery, in order to limit the environmental impact associated with waste.

The updating of Fnac Darty's materiality analysis in 2022 confirmed the strategic nature of these waste-related issues.

2.2.4.1 / Fnac Darty, the leading WEEE collector in France

Aware of the environmental 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 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 brands, 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 40,258 tons in 2022, making the Group the main contributor of WEEE in the retail sector.

	2020	2021	2022
Volumes of WEEE collected (tons)	49,943	51,766	45,285
<i>Fnac and Darty France</i>	44,898	46,778	40,258
KPI: Volume of WEEE collected/revenue (tons/€ million)	6.7	6.5	5.6

The decline seen in 2022 is mainly linked to a reduction in deliveries of large domestic appliances, the main source of WEEE collections. There was a reduction in purchases of domestic

appliances in this post-Covid period, following increased sales in this product segment during the pandemic.



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Other hazardous waste

The Group also collects other waste for approved recycling organizations, such as batteries, bulbs, fluorescent tubes, and ink cartridges. This waste comes from the Company's consumption and from customers, who can place their waste in the collection bins.

- Ink cartridges: in France more than 90,000 ink cartridges were collected by Ateliers du Bocage, part of the Emmaüs network, which uses recycling as a means of employment integration. Across the Group, nearly 7.6 tons of ink cartridges were handed over to recycling companies.
- Batteries: in 2022, more than 35 tons of batteries and portable accumulators were also collected at the Group's various sites and sent for recycling. To actively participate in the recycling of industrial batteries, such as batteries for electrically assisted bikes, electric scooters and other urban transportation devices, the Group is also committed to the voluntary program for recycling these batteries. This commitment, introduced by eco-organization Corepile at the request of the "Union Sport et Cycles," involves a financial contribution for each battery sold by the Group, the leading seller on the French market, and the implementation of a collection system for these batteries at all Group sites, excluding Fnac franchises. In 2022, 1.5 tons of industrial batteries were handed over to Corepile for recycling.
- Bulbs and fluorescent tubes: more than 3 tons have been collected and sent for recycling.

Compliance with new EPR schemes

The AGEC law specifies that economic operators are responsible for the entire life cycle of the products they place on the market. New extended producer responsibility (EPR) schemes emerged in 2022 for clothing and household linen, soft furnishings, toys, sports and leisure items, as well as DIY and gardening items. Fnac Darty has formed partnerships with eco-organizations for each of these ERP schemes, covering both its direct sales and those made through its marketplace.

Brita cartridges

In order to promote the recovery of filter cartridges, Fnac Darty established a partnership with Brita in 2022, to collect and recycle this fully recyclable waste in Darty stores.

Some 2,700 kg of cartridges were collected (1,950 kg in 2021). Since June 2022, franchised stores have also joined the collection scheme.

2.2.4.2 / Optimization and recycling 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.

Optimization of packaging volumes in logistics

In addition to improving the customer experience, packaging optimization aims to reduce the amount of cardboard and empty space in packages. These initiatives have a direct impact on the surface area used in warehouses and stores, and on transport costs.

Since 2018, two Fnac Darty logistics sites have been equipped with a fully automated solution that enables them to minimize the amount of cardboard used through the custom sizing of packages.

In 2022, with the ongoing aim of optimizing their size, tests were conducted with new machines that enable some cardboard boxes to be replaced by envelopes. This solution provides very significant gains in terms of both resources and the space in trucks. There are plans to roll out this solution to several warehouses in 2023 and 2024.

Sourcing of more environmentally responsible materials and the eco-design process for packaging for own-brand products

As part of its responsible purchasing policy, the Group is using an increasing amount of sustainable materials for its packaging. Since 2022, warehouses have replaced their plastic blocking and filling materials with recycled and recyclable brown paper, saving 1,715 rolls of plastic.

Furthermore, since the end of 2021, all e-commerce packaging in France has been made of recycled cardboard.

In Belgium, shrink wrap was replaced by a PCR film that is 25% thinner and contains over 60% recycled material. This change made it possible to save approximately 2.4 tons of plastic across Fnac Belgium and Vanden Borre in 2022.

Portugal aims to reduce its consumption of cardboard and paper for e-commerce orders by 40%. To achieve this, cardboard boxes will gradually be replaced by reusable containers and 95% of cardboard will be made of recycled materials.

At Nature & Découvertes, the Sustainable Innovation Division has continued its eco-design approach to packaging with the aim of reducing the environmental impact of the brand's primary and secondary packaging in the short and medium term: adjusting packaging to fit the size of the product as closely as possible, reducing plastic and selecting recycled/recyclable materials. In addition, new specifications help professionalize dialogue with all suppliers.

2022 Performance

Scope: Group	2020	2021	2022	Δ vs 2021
Volume of packaging (cardboard and plastic) purchased (tons)	5,758	5,613	4,930	(12%)
Volume of packaging (cardboard and plastic) purchased (tons/€ million of revenue)	0.8	0.7	0.6	

Packaging purchases by volume were down in 2022 due to the slowdown in e-commerce activity. However, the reduction compared to revenue is the result of efforts made to eliminate the use of some plastics for blocking and filling and to reduce the amount of empty space in packages (see initiatives described below).

Collection and recycling of packaging

Aware of the 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 the management of its waste, 90% of which consists of recoverable materials.

Since 2020, the Group has used a centralized waste management system for stores and warehouses, so as to monitor their performance in real time and to correct any shortcomings, such as downgrades or empty runs.

The Group is also investing in equipment and has launched new processes to improve sorting and reduce the number of collections. Some strategic sites were fitted with compactors, which enable them to reduce the number of journeys, and to package the materials in a way that allows them to be sold to recycling channels.

2022 Performance

Scope: Group	2021	2022	Δ vs 2021
Volumes of recoverable waste ^(a) generated and entrusted to recycling providers (in tons)	9,641 ^(b)	9,133	(5%)
Volumes of non-recoverable waste (in tons)	4,568	4,280	(6%)
KPI: Waste recovery rate^(c)	67.9%	68.1%	0.2 pt

(a) Cardboard, paper, plastic, polystyrene, wood, metal, glass, bio-waste; excluding waste brought in by customers and excluding hazardous waste.

(b) Due to an extension of the reported scope (France in 2021, Group in 2022), the figure for 2021 has been adjusted to reflect the whole scope.

(c) Proportion of recoverable tons of waste out of all waste generated (recoverable + non-recoverable).

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). The compaction and sorting equipment, and the regular supervision of KPIs by the Circular Economy Committee, helped to increase the rate for France to 64% in 2022. Group-wide, the recovery rate was 68.1%.

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.

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.



CORPORATE SOCIAL RESPONSIBILITY

Promote sustainable consumption and an educated choice

2.2.5 / PUBLIC ENGAGEMENT AND RAISING AWARENESS OF SUSTAINABILITY ISSUES

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.

2.2.5.1 / Cooperation with public authorities and associations

In recent years, Fnac Darty has consistently contributed to consultations on the implementation of bills concerning its activities.

The Group has therefore actively supported the law aimed at strengthening the bookstore economy and nurturing fairness and confidence among industry players, which was promulgated on December 30, 2021. This law, which imposes a mandatory minimum fee for the delivery of books to homes, provides for the publication of a legal order setting out a price schedule. In 2022, the Group took part, alongside other industry players, in the public stakeholder consultation organized by ARCEP in the spring, putting forward its opinions and providing in-house figures and analyses. The French government notified the European Commission of the ARCEP proposal. The Group has posted a contribution to the dedicated platform in support of the project.

Fnac Darty took part in the various consultations organized on the implementing decrees for the AGECE (circular economy) law. The Group has been actively involved in consultations organized under the aegis of the Fevad and with eco-organizations and the government on the new obligations incumbent on online platforms under Article 62 of the AGECE 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 salespeople who do not comply, and in particular payment of the eco-contribution for salespeople who do not have a unique identifier under EPR).

Fnac Darty also took part in the activities of the working group led by the French Ministry of Ecological Transition on extending the reparability index to new categories of devices (top-loading washing machines, dishwashers, pressure cleaners, vacuum cleaners) and responded to the public consultation on this subject.

The Ministry of Ecological Transition also began consultation on the sustainability index, which is scheduled to replace the reparability index on January 1, 2024. Fnac Darty has one representative in the cross-border working group, and two representatives in the sector-based working groups.

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;
- as part of its ongoing commitment to reduce its impact on the climate, Fnac Darty signed the EcoWatt and EcoGaz charters in fall 2022 and rolled out an energy efficiency plan based on several pillars: modernization of equipment in favor of more efficient equipment; deployment of LED lighting and centralized building management systems, raising awareness among employees, customers and suppliers (see also section 2.3.3.3);
- 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 2021 under the aegis of the French Ministry of the Economy and Finance. Fnac Darty co-chaired the workshop entitled: “New consumption habits and new business models, or how to adapt trade to new consumption habits and make each business a key player in the ongoing transformation process.” This event was an opportunity to make concrete proposals for more sustainable and fairer trade in the future. The Group will play a full role in the work of the CNC (Conseil national du commerce, the French national trade council), created at the end of 2022;
- Belgium is involved in developing an eco-calculator led by Mobilise, a research group set up by the VUB (*Vrije Universiteit Brussel*). The tool will calculate the environmental and societal impact (CO₂ emissions, air quality, traffic jams, noise pollution, etc.) of the various e-commerce delivery methods (home, store, pick-up point and locker) and will be made available to participating retailers during 2023.

2.2.5.2 / Raising public awareness of sustainability issues

Responsible marketing: a tool for raising customer awareness

The aim of responsible marketing is to make consumers question their consumption habits, but also to help increase demand for sustainable products.

As well as providing a practical response to the issues facing society, talking about the initiatives and services that help the Group reduce its impact enables it to encourage responsible consumption, differentiate itself from the competition and improve its brand image among all its stakeholders.

Business communications with a focus on sustainable consumption

In 2022, Fnac Darty voluntarily signed a “climate agreement,” committing itself to invest more in business communications that promote ecological transition.

As such, Fnac Darty is also using the following initiatives to place increasing emphasis on responsible consumption in its speaking engagements and advertising campaigns:

- the “Sustainable Choice” campaign to guide customers toward an educated choice;
- the launch of 360° communication on subscribing to the “Darty Max” repair service, to raise customer awareness of “repair rather than replace”;
- a monthly newsletter sent to Darty Max subscribers, providing tips on use and maintenance as well as advice on recycling end-of-life products;
- raising customer awareness of eco-actions as part of its energy efficiency commitments under the EcoWatt charter (see also section 2.3.3.3);

- the scheme for the in-store recovery of end-of-life products.

On the other hand, the advertising department also encourages suppliers to highlight their CSR communications and “Sustainable Choice” products by offering an additional week’s visibility in the stores when two weeks are purchased.

Fnac Darty’s determination to communicate responsibly was also reflected in the fact that, in 2022, the marketing teams received training on environmental claims and the risk of greenwashing:

- 5 training sessions were delivered in 2022;
- 36 participants from Fnac Darty and Nature & Découvertes.

Enhance and increase the visibility of the “second life” brand

In order to make its offering more visible on its commercial websites and in its stores, the brand identities of the “second life” brands were overhauled.

New slogans for both brands put reconditioned items under the spotlight: “Second life with confidence with Darty” and “Second life prices, backed by the Fnac guarantee.”

Merchandising was also given a new look, both in stores and on the commercial websites. In-store, products are now highlighted by a specific trim in the “second life” colors and are positioned alongside new products in each department. On our websites, subject to availability, “second life” products are suggested more often as alternatives to new products on the product pages.

The launch of these new brand identities was also supported by promotional campaigns highlighting “second life” products. The specific purpose of these campaigns is to increase the visibility and attractiveness of these products to customers so that they are more often seen as a solid alternative to buying new products.



CORPORATE SOCIAL RESPONSIBILITY

Reduce our impact on the climate and the environment

2.3 / Reduce our impact on the climate and the environment

Background and trends

In 2015, the COP 21 Paris Climate Agreement set targets for keeping global warming below 2°C in 2100 compared to pre-industrial temperatures, and aiming for 1.5°C. According to IPCC experts, if we are to limit global warming to 1.5°C and thus limit the worst effects of this climate change, emissions must peak by 2025 at the latest. These effects were strongly felt in 2022, with several periods of sweltering heat in Europe and a record drought.

For a retailer such as Fnac Darty, global warming poses a multitude of short-, medium- and long-term physical and transition risks. These are included in the Group's risk mapping (see also section 6) and are subject to a specific risk analysis. Updated in 2022, the materiality analysis also confirmed that internal and external stakeholders have high expectations that the Group will take climate issues into account.

In order to keep Fnac Darty's development within global limits, the Group has committed to a low-carbon trajectory, by setting targets that are in line with science. These targets relate to its most direct emissions (scopes 1 and 2) and its indirect emissions (scope 3) and were approved by the Science Based Targets Initiative (SBTi) in 2022.

To succeed in this transition, the Group strengthens its climate governance and its management of climate-related risk and opportunities on an annual basis. Fnac Darty has also launched an analysis of the impact of its activities on biodiversity, which is closely linked to climate change. Finally, the roll-out of the climate roadmap is accelerating, with the dual aim of both mitigating and adapting to global warming.

This integrated management of climate issues was commended by the CDP (formerly the Carbon Disclosure Project): in 2022, on the basis of the 2021 data, the Group maintained its A- rating. With a rating now above the average for European companies (B) and the average for the specialized retail market (C), Fnac Darty has been ranked within the "Leadership" category for the second year running.

Risks

- Regulatory risks: strengthening of climate regulations (energy, circular economy, etc.)
- Market risks: change in consumer behavior (decline in demand)
- Reputational risks: loss of reputation and attractiveness (in the event of damage to the environment or failure to take climate issues into account)
- Physical risks: supply chain disruption, interruptions to business activity, productivity losses, etc.

Opportunities

- Control of energy- and transportation-related costs
- Operational resilience
- Access to new markets (second life, urban mobility)
- Diversification of business activities (repair services)
- Attractiveness of our brands and our employer brand
- Access to new sources of financing

Levers activated

- Dedicated climate governance to incorporate climate issues at all levels of the Company
- An in-depth analysis of climate risks and opportunities, for mitigation or adaptation and resilience planning
- Incorporation of climate issues into the strategic guidelines, via a trajectory that is aligned with the targets of the Paris Agreement and via the diversification of business activities
- Genuine emissions-reduction initiatives and measured results

2021 Actions

- Approval of climate-related objectives by the Science Based Targets initiative
- Roll-out of an energy management system
- Signature of a Corporate Power Purchase Agreement
- First analysis of physical risks (acute and chronic)
- First analysis of the Group's impact on biodiversity
- Acceleration in the development of repair and preventive maintenance services
- Framing the "second life" offering
- Acceleration of the greening program for the fleet of owned and sub-contracted vehicles

KPI and associated indicators

- **KPI: 67,938 t CO₂eq generated by site energy and transportation** (down by -17% compared to 2019)
 - Target (EVERYDAY): (50%) by 2030 compared to 2019
- CDP: A-
- -14% drop in electricity consumption in France (in unified degree days)
- 47% of all electricity consumed came from renewable sources
- 10% of transport flows from warehouses to stores are now low-carbon

In this chapter, Fnac Darty provides a summary of the various levels at which climate issues are integrated into the Group's strategy and governance in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD – see the cross-reference table in section 8.8.7).

This chapter 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 (section 2.3.4).

2.3.1 / RISK MANAGEMENT AND GOVERNANCE

2.3.1.1 / Dedicated governance

- Fnac Darty has structured its governance in order to strategically address climate issues, with a view to mitigating the physical and transition risks associated with global warming. These issues are analyzed and managed by several bodies and by multiple Company stakeholders.

Role and responsibilities

Board of Directors	<ul style="list-style-type: none"> ■ The CSR Committee examines the CSR strategy and the Group's low-carbon pathway three times 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.
Executive Committee	<ul style="list-style-type: none"> ■ 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. ■ The Chief Executive Officer, who embodies the Group's CSR commitments, is responsible for making decisions on structural projects designed to address major risks or opportunities related to the climate. ■ 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.
Climate Committee	<ul style="list-style-type: none"> ■ Climate issues are analyzed and managed by the Climate Committee. 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 and, since 2022, by the Commercial Director, who is responsible for monitoring product-related climate targets (see section 2.3.2). ■ Created in 2019, it meets three times a year to monitor the trajectory of CO₂ emissions, draw up action plans and monitor the roadmaps for the various operational sectors. ■ The members of the Committee (Management Committee of the Services and Operations Department – National Transportation, After-Sales Service, Logistics and Flows, Services Policy) received training on climate issues and carbon footprint measurement. Since then, they have continued to add to this training to develop their skills.
Business line and subsidiary representatives	<ul style="list-style-type: none"> ■ 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 have specific responsibility for measuring the CO₂ impacts of their activities, steering their low-carbon roadmaps and for monitoring their respective objectives.
Group CSR Department	<ul style="list-style-type: none"> ■ Within the General Secretariat, the CSR Department coordinates the reporting of CO₂ emissions, the monitoring of roadmaps, the mapping of risks and opportunities associated with climate change and the dialogue 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.



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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 and the Legal Department actively monitor climate-related regulatory developments and collaborate 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 Department ensures that the information published by the Group is consistent with investors' growing expectations regarding the integration of climate issues in the strategy. It responds to ESG analysts and non-financial rating agencies in a transparent manner.
- The Technical and Maintenance Department drives the roll out of an energy management system and provides expertise on energy- and building-related issues.
- 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, particularly those associated with transportation and energy purchases.

2.3.1.2 / Climate challenges embedded in strategic priorities and risk management

Within the framework of its climate strategy, Fnac Darty identifies, assesses, and responds to physical and transition risks, as well as seizing opportunities associated with climate change. Shared at all levels of the Company, this strategy has contributed substantially 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.

Over the last two years, the Group has adopted a multi-disciplinary approach to the specific analysis of climate-related risks. Having analyzed the main transition risks that may affect the Company in 2021, in 2022 Fnac Darty conducted an in-depth analysis of its exposure to physical risks.

Analysis of physical risks

As a consequence of its activity, Fnac Darty is exposed to these physical risks and has adopted the Ocara methodology⁽¹⁾ as a framework for analysis to understand its level of resilience to the impacts of climate change. The analysis was carried out by a consultancy firm and was used to map the exposure of more

than one thousand Group sites to climate change by looking at four climate events: extreme heat, heavy rains and river flooding, drought and clay shrinkage, and temperature and cooling. The study considered radiative forcing scenario SSP5-8.5 (the scenario in which greenhouse gas emissions continue to grow in line with current trends) and focused on the time frames 2030 (2021-2040) and 2050 (2041-2060).

The analysis was then supplemented by a financial impact analysis focusing on two climate-related impacts: the increase in cooling requirements and therefore changes in energy bills, and the loss of productivity associated with heat wave events at logistics sites.

Results of the analysis

The exposure of the Group's sites to floods and subsidence remained low in 2030 and 2050. However, the majority of sites will experience an increase in heatwave conditions ("number of days above 35°C") and therefore in the cooling requirements associated with the gradual increase in temperatures, which will have a moderate impact on air-conditioning costs. Therefore, the Group's sites could, on average, experience a 32% increase in cooling degree days⁽²⁾.

A sharp increase in heatwave conditions could affect around ten stores in 2030 and more than 125 in 2050, including seven strategic sites⁽³⁾, which could lead to a deterioration in working conditions during these events.

(1) Developed in partnership with Ademe, HDI Global France, Bureau Veritas and the CCI Grand Est, OCARA is the first benchmark for analyzing companies' resilience to climate drift.

(2) Definition: cooling degree days (CDD) are equal to the number of degrees Celsius on a given day on which the average temperature exceeds 18°C.

(3) For the purposes of the analysis, some sites were identified as highly strategic: warehouses, headquarters, data centers and strategic stores with significant revenue.

Summary of the main climate-related risks and opportunities

Fnac Darty considers a risk to have a material financial and/or strategic impact if its occurrence would result in a loss of revenue, a significant increase in indirect costs or constitute significant damage to the Group's reputation or development (attractiveness, talent retention, etc.).

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/opportunity factors	Description	Potential impact	Horizon	Strategic response
Transition risks				
Regulatory risks Because of its activities 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 achieve national and European targets for reducing CO ₂ 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	See section 2.3.3.4
	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)	++	MT	See section 2.3.3.3
	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 reform of the European carbon market	+	ST	See section 2.3.3.3
Market risks 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	See section 2.2
Physical risks				
Acute risks: Climate change leads to extreme weather phenomena: heat waves, floods, storms and so on.	Increase in energy bills, linked to increased cooling requirements	+	MT	See section 2.3.3.3
	Loss of productivity or even temporary suspension of work at logistics sites (warehouses, delivery platforms, after-sales service sites)	+	LT	See section 2.3.3.3
	Material damage to the Group's infrastructure	Not assessed		
	Supply chain disruption linked to extreme weather events or a scarcity of resources associated with climate change	Not assessed		
Opportunities				
Business opportunities associated with low-carbon products and services, or facilitating the energy transition	Access to new markets associated with the ecological transition of consumers	+	ST	See section 2.2
	Diversification of activities thanks to the emergence of new consumer expectations	++	ST	See section 2.2
	Improvement of brand image and employer brand image	+	ST	See section 2.4.5.1



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Management of climate-related 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.

Risks associated with the impact of climate change on the Group

The climate risk analyses are fed into the Group's risk mapping, which recognizes climate issues as an important risk factor for Fnac Darty (see section 6.1). They are reviewed and revised at the same time as the Group's risks. This mapping is presented in detail to the Audit Committee and approved by the Board of Directors once a year. The issues identified are subject to action plans aimed at avoiding, mitigating or transferring risks. They are mainly monitored by the Group's Climate Committee, or by other thematic committees (circular economy, greening of the vehicle fleet, etc.). Climate-related opportunities are central to the work of the Sustainability Committee, driven primarily by the Sales and Services Departments.

Risks associated with the impact of the Group's activities on climate change

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 include:

- the impacts very closely linked to Fnac Darty's business model: the retailing of new products (particularly electrical and electronic products) generates CO₂ emissions through the manufacturing process. This risk is regularly assessed by the Climate Committee, based on:
 - annual monitoring of CO₂ emissions generated by the products sold,
 - annual monitoring of CO₂ "avoided" through repairs and the sale of second-hand products,
 - monitoring of the targets approved by the Science Based Targets initiative;
- 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 means of business-line KPIs: CO₂ emissions generated per pallet, CO₂ emissions generated per package, CO₂ emissions generated per delivery, CO₂ emissions generated per after-sales service call, CO₂ emissions generated per square meter.

2.3.2 / CLIMATE STRATEGY INTEGRATED WITHIN THE EVERYDAY STRATEGY _____

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."

In addition, Fnac Darty's climate change risk assessment is based on the IPCC scenarios and the transition scenarios developed by Ademe⁽¹⁾. The assumptions applied by the Group 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.

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

The table below summarizes the Group's transition plan, which is based on this analysis and is directly integrated into the company's overall strategy.

Challenge	Strategy	Associated risks and opportunities	Levers activated	Commitments
Products 90% of the total carbon footprint (entire life cycle)	Develop the business model by choosing to extend the life span of products instead of replacing them	<ul style="list-style-type: none"> Transition risk: change in consumer behavior Opportunity: business diversification 	<ul style="list-style-type: none"> Develop repair services, first and foremost the Darty Max subscription Promote the importance of preventive maintenance in extending product life span Promote the "second life" of products 	<p>Everyday: 2.5 million products repaired in 2025</p> <p>Everyday: 2 million Darty Max subscribers by 2025</p>
	Select, promote and encourage customers to choose more reliable, repairable and energy-efficient products		<ul style="list-style-type: none"> Share after-sales service data with customers Raise customer awareness about how to maintain their products and use them properly 	<p>Everyday: sustainability score of 135 in 2025</p> <p>SBT: Reduce emissions from product use by -22% per product sold by 2030 (compared to 2019)</p>
	Encourage suppliers to design more reliable, repairable and energy-efficient products	<ul style="list-style-type: none"> Transition risk: increasing regulations, change in consumer behavior 	<ul style="list-style-type: none"> Measure and manage product reliability and reparability for each category Share after-sales service data and engage in dialogue with suppliers to help them improve 	
	Encourage branded product suppliers to set goals aligned with climate science		<ul style="list-style-type: none"> Engage in dialogue with suppliers 	<p>SBT: Suppliers representing 80% of CO₂ emissions from product manufacturing will have defined science-based targets by 2026</p>
Energy 40% of scope 1 + 2	Decarbonize the energy consumption mix	<ul style="list-style-type: none"> Transition risk: increasing regulations, rising energy prices. 	<ul style="list-style-type: none"> Renewable electricity purchase agreements 	<p>SBT: Reduce scope 1 and scope 2 emissions by 50% by 2030 compared to 2019</p>
	Reduce energy consumption	<ul style="list-style-type: none"> Physical risks: higher energy costs due to higher temperatures, deterioration of working conditions 	<ul style="list-style-type: none"> Roll-out of an energy management system Investment in LED and BMS 	<p>Reduce electricity consumption by 15% between 2022 and 2024</p>
Transportation 60% of scope 1 + 2 4% of scope 3	Decarbonize owned fleets	<ul style="list-style-type: none"> Transition risk: increasing regulations, rising energy prices 	<ul style="list-style-type: none"> Purchases of electric vehicles, bioNGV, bio-ethanol 	<p>SBT: Reduce scope 1 and scope 2 emissions by 50% by 2030 compared to 2019</p>
	Encourage carriers to decarbonize their fleets		<ul style="list-style-type: none"> Engage in dialogue with suppliers 	<p>Fret 21: Reduce emissions from outsourced transportation by 10% by 2023</p>
	Reduce distances		<ul style="list-style-type: none"> Optimization of transportation and loading schedules Reduction of size and empty space in packages 	
	Encourage customers to choose more environmentally friendly delivery methods	<ul style="list-style-type: none"> Transition risk: change in consumer behavior 	<ul style="list-style-type: none"> Inform customers about the average emissions associated with each delivery method 	



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2.3.3 / OBJECTIVES, ACTION PLANS AND PERFORMANCE

Fnac Darty has aligned itself with the most ambitious trajectory of the Paris Agreement (+1.5°C by 2100) to reduce its most direct emissions (scope 1 and scope 2) and with a trajectory below 2°C to reduce its indirect emissions (scope 3).

2.3.3.1 / Climate science-based reduction targets

By setting ambitious targets, Fnac Darty aims to put the entire organization under pressure to help reduce GHG emissions related to its activities and to implement strategies to adapt to the consequences of climate change.

In 2022, the Group submitted three science-based targets (see “SBT target” in the table below) to the Science Based Targets initiative⁽¹⁾, which approved them in October. Fnac Darty will publish performance against these targets in the CDP 2022 questionnaire:

- reduce scope 1 and scope 2 emissions by 50% by 2030 compared to 2019;

- reduce emissions from the use of products sold by -22% per product sold by 2030 compared to 2019;
- ensure that suppliers representing 80% of product manufacturing emissions have set climate science-based targets science by 2026.

The Climate Committee is responsible for monitoring these targets, with active participation by the Sales Department in relation to the SBT targets for products sold since 2022. These objectives sit alongside the reduction target set out in the strategic plan in 2021. This is still the operational objective and concerns GHG emissions for which the Group considers that it has direct levers for action (i.e. transport and energy at the sites). This managerial decision was supported by the Group’s recent materiality analysis, which shows that reducing emissions directly related to operations is considered a priority by Fnac Darty’s stakeholders, particularly internal stakeholders.

Everyday target (scope: Group)	2019	2020	2021	2022	vs N-1	vs 2019	target achievement rate
Transport (excluding upstream transport) and energy	81,575	71,618	77,272	67,898	(12%)	(17%)	33%
GHG emissions related to transport and energy per million euros of revenue	11.1	9.6	9.6	8.6	(11%)	(22%)	

The challenge related to sites’ energy performance has also been moved higher up the list of priority issues. A specific objective has been established for this last issue in France, in response to this expectation and to the call from the public authorities to implement an energy efficiency plan: **reduce electricity consumption by 15%⁽²⁾ by 2024 compared to 2022.**

Other objectives included in the strategic plan Everyday indirectly measure the Group’s performance in the climate transition, as the Group’s efforts for extending product life span make it possible to avoid GHG emissions (compared to the scenario of premature product replacement – see section 2.3.3.5):

- **achieve a sustainability score of 135 by 2025** (see section 2.2.1); and
- **achieve a target of 2.5 million products repaired by 2025** (see section 2.2.2).

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.

2.3.3.2 / GHG emissions summary (scope 1, 2 and 3)

The scope of the carbon footprint corresponds to the financial scope, and includes most of the GHG emissions related to the Group’s franchise business. The emissions included for franchises are:

- GHG emissions related to the energy consumption of franchised stores (item 3.14);

(1) 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).

(2) Adjusted to degree days to accurately reflect performance levels without weather-related impacts.

- GHG emissions related to the manufacture, transport, use and end of life of products purchased by the franchises from the Group's central purchasing office and distributed by the franchised stores (items 1.1, 3.1, 3.4, 3.7, 3.8 and 3.9).

Emissions are reported in tons of CO₂ equivalent.

Fnac Darty is improving its GHG emissions calculation methodologies year on year. In 2022, it changed its calculation methodology for several emission items, in particular for the

significant item of purchased products, upstream transportation, the use of products sold and their end of life. For items such as fixed assets and indirect purchases, the Group has been able to use activity data and thus avoid certain extrapolations to refine the calculations. The Group has also corrected marginal errors, which, when added together, can have a significant impact on the consolidated result. In order to ensure data comparability from one year to the next, the Group's policy is to recalculate previous years.

Emissions item (GHG Protocol) (in kt CO ₂ eq)	2019	2020	2021	2022
1.1 Fixed sources of combustion	5.4	4.8	5.8	4.6
1.2 Mobile sources of combustion	11.3	11.3	12.8	13.0
1.4 Direct fugitive emissions	3.2	3.2	3.2	2.1
Scope 1: direct emissions	20.0	19.3	21.8	19.6
2.1 Electricity consumption – MB	8.3	2.0	1.5	2.0
2.2 Steam, heating or cooling consumption	0.1	0.1	0.2	0.2
Scope 2: indirect energy-related emissions	8.4	2.1	1.7	2.1
3.1 Products and services purchased	2,511.7	2,444.5	2,482.2	2,177.1
<i>Of which indirect purchasing</i>	<i>110.9</i>	<i>103.1</i>	<i>111.1</i>	<i>114.2</i>
3.2 Fixed assets	52.3	43.2	45.1	31.3
3.3 Fuel- and energy-related emissions – MB	8.2	6.5	6.7	6.9
3.4 Upstream transportation of goods and retail	84.5	80.5	83.2	72.1
3.5 Waste generated	124.4	n.a.	117.4	102.2
3.6 Business travel	1.2	0.4	0.4	0.8
3.7 Commuting	41.3	n.a.	39.2	39.9
3.9 Downstream transportation of goods and retail	13.9	17.7	19.3	14.1
3.11 Use of products sold	1,256.8	1,249.5	1,237.8	1,059.1
3.12 End of life of products sold	23.3	22.2	23.2	23.5
3.14 Franchises	1.7	1.7	1.9	1.7
Scope 3: other indirect emissions	4,119.4	n.a.	4,056.5	3,528.7
CARBON FOOTPRINT	4,147.8	N.A.	4,080.0	3,550.5
CARBON INTENSITY (EMISSIONS/REVENUE)	0.64	0.58	0.57	0.51



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As the GHG emissions generated by customers traveling to stores are material, Fnac Darty also measures this emission item⁽¹⁾.

Scope: Group (excluding franchises) <i>(in kt CO₂eq)</i>	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Customer travel to stores	591.0	420.4	490.3	481.6	(2%)	(19%)

The calculation methodologies and assumptions are detailed in the methodology note available in 2.8.

The calculation of CO₂ emissions includes an element of uncertainty related to the calculation methods and source data, which are sometimes based on extrapolation. However, the carbon footprint can be used to establish levels of magnitude and to identify levers for action to reduce emissions. Accordingly, given that over 90% of the Group's GHG emissions are related to the products it distributes (over their entire life cycle), Fnac Darty's sustainability strategy is particularly appropriate.

2.3.3.3 / Action plans to reduce energy-related emissions and performance

With more than 1,600,000 m² of warehouses, stores and offices, the energy consumed by the Group's sites is a substantial source of its CO₂ emissions: they represent almost 18% of the total emissions recognized within the scope of the emissions reduction objective monitored under the strategic plan Everyday. In order to reduce these emissions and address energy-related risks (see section 2.3.3.1), Fnac Darty acts in two areas:

- reduction of its energy consumption;
- decarbonization of its energy mix.

2022 key highlights:

- signing of the EcoWatt charter;
- creation of an energy efficiency plan;
- roll-out of an energy management system;
- signing of a Corporate Power Purchase Agreement.

Roll-out of an energy efficiency plan and an energy management system

In order to meet the requirements of the tertiary decree⁽²⁾ and current and future challenges in terms of electricity and gas supply, Fnac Darty has stepped up its efforts and implemented a system designed to drastically reduce its energy consumption. In October 2022, the Group signed the EcoWatt charter, a joint initiative of the French electricity transmission network (Réseau de Transport de l'Électricité – RTE) and Ademe, through which it has committed to reducing its consumption, particularly during peak periods, and to relaying alerts issued by the RTE. Fnac Darty is also a signatory to the EcoGaz charter, initiated by GRDF.

Far from being temporary, these actions are part of a broader approach to energy efficiency, with the roll-out of an energy management system (EMS) in France.

In France, the Group has set the ambitious target of **reducing its electricity consumption by 15%⁽³⁾ by 2024 compared to 2022.**

(1) Although optional in the GHG Protocol, GHG emissions related to customer travel to stores are estimated by the Group because they are deemed material. The movements of all visitors are recognized, regardless of whether or not they go to the checkout.

(2) Also known as the "décret de rénovation tertiaire" (tertiary sector renovation decree), the French Tertiary Decree set the following reduction objectives for the tertiary sector's energy consumption: -40% by 2030, -50% by 2040 and -60% by 2050.

(3) Adjusted to degree days to accurately reflect performance levels without weather-related impacts.

The table below shows the main drivers in achieving this.

Objective	Actions 2022-2023	Estimated impacts
Reduce lighting-related consumption	<p>Invest in LED lighting For several years, Fnac Darty has been investing in the adoption of LED lighting in its stores and warehouses. In 2022, in order to speed up this process of modernization, the Group committed to making significant investments with the aim of replacing the lighting across its store network by the end of 2024:</p> <ul style="list-style-type: none"> ■ 138 Darty stores; ■ 70 Fnac stores. <p>Restrict the operation of illuminated outdoor signs and window displays Fnac Darty has also decided to switch off its illuminated signs and window displays when the stores are closed. From now on, they will only be switched on when the stores are open during hours of darkness.</p> <p>Improve reduced lighting in stores Fnac Darty has launched a campaign to upgrade its reduced lighting (1/3 of fixtures) so that it is systematically used before and after the public reception facilities in stores.</p>	Estimated saving of 14.9 GWh over 12 months
Reduce consumption related to heating and air conditioning	<p>New temperature guidelines (19°C in winter, 26°C in summer) As of fall 2022, the Group's stores and offices will be required not to heat above 19°C in winter and not to cool below 26°C in summer.</p> <p>Continue to invest in modernizing equipment 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.</p>	Estimated saving of 1.4 GWh during the heating period (per year), and 6.7 GWh during the cooling period (per year)
Measure, adjust, manage	<p>Roll-out of an energy management system In order to implement a long-term approach to continuous improvement in the energy consumed by the sites, the Group has initiated the roll-out of an energy management system (EMS) in France. This initiative has resulted in the development of an energy policy, objectives and performance indicators, and the implementation of a dedicated structure. A project group comprising the energy manager and other managers from the maintenance department, as well as CSR, indirect purchasing and operations managers, has been set up and trained in the EMS.</p> <p>Investments in BMS/CTM, particularly in warehouses Over the last few years, in order to improve the energy efficiency of its sites, the Group has been rolling out centralized technical management systems (CTM). In 2022, the Group announced the latest phase in the improvement of its management tools, with the objective of having 100% of its stores equipped with an efficient BMS by 2024:</p> <ul style="list-style-type: none"> ■ 44 Darty stores; ■ 40 Fnac stores. <p>Roll-out of an energy management tool In view of the tertiary decree and ISO 50001, the Group has acquired a more robust tool for collecting and analyzing energy consumption data. It will allow monthly monitoring of energy performance indicators and will help in achieving consumption reduction targets.</p>	Estimated annual reduction of 4% in energy consumption Estimated impact of 3.7 GWh per year



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Objective	Actions 2022-2023	Estimated impacts
Coordinate/raise awareness	<p>Coordination of teams via an eco-guide In order to make energy efficiency an integral part of the teams' daily lives, particularly in stores, a guide has been drawn up and distributed to all employees in France. The guide provides instructions on lighting, heating and various pieces of equipment, and should enable everyone to contribute to the energy efficiency plan.</p> <p>Raising awareness among employees and customers Fnac Darty has also made several commitments under the EcoWatt charter:</p> <ul style="list-style-type: none"> ■ to raise its employees' awareness of the EcoWatt system and eco-actions in the workplace and while teleworking, via internal communication channels; ■ to raise awareness of the EcoWatt system and eco-actions among its subscribers, particularly in relation to the use of domestic appliances and technology, via a variety of communication channels (newsletters, social networks). 	
Additional actions in the event of an EcoWatt red alert	<p>Several additional actions have been adopted in the event of a high voltage alert on the French electricity network (EcoWatt red alerts):</p> <ul style="list-style-type: none"> ■ turning off advertising screens (outdoor and indoor); ■ switching off heating or delaying the start of the heating period, on an ad hoc basis, when the equipment allows it; ■ relaying alerts via various communication tools. 	

Communication initiatives have been implemented in other parts of the Group to raise awareness of eco-actions among teams and customers. Other energy efficiency measures have also been adopted. In Belgium, for example, the temperature limits for server rooms have been raised from 21 to 23°C.

Decarbonization of the energy mix

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).

At the beginning of 2022, the Group signed a Corporate Purchase Agreement relating to the energy produced by a forthcoming 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 by mid-2023, will cover around 15% 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 solar farm is being 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 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 promotes the development of local employment for the entire project, for example, by working with local communities and businesses. The company also seeks to prioritize the hire of local professionals, in order to maintain the site's vegetation (farmer for the grazing, workplace integration association or maintenance 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.

In addition, via two Power Purchase Agreements for existing power plants, the Group also purchased the production of a six-turbine wind farm in Occitanie and a hydroelectric dam in Île-de-France. These purchases represent more than 27% of the annual consumption of the French sites in 2022.

Elsewhere in the Group, subsidiaries continue to almost exclusively source electricity from renewable sources. In Belgium, solar panels have been installed on the roof at five sites.

2022 Performance

Scope: Group	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Electricity consumption (in MWh)	194,103	176,553	181,556	184,830	1.8%	(4.8%)
Electricity consumption of Fnac and Darty France (in MWh)	141,745	129,898	131,129	132,660	1.2%	(6.4%)
Electricity consumption per square meter (in kWh/m ²)	118	107	111	112	0.6%	(5.2%)
Share of renewable energy in electricity purchases	24%	36%	45%	47%	2 pt	23 pt
France	0%	14%	25%	27%	2 pt	27 pt
Gas consumption (in MWh)	28,834	26,358	31,606	25,230	(20.2%)	(12.5%)
Heating and cooling consumption (in MWh)	3,659	3,486	4,508	3,269	(27.5%)	(10.7%)
Heating oil consumption (in liters)	57,043	57,973	80,676	34,358	(57.4%)	(39.8%)
Fugitive emissions (in t CO ₂ eq)	3,232	3,246	3,224	2,077	(35.6%)	(35.7%)
CO₂ emissions related to the energy consumption of sites^(a) (scope 1, scope 2 and scope 3 – in t CO₂eq)	22,331	13,669	14,356	12,619	(12.1%)	(43.8%)
KPI: CO₂ emissions related to the energy consumption of sites^(b) per square meter (scope 1, scope 2 and scope 3 – in kg CO₂eq/m²)	13.6	8.3	8.8	7.6	(13.5%)	(23.0%)

(a) Location-based emissions are available at the end of this chapter in the summary of performance indicators in section 2.8. For more information, see the methodology note in section 2.7.

(b) Consumption adjusted to degree days.

Adjusted to “degree days” (DD), i.e. adjusted to a standard weather forecast based on a reference climate calculated on the average of the last 20 years, electricity consumption in France will be 14% lower in 2022 than in 2021. DD-adjusted gas consumption fell by 38% in France. This performance is the result of the energy efficiency measures implemented since summer 2022: new temperature guidelines, turning off illuminated signs

and window displays when stores close, eco-actions, etc. They are also the result of the modernization of heating and air conditioning equipment, in particular the replacement of boilers.

A similar trend can be observed elsewhere in the Group, with a marked decrease in consumption-related emissions.



2 CORPORATE SOCIAL RESPONSIBILITY

Reduce our impact on the climate and the environment

2.3.3.4 / Action plans to reduce transport-related emissions and performance

Every day, thousands of products move between warehouses, stores, delivery platforms, sorting centers, repair shops, and customers' homes. Logistics at Fnac Darty, a key skill for the Group, draws considerable strength from the complementary nature of its brands.

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, 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 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. This was considered a strategic issue by the Group's internal and external stakeholders in the materiality analysis carried out in 2022 (see also section 2.1.4).

The Group is focusing its efforts in three areas:

- reducing unnecessary transportation, such as failed deliveries or unnecessary after-sales service trips;
- decarbonizing its owned fleets and those of its suppliers;
- adopting sustainable practices, such as eco-driving and route optimization.

2022 key highlights:

- supporting five suppliers in the installation of Oleo 100 and XTL tanks for store transport;
- deployment of the first electric trucks at three stores;
- launch of a first rail link for return flows from stores in the Provence-Alpes-Côte d'Azur region;
- launch of the "informed delivery" project, to inform customers about the carbon impact of different e-commerce delivery services;
- systematic monthly check of delivery van tire pressure (PUUMP project);
- creation of five remote repair units, to avoid unnecessary after-sales service trips.

Transportation of goods 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 joined the Fret 21 initiative, led by Ademe⁽¹⁾ and the French freight transport users association (Association et Union des Transports Français), which encourages companies acting as clients to better integrate the impact of transportation into their sustainable development strategy.

(1) French Environment and Energy Management Agency (Agence française de la transition énergétique).

Through Fret 21, Fnac Darty has committed to avoiding 10% of CO₂ emissions between 2020 and 2023 by implementing specific measures. The table below presents the action plans and results monitored as part of the Fret 21 commitment.

Commitments	Strategy and actions in 2022	Objective	Results
Converting means of transport to cleaner models	The decarbonization strategy involves choosing the “right technology in the right place”: depending on the distances covered, operational and technological constraints, and the risks associated with the development of low-emission zones, Fnac Darty uses a mix of several technologies, bioNGV, biofuels, electric, and road-rail. This strategy involves supporting transportation providers or selecting service providers committed to decarbonizing their fleet. Due to the impacts of first generation biofuels ^(a) in terms of land use change, the use of this fuel is considered as a short-term solution, pending more widespread production of second or third generation biofuels ^(b) .	1,888 tons of CO ₂ eq avoided in three years	<ul style="list-style-type: none"> ■ Emissions avoided in 2022: 751 t CO₂eq ■ 10% of flows carried out by low-carbon means of transport ■ 60% of store distribution in Île-de-France is carried out by vehicles running on bioNGV ■ The Group has supported five suppliers in the installation of Oleo 100 and XTL tanks ■ Three stores are supplied by electric trucks
Optimizing the filling of delivery bins at logistics sites	Action plans have been implemented to optimize the filling of delivery bins at the Massy warehouse in order to reduce volumes shipped and improve truck filling rates.	120,000 bins eliminated per year over 3 years	■ 114,000 bins eliminated in 2022
Increasing the number of transport service providers with an environmental approach recognized by the charter or the Ademe “Objectif CO ₂ ” label.	In calls for tenders from carriers, preference is given to companies that have already committed or are in the process of committing to the Objectif CO ₂ program.	60% recognized by the charter, 20% labeled	■ End of 2022: 23% recognized by the charter, 17% labeled
Transparency of information about the GHG emissions generated by the various parcel delivery methods	“Informed delivery” project (see below).		

(a) “First-generation” biofuels are derived from the transformation of crops traditionally intended for food.

(b) “Second generation” biofuels are derived from the transformation of lignocellulose contained in agricultural and forestry residues, in plants from dedicated crops or from the recovery of industrial waste. “Third generation” biofuels will one day make it possible to harness microalgae. These micro-organisms offer significant potential as they are naturally very rich in oils, and their exploitation will not compete with the exploitation of arable land.

Among the projects carried out in 2022, the introduction of road-rail for part of the non-urgent flows from the Provence-Alpes-Côte d’Azur region made it possible to test the benefits and constraints of using rail for Fnac Darty flows. Nature & Découvertes has been using road-rail since 2006; around 15 stores in the south of France are supplied by rail and road.

Elsewhere in the Group, action plans are also being implemented to optimize transport plans or decarbonize transport; in Switzerland, for example, Fnac Darty has signed contracts with electric and hydrogen fleet providers, representing 8.5% of the outsourced fleet in 2022.



CORPORATE SOCIAL RESPONSIBILITY

Reduce our impact on the climate and the environment

2022 Performance

	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Group ^(a)						
GHG emissions (scope 3 – in t CO ₂ eq)	26,621	23,160	24,048	20,771	(13.2%)	(21.6%)
KPI: CO₂ emissions per pallet transported (scope 3 – in kg CO ₂ eq/pallet)	not available	not available	15.18	13.86	(8.7%)	not available
France						
GHG emissions (scope 3 – in t CO ₂ eq)	21,365	18,201	18,317	15,152	(16.8%)	(28.6%)
KPI: CO₂ emissions per pallet transported (scope 3 – in kg CO ₂ eq/pallet)	16.7	15	13.7	12.2	(10.4%)	(26.3%)

(a) Franchises included (because they are restocked by the Group).

Parcel shipments

This flow covers parcels delivered by couriers – more than 14 million parcels were shipped in 2022, including over 11 million in France. Thanks to its omnichannel model, Fnac Darty can provide a diversified range of delivery services: parcels can be delivered to the customer's home, to a Fnac Darty store or to other pick-up points. They are delivered from the warehouses, or directly from the stores when the products ordered are in stock.

Since 2020, Fnac Darty has calculated GHG emissions generated from parcel shipment based on the GHG assessments of its service providers. By cross-checking these balance sheets with the volumes of packages transported by each carrier, the Group has found that transporting packages for collection in-store produced an average of 68% less CO₂ 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.

The omnichannel model reduces the impact of e-commerce activity: many products ordered online are collected by customers in store via "click&mag" (parcel delivery in-store at the same time as the regular supply of the store) or "click&collect" (parcels from in-store inventories, without delivery).

For parcels delivered to customers' home addresses or to "pick-up points" by courier companies, the Group favors service providers whose GHG emissions are offset or who invest in the decarbonization of their fleet.

As part of its Fret 21 commitment, the Group has also continued to strengthen its dialogue with suppliers in order to encourage carriers to accelerate the decarbonization of their fleet and the optimization of loads and transport plans, as part of a collaborative approach.

Fnac Belgium and Vanden Borre were involved in the development of an eco-calculator under the aegis of the Mobilise research group of the *Vrije Universiteit Brussel* (VUB). The tool will calculate the environmental and societal impact (CO₂ emissions, air quality, traffic jams, noise pollution, etc.) of the various e-commerce delivery methods (home, store, pick-up point and locker) and will be made available to participating retailers during 2023.

In partnership with the carrier BPost and other online retailers, Belgium has also joined the "Collaborative Urban Logistics & Transport" project, which aims to minimize the impact of deliveries in cities. The partnership was launched in Antwerp in 2022. The objective is to pool parcel storage at sorting centers as well as delivery, which is carried out with low-emission vehicles such as electric vans or cargo bikes. The goal of the CULT project is to reduce kilometers traveled by 25% and carbon emissions by 90%.

2022 Performance

	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Scope: Group						
Number of parcels shipped (<i>in millions</i>)	11.9	19.1	17.5	14.6	(16%)	24%
Percentage of parcels delivered to pick-up point	30%	24%	28%	34%	6 pt	4 pt
CO₂ emissions generated by parcel shipment (<i>scope 3 – in t CO₂eq</i>)	6,014	10,093	9,269	7,228	(22.0%)	20.2%
KPI: CO₂ emissions per parcel (<i>scope 3 – in kg CO₂eq/parcel</i>)	0.52	0.53	0.53	0.49	(7.5%)	(5.8%)
Scope: Fnac and Darty France						
Number of parcels shipped (<i>in millions</i>)	10.1	15.8	14.1	11.6	(17.8%)	15.3%
Percentage of parcels delivered to pick-up point	34%	24%	28%	33%	5 pt	-1 pt
CO₂ emissions generated by parcel shipment (<i>scope 3 – in t CO₂eq</i>)	5,316	8,350	7,598	5,952	(21.7%)	12%
KPI: CO₂ emissions per parcel (<i>scope 3 – in kg CO₂eq/parcel</i>)	0.53	0.53	0.54	0.51	(5.6%)	(2.5%)
CO ₂ emissions per parcel delivered to a pick-up point (<i>scope 3 – in kg CO₂eq/parcel</i>)	not available	0.21	0.21	0.21	0%	not available
CO ₂ emissions per home-delivered parcel (<i>scope 3 – in kg CO₂eq/parcel</i>)	not available	0.63	0.67	0.67	0%	not available

Of the 7,228 tons of CO₂ equivalent generated by the shipment of parcels in 2022, 63% were offset by the transport providers (4,580 tons of CO₂ equivalent).

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 and online retail players. 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).

Fnac Darty publishes the second report on the implementation of its commitments below:

1 / Inform the consumer of the environmental impact of the delivery	<p>“Informed delivery” project:</p> <p>In 2021, Fnac Darty developed customer information that is unique in the specialized retail market: the Fnac and Darty websites published the GHG emissions associated with the delivery of a 1 kg parcel depending on the delivery service selected. “Informed delivery” information was made available to all web customers in February 2022. See also section 2.2.1.1.</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 collaborated 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 https://monimpacttransport.fr/.</p> <p>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	Fnac Darty has redesigned customer information about the recovery of products subject to EPR ^(a) , particularly WEEE, to improve its readability and understanding.
3 / Encouraging good habits by reminding consumers of recycling and reuse guidelines	In its communications to customers, Fnac Darty regularly reminds them of the importance of recycling and re-using items, and particularly of repair work (see also section 2.2.5.2 “Public commitment and raising awareness of sustainability issues”).
4 / From September 1, 2022, providing consumers with the opportunity to identify the products in the catalog with the best environmental performance	<p>The Group has developed a sustainability score, which aggregates data related to product reliability and reparability, and gives customers the ability to identify the most sustainable products through the “Sustainable Choice” label on products with the highest sustainability score. See section 2.2.1 “Inform customers and develop the offer to enable an educated choice.”</p> <p>At its French and Swiss sites, Fnac Darty has also taken steps to increase the visibility of its reconditioned and second-hand products. See section 2.2.3 “Give a second life to products.”</p>
5 / Taking measures to reduce packaging volumes	See section 2.2.4 “Reduce packaging, ensure waste collection and recycling.”
6 / Only using delivery packaging whose primary materials are recycled, recyclable, or reusable	
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	<p>In 2021, the French transportation department joined the Fret 21 initiative, led by Ademe and the French freight transport users association (Association des Utilisateurs de Transport de Fret, AUTF) – see the section on “Goods transportation between warehouses and stores” (2.3.3.4).</p> <p>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.</p>
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.

(a) “Extended Producer Responsibility” (EPR) refers to approaches and schemes that place responsibility on the producer of manufactured products for the management of the final or intermediate waste generated by the products they have manufactured or placed on the market.

Last-mile delivery

Fnac Darty has an extensive network of in-house local logistics centers, comprising around 90 delivery platforms across the whole of France. From these sites, the Group's teams, service providers and sub-contractors deliver and install major appliances (large domestic appliances and large televisions) at customers' homes, and collect their old appliances under the "2 for 1" recovery service.

For several years now, the Last-Mile Network Department has been engaged in research aimed at optimizing its delivery routes and modernizing its fleet of vehicles to reduce the impact of delivery.

Fleet decarbonization and optimization

In order to decarbonize its fleet and comply with future traffic restrictions in low emission zones, the Group has invested in low-carbon vehicles. An additional ten NGV trucks and ten electric vans were ordered in 2022, which will bring the proportion of low-carbon vehicles in these flows to around 12% in 2023. Operational constraints on this flow (autonomy and capacity) continue to hamper the sustainable conversion of this fleet, but numerous tests are being carried out and future vehicles could soon meet the need for fleet decarbonization in this type of vehicle.

2022 Performance

Scope: Group (Darty and Vanden Borre)	2019^(a)	2020^(a)	2021^(a)	2022	Δ vs 2021	Δ vs 2019
Number of deliveries (<i>in thousands</i>)	2,013	2,266	2,213	1,946	(12%)	(3%)
CO₂ emissions (<i>scope 1 and scope 3 – in t CO₂eq</i>)	14,686	14,693	17,116	13,577	(21%)	(8%)
KPI: CO₂ emissions per delivery (<i>scope 1 and scope 3 – in kg CO₂eq</i>)	7.3	6.5	7.7	7.0	(10%)	(4%)

(a) Adjusted values – marginal impact (deliveries by Fnac subsidiaries abroad are now included in the E-commerce item due to the type of products delivered and the transport flows used; this concerns a very small number of products).

Home after-sales repairs

In France and Belgium, hundreds of Darty and Vanden Borre technicians carry out around 2,300 home service calls every day to repair customers' appliances that have broken down. Although this activity makes it possible to avoid several tens of thousands of tons of CO₂ each year (see also section 2.3.3.5), it generates climate impacts related to the fleet of after-sales technicians and the shipment of spare parts. It is also directly affected by several regulatory risks: in France, the mobility policy law and the development of traffic restrictions in "low emission zones."

A project for systematic tire pressure checks was tested in 2021 and has been extended to the entire fleet. According to estimates made by the partner Puump and by Fnac Darty teams, this project has significantly reduced fuel consumption, saving an estimated 84 tons of CO₂ equivalent.

The implementation of an extensive eco-driving project also began in 2022, with the introduction of telematics boxes in trucks. A similar project is underway in Belgium, and initial results are promising: a 20% reduction in average consumption.

Reducing delivery failures

The Group continues to work on reducing delivery failures by addressing 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).

By reducing the return rate, the Group was able to avoid nearly 4,900 deliveries, or approximately 33 tons of CO₂ equivalent⁽¹⁾ in 2022.

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 related to a maintenance or usage problem, and advice is enough to solve the problem. Proven breakdowns are increasingly easy to troubleshoot remotely, thanks to new technologies. Fnac Darty's teams travel to repair more complex breakdowns.

(1) Estimated on the basis of 7 kilos of CO₂ equivalent per delivery, the carbon intensity of one delivery in France in 2022.

Decarbonization of the after-sales service fleet

In 2022, as part of the regular renewal of its fleet, the After-Sales Service Department gave priority to vehicles generating fewer emissions of greenhouse gases and other pollutants. Some 50 electric vehicles and nearly 200 bio-ethanol vehicles will begin use in 2023, representing approximately 25% of the after-sales service fleet.

Reducing unnecessary service callouts

After a pilot phase in 2021, the Group has set up five remote repair units in France, staffed by some 50 after-sales service technicians every day, who are responsible for better assessing breakdowns so that they can be repaired in one go, or repairing them by guiding the customer remotely.

Based on the “right first time” repair rate recorded in 2022, this reduced the number of service calls by over 80,000, i.e., approximately 580 tons of CO₂ equivalent⁽¹⁾.

These 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.

2022 Performance

Scope: Group (Darty and Vanden Borre)	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Number of service callouts (in thousands)	757	741	801	842	5%	11%
CO₂ emissions related to home service callouts (including shipping of spare parts) (scope 1 and scope 3 – in t CO ₂ eq)	4,881	4,716	5,715	6,070	6%	24%
KPI: CO₂ emissions per service callout (scope 1 and scope 3 – in kg CO ₂ eq/service callout)	6.45	6.37	7.14	7.20	0.8%	11.6%
CO ₂ emissions per service callout, excluding spare parts (scope 1 and scope 3 – in kg CO ₂ eq/service callout)	5.8	5.5	5.3	5.6	6.3%	(3.1%)

Shipping of products to repair workshops

The smallest products – consumer electronics and small domestic appliances – are entrusted to one of the Group’s five repair centers in France. 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.

In 2022, the Group continued its efforts to improve the handling of minor breakdowns directly at in-store after-sales service counters to avoid unnecessary shipments.

2022 Performance

Scope: Group	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
Number of products sent to the after-sales service workshops (in thousands)	863	744	709	724	2%	(16%)
CO ₂ emissions related to the shipment of products to the after-sales service workshops (scope 3 – in t CO ₂ eq)	2,305	1,851	2,083	2,134	2%	(7%)
KPI: CO₂ emissions per product sent to the after-sales service workshops (scope 3 – in kg CO ₂ eq/product)	2.7	2.5	2.9^(a)	2.9	0	7%

(a) Adjusted data.

(1) Estimate based on 7.3 kilos of CO₂ equivalent per service callout, the carbon intensity of one service callout (including spare parts flow) in France in 2022.

Business and service vehicles

In order to reduce scope 1 emissions linked to the business fleet, and to address the risks linked to the law on mobility policy and the development of traffic restrictions in “low emission zones” and their equivalent in Belgium, the Group implemented several actions in 2022:

- overhaul of the company vehicle catalog: diesel vehicles are no longer listed, and the catalog now offers more electric and hybrid vehicles;
- gradual replacement of all company vehicles in Belgium: in the long term, all 160 or so vehicles in the fleet will be electric.

2022 Performance

Scope: Group	2019	2020	2021	2022	Δ vs 2021	Δ vs 2019
CO ₂ emissions related to the business fleet (scope 1 and scope 3 – in t CO ₂ eq)	3,101	3,006	4,307	4,715	9.5%	52.0%

2.3.3.5 / Action plans to reduce indirect emissions and performance

As part of its process of continuous improvement, the Group is seeking to improve the reliability of its measurement of CO₂ emissions from other scope 3 items, starting with the sources of the emissions related to products sold, which account for the vast majority of these indirect emissions.

Distributed products

The Group is fully aware of the weight of its distributed products on its 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 adjustments to the business model and supplier relationships. A prerequisite for this action is the measurement and analysis of these impacts.

Since 2021, Fnac Darty has been carrying out a quantified analysis of the GHG emissions linked to the life cycle of new products sold by its brands, covering their manufacture, transport⁽¹⁾, use and end of life.

2022 Performance

Scope: Group	2019 ^(a)	2020 ^(a)	2021 ^(a)	2022
CO ₂ emissions (in kt CO ₂ eq)	3,735.6	3,625.6	3,688.4	3,193.3
Of which manufacturing	2,400.8	2,341.4	2,371.1	2,062.9
Of which upstream transportation	54.6	54.8	55.5	47.8
Of which use	1,256.8	1,249.5	1,237.8	1,059.1
Of which product end of life	23.3	22.2	23.2	23.5
Carbon intensity by revenue (in t CO ₂ eq/€ million)	0.51	0.48	0.46	0.40
Carbon intensity by product sold (in kg CO ₂ /product)	22.4	24.9	23.4	20.3

(a) In 2022, the Group upgraded its calculation tool to improve the automatic calculation of results and to refine certain assumptions. Errors were identified in this update related to emission factors and incorrect assumptions for some product families. As part of a process of continuous improvement and to ensure comparability from one year to the next, GHG emissions from previous years were recalculated. For more details on the methodology and in particular the assumptions, please refer to the methodological note.

(1) Transport from the factories to the Group's warehouses is taken into account in this calculation. GHG emissions related to the transport of goods from warehouses to stores are measured and monitored in the same way as direct emissions, and are presented in 2.3.3.4.



CORPORATE SOCIAL RESPONSIBILITY

Reduce our impact on the climate and the environment

Related GHG emissions decreased significantly in 2022 (-13%) due to a major change in the product mix in sales: after two years marked by a high rate of renewal of electrical and electronic equipment due to the health crisis, 2022 was marked by a stronger appetite among consumers for editorial products, whose manufacturing phase is less carbon-intensive and whose use consumes zero energy.

Repair and “second life”: emissions-saving activities

Some products sold by Fnac and Darty are particularly carbon-intensive. This is the case for domestic appliances and consumer electronics such as televisions and smartphones, whose manufacturing and use phases generate significant emissions due to their manufacturing processes and the energy consumption associated with their use.

For these products in particular, the Group has been developing its business model to make it more circular and thus reduce these impacts, notably by extending product 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 reselling used products, the Group has continued to measure the impact of repaired products and reconditioned or used products. 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 whereby the product is repaired or refurbished. 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 was validated by an independent external certification body in January 2022⁽¹⁾.

In accordance with existing carbon accounting methodologies, emissions avoided are not deducted from the Group’s GHG emissions assessment.

Results (estimates)

Business activity	Emissions avoided (in t CO ₂ eq)	
	2020	2022
Repair of consumer electronics and domestic appliances by Darty after-sales service	136,000	207,000
Smartphone repair and refurbishment by WeFix ^(a)	4,550	Analysis in progress
So-called “second life” products (used, reconditioned)	3,500	Analysis in progress

(a) The Group does not publish in this report the emissions avoided by refurbishment or more generally by “second life” activity in 2022. Ademe produced a study in 2022 to estimate the environmental impacts avoided by the refurbishment of smartphones (and other devices). The methodological choices made differ from those of the Group. The main difference lies in the functional unit used: taking a conservative approach, Fnac Darty considers that the “first life” of the refurbished product should be taken into account, whereas Ademe opts to calculate the impacts as from the act of purchasing a refurbished phone, compared with the purchase of a new phone, i.e. without taking into account the “first life” of the refurbished phone. Using the Fnac Darty approach, a refurbished smartphone reduces emissions by about 37%; using the Ademe approach, the reduction is about 87%. Given these differences in methodology, the Group is working to analyze its refurbishment data using both approaches.

(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.”

For this analysis, the assumption made is that the “second” life of the repaired product would be equal to half the first life of the product. For the scenario analyzed, Fnac Darty’s repair services are estimated to have avoided more than 200,000 tons of CO₂ equivalent in 2022. This “greenhouse gas avoidance” represents approximately 6% of the carbon footprint of the products sold by Fnac Darty in 2022.

Sensitivity analyses have also shown that the environmental benefit of repairing electrical and electronic equipment far exceeds the rebound effects of the activity (production of spare parts, travel by after-sales technicians, etc.), even if the duration of the second life is shortened.

This is not the case for the analyses carried out on the benefits of refurbishment, which show that the duration of the first life of the product and the duration of its second life are significant: renewing an appliance prematurely by choosing a second-hand appliance may, in some cases, be less beneficial for the environment. It is for this reason that the Group is committed to extending the life of its products, including products sold second-hand, which are covered by a two-year warranty in the same way as new products.

Although it is an estimate, this analysis confirms the Group’s strategy and illustrates the concrete impact of its commitments on the circular economy.

Green IT approach

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 is structured around a project manager and representatives/contributors within the E-Commerce and Digital Department. Based in particular on publications by Ademe, Cigref, the Shift Project and INR, the approach involved IS departments at the international level in 2022.

Scope: Fnac and Darty France	2021	2022	Change
CO ₂ emissions (in t CO ₂ eq)	7,088	8,152	13.1%
Non-current assets	2,836	4,230	33.0%
IT services	4,252	3,917	(8.6%)

The increase in emissions from fixed assets is attributable to several development or relocation projects in 2022: the Activity Based Office project for the headquarters, the relocation of the Tours after-sales service and the inauguration of the Chilly-Mazarin workshop.

In 2022, actions focused on:

- expanding the familiarization campaign to all teams in France to develop eco-actions;
- improving the reliability of carbon emissions measurement in France⁽¹⁾;
- identification of areas for improvement;
- adapting operational processes and establishing KPIs for IT equipment flows;
- the creation of a carbon indicator to assess the impact of projects submitted to investment committees;
- identification of the main principles of eco-design;
- extension of the scope of the IT Bilan Carbone measurement to the international level.

Data for the calculation of 2022 IT carbon emissions was collected by internal teams, Green IT experts in France and abroad, and covers the following digital activities:

- on-premises and cloud-based hosting providers;
- SaaS partners;
- IT equipment;
- network.

Organizational scope covered by the 2022 measures:

- the companies France Fnac Darty, Nature et Découvertes, and the foreign subsidiaries (except for Belgium-Luxembourg) are included;
- the specific IT services France Billet and WeFix are excluded.

(1) The methodology used to calculate the footprint is based on the Bilan Carbone method and on the GHG Protocol for fixed assets. For certain categories of emissions, the Bilan Carbone assessments provided by our partners are used.



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2.3.3.6 / Integration of issues related to biodiversity

According to a recent report by the World Wildlife Fund, 69% of global wildlife populations have already been lost⁽¹⁾. Aware of the negative external consequences that Fnac Darty's activities may have, the Group began to measure the impact of its activities on biodiversity in 2022. The Group intends to cover all its environmental impacts throughout its value chain.

With the help of experts, Fnac Darty is working to measure its impact on its three scopes using the Global Biodiversity Score (GBS) tool for 2021 and 2022. This assessment tool developed by CDC Biodiversité examines the contribution of economic activities to pressures on biodiversity and determines their impact.

Methodology

Impacts on biodiversity are assessed for all Group subsidiaries across the entire value chain (scope 1, scope 2 and scope 3 upstream). The GBS covers impacts on both land and aquatic biodiversity. In addition, to account for impacts that persist beyond the assessment period, the GBS results are divided into dynamic impacts (periodic gains or losses that occur during the assessment period) and static impacts (persistent negative cumulative impacts).

Preliminary results of the Group's main impacts on biodiversity for 2021⁽²⁾

The results of the impact assessment are analyzed in two different ways for biodiversity:

- in terms of pressure: preliminary results report that nearly two-thirds of the Group's dynamic land-based impacts are related to "Climate Change" pressure, with the remainder of the impacts being primarily driven by "Land Use";
- in terms of scope: the "Upstream scope 3" item represents more than 95% of the impacts, which are mainly linked to the manufacture of products sold by the Group.

The precise and final results of this study will be available in the first half of 2023 and made public in the CDP questionnaire. As a result of this first study, Fnac Darty intends to implement actions prioritized according to their impact and ease of implementation.

Fnac Darty has set itself the objective of training its CSR team in the challenges of protecting biodiversity and in the independent use of the GBS tool in 2023.

Nature & Découvertes: awareness and support for the protection of biodiversity

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 non-profit projects to protect biodiversity and provide active education in contact with nature (see also section 2.6.3). 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's Biodiversity Committee meets annually, has a budget of €100,000, and includes external biodiversity experts. Its objective is to support larger-scale projects for the direct preservation of biodiversity, on a national or regional scale.

In 2022, the Nature & Découvertes Foundation initiated a Call for Commons⁽³⁾ to encourage educational projects in contact with nature, committing €150,000 of its budget with a coalition of five other foundations: Fondation de France, Fondation Terra Symbiosis, Fondation Léa Nature, Fondation IRIS and Fondation Une goutte d'eau pour la planète. This first edition supported 27 projects throughout France. By also integrating the "1% for the planet" movement, the Call for Commons led to an overall amount of donations of €398,501. New foundations have since joined the Call for Commons, which will allow the movement and the amount of funding awarded to non-profit organizations to grow in 2023.

In addition, three partnerships were established in 2022 for a total of €55,000: Fonds pour l'arbre, Génération nature FNH, Festiwild 2022. Seven projects were supported through the 1% for the Planet initiative for a total amount of €45,000: Les Colibris, Ethic Ocean, Intérêt à agir, Du pain et des roses, FNE 04, Inventons nos vies bas carbone, Mer Terre.

In 2022, the Foundation supported 148 projects for a total of €589,434. Twenty-seven of these projects were co-financed as part of the Call for Commons 2022, enabling the Foundation to broaden its scope of action.

Furthermore, Nature & Découvertes raises awareness and mobilizes its community via several communication channels: newsletters, social networks, and conferences are all used to highlight actions promoting biodiversity.

(1) WWF, 2022: <https://www.wwf.fr/vous-informer/actualites/le-rapport-planete-vivante-du-wwf-revele-une-baisse-devastatrice-de-69-des-populations-danimaux>.

(2) As the assessment of the Fnac Darty Group is currently in progress, it should be noted that the figures shown here are preliminary and may therefore be subject to change.

(3) A "Call for Commons" (Appel à Communs) brings together volunteer stakeholders to produce open resources – the commons. The aim is to increase resilience within the regions through the development of educational practices, with a view to establishing a stronger link with nature in education through the creation and sharing of these resources.

- Fair Friday: for the fifth year running, the company organized “Fair Friday,” an alternative to Black Friday, with the aim of shining a spotlight on the “reductions that count,” namely those concerning biodiversity. In 2022, the event focused in particular on the preservation of farmland birds in support of the French national charity “League for the Protection of Birds” (Ligue pour la protection des oiseaux – LPO). An awareness campaign was conducted from November 21 to 27 in stores, on social networks and via a newsletter. The Nature & Découvertes Foundation doubled the amount collected via charitable rounding during this Fair Friday week, in order to finance the work of the LPO. Overall, the Nature & Découvertes Foundation was able to provide the LPO with €84,607 in 2022.
- Experiences: birthdays and outings. The program of children’s birthday parties and nature outings for all ages also continued, imbued with Nature & Découvertes’ desire to make all its audiences aware of the importance of conserving natural ecosystems.
- Earth University: the Nature & Découvertes Foundation is a long-standing partner of Earth University. Since 2005, it has provided financial support for the organization of this important occasion for reflection and knowledge transfer and was behind the publication of a column entitled “For a national policy in connection with the living world” on the website of the *La Croix* newspaper. The November 2022 edition of Earth University brought together 10,000 participants and more than 100 speakers.
- Conference and meeting: in November 2022, the Nature & Découvertes Foundation organized an exclusive meeting with Mundiya Kepanga, a Papuan chief from the Tari region in Papua New Guinea and ambassador for the preservation of primary forests. This event was organized around the screening of the film “Brothers of the Trees” followed by a discussion with Mundiya.

Fnac Switzerland: Tree planting made possible by the generosity of customers

Thanks to customer-focused activities, donations of loyalty points and various initiatives linked to the Fnac card, 5,800 Swiss francs were collected in 2022. This money was used to plant more than 180 oak trees in November 2022 in a forest near the company’s registered office in the Geneva region. The project generated the sequestration of 49 tons of CO₂ equivalent.

Fnac Switzerland aims to plant 300 trees in 2023, and will organize a day of action for its employees to plant the trees financed by customer donations.

2.3.4 / EU TAXONOMY

2.3.4.1 / Context and consistency

2.3.4.1.1 / Framework and requirements of the European Taxonomy

In accordance with European Regulation 2020/852 of June 18, 2020, the European Taxonomy establishes a classification system of economic activities considered environmentally “sustainable.” This common European Union benchmark makes it possible to distinguish economic activities that contribute to the European objective of carbon neutrality – the Green Deal – and thus establishes a comparable basis between companies. The ultimate goal of the Taxonomy is to direct the investments of public and private sector actors toward activities that contribute to the transition to a more sustainable economy.

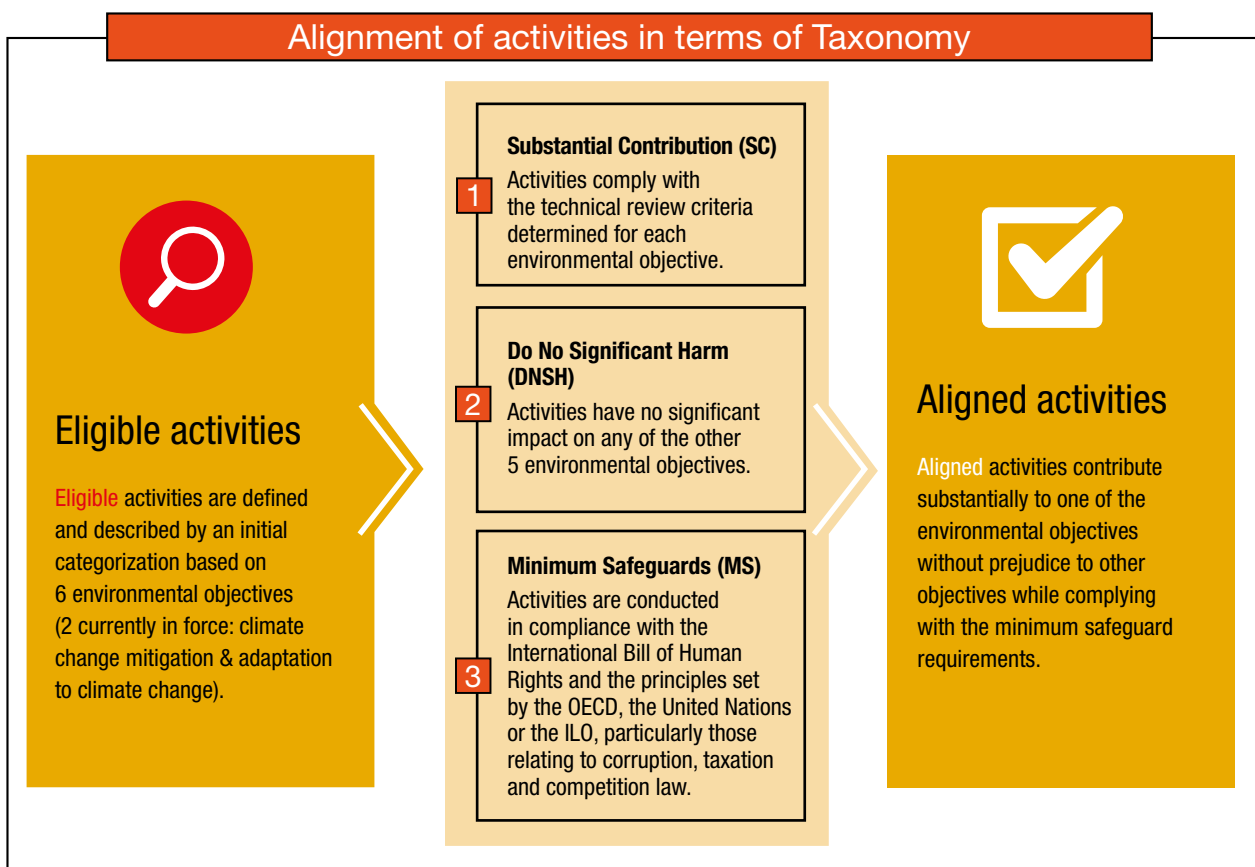
In order to achieve this, this Regulation defines six environmental objectives:

- 1 / climate change mitigation;
- 2 / climate change adaptation;
- 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.

The Regulation establishes criteria for assessing the contribution of an activity to one of the six objectives. Two concepts are identified for this purpose:

- **eligibility:** An eligible activity under the climate objectives is an activity listed in appendix I and II of the Taxonomy “climate” delegated regulation and for which specific sustainability criteria have been defined (Delegated Regulation (EU) 2021/2139). The activities listed in these appendices are identified as having the greatest potential to contribute to climate change mitigation and adaptation;

- **alignment:** An aligned activity is an eligible activity that substantially contributes to an environmental objective according to technical criteria set for each environmental objective, does not cause significant harm to the other environmental objectives, and complies with criteria for minimum safeguards on human rights, competition, taxation, and corruption.



The Regulation requires companies to publish the portion of their sales, capital expenditure and operating expenditure associated with their eligible and aligned activities.

This Regulation applies to non-financial and financial companies as of January 1, 2022. In 2022, in respect of the 2021 financial year, companies were required to publish indicators measuring the extent of their Taxonomy-eligible activities, i.e. included in

the classification of the delegated acts, with no sustainability criterion analysis, and under the first two environmental objectives only. In 2023, in respect of the 2022 financial year, non-financial companies, including Fnac Darty, are required to publish the eligibility and full alignment of their activities with the first two environmental objectives.

Scope covered

- The sales, capital expenditure and operating expenditure concerned cover all the Group's activities, corresponding to the consolidated reporting scope.
- The financial data is taken from the accounts as of December 31, 2022 and revenue and capital expenditure can therefore be reconciled with the financial statements.
- No exclusions have been made with respect to the scope of consolidation.

2.3.4.1.2 / Integration of the Taxonomy into the Group's CSR strategy

The Group continues to strengthen its climate commitments, as described in sections 2.2 and 2.3 of this report, and is closely monitoring the publication of the delegated acts for the other four environmental objectives, which should enable the Group's activities to contribute more fully to a more sustainable world. Through its environmental, social and societal commitments, Fnac Darty is giving the European Commission its full support as it continues its work of analyzing activities and defining technical review criteria for objectives 3 to 6.

Taking into account the 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," based on the activities listed in the preliminary report of the Platform on Sustainable Finance published in March 2022, for objective 4 in particular (transition to a circular economy). These activities will be examined in greater detail when they are included in the Taxonomy regulatory reporting in 2024.

The Group has also demonstrated a strong, longstanding commitment to combating climate change, with science-based reduction targets for its greenhouse gas emissions, and numerous measures aimed at reducing the environmental impact associated with the life cycle of products distributed by its brands. These actions are fully aligned with the strategic plan Everyday, one of the pillars of which is to support consumers in adopting sustainable behavior.

2.3.4.2 / Assessment and methodologies**2.3.4.2.1 / Introduction**

In order to identify which of the Group's activities are eligible for Taxonomy, the CSR department and the Finance department held dedicated joint meetings from 2021 onwards with the support of a specialist firm, targeting the application of the first year of eligibility reporting. A detailed analysis of all the Group's business lines identified those activities eligible for Taxonomy. These meetings continued on a regular basis throughout 2022, with a view to further implementing the Taxonomy standard, including the alignment phase for eligible activities. Workshops bringing together the Group's business teams involved in reporting were organized in the second half of 2022, to help further identify eligible activities, to outline the existing level of information and to raise awareness of the technical criteria for aligning eligible activities.

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 2021 or by the FAQs.

The Group's business model is primarily based on retailing technical products (microcomputers and consumer electronics), editorial products (books, records and games), domestic appliances (large and small appliances) and the sale of services associated with these products. In light of its main activity as a "retailer," Fnac Darty's activities were not considered by the Taxonomy to make a substantial contribution to the two climate objectives. Consequently, no eligible (and thus specifically sustainable) revenue was identified for this second 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 (Capex) and operating expenses (Opex) 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. Furthermore, an eligibility analysis of Capex and Opex thus only covers so-called "individual" measures. Individual measures are defined under the Regulation as the acquisition of the proceeds of activities eligible for or aligned with the Taxonomy standard.



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The categories of individual Capex measures that may apply to the Group and were reviewed are shown in the following table:

Name of the activity according to Annex 1 of the "Climate" Delegated Regulation of the Taxonomy standard	Definition of the activity according to Annex 1 of the "Climate" Delegated Regulation of the Taxonomy standard	Corresponding activities within the Group
6.5 / Transportation by motorbikes, passenger cars and light commercial vehicles	The purchase, financing, hiring, leasing and operation of vehicles designated as belonging to categories M1 and N1, both of which fall within the scope of Regulation (EC) No. 715/2007 of the European Parliament and of the Council (234), or to category L (two- or three-wheel vehicles and quadricycles).	Capex for the acquisition and maintenance of the company fleet of vehicles and light commercial vehicles weighing less than 2.6 metric tons (mainly small light commercial vehicles similar to the Kangoo) used in breakdown services and in delivering domestic appliances.
7.3 / Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting of the installation, maintenance or repair of energy efficiency equipment.	Installation, maintenance and replacement of insulating and energy-efficient equipment in stores, warehouses and offices.
7.5 / Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance	Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance.	Individual measures undertaken in the Group's stores, warehouses and offices, including: <ul style="list-style-type: none"> (a) installation, maintenance and repair of area thermostats, smart thermostat systems and sensing devices, including motion sensors and solar switches; (b) installation, maintenance and repair of building automation and control systems, building energy management systems, lighting control systems and energy management systems; (c) installation, maintenance and repair of smart meters for gas, heating, cooling and electricity.
7.7 / Acquisition and ownership of buildings	Purchase of real estate and exercise of ownership of the said real estate. Activity corresponding to NACE code L68.	Leases and acquisitions of buildings (offices, stores, warehouses).

2.3.4.2.2 / Approach to identifying financial indicators (revenue, Capex, Opex)

Revenue Indicator

The Taxonomy Revenue indicator comprises aligned (respectively eligible) revenue in the numerator and total Group revenue in the denominator.

The Total Revenue figure used is the amount of reported revenue as given in section 5.1 of the Universal Registration Document ("Revenue from ordinary activities") and defined in section 4.1. No scope exclusions were made from the financial reporting scope.

The following table presents a summary of the Taxonomy Revenue indicator for 2022:

	Revenue	
	(€ million)	(as a %)
A. Total activities eligible for Taxonomy	0.0	0.0%
A1. Sustainable activities (aligned)	0.0	0.0%
A2. Eligible activities but not sustainable (not aligned)	0.0	0.0%
B. Total activities not eligible for Taxonomy	7,949.4	100.0%
TOTAL (A + B)	7,949.4	100.0%

Capex Indicator

The Capex indicator with regard to Taxonomy is composed, in the numerator, of Capex linked to assets or processes associated with aligned (respectively eligible) activities, Capex plans to ensure an activity becomes aligned, as well as individually aligned Capex, known as "individual measures."

The denominator of the Capex indicator includes all operating investments, net of divestments, within the consolidated scope, as well as total increases in rights of use of the Group's assets under IFRS 16, as presented in section 4.2.3.1 and note 18 of Chapter 5.2 of the Universal Registration Document respectively. No exclusions were made from the financial reporting scope.

In view of the lack of eligible revenue and the fact that no Capex plans qualified for eligibility and alignment, the definition of the Capex numerator is limited for the Group to individual measures only. These mainly relate to investments in real estate activities: acquisition and ownership of buildings (including increases in rights of use for long-term leases under IFRS 16), renovation of existing buildings and ad hoc works related to buildings' energy efficiency. The leasing of private vehicles and light commercial vehicles was also considered as part of the Capex eligibility and alignment analysis.

The following table presents a summary of the Taxonomy Capex indicator for 2022:

	Capex	
	(€ million)	(as a %)
A. Total activities eligible for Taxonomy	259.6	62.6%
A1. Sustainable activities (aligned)	17.8	4.3%
<i>of which 7.5 – Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance</i>	0.4	0.1%
<i>of which 7.7 – Acquisition and ownership of buildings</i>	17.5	4.2%
A2. Eligible activities but not sustainable (not aligned)	241.8	58.3%
<i>of which 6.5 – Transportation by motorbikes, passenger cars and light commercial vehicles</i>	3.8	0.9%
<i>of which 7.3 – Installation, maintenance and repair of energy efficiency equipment</i>	4.6	1.1%
<i>of which 7.7 – Acquisition and ownership of buildings</i>	233.4	56.3%
B. Total activities not eligible for Taxonomy	155.1	37.4%
TOTAL (A + B)	414.8	100.0%

Opex Indicator

The Taxonomy Opex indicator comprises the ratio of the aligned operating expenses in the numerator to the total Taxonomy Opex indicator in the denominator.

Aligned (respectively eligible) operating expenses within the meaning of the Taxonomy include Opex linked to assets or processes associated with aligned activities (no aligned activities for the Group), Opex associated with an existing Capex plan to expand an aligned activity, as well as individually aligned Opex (purchases of production from aligned activities and individually aligned measures to improve energy efficiency).

Total Opex comprises direct non-capitalized costs, including R&D costs, building refurbishment, short-term leases (excluding IFRS 16), maintenance and repair costs and other costs related to the ongoing maintenance of tangible assets necessary for their effective operation.

Due to the nature of its business lines, no R&D costs were identified (as indicated in section 1.6.2 "Brands, research and development" of the Universal Registration Document) by the Group. For the Group, the definition of Opex under the Taxonomy is limited to renovation and maintenance costs of assets (specifically including vehicle and property maintenance costs, IT maintenance costs and cleaning and security costs), along with short-term rental costs. These short-term rental costs are low, given the Group's business model, which relies mainly on long-term leases of business premises and vehicles. The denominator of the Opex KPI calculated according to the Taxonomy is €71.3 million, out of total Opex of €2,179.3 million, accounts for less than 5% of the Group's total operating expenses, i.e. a non-material share. The materiality exemption on Opex was therefore applied and the share of eligible Opex items of the Fnac Darty Group stands at zero for 2022.

The following table presents a summary of the Taxonomy Opex indicator for 2022:

	Opex	
	(€ million)	(as a %)
A. Total activities eligible for Taxonomy	0.0	0.0%
A1. Sustainable activities (aligned)	0.0	0.0%
A2. Eligible activities but not sustainable (not aligned)	0.0	0.0%
B. Total activities not eligible for Taxonomy	71.3	100.0%
TOTAL (A + B)	71.3	100.0%

2.3.4.2.3 / Methodology used to assess activities against the technical assessment criteria

Methodology used to verify generic DNSH and MS criteria

The first phase of the alignment analysis consisted of assessing the compliance of eligible Capex against the minimum safeguards and the DNSH "Adapting to climate change" criteria. These two criteria are labeled "generic" since they apply equally to all eligible Capex items, and are verified at Group level since they are based on global policies and initiatives.

Minimum safeguards

The analysis of minimum safeguards for alignment of the Group's eligible Capex items was based on the following:

- Article 3 of the Taxonomy Regulation (EU) 2020/852 on environmental sustainability criteria for economic activities, which specifies in point (c) that these activities must be carried out in compliance with the minimum safeguards laid down in Article 18 in order to be considered environmentally sustainable;
- Article 18 of the Taxonomy Regulation (EU) 2020/852 on minimum safeguards, which defines them as procedures implemented by an undertaking that is carrying out an economic activity to ensure alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights;
- the four founding texts referred to in Article 18 of the Taxonomy Regulation, namely:
 - the International Bill of Human Rights (1948, 1966), consisting of the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights,
 - the principles and rights set out in the eight fundamental conventions cited in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work (2002),
 - the UN Guiding Principles on Business and Human Rights (2011),
 - the OECD Guidelines for Multinational Enterprises (2011);

- the recommendations of the Final Report on Minimum Safeguards of the European Platform on Sustainable Finance of October 11, 2022.

This report from the Platform on Sustainable Finance identifies four priority issues in its founding texts to be addressed in connection with minimum safeguards:

- human rights;
- competition;
- taxation;
- corruption.

Group compliance with the minimum safeguards was analyzed against the non-alignment criteria put forward in this report. The said criteria aim to ensure that the Group has not been the source of breaches of rights or regulations in relation to these four issues, and that procedures are in place within the Group to identify, assess, prevent and mitigate such breaches. A summary of the results of these analyses is presented below:

Human rights

The Group is committed to respecting and promoting recognized human rights and fundamental freedoms (see also sections 2.5.1. and 2.5.4).

The Group has not been convicted of any human rights breaches. No referrals have been accepted by an OECD National Contact Point (NCP), and no allegations have been made against the Group and published on the website of the Business and Human Rights Resource Centre (BHRRC).

The Group's human rights due diligence procedure is set out in the Group's publicly disclosed Vigilance Plan (see section 2.5.4). It is compliant with the milestones outlined in the Operational Principles in relation to the corporate responsibility to respect the UN Guiding Principles. Primarily:

- to identify and assess negative impacts, including through stakeholder engagement, in operations, supply chains and business relationships;
- to take action to halt, prevent, mitigate and remedy negative impacts;
- to monitor the implementation of the measures put in place and the results;
- in the event of a proven negative impact, the Group is committed to implementing appropriate remedial measures.



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Corruption

The Group and its directors have not been convicted of any corruption offenses.

Anti-corruption procedures are in place within the Group (see section 2.5.2).

Taxation

The Group has not been convicted of any breaches of tax legislation.

The company considers tax governance and compliance as important elements in oversight, and adequate tax risk management strategies and processes are in place (see section 2.5.9).

Competition law

The Group has no recent convictions for non-compliance with competition law.

The company raises awareness among its employees of the importance of compliance with applicable competition laws and regulations (see section 2.5.5).

In conclusion, the Group's activities are carried out in compliance with the minimum safeguards.

DNSH Climate change adaptation

In accordance with Appendix A of Annex I of the Delegated Regulation (EU) 2021/2139 on climate change mitigation, the Group has verified its compliance with the generic DNSH Adaptation criteria for all its eligible Capex items.

The DNSH Adaptation requires:

- the identification of physical climate risks that could negatively impact the Group's activities;
- an assessment of the vulnerability of the activities to these risks according to relevant scenarios, in connection with the expected duration of the activities and the use of assets;
- when major risks are identified, an assessment of adaptation measures and the implementation of an adaptation plan.

Risk identification and an asset vulnerability analysis was performed as part of the analysis conducted by Carbone 4 using the "Ocara" methodology (see section 2.3.1.2).

This analysis was begun in 2022 and covered all buildings owned and leased by the Group. Analysis of Capex alignment with the DNSH Adaptation was performed by checking the coverage of eligible buildings by the Ocara analysis. Since acquisitions or new leases registered after June 30, 2022 were not covered, analyses were carried out on a case-by-case basis using the Bat-Adapt tool for the buildings in question.

The conclusions of the risk and vulnerability analyses of the Group's assets were as follows: none of the eligible buildings or buildings in which eligible energy performance equipment is fitted are affected by major physical climate risks.

With regard to Appendix A, in the absence of identified major risks, the alignment of eligible Capex items is not dependent on the implementation of adaptation measures.

Methodologies used to verify substantial contribution and specific DNSHs

For each measurement activity, the approach taken to determine alignment is summarized in the table below.

Activity name	Substantial Contribution (SC) Assessment	Assessment of specific DNSHs	Arbitrages, proxies and allocation keys
6.5 / Transportation by motorbikes, passenger cars and light commercial vehicles	<p>On the basis of vehicle leasing contracts with increased rights of use. Census of vehicles:</p> <ul style="list-style-type: none"> ■ belonging to the M1 and N1 categories; ■ with CO₂ emissions of less than 50 g CO₂/km; ■ with an unladen weight not exceeding 2.6 t (FAQ of December 2022). <p>Of the 169 Group vehicles eligible for this activity, only 6 vehicles meet these CS criteria.</p>	<p>The vehicles identified must do no significant harm as per Objectives 2, 4 and 5.</p> <ul style="list-style-type: none"> ■ Objective 2 (adaptation to climate change) is validated, as the buildings to which these vehicles are attached have been subject to a risk analysis and do not present any major risks with regard to Appendix A of Annex I (see previous section). ■ Objective 4 (transition to a circular economy) is only valid for vehicles that are at least 85% reusable or recyclable by weight, and at least 95% reusable or recoverable by weight. ■ Objective 5 (pollution prevention and control) is only validated if the relevant vehicle's tires comply with the external rolling noise requirements in the highest fuel efficiency class as well as the rolling resistance coefficient. 	<p>Due to the lack of available information, it was not possible to validate that the criteria for DNSH 4 and 5 had been met, which would have allowed alignment of this Capex category.</p>
7.3 / Installation, maintenance and repair of energy efficiency equipment	<p>The following activities were identified at each of the Group's subsidiaries:</p> <ul style="list-style-type: none"> ■ replacement of windows and doors with new energy-efficient equipment, as well as installation and replacement of light sources, HVAC systems or fittings featuring energy-efficient or highly efficient technologies. <p>This equipment must also fall within the two highest energy efficiency classes in line with Regulation (EU) 2017/1369.</p>	<p>The equipment identified must do no significant harm as per Objectives 2 and 4.</p> <ul style="list-style-type: none"> ■ Objective 2 (adaptation to climate change) is validated, as the buildings in which these Capex items are fitted were subject to a risk analysis, and do not present any major risks with regard to Appendix A of Annex I (see last paragraph of the previous section). ■ Objective 5 (pollution prevention and control) is only validated on the condition that building components and materials do not contain any of the more than 4,000 substances listed in Appendix C (including persistent organic pollutants, mercury, ozone-depleting substances, etc.). 	<p>Following the clarification of the previous FAQ round as of December 19, 2022, the Group was unable to verify that the equipment fitted validates the DNSH 5 criterion, due to the lack of information available from suppliers. In addition, the CS criterion requiring that the relevant equipment belong only to the two highest energy efficiency classes could not be clearly established, due to a lack of distinction between the old and new energy labels in the information provided by the equipment's suppliers.</p>

Activity name	Substantial Contribution (SC) Assessment	Assessment of specific DNSHs	Arbitrages, proxies and allocation keys
7.5 / Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance	The following individual measures were identified by the Group's subsidiaries on a dedicated form: installation, maintenance and repair of smart thermostats; building automation management and energy management control (BAM/EMC) systems; smart meters for gas, heating, cooling and electricity; and facade and roofing elements with sun protection.	<ul style="list-style-type: none"> Objective 2 (adaptation to climate change) is validated, as the buildings in which these Capex items are fitted were subject to a risk analysis, and do not present any major risks with regard to Appendix A of Annex I (see last paragraph of the previous section). 	All the individual Capex measures identified for this activity are deemed to be in alignment.
7.7 / Acquisition and ownership of buildings	<p>From the list of buildings acquired or leased during the year, identification of:</p> <ul style="list-style-type: none"> buildings constructed before December 31, 2020 with an energy performance certificate of at least class A, or in the top 15% of building stock in terms of operational primary energy consumption; buildings constructed after December 31, 2020 which meet the specific criteria set out in section 7.1 (Group not concerned); large non-residential buildings operated efficiently through energy performance monitoring and evaluation systems. 	<ul style="list-style-type: none"> Objective 2 (adaptation to climate change) is validated, as the buildings were subject to a risk analysis, and do not present any major risks with regard to Appendix A of Annex I (see last paragraph of the previous section). 	<p>No buildings constructed after December 31, 2020 were identified. For buildings without an EPC (not provided by the landlord or not carried out), in order to draw up the list of the top 15% of most energy-efficient buildings, primary energy conversion factors were used according to the following formula: (conversion factor × average energy consumption over the year)/ building area.</p> <p>Conversion factors: 2.58 for France, 2.35 for Spain, and 2.5 for Belgium, Portugal and Switzerland (in line with the Energy Efficiency Directive 2012/27/EU).</p> <p>The OID (Sustainable Real Estate Watchdog) barometer of primary energy consumption thresholds for the top 15% of buildings was then used to identify those buildings aligned with the substantial contribution.</p>

2.3.4.3 / Results**2.3.4.3.1 / Eligibility and alignment results for 2022**

Economic activities	Revenue		Capex		Opex	
	(€ million)	(as a %)	(€ million)	(as a %)	(€ million)	(as a %)
A. Total activities eligible for Taxonomy	0.0	0.0%	259.6	62.6%	0.0	0.0%
Sustainable activities (aligned)	0.0	0.0%	17.8	4.3%	0.0	0.0%
<i>of which 7.5 – Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance</i>	0.0	0.0%	0.4	0.1%	0.0	0.0%
<i>of which 7.7 – Acquisition and ownership of buildings</i>	0.0	0.0%	17.5	4.2%	0.0	0.0%
Activities eligible for Taxonomy but not sustainable (not aligned)	0.0	0.0%	241.8	58.3%	0.0	0.0%
<i>of which 6.5 – Transportation by motorbikes, passenger cars and light commercial vehicles</i>	0.0	0.0%	3.8	0.9%	0.0	0.0%
<i>of which 7.3 – Installation, maintenance and repair of energy efficiency equipment</i>	0.0	0.0%	4.6	1.1%	0.0	0.0%
<i>of which 7.7 – Acquisition and ownership of buildings</i>	0.0	0.0%	233.4	56.3%	0.0	0.0%
B. Total activities not eligible for Taxonomy	7,949.4	100.0%	155.1	37.4%	71.3	100.0%
TOTAL (A + B)	7,949.4	100.0%	414.8	100.0%	71.3	100.0%

2.3.4.3.2 / Changes compared to the previous year**Changes in eligibility results**

The Group's business model, namely the retailing of cultural and electronic goods, and domestic appliances, showed no change since the previous year. There were no significant changes in activity compared to the 2021 results.

It should be noted that the eligibility ratio for Capex increased compared to the previous year.

Changes in methodology

Unlike the results for 2021, no adjusted indicators were presented for 2022. The Group had drafted and presented a voluntary eligibility indicator for 2021, which considered the eligibility of Group activities if it produced rather than distributed the products it markets. It was decided that presentation of this adjusted indicator would be discontinued, so as to ensure compliance with the principle of pre-eminence of communication regarding regulatory indicators for Taxonomy.

Likewise, the publication of an advance indicator of "eligible" revenue achieved for the previous year, which looks at activities that would be eligible for environmental targets 3–6, was discontinued (based on the activities listed in the preliminary report of the Platform on Sustainable Finance published in March 2022). In fact, it was deemed preferable to wait for the publication of the forthcoming new delegated acts, which will define the eligibility of activities for the remaining environmental objectives, so as to limit comparability.

The Group changed its interpretation of the Capex Taxonomy denominator from the previous year. The total amount of cancellation of lease expenses under IFRS 16 used for 2021 reporting was replaced by the total of the increase in rights of use under IFRS 16 during 2022. This change in interpretation is backed by a desire to move toward a more accurate concept of investment than right of use alone for the 2021 reporting period.



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Reduce our impact on the climate and the environment

2.3.4.4 / Outlook

Improvement of KPIs

The Group intends to improve the proportion of its activities that are aligned in the short term by continuing to raise awareness among business teams of the challenges of Taxonomy reporting, whether in terms of understanding the standard, identifying eligible activities, or the items to be produced/requested from the various stakeholders to allow greater consideration of the alignment criteria.

In the medium term, from 2023 onwards, the inclusion of environmental objective 4, "Transition to a circular economy" in the Taxonomy should allow the Group to add value to a portion of its activities, in particular repair services and the sale of reconditioned products.

In the long term, in line with the strategic plan Everyday launched in 2021 and its commitments in terms of CSR policy, the Group intends to channel its investment as much as possible into those investments that can be valued within the Taxonomy reporting.

Improved evaluation and reporting methodologies

Repeating the Taxonomy reporting exercise on the first two environmental objectives should help to improve and strengthen the insights within the processes of analyzing and feeding back the information necessary for its execution.

A discussion on the automation of Taxonomy reporting using IS tools was begun, including a meeting with various publishers offering CSR reporting solutions or those specifically dedicated to Taxonomy reporting. To date, the evolving nature of the standard has not made it possible to invest resources in automating data reporting, which would also allow faster identification of eligible activities and alignment criteria. However, this approach looks like it will become necessary in the near future, in terms of data reliability, process improvements and auditability of the data presented when reporting.

The identification of financial flows in the information systems at the time of the investment decision is another area for improvement, which would allow both an improvement of the reporting process, as well as the enhancement of alignment ratios.

Incorporation of Taxonomy into business strategy and performance

Taxonomy reporting has an impact on the relationship with the various stakeholders of the business lines concerned by the reporting.

For instance, the alignment criteria for investments linked to the installation and replacement of HVAC equipment or LEDs, falling under Activity 7.3 – Installation, maintenance and repair of energy efficiency equipment, include substantial contribution criteria and DNSH criteria, for which coordination with equipment suppliers is required. From now on, the technical architecture and maintenance team in charge of performing these installations will check with their equipment suppliers to ensure that they have either the A or B label according to the new energy performance certification, and will ensure they obtain the list of chemical substances present in the said equipment.

Similarly, the Real Estate Department, which is familiar with Taxonomy reporting, has launched a process to identify "green" leases with an environmental label with a view to aligning them with Taxonomy objectives. A number of checks are now incorporated in the selection process for its partners, or in the renewal of leases, specifically the presence of EPCs in leases, or the energy class of the buildings concerned.

To date, the introduction of Taxonomy reporting has had no significant effect on its performance, but the Group is aware of the challenges this standard entails and the real impact it may have on its results.

2.4 / Develop our most valuable asset: people

Background and trends

The health crisis profoundly changed employee expectations regarding the meaning of their work, work-life balance and the quest for flexibility in their personal organization. Furthermore, the macroeconomic inflationary climate which is impacting on their purchasing power combined with a continuous fall in unemployment rates to historically low levels (7.3% in France according to French national statistics bureau INSEE in 2022), is leading to an increase in the turnover of salaried employees. In France, for example, DARES, the French Directorate for the organization of research, studies and statistics, indicated that in 2022, seven out of ten occupations were considered to be under strong or very strong pressure. It also published analyses on the material increase in the number of resignations⁽¹⁾.

Furthermore, rapid changes to business lines, and the scarcity of key skills e.g. those relating to the repair business, for which not enough initial training courses are offered to guarantee a sufficient pool of professionals, pose major challenges for Fnac Darty.

In this context, employer attractiveness and employee retention and commitment are crucial to the success of the Group's project and the implementation of its strategic plan Everyday. The work conducted by the Group to strengthen its recruitment processes by setting up a dedicated internal organization, to enhance its employer brand and to develop essential business skills, is helping it to rise to these challenges. Several initiatives (promoting inclusion, diversity and mobility, or guaranteeing employees' health and safety) help to enhance the commitment and loyalty of the Group's 25,000 employees.

Risks

- "Mass resignation" phenomenon, loss of attractiveness of the employer brand: inability to attract and retain talent
- Costs of turnover, absenteeism and disengagement
- Costs related to workplace accidents
- Skills mismatch
- Difficulties in supporting diversification and the increase in certain activities due to shortages in certain profiles

Opportunities

- Committed employees and efficient and diversified teams
- An attractive employer brand
- Agility and resilience
- Ability to innovate
- Control of costs related to accidents (insurance and absenteeism)
- Employees whose expertise enables the customer to make "an educated choice," to make their products last, and to stand out from the competition

Levers activated

- Attract and retain talent, particularly in jobs with shortages and in growth areas
- Creation of customized training and onboarding programs
- Support for women in leadership positions and integration of people with disabilities
- Building on the talent of our senior citizen employees

2022 key highlights

- Creation of a Talent Acquisition and Development Department
- Signing of the GEPP agreement
- Opening of an in-house apprentice training center
- Running the Ex Aequo network and launching a women's mentoring program
- Training of all officers on "sexist conduct and sexual harassment"
- Participation of some Executive Committee members and senior executives in the EVE female leadership development program
- Support for the second half of employees' career paths and transition to retirement

Performance and monitoring of objectives

- **KPI: 14.9 hours of training per employee trained**
- 2.9% of payroll allocated to training
- 60.7% of employees trained in the classroom during the year and 93.9% trained in the classroom or via e-learning
- 166 technicians trained then hired on open-ended contracts
- Over 136,000 e-learning modules completed
- **KPI: 30.3% of women in Leadership Group roles ✓**

(1) 520,000 resignations were recorded in the first quarter of 2022, higher than the previous record set in the first quarter of 2008 at 510,000.



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Levers activated	2022 key highlights	Performance and monitoring of objectives
<ul style="list-style-type: none"> Supporting changes in business lines and work organizations through training and new ways of joint working Continue to improve working conditions and prevent health and safety risks Develop the sense of belonging 	<ul style="list-style-type: none"> Implementation of the ABO project and hybrid management training for all managers Strengthen medical prevention from the age of 50 Investments to improve workplace comfort for handling activities Strengthen health and safety training Establishment of the "All leaders" action principles and <i>launch</i> of a 360° feedback loop with the Executive Committee and the France Management Committee Awareness-raising actions conducted by Handicap, and fast-tracking the recruitment of people with disabilities Signing of LGBT+ charter 	<ul style="list-style-type: none"> 420 managers trained in hybrid management KPI: 5.4% of absenteeism due to sickness KPI: 29.7 Frequency rate of workplace accidents with stoppage time (excluding N&D) KPI: 2.0 Severity of workplace accident (excluding N&D) 5.2% of employees in open-ended contracts with disabilities

Except where specified, the social data presented in this chapter concern the scope of financial reporting. Franchises are excluded from the scope of the report. The definitions are given in the associated paragraphs when required.

All the priority indicators (i.e. KPIs) and other indicators are available at the end of the chapter in the table of CSR risks and indicators.

Key figures – workforce

Scope: Group, excluding franchises	2020	2021	2022
Workforce as at 12/31 (<i>fixed-term contracts + open-ended contracts</i>)	24,886	25,585	25,175
Of which France workforce	18,895	19,270	18,997
Average headcount (<i>in FTE</i>)	22,474	22,927	23,231
Proportion of open-ended contracts in total workforce (<i>open-ended contract + fixed-term contract</i>)	89.2%	87.8%	87.7%
Proportion of temporary staff (<i>open-ended contract + fixed-term contract + temporary staff</i>)	12.5%	13.1%	12.9%
Proportion of full-time workers (<i>open-ended contract</i>)	82.9%	83.8%	83.9%
Average seniority of employees on open-ended contracts	12.3	12.7	12.8
Average age of employees on open-ended contracts	38.9	40.9	40.9
Proportion of managers (<i>from employees on open-ended contracts</i>)	23.7%	23.9%	24.7%
Number of permanent employees recruited (<i>excluding acquisitions</i>)	2,562	3,570	4,023
Number of departures of permanent employees (<i>excluding disposals</i>)	2,976	3,818	4,787

With over 25,000 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 stimulating work environment, and support the development of their expertise while guaranteeing gender equality in the workplace and their health and safety.

2.4.1 / ATTRACT AND RETAIN TALENT, PARTICULARLY IN JOBS WITH SHORTAGES AND IN GROWTH AREAS

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. The Group uses various means to promote its attractiveness and thus boost the retention rate of employees operating in these highly competitive business lines.

2.4.1.1 / Acquire the required skills by diversifying sources of recruitment

An enhanced internal structure

A Talent Acquisition and Development department was created in 2022, tasked with defining and implementing a recruitment policy for Fnac Darty in France, including:

- the recruitment of executives on open-ended contracts with formalized duties, based on the model of an internal recruitment agency;
- active participation in the implementation of “recruitment” roadmaps for business lines where talent is harder to find, to support HR departments and operational staff.

To respond to the war for talent and increase the visibility of its job vacancies to candidates, the Group has increased its investment in benchmark recruitment media. Candidates are sourced through diversified means of acquisition, ads posted on the most renowned job boards, headhunting, and communication via social networks.

The Acquisition team is always on the lookout for innovative recruitment solutions to attract new talent.

Development of external partners

Developing partnerships with local and national employment players is a core element of the recruitment strategy, particularly for jobs where talent is scarce. The Group has expanded its recruitment process to include people traditionally excluded from the labor market (migrants, the long-term unemployed) and to candidates for retraining, to include them in the diploma courses delivered by the Fnac Darty Academy.

The organization of employment events in the Île-de-France region and further afield will be strengthened in 2023 with players such as the CFA, Pôle Emploi, E2C, local associations, Impact Confiance, Sport dans la ville, and vocational high schools.

Fnac Darty has also been involved in the POEI scheme since 2021. This allows unemployed people registered with Pôle Emploi to benefit from up to 400 hours of training.

Three classes addressing different business lines were established for kitchen designers, home service technicians, and delivery and installation personnel.

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: 1 class and 3 unemployed people enrolled;
- POEI home service technicians: 1 class and 6 unemployed people enrolled;
- POEI delivery and installation staff: 2 classes and 7 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 can apply for an open-ended contract with Vanden Borre.

In 2022, two people aiming for professional rehabilitation joined Vanden Borre, one of whom went on to be hired on an open-ended contract.

2.4.1.2 / Development of customized training and onboarding programs

For after-sales service technicians, pillars of the sustainability strategy

The development of Fnac Darty’s repair services, driven in particular by the Darty Max repair subscription offer (see also section 2.2.2.3), is driving the need to recruit after-sales technicians. As a result, in 2022, the number of home service calls increased by 6% compared to 2021.



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To support the recruitment and professionalization of new repair technicians, the Academy created the Tech Academy, a dedicated branch to develop training programs. It has been working with apprentice training centers (CFA) for several years to speed up the training of new technicians.

In the course of 2022, the Training Academy also broadened its training offer for newly recruited technicians, with a course for new recruits that have a technical background. The aim is to provide fast-track training for home appliance technicians. An initial 26-week test run started in Paris in September 2022.

In partnership with two apprentice training centers (CFA), the Group launched 22 apprentice classes in 2022. In total, Fnac Darty trained 497 technicians in 2022, of whom 293 are still in training. Of those who completed the training course, 166 have been hired on open-ended contracts, and 250 will join new classes in the first half of 2023.

To meet its growing needs, in October 2022 Fnac Darty opened its own CFA dedicated to repair business lines for domestic appliances.

All of these technicians gain a Level 4 RNCP⁽¹⁾ qualification (connected domestic appliances service technician, connected equipment service advisor, or home appliance after-sales technician).

For kitchen designers, at the heart of the diversification strategy

Under the Group's diversification policy, the kitchen design-installation business has experienced strong growth for several years. To support this growth, employee support and training for kitchen designer courses provided via the Kitchen Academy were modified in 2022 to meet the new store needs, with two dedicated courses. A total of 105 learners received training via these pathways.

For delivery and installation staff, the cornerstone of quality Darty delivery services

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 meet this demand, Fnac Darty recruited and trained the following staff via numerous schemes:

- 11 delivery staff joined a class of work/study trainees (Toulouse);
- 21 delivery drivers were recruited and trained via other schemes, such as POEI (readiness for individual employment) and MRS (simulation-based recruitment method), in Paris.

(1) French list of professional certifications.

2.4.1.3 / Promote internal transfers to growing business lines

In addition to recruiting externally and building the necessary skills as soon as staff are hired, the final means for ensuring adequate staff numbers in businesses where experts are scarce is to capitalize on internal resources and to encourage or facilitate, as far as possible, the transfer of Group employees to these businesses.

In 2021, the Group began collective negotiations at Group level on the management of jobs and career paths (GEPP), which led to the signing of the first Group agreement on this topic in January 2022. One of the major objectives of this agreement is to formalize the strategy and measures that will help in planning ahead for the required changes to jobs and skills in the medium-term in light of foreseeable developments linked to the Group's strategic direction, market development and consumer expectations.

In this respect, pride of place is given to managing the jobs defined as "developing," by offering dedicated measures aimed at internal promotion, and providing the best possible support to employees who wish to move. This takes place in two ways:

- a cross-functional methodology that works across all Group entities, making it possible to identify so-called "developing" business lines. This business line mapping was rolled out to all Group entities during 2022 and was shared with the respective works councils, to give employees and managers the required visibility;
- specific support measures for employees considering a move to a business line identified as "developing." To fill skills gaps and remove obstacles to retraining, a number of schemes have been developed:
 - 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 (for example quiz, interview, skills assessment, role-playing),
 - organization of "Live My Life" placements to find out about/ understand the jobs in question and make it easier for staff to see themselves doing them,
 - the option of being followed by a mentor in the new job to facilitate take-up by providing support on the ground on a daily basis,
 - the option of providing for a return clause to a job similar or equivalent to the job held initially.

2.4.2 / CAPITALIZE ON ALL OUR TALENT

2.4.2.1 / Enhance in-house talent by promoting mobility

Via its GEPP agreement, Fnac Darty aims to provide all its employees with a common set of measures on essential employment and career management issues, specifically to encourage and support their mobility.

In addition to allowing all employees to diversify and secure their career paths, the Group's objective in entering into this agreement, which covers all Fnac, Darty, Nature & Découvertes and WeFix brands and all business lines (operations, head office), is to open up a wide range of opportunities and encourage employees to consider all possible forms of mobility: functional (change of business line), geographical or even between brands/companies.

To encourage functional mobility, employees now have tools that provide better visibility on potential jobs and career paths:

- "mobility hubs": these are established based on a comparative analysis of skills for each job to help visualize potential bridges between multiple roles and measure the skills gaps between those acquired and those to be acquired, depending on the role in question. They help all employees to better focus on and prepare their professional mobility plans, they help managers to provide better support to the employees in their team in their career plans, and they help the HR department to better advise and support employees, taking the Group's needs into account. The skill sets and mobility hubs were established jointly during 2022 for all operating and operational business lines (28 business lines identified) through a working group involving HR, business line operations staff, and representatives from trade union organizations. Head office will be added to the scope during 2023;
- digital job exchange platforms: these aim to ensure that all vacant positions are highlighted to employees and that they can apply for them. In addition, specific ad hoc communication activities are carried out to promote particular job vacancies;

- lastly, the GEPP agreement clarifies and harmonizes the conditions of eligibility and rules in the event of geographical transfers and/or transfers between the various Group brands or companies to help facilitate implementation. In cases involving a geographical transfer, it sets out the logistical and financial means available to facilitate the take-up of duties by employees in their new post (search for accommodation, support in moving, spousal support).

2.4.2.2 / "Finding" female talent

Since 2021, Fnac Darty has made gender equality in the workplace, and more specifically the development of gender diversity in senior positions, a priority issue. In fact, given the gap between the proportion of women working in the Group and the proportion of women in management positions or in certain business lines, Fnac Darty focused in on this objective, acknowledging the need to guarantee equal treatment for all and the opportunity to enhance diversity, along with the risk of passing over female talent.

To rise to this challenge, the Group organized itself around a cross-functional program based on several initiatives.

Setting and publishing ambitious quantified objectives

Two objectives were approved by the Board of Directors upon the proposal of the Senior Management, and included in the strategic plan Everyday:

- 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);
- achieve female representation of 35% in the Leadership Group⁽¹⁾ by 2025, with an increase of +2 points per year until 2024, then +3 points in 2025.

Although the position of store manager is not part of the Leadership Group, the proportion of women reaching this role is also managed, acknowledging the emblematic nature of the position. The Group is thus aiming for 30% of women in management roles in its Fnac stores and 15% in its Darty stores by 2025.

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



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2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
KPI: Proportion of women in Group Leadership roles ✓^(a)	24.3%	26.6%	30.3%	3.7 pt
Percentage of women in the total workforce	39.6%	39.1%	38.2%	(0.9) pt
Percentage of manager-level women in the workforce	37.0%	37.2%	37.6%	0.4 pt
Percentage of female store managers	18.2%	19.9%	23.6%	3.7 pt
Percentage of women on the Board of Directors	50%	50%	54.5%	4.5 pt
Percentage of women on the Executive Committee	33.3%	38.5%	46.2%	7.7 pt
Proportion of women granted at least one individual raise during the year	22.9% (23.5% for men)	22.3% (25.2% for men)	15.8% (14.3% for men)	(6.5) pt ((10.9) pt for men)
Gender equality index (consolidated)	90	88	87	

(a) The indicators featuring this symbol ✓ have been verified and certified to a reasonable level of assurance by the independent third-party body (see section 2.8).

From 2022, the Group will reap the benefits of mobilizing the managerial line on gender equality issues and rolling out springboards for action (described below), with an observable increase in the share of women in managerial positions. This is true not only for the “Managers” workforce (+0.4 points vs 2021), but also for store managers (+3.7 points vs 2021), and for the Executive Committee (+ 7.7 points vs 2022).

In addition, Fnac Darty was ranked 47th out of 120 on the SBF 120's ranking on increasing female representation in governing bodies, a ranking set up in 2013 by the French Ministry for Gender Equality, Diversity and Equality, in connection with the follow-up of the Copé-Zimmermann law; i.e. a jump of 15 places compared to the previous year, with a score of 69.98 out of a possible 100 (+6.81 points).

Create an internal network dedicated to equality

The “Ex Aequo” network was created in March 2021 and currently has over 150 members, both men and women. It is governed by a steering committee of employees representing the various departments and business lines, along with a board comprising four members of the Executive Committee.

The network 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.

By joining this approach, in addition to regular meetings with their peers, Ex Aequo members can benefit from personalized support such as mentoring and personal development workshops.

Lastly, the network's objective is also to make the Group's commitment visible under its banner, by increasing the number of messages that tackle the issue of gender equality, whether through:

- the organization of internal role model testimonials: five discussion sessions took place in 2022 with female Comex members or site managers;
- meetings with inspirational figures: two events in 2022;
- internal communications (reading tips, employee testimonials on paternity leave, etc.).

Roll out development and awareness programs on female leadership

Since 2020, the Group has developed and rolled out the “Oser” (‘Dare!’) program, a personal development program targeting women's leadership that provides participants with the tools and insights to make conscious career choices and facilitate their access to senior positions.

In 2022, the Group added to its measures with the launch of two development programs:

- a structured *mentoring* program for women. In 2022, 20 mentor-mentee pairs were formed and began working together for a planned period of 12 to 24 months. For this first year group, priority was given to female members of the Ex Aequo network and to Darty store employees. The mentors are men or women who have voluntarily signed up for this process. They have all received training on mentor mindset and tools;

- participation in the Eve program, an inter-company leadership seminar launched by Danone in 2010, with 12 Group employees subscribed, ranging from members of the Comex, to members of the Leadership Group and high-flyers.

In addition, to promote the place of women in the digital professions, Fnac Darty has partnered with EFREI (French School of Radioelectricity, Electronics and Computer Science) in sponsoring the Dev Manager Full Stack Master's degree since May 2021.

Combating sexist conduct and sexual harassment

When it comes to combating sexism, the Group considers it essential to combine communication, awareness-raising and training initiatives to help reduce the risk of situations arising: understanding the issues at stake, contact persons, whistle-blowing mechanisms, internal procedures, sanctions, as well as comprehension of gender stereotypes, recognition of what constitutes sexist behavior, accepting the word of the person concerned, and so on.

In 2022, all Group "Sexist acts and sexual harassment" officers (management and ESC elected representatives) received training in the legal framework, internal procedures, and tools. Scenario-based exercises were on offer, allowing each officer to play their role (inform, guide, initiate procedures if necessary).

A working group led by the Employee Relations Department was also set up aimed at using all possible means to eliminate situations of sexist behavior or sexual harassment, based on the observation that these situations are detrimental to the people concerned, staff in general, and the operation of the entities. The working group's remit is to audit the existing processes, and to strengthen the current system in line with the needs identified by the officers, and at grass-roots level.

2.4.2.3 / Building on the talent of our "senior citizen" employees

Pursuant to its GEPP agreement, the Group also wanted to formalize and strengthen its commitment to its senior citizen employees (aged 50 and over), acknowledging that they are a key pool of strength and talent on which the Group relies.

This agreement sets out a number of measures and schemes allowing senior citizens to conduct their professional activity to the full, and to help them prepare for the transition to retirement.

These schemes take a two-fold approach:

Plan for and support the second part of the career path

Fnac Darty wishes to support every employee in giving thought to their plans for the second half of their career, specifically with the option for employees aged 50 and over to benefit from a progress review with their Human Resources Manager. This review is an opportunity to reflect on any desires the employee may have in terms of career direction and to provide information on all existing schemes for senior citizen employees. Alongside these reviews, from the age of 50 all Group employees receive comprehensive information about the schemes in place for them as well as a "senior citizen's guide."

The Group recognizes that training is a cornerstone in terms of the forward planning of jobs and skills within the Group, and a real tool to help develop the skills of all employees throughout their careers, both before and after they turn 50. In this context, Fnac Darty committed to ensuring that employees aged 55 and over who wish to follow a training course and who request this course will have their request fast-tracked, along with requests to register for Validation of Acquired Experience (VAE) programs. Employees aged 55 and over can also benefit – under certain conditions – from a matching contribution made to their Personal Training Accounts by the Group, in line with their plans.

Lastly, the Group attaches particular importance to the transfer of its employees' skills, to ensure continuity of both operations and business expertise. Given their experience within the Group, their business knowledge and their expertise, employees aged 55 and over have a major role to play in this transfer of skills. To this end, roles such as a tutor in work-study programs, a mentor when welcoming new recruits, or for transfers to jobs of a technical nature, will be offered to them as a priority.

Support the transition to retirement

The Group is aware that the end of one's career can be a source of anxiety for the employees concerned, and wishes to support them as much as possible to make this transition as smooth as possible, via:

- group and individual "retirement information" workshops, where they are given appropriate information regarding their rights, their leaving date, and the amount of their future retirement pension, along with steps to take concerning their preparation for retirement and end-of-career measures such as gradual retirement, the buyback of working time and points, and so on;
- a six-week personal support program to prepare for this transition, to help them think about what they are going to do during their retirement, and thus structure their personal life plans.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
Percentage of employees on open-ended contracts who are senior citizens ^(a)	23.2%	24.4%	26.8%	9.9%

(a) Employees aged 50 and over.

2.4.2.4 / Attracting “young” talent

Fnac Darty has rolled out an ambitious work-study policy with significant recruitment of young talent. In 2022, some 1,215 work/study students were recruited in France (1,033 apprenticeship contracts and 182 professional contracts).

The Group maintains long-term relationships with training providers (Grandes Ecoles, universities or training centers) offering degree courses related to the company's business lines.

In terms of stores, the Fnac and Darty brands recruit young people to work/study programs whose educational attainment ranges from school leavers to those with 3 years in higher education, alongside interns in customer service, sales and logistics.

A dedicated “developing managers” class was also launched in 2022 to train, as part of a special 24-month program, young work/study students with 4-5 years of higher education, for local management within the Fnac, Darty and Nature & Découvertes brands.

At the same time, the Group is investing heavily in work/study training for future technicians and for delivery and installation personnel (see 2.4.2.1).

To raise awareness of its business lines among future work/study students and young graduates, the School Relations team regularly speaks at schools and universities. Lastly, all job vacancies are posted on the intranets and alumni networks of schools with which the Group has special relationships in France.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
Percentage of employees on open-ended contracts who are juniors ^(a)	11.0%	11.6%	11.3%	(2.6%)
Number of work-study participants	1,107	1,328	1,443	8.7%

(a) Employees aged 26 and under.

2.4.3 / SUPPORT THE DEVELOPMENT OF BUSINESS LINES AND LABOR ORGANIZATIONS

Performance, expertise, professional development... As a responsible employer, Fnac Darty has made these issues strategic priorities in its “Everyday” plan in order to guarantee the employability and fulfillment of employees in their jobs and to better meet customer expectations.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
KPI: Number of training hours ^(a) per employee trained	9.2 hrs	14.9 hrs	14.9 hrs	0
Proportion of employees receiving in-classroom and/or e-learning training over the year compared to total number of employees ^(b)	75.9%	93.7%	93.9%	0.3%
Proportion of employees receiving in-classroom training over the year compared to total number of employees ^(b)	37.5%	56.7%	60.7%	7%
Average number of training hours per employee trained via classroom programs	13.7 hrs	14.9 hrs	14.4 hrs	(6.7%)
Share of payroll allocated to training	2.8%	3.2%	2.9%	(8.3%)

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

(b) Employees (open-ended and fixed-term contracts) as of December 31, 2022.

2.4.3.1 / Support an educated choice through the Expertise program for salespeople

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.

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 objective has resulted in the roll-out of an ambitious five-year personalized training program, launched in 2020, for all its salespeople.

The program combines in-classroom training and e-learning, and comprises:

- an onboarding process that helps new salespeople to get to know the Company's strategic objectives, its CSR policy and its brand ecosystem, or to perfect their sales techniques and presentation;
- a positioning quiz, to create the 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.

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.

Training courses to support transformation

In parallel, training courses were provided to:

- support the roll-out of the Darty Max subscription: nearly 400 training sessions were delivered to train some 5,500 employees;
- develop "video sales advice": 539 volunteer employees were coached in customer relations by video.

These schemes were recognized and rewarded this year, winning a prize in the "Sales and Retail" category at the 'Printemps des Universités d'Entreprises' event organized by U-Spring. This award identifies "Training" initiatives that support the performance of retail sites.

2.4.3.2 / An in-house training academy that is becoming more professional and better equipped

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.

A Qualiopi-certified Training Academy

To emphasize the professionalism of the training activities and raise its internal and external profile, the Training Academy was awarded Qualiopi certification in November 2021.

Since then, the Academy has continued to develop its programs in line with the requirements of this certification:

- a new e-learning platform provides an enhanced display of the digital training offer and courses;
- a new training display tool, directly linked to the platform and visible to managers, makes it possible to manage team training with greater precision.

A new site for the Training Academy

In September 2022, following the reorganization of the head office via the Activity Based Office project, the Academy moved to new premises which benefit from having all the training rooms in one place: in all, 7 training rooms are available with a capacity of some 75 people. This location became the official center for training activities in France and houses the administrative department for training.



CORPORATE SOCIAL RESPONSIBILITY

Develop our most valuable asset: people

2.4.3.3 / Promote new forms of collaboration

In 2022, the Activity Based Office project was rolled out at the head office in Ivry-sur-Seine. This project meets employees' new needs to have new ways of working with co-working, open plan or more isolated spaces.

The continuance of telework resulted in the signing of an amendment to the teleworking agreement allowing head office employees to telework for up to 3 days per week.

To support hybrid management, Fnac Darty invested heavily in training, launching a program for 420 managers. By the end of October 2022, 83% of these managers had received training on hybrid management. This consisted of 32 workshops covering acknowledgment and encouragement, the identification of weak signals, collective dynamics, empowerment and trust.

2.4.4 / WORKING CONDITIONS AND RISK PREVENTION

As a prerequisite for employee commitment, health (physical and psychological) and safety are major issues for Fnac Darty. The Group has invested heavily in training its teams, particularly managers, in order to strengthen risk prevention.

2022 Performance

Scope: Group, excluding franchises	2020	2021	2022	Δ Y-1
KPI: Frequency rate of workplace accidents with stoppage time ^(a)	30.1	31.5	29.7	(3.8%)
KPI: Severity rate of workplace accidents with stoppage time ^(a)	1.7	1.9	2.0	7.9%
Frequency rate of workplace accidents with stoppage time (Nature & Découvertes)	11.5	5.9	6.1	0.2 pt
Severity rate of workplace accidents with stoppage time (Nature & Découvertes)	0.33	0.19	0.49	0.3 pt
Number of employees trained in safety	4,985	14,474	15,267	5.5%
Total number of hours of safety training	18,618	45,125	47,779	5.9%
Overall absenteeism	7.0%	8.9%	7.8%	(1.1) pt
KPI: Absenteeism due to sickness	5.2%	5.3%	5.4%	0.1 pt

(a) Excluding Nature & Découvertes, which applies a different indicator calculation methodology (all entities calculate this rate over the hours actually worked, whereas Nature & Découvertes calculates it on theoretical working hours).

Although the effects of Covid were still being felt in 2022, with 70% of absenteeism related to illness, other sources of absenteeism, particularly those related to work-related accidents, declined. Overall absenteeism and the frequency of workplace accidents with stoppage time were down. Since 2021, Fnac Darty has implemented risk prevention plans, through significant investment in awareness-raising and training for employees and managers, as well as actions targeted at the business lines with greatest exposure in relation to their physical and potentially hazardous nature (logistics and delivery in particular). These action plans were continued and enhanced in 2022, as described in paragraph 2.4.4.4.

2.4.4.1 / Constructive social dialogue

Fnac Darty is committed to respecting freedom of association throughout the world and encourages social dialogue within all its legal entities, at both individual and collective levels. It also strives to create employee representation bodies in all the countries in which it operates.

At the end of 2022, the Group was party to four major agreements on employee representation covering all employees of the Fnac and Darty brands. These agreements have strengthened the resources available to employee representatives (number of employee representatives, supra-legal bodies specific to the Group, time devoted to the position, working time for employee representatives to prepare for meetings with management, the Group's financial contribution to trade union organizations, etc.) and the measures designed to secure and develop their careers (career development interviews, etc.).

A new agreement on staff representation was also concluded in 2022, in order to take into account the changes in the organization of activity at an entity in staff representation and social dialogue. All collective agreements relating to fundamental issues (Sunday working, job and career management, quality of life at work) provide for a monitoring committee, which ensures that the Group's commitments are honored, and which meets annually to review the past year and discuss the outlook for the year ahead.

The Group has a European Works Council with representatives from the four countries in which the Group has employees. This body has also set up a working group dedicated to the duty of care, which meets once or twice a year and provides a forum for discussion between the Human Resources Department, the CSR Department and employee representatives, in order to involve them fully in these major Group issues.

Fnac Darty has a Group Works Council, which was set up in 2019 following the merger of the two brands and on which employee representatives from all Group entities sit. It meets at least twice a year to review social policy, the financial position and CSR policy, but also to discuss issues, initiatives and new developments that affect specific areas of the Group's business, so that each elected representative has comprehensive knowledge of all the Group's activities.

In 2022, a Group GEPP⁽¹⁾ agreement was signed, supplementing the Group agreements on quality of life at work and remote working signed in 2021. In total, more than 30 collective agreements were signed in France in 2022, covering issues such as compensation, profit-sharing, teleworking, professional equality and professional mobility. As a result, all French employees are covered by one or more of the collective agreements signed in 2022.

2.4.4.2 / Promote freedom of expression for each individual regarding their working conditions

In addition to social dialogue through staff representative bodies, Fnac Darty is keen to give all employees the opportunity to express their views on working conditions, recognizing the value of discussion that involves everyone in the company and is based on transparency and listening to a variety of viewpoints.

To this end, the Group provides various means by which employees can freely express themselves on the content and organization of their work, as well as on the definition and implementation of actions to improve working conditions:

- Supermood, an innovative and anonymous tool for listening to employees. This initiative allows each employee to express their opinion, observations, expectations or difficulties concerning the performance of their work at the site, and thus enables managers to provide appropriate, targeted, rapid responses. In 2022, monthly webinars were organized with managers to support them in their use of this managerial tool, from sharing results to taking action. In December 2022, the recommendation rate⁽²⁾ was 74.7%, compared to 72.1% in December 2021;
- an external listening hotline with occupational psychologists is open to all 24 hours a day, 7 days a week;
- group meetings, routinely organized within the teams, to enable employees to express their views on the organization, the environment and their working conditions. Designed to open up spaces for constructive debate and collective intelligence, these meetings are initiated by managers, but led by "peers" from within or outside the team, enabling teams to engage in a new culture of discussion, stepping back, sharing and seeking solutions.

(1) Job and career management (*Gestion des emplois et des parcours professionnels – GEPP*).

(2) Proportion of employees giving a score of between 7 and 10 on a scale from 0 to 10.



CORPORATE SOCIAL RESPONSIBILITY

Develop our most valuable asset: people

2.4.4.3 / Strengthen preventive healthcare from the age of 50

Fnac Darty aims to prevent the onset of any age-related conditions and, to this end, makes the following measures and schemes available to its senior employees:

- a prevention assessment: employees aged 50 and over are eligible for a prevention assessment organized by the Group's external partner organizations. This medical, psychological and social assessment, carried out by health professionals, is an opportunity for employees to discuss their state of health with skilled professionals, to identify any vulnerabilities and risk factors, to receive personalized and adapted preventive advice, to discover activities through workshops (physical activities, balance and prevention of falls, memory stimulation, stress management, nutrition, sleep, etc.) and finally to take part in theme-based sessions (memory, motor skills, etc.);
- authorized leave for a health check-up/preventive health examination: to enable employees aged 50 and over to take advantage of the free preventive health check-up provided by the French social security system, Fnac Darty has decided to grant them half a day of paid leave;
- organization of an additional medical check-up from the age of 55: employees aged 55 and over may, at their request, receive an additional medical check-up from the occupational health and prevention services;
- systematic provision of "movement and posture" training to all employees aged 55 and over.

2.4.4.4 / Risk prevention in the most hazardous occupations

While noting that none of the Group's jobs meet the legal definition of arduous work, Fnac Darty decided to use its GEPP agreement to identify roles with a "high physical impact" in order to qualify them for certain specific measures. In particular, this concerns the professions of delivery driver, technician and order picker, for which a high proportion of occupational accidents or illnesses are recorded.

Employees in these roles are eligible for specific support measures after the age of 50, including assistance with internal career transition, flexible working hours for skills sponsorship, and coverage of the remaining educational costs for career transition projects. In addition to these measures, which are formalized in the Group's GEPP agreement, the regular monitoring of KPIs (absenteeism rate, work accident rate, etc.) has been systematically implemented in the various governance bodies.

Specific prevention actions have also been implemented for specific groups of employees.

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.

Throughout 2022, investments were made to improve workstation comfort:

- improvement of prolonged standing posture with the introduction of anti-fatigue mats;
- purchase of new furniture in accordance with ergonomic recommendations.

Noise has been a considered risk for several years now. It is assessed and measurements are taken in areas likely to exceed regulatory thresholds. In 2022, new measurements were taken by a specialized organization in three of the Group's warehouses. These measurements have shown that the workstations in one of the warehouses are now all below the threshold defined by the regulations, following soundproofing work carried out in recent years. At another warehouse, special earplugs with filters have been provided for the logistics specialists in charge of loading and unloading the trucks.

The roll-out continued in 2022 of a wheel lock system comprising a wedge attached to an articulated arm in the loading docks of one of the warehouses. The risk of accidental departure of trucks from loading docks is a major risk in logistics, and investment budgets are planned to equip all sites with wheel lock devices in the coming years.

In 2022, logistics operations managers received training in workplace accident analysis. In order to raise awareness among the teams, prevention signage has been installed at the six logistics sites in France. Various measures are being trialed, such as the establishment of a partnership with a physiotherapist for prevention workshops at one site. On-site osteopathic consultations were offered to employees at some sites.

Finally, in order to reduce accidents and improve working conditions, numerous "5S" projects were carried out in 2022, with tangible results. This approach to improving safety and comfort at work was supplemented by team training and was supported by field representatives to help implement the initiatives and maintain the principles throughout the year.

Delivery

In order to reduce the risk of accidents, the main investments were aimed at improving the goods loading and unloading docks.

MSD studies were carried out in 2021 and 2022, leading to the implementation of targeted action plans: training courses on MSD prevention, collaboration with occupational therapists, creation of focus groups on accident analysis per activity, reminders of the requirement for personal protective equipment (PPE), deployment of electric trolleys.

The last-mile delivery department has also placed risk prevention at the forefront of the induction process, in particular through mandatory training.

Prevention through mandatory training

Since 2021, the Group has significantly stepped up safety training and monitoring of training completion. These mandatory training courses are addressed to all the Group's employees, and more particularly delivery and installation staff, logistics staff and after-sales technicians, whose activities are the most hazardous.

In order to prevent risks in the most hazardous jobs, several types of training have been strengthened or developed:

- regulatory training (electrical accreditation, movements and posture in the workplace, first aid at work, gas safety, etc.);
- specific courses for managers (security management, crisis management, permanent site opening). These cover all the risks that managers may face in the course of their work: security, safety, robbery, fire safety, work-related accidents, and ailments. They include a theoretical component (regulations) and a practical component (creation of a risk prevention plan). In 2022, two training modules on explosion risks and chemical risks were integrated into the training program for the managers concerned, in order to address the risks associated with safety at depots.

In Spain, the company uses an innovative tool to promote well-being, in the form of a web application providing advice on nutrition, health and sports. In 2022, almost one in four Fnac Spain employees (23%) used this tool, which was rolled out to strengthen the prevention of physical and psychological risks.

2.4.5 / DEVELOP THE SENSE OF BELONGING, SOCIAL CONNECTION AND QUALITY OF LIFE AT WORK

As the means of setting Fnac Darty apart from other pure players in the retail sector and by embodying the promise of the Fnac Darty experience, our employees are our greatest asset and the key to the Group's ambition and success. In this regard, Fnac Darty wishes to take a proactive approach to providing its employees with a balanced, stimulating, inclusive and respectful working environment, which is a driver of commitment and performance.

In March 2021, Fnac Darty signed an agreement on quality of life at work (QLW) and gender equality in the workplace. This historic

agreement, the first to be negotiated at Group level and signed with the Group's social partners, marked the first stage in the implementation of a common foundation for quality of life in the workplace for all Fnac, Darty, Nature & Découvertes and WeFix brands.

In November 2022, Fnac Darty was recognized for its Group agreement on quality of life at work and professional equality, with a special mention in the QLW category at the "Victoires des Leaders du Capital Humain" awards.

Scope: Group	2020	2021	2022	Δ Y-1
Total turnover	12.5%	16.4%	20.0%	3.6 pt
Recommendation rate ^(a)	73.4%	72.1%	74.7%	2.6 pt
Proportion of employees with disabilities in open-ended contracts ^(b)	4.9%	5.0%	5.2%	0.2 pt
Percentage of people with disabilities newly recruited under open-ended contracts ^(b)	0.8%	1.7%	1.8%	0.1 pt

(a) Proportion of employees giving a recommendation score of between 7 and 10 on a scale ranging from 0 to 10.

(b) Excluding Switzerland and Belgium, not applicable.



2 CORPORATE SOCIAL RESPONSIBILITY

Develop our most valuable asset: people

Despite a high and constantly increasing level of employee engagement (measured by the employee NPS), Fnac Darty, like most retail players, is facing talent retention issues, with an increasing number of voluntary departures, particularly among salespeople. This phenomenon has accelerated since Covid, with increasingly high expectations in terms of the meaning of work and quality of life in demanding roles. Since 2022, the Group has monitored employee turnover on a monthly basis, with an exit questionnaire routinely completed for each departing salesperson. In this regard, the Group is focused on deploying levers for employee retention based on career management and mobility (see 2.4.2.1), but also on meaning through shared values and inclusion, as well as on compensation in a context of increased pressure on purchasing power.

2.4.5.1 / All Leaders: toward shared operating principles

All Leaders, the Group's corporate culture program designed to improve the way we work together to serve our customers and boost performance against our strategic objectives, was continued in 2022 with the dissemination of inspiring personal accounts. All employees were able to deepen their understanding of the five operating principles of the All Leaders program, exemplified by five exceptional members of the community.

In order to involve all employees in these principles, and to collect or define the best practices for implementing them within the teams, a collective intelligence consultation was proposed to all Fnac Darty employees in France. Nearly one in four employees took part on the dedicated digital platform, which enabled the collection of almost 4,000 practices related to the operating principles or suggestions for making further progress.

Finally, everyone is responsible for embodying the five operating principles of All Leaders on a daily basis. For this reason, a "360° feedback" campaign was launched in 2022 with the members of the Executive Committee and the French Management Committee. Each participant received feedback allowing them to highlight their strengths in a professional environment, but also to identify areas for development and to build an action plan to better work with their teams, peers and internal customers.

2.4.5.2 / Create an inclusive and respectful work environment

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 renewed in 2021 with a new signing of the Diversity Charter (signed in 2005 and then in 2014 for the Fnac branch).

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 2022 activity on a number of projects:

- a Disability unit, launched in 2021, comprising a disability officer for each legal entity and two elected representatives of the Works Council. These officers have all received disability training (the reality of disabilities, disabilities and disabling illnesses, continued employment, the role of Agefiph and its initiatives). At Group level, the unit meets at least once a year, convened by the Disability initiative, and has a shared agenda: exchange of best practices, reflection on existing or future tools, monitoring of the employment obligation, joint work on the program for the European Week for the Employment of People with Disabilities. At the level of the legal entities, the unit develops, implements and monitors a specific action plan, using levers based on the entity's situation, particularly with regard to the employment obligation: recruitment, work-study programs, internships, job retention, partnerships with the protected and disability-adapted work sector, raising awareness among managers and teams. It also supports teams in their efforts to obtain recognition of their status as "Disabled Workers," so that their employees can benefit from the rights to which they are entitled;
- the creation of two work-study programs specifically for people with disabilities to train them as cashiers and warehouse clerks, with the possibility of hiring them on permanent contracts at the end of their training: a long-standing commitment to the inclusion of people who are deaf or hard of hearing in the Group's professional environment (since 2013), which was recognized in 2021 when it was awarded the "Inclusion Surdités" (Deafness Inclusivity) prize by the Fondation Pour l'Audition;

- faster recruitment of people with disabilities through the publication of advertisements on dedicated websites and a more active leveraging of the Cap Emploi contact network;
- 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. Facil’iti provides or improves access to online stores for people with a wide range of disabilities: blindness or visual impairment, DYS disorders, color blindness, etc.;
- setting targets: when it signed the QLW-professional equality agreement, the Group set itself the target of hiring at least 40 people with disabilities on permanent contracts and 40 on fixed-term contracts (including work-study contracts) each year. In 2022, 35 people were hired on permanent contracts and 52 on fixed-term contracts.

Other awareness-raising activities were led by the Disability initiative in 2022:

- participation in Duodays: 56 two-person teams were formed comprising a Fnac or Darty employee and a person with a disability. The latter were welcomed for a day at various Group sites (in stores, after-sales service workshops, platforms, logistics warehouses and at the headquarters) in order to encourage interaction and change the way people view disability;
- the in-house presentation of the Handi’trophée award, which recognizes entities, stores or teams that are committed to the employment of people with disabilities within the Group;
- regular hosting of webinars such as “Disability at work: official recognition.” In 2022, the Disability initiative dedicated one of its webinars to “Mental Disability”;
- the organization of an annual awareness-raising webinar for all HR managers entitled “Disability, understanding and acting together.”

Ensuring a respectful and inclusive environment for the LGBT+ community

In September 2022, Fnac Darty signed the LGBT+ charter, a commitment charter for the inclusion of people in the LGBT+ community, supported by the Autre Cercle association, joining the 200 other companies, associations and local authorities that are also signatories.

By signing this charter, the Group has committed to:

- creating an inclusive environment for LGBT+ employees;
- ensuring equal rights and treatment for all employees regardless of their sexual orientation and gender identity;

- supporting employees who are victims of discriminatory remarks or actions;
- measuring progress and sharing best practices to improve the general work environment.

The signing of this charter follows preparatory work in collaboration with Autre Cercle, including several rounds of discussion with the Executive Committee, awareness-raising among managers and teams, dialogue with social partners, and a review of HR processes.

Facilitating employee access to sports and culture

As part of its quality of life at work policy, Fnac Darty is committed to promoting sporting activities among its employees and facilitating access to culture, one of Fnac’s historic missions.

In 2022, the following activities were offered to employees:

- Paris half-marathon and 10 km races;
- a charity tennis tournament held at the Roland Garros stadium and two regional charity soccer tournaments in collaboration with Sport Dans la Ville;
- organization of book signings at the headquarters with the winners of the Fnac-France Inter comic book award and the Prix Goncourt des Lycéens;
- the chance to win tickets for a variety of shows and concerts;
- advance preview of Renaud’s new album, at Warner’s offices;
- organizing an “afterwork Philo” in partnership with Philonomist.

2.4.5.3 / Commit to purchasing power

In 2022, against a backdrop of inflationary pressure, Fnac Darty once again made a commitment to support its employees’ purchasing power through various initiatives. At the beginning of 2022, a special purchasing power bonus was paid in France and similar measures adapted to the specific situation of each country in which the Group operates were introduced. Just over 19,000 employees, or 85% of the workforce, were covered.

In addition, as part of its salary policy, Fnac Darty increased the weight of collective measures in 2022, and in particular raised the salaries of lower-income groups several times during the year. In France, 95% of the workforce benefited from the various increases.



CORPORATE SOCIAL RESPONSIBILITY

Acting ethically throughout our value chain

Variable compensation is an essential component of executive compensation. In 2022, the amounts paid to executives in respect of 2021 were significantly higher than the previous year due to the improved economic performance achieved by the Group at that time. The structure of the variable annual compensation for executives for 2022, payable in 2023, has been adjusted to take account of the geopolitical and macroeconomic crisis, which has a very immediate impact on the Group's financial results and was not known at the time the executives' objectives were set.

Most profit-sharing and incentive agreements were renegotiated in 2022, thereby preserving a significant level of compensation.

As part of the emergency measures introduced to protect purchasing power (Act No. 2022-1158 of August 16, 2022), the release of restricted employee savings in the Group savings plan (PEG) enabled just over 300 employees to access their employee savings early.

In 2023, Fnac Darty is maintaining its commitment to employee purchasing power by opting to pay a value-sharing bonus in July 2023 to all its employees in France, with employees in other countries having benefited from other major salary increase measures from the beginning of the year.

This year, as in previous years, the Group will continue to pay particular attention to the purchasing power of its employees, who are fully committed to the daily implementation of the strategic plan Everyday.

2.5 / Acting ethically throughout our value chain

Background and trends

As a retailer, Fnac Darty operates within an ecosystem of partnerships, interacting with numerous stakeholders: customers, suppliers, public authorities, investors, NGOs and charities. When surveyed as part of the Group's materiality analysis, which was renewed in 2022, these stakeholders expressed high expectations in terms of ethics, particularly with regard to protecting personal data and combatting corruption. More generally, they confirmed that acting ethically helps to ensure long-term relationships between Fnac Darty and its partners.

Fnac Darty is committed to acting with integrity, both in its own operations and across its entire value chain. Furthermore, the Group is committed to promoting, respecting and ensuring compliance with human rights. The Group also acknowledges that its activities may have a direct or indirect impact on human rights, the health and safety of people, and the environment in every country where the Group and its partners are present. As part of its duty of care, the Group identifies these risks and implements appropriate preventive measures. This chapter includes a summary of the Group's Vigilance Plan in accordance with the requirements of the French law of March 27, 2017, on the duty of care of parent companies and initiating companies.

Risks

- Claims against the Group or its suppliers as a result of non-compliance with labor law and human rights
- Prosecution and/or reputational damage as a result of non-compliance with anti-corruption laws
- Improper use of personal data
- Cybercrime

Opportunities

- Long-term relationships with suppliers, considered as partners in achieving the objectives of the plan Everyday
- Greater trust with customers and investors
- Management of risks associated with non-compliance

Levers activated	2022 key highlights	Performance and monitoring of objectives
<ul style="list-style-type: none"> Ethical principles reaffirmed and shared with all of the Group's stakeholders 	<ul style="list-style-type: none"> Presentation of the ethics system in the induction seminar for new managers 	
<ul style="list-style-type: none"> Governance bodies and appropriate training programs 	<ul style="list-style-type: none"> Appointment of a Head of Ethics Launch of a new anti-corruption training package comprising seven e-learning modules Overhaul of the GDPR e-learning for the head office teams 	<ul style="list-style-type: none"> 100% of persons exposed to conflict of interest risk have completed mandatory training modules
<ul style="list-style-type: none"> Mapping of risks, policies, specific prevention and mitigation measures for protecting personal data, anti-corruption, indirect purchasing and duty of care 	<ul style="list-style-type: none"> Increased monitoring of the individual assessment of the conflict of interest risk Update to procedures related to the security and confidentiality of customer data stored by Fnac and Darty's after-sales services Rollout of a "Preference Manager" on darty.com to give customers better control over their data Creation of a Developer Charter Fake phishing attack campaign Increase in the non-compliance threshold for audits of own-brand plants Strengthening of the procedures for using quality indicators to assess salespeople Investment in risk prevention tools and new procedures to mitigate the after-sales risk of fire (lithium batteries, chemical products) Roll-out of a program to ensure compliance with competition law Finalization of CSR risk mapping for the most strategic indirect purchasing items 	<ul style="list-style-type: none"> 100% of persons exposed to conflict of interest risk have completed the risk self-assessment More than 100 projects analyzed by the DPO and the legal team 6.8 billion malicious requests blocked KPI: 92.3% of Fnac Darty audits deemed compliant (before corrective action plan) 36 unannounced audits (46% of audits) More than 3,300 Marketplace salespeople tested and 231 salespeople removed from the approved list 64% of calls for tender incorporated CSR criteria in indirect purchasing requirements
<ul style="list-style-type: none"> An outsourced ethics whistleblowing platform that is accessible to third parties and available in all of the Group's languages 		<ul style="list-style-type: none"> 78 alerts received; seven reports substantiated, resulting in sanctions
<ul style="list-style-type: none"> A responsible tax policy 	<ul style="list-style-type: none"> Commitment to the tax partnership with the Major Corporations Division of the French Directorate-General of Public Finances 	<ul style="list-style-type: none"> An effective tax rate of 34.37% for the 2022 financial year



CORPORATE SOCIAL RESPONSIBILITY

Acting ethically throughout our value chain

2.5.1 / GOVERNANCE

As a responsible player, Fnac Darty is committed to acting with integrity, both in its own operations and across its entire value chain.

The Group places particular importance on sustaining its values and ethical principles in its relationships with employees, suppliers, customers, partners and shareholders. These ethical principles contribute to the sense of pride felt by employees and to the development of long-term relationships with the Group's

stakeholders. They are also levers for reducing the risks related to ethics in the broadest sense.

The Group allocates appropriate resources to the ethics and compliance challenges it faces by ensuring that it appoints managers dedicated to key issues, as well as representatives in the business lines and subsidiaries. The Group's General Secretary in charge of CSR and Governance oversees these challenges.



The Ethics Committee

The aim of the Ethics Committee is to promote a culture of ethical conduct across the entire Group. It is tasked with ensuring responsible business conduct in compliance with:

- the French Sapin II law;
- the French law on the duty of care by parent companies and initiating companies;
- the EU General Data Protection Regulation (GDPR); and
- more broadly, all applicable ethics and compliance regulations in all countries in which the Group operates.

The Group's Ethics Committee ensures that the ethics and compliance systems are continuously improved. It also aims to remedy any action that is in violation of its principles.

Chaired by the General Secretary, the Ethics Committee is composed of permanent members who have been selected for their experience and expertise in labor law, corporate law, the environment and ethical standards. These include:

- the Group's Director of Human Resources;
- the Group's Risk Director;
- the Group's CSR Director;
- the Group's Legal Director;
- the Data Protection Officer;
- the Group's Security Director; and
- the Group's Head of Ethics.

At the end of the year, the Group's Chief Executive Officer attends the meeting of the Ethics Committee, where they are presented with a summary of the year's work and informed of scheduled action plans and priorities for the next year.

2.5.2 / COMBATING CORRUPTION

Governance of the ethics system

The compliance program under the Sapin II law, which aims to combat corruption, is incorporated into Fnac Darty's ethics system. Each Group entity implements the ethics system and applies it according to the specific features of its activities, its geographical location and any applicable regulations.

- The Group's Ethics Committee ensures the quality of the system in line with changes in the business environment.
- The Group's Head of Ethics is in charge of developing and implementing the ethics system at Group level and presents a monitoring report on the implementation of the Group's ethics system to the Ethics Committee.
- The local ethics officers appointed in all countries and subsidiaries ensure the implementation of the ethics system in their respective entities and provide the Group with regular updates at quarterly meetings.
- The Group's Internal Audit Department monitors the quality of the ethics system and its application within the Group.

Ethics Guidelines

The ethics guidelines formalize the Group's commitments and share them with all of its stakeholders. The Group also helps its employees to best respond to new situations through the use of decision trees.

- The aim of the Code of Business Conduct is to reaffirm the basic principles that should govern each person's behavior in their professional life, both individually and collectively. Fnac Darty's ethical principles are reiterated to stakeholders in the Group's Ethics Charter and in its Supplier Ethics Charter.
- 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 is designed to raise awareness on this topic. It aims to help employees who may be exposed to this risk to avoid it and to act appropriately.

This framework is updated regularly to reflect the improvements made. It was last updated in 2021.

The ethics guidelines are translated into all of the Group's languages. They are accessible at all times across all Group entities. Internal communications regarding the ethics guidelines are issued on an ad hoc basis.

Mapping of risks of corruption and influence peddling

The mapping of risks of corruption and influence peddling underpins the management of the ethics system. The action plans it generates are monitored regularly. In addition, the mapping processes are reviewed annually by the Ethics Committee.

Training and awareness

A new e-learning training package was launched in 2022 in order to strengthen anti-corruption measures. This comprehensive educational package was rolled out based on the level of employee responsibility. It comprises seven e-learning modules on the following topics:

- code of conduct;
- gifts and hospitality;
- whistleblowing;
- conflicts of interest;
- assessment of third parties;
- mapping of risks; and
- ethics and managers.

Training for management and exposed people

All members of the Executive Committee, the Leadership Group and the management committees of the countries and subsidiaries have completed the seven mandatory training modules. This group accounts for more than 200 people within the Group.

Every person exposed to conflict of interest risk in the Group has completed the following four mandatory training modules: code of conduct, gifts and hospitality, whistleblowing and conflicts of interest. This group of people is updated annually and comprised almost 1,000 people in 2022. It is determined according to the decision-making powers and powers to act granted to employees.

Managers and management are exposed to conflict of interest risk. Each year, this group of people completes an individual assessment of their conflict of interest risk. This approach involves at-risk persons in the prevention and management of conflict of interest situations, using a personal inquiry process to highlight risks that they may come across. In 2022, nearly 1,200 people at Group level completed this assessment, i.e. all persons exposed to this risk.



CORPORATE SOCIAL RESPONSIBILITY

Acting ethically throughout our value chain

Reported situations are systematically analyzed and appropriate remedial measures are implemented.

Furthermore, in addition to this annual declaration, Fnac Darty encourages its employees to declare any conflict of interest situations throughout the year.

Training for all employees

Three of the training modules – code of conduct, gifts and hospitality, and whistleblowing – are mandatory for all Group employees.

To ensure that the importance of a culture of ethical conduct is passed on to all new employees, the Group's Head of Ethics now presents the ethics system in the induction seminar for new managers in France.

In China, a "sensitive country" according to the Corruption Perception Index, the ethics guidelines and training are systematically included in the onboarding process for new employees at the sourcing office.

Internal controls and assessment

The rollout of the ethics system is monitored and systematically presented at meetings of the internal control committees. The self-assessment comprises ethics-related questions.

Group Audit Committee

An annual monitoring report on the ethics system is presented to the Audit Committee.

2.5.3 / USING AND PROTECTING PERSONAL DATA, CYBERSECURITY

The Group is committed to protecting the privacy of its customers and employees, and makes every effort to process personal data in a transparent and responsible manner.

2.5.3.1 / **Protect the personal data of employees and customers**

As a key player in the daily life of its customers, Fnac Darty intends to contribute to a trusted digital society and to control the impact of its activities with regard to personal data.

In a hypercompetitive and increasingly regulated environment, personal data is a double-edged sword. While it is a key asset in ensuring the competitiveness of the Fnac Darty model, it is also one of the greatest challenges for the Group's digital strategy, which must protect the privacy of its customers and employees.

General approach

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 and all of the Group's stakeholders expect their data to be used transparently and proportionately, as reflected in the materiality analysis conducted in the fall of 2022 (see also section 2.1.4).

Fnac Darty strives to ensure that it uses the data collected by the Group's brands with absolute transparency and that this use is also legitimate, proportionate and secure. For several years, the Group has been working hard to proactively protect personal data in accordance with data protection regulations (Regulation of

April 27, 2016 (the "GDPR"), the French Data Protection Act and the ePrivacy Regulation).

Governance

Managing digital issues has resulted in an increase in recent years in the number of employees involved in data protection. Meeting the rapidly growing demands and needs on the ground remains a daily challenge for the Group.

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 continues to strengthen its organizational structure and has a team of four 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 – CNIL), two people in charge of the protection of personal data and a DPO dedicated to the France Billet and Nature & Découvertes subsidiaries. In regard to the other countries, the subsidiaries in Belgium, Spain, Portugal and Switzerland also have locally appointed DPOs or staff dedicated to compliance with regulations on personal data protection. GDPR officers, responsible for circulating data protection-related news and monitoring departmental action plans, have also been appointed in each of the major departments of the Group's business lines. All business lines are thus covered by and represented at a GDPR Committee, which meets every quarter. The brands' customer services also play an active role in coordinating the application of the GDPR.

Dedicated committees and workshops organized by the DPO team meet regularly to ensure compliance with GDPR and to monitor the action plans it generates:

- 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).

Once or twice a year, the Executive Committee is also informed of issues regarding personal data protection for information purposes or its management if necessary.

Lastly, once a year, the Group DPO presents the mapping of risks and ongoing risk mitigation plans regarding personal data protection to the Audit Committee.

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.

In 2022, Fnac Darty worked on improving the way that GDPR information is displayed in-store and on developing a benchmark enabling the implementation of regulatory displays to be regularly audited.

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.

Faced with innovative digital services and tools sometimes using complex technologies, which increasingly rely on the use of data, the teams in charge of data protection have implemented procedures to understand and analyze projects and their challenges from a data protection perspective so that the privacy of customers and employees is protected. A “Privacy by Design” procedure also ensures that issues relating to personal data protection are properly taken into account from the outset when projects are designed and tools selected.

All projects must be signed off by the DPO’s team prior to their launch. The projects are analyzed based on compliance with data processing requirements and data security. Audit questionnaires are used in particular to assess the guarantees put forward by service providers offering third-party solutions, particularly SaaS

(online software). Over the last few years, Fnac Darty has used a tool for mapping and managing the integration of outsourced software (SaaS) which has seen strong growth in recent years. The Group’s Legal Department is responsible for ensuring that GDPR obligations are met through Data Protection Agreements or mandatory clauses stipulated in the GDPR.

In 2022, the DPO and the legal team analyzed and approved more than 100 projects.

Training and awareness

In recent years, Fnac Darty has created a data protection culture among its employees through regular training initiatives and awareness campaigns.

Fnac Darty ensures that its employees receive ongoing training: mandatory e-learning on data protection can be accessed from the Group’s e-learning platform. In 2022, the GDPR e-learning for the head office teams was overhauled to provide clarification on Privacy by Design procedures. Training for the business lines was also a focus in 2022.

Personal rights

Following the CNIL’s awareness-raising initiatives, the French public’s understanding of privacy issues has increased over the years, resulting in a greater awareness of their personal data rights and an increase in data protection-related requests.

Managing requests from customers regarding 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. For each brand, a customer service manager leads and coordinates the proper management of requests from people regarding their rights under the GDPR. Online contact forms (Darty) or a conversational platform (Fnac through ladvize) that are continuously improved ensure that customers’ requests are dealt with promptly. The Group’s DPO team responds to specific requests from customers regarding the use of their data.

Personal data breaches and data security issues

Fnac Darty pays particular attention to data security issues. Over the last few years, the resources allocated and tools dedicated to cybersecurity have been constantly increasing.

Alert systems and systems for tracking anomalies and incidents can be used to anticipate data breaches. Raising awareness among employees on a regular basis and close cooperation between the DPO and CISO teams (cybersecurity – see below) 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 CNIL within a timescale of 72 hours.



2 CORPORATE SOCIAL RESPONSIBILITY

Acting ethically throughout our value chain

Program and action plans

In 2022, Fnac Darty focused specifically on the issue of data transfers outside the EU, the improvement of in-store information on data processing, the security of its information systems and the ongoing enforcement of limited retention periods in these systems. The procedures for ensuring the security and confidentiality of customer data stored by Fnac and Darty's after-sales services were also updated.

Fnac Darty rolled out a new "Preference Manager" tool for customer accounts on darty.com. The tool aims to give customers greater control by allowing them to choose how their personal data is used (who may use their data and for what purpose, and through which channel). A new information portal for personal data has also been released alongside the "Preference Manager" to provide improved transparency on how personal data is used. There are plans to roll out the same solution for the Fnac brand in 2023.

2.5.3.2 / Cybersecurity: an essential practice in order to ensure the protection of personal data

Key activities such as sales, retail, financial services and the protection of customers' and employees' personal data depend on the reliability and effectiveness of various information systems. Cyberattacks are increasingly sophisticated and frequent, and target not only companies' information systems and their websites but also their employees, representing a major risk for the Group.

Cybersecurity governance and dedicated resources ensure that the Group's information systems and any third-party data are protected. A team of 11 people, including two people trained in ISO 27001, the specific standard for information security management, are dedicated solely to this activity. The Chief Information Security Officer (CISO) manages the information system risk management process for the Group and, as such, oversees the entire information security system. Their team ensures that specific policies to prevent and manage cybersecurity incidents are properly monitored within the Group. These are governed by the information systems security policy, which was strengthened in 2022 through the creation of a Developer Charter, and by a new policy for information system administrators.

As part of the monitoring process, the security committees held quarterly and monthly meetings in 2022 with the goal of:

- providing an overview of key activities;
- sharing the various IT security indicators;
- providing feedback on the latest attacks and assessing intrusion risks;
- updating the mapping of cybersecurity risks and monitoring initiatives;
- planning and approving awareness-raising campaigns aimed at employees;
- conducting regulatory monitoring; and
- maintaining GDPR compliance.

Raising awareness among employees and working with them to defend against attacks is also key to protecting information systems and personal data. The cyber team provides updates all year round, warning employees about various risks. Mandatory training for all employees was also launched in 2022. To supplement this system, a fake phishing attack campaign was carried out in 2022 as a means of educating employees and assessing the Group's vulnerability.

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 was boosted by substantial investments; the cybersecurity budget quadrupled between 2019 and 2022.

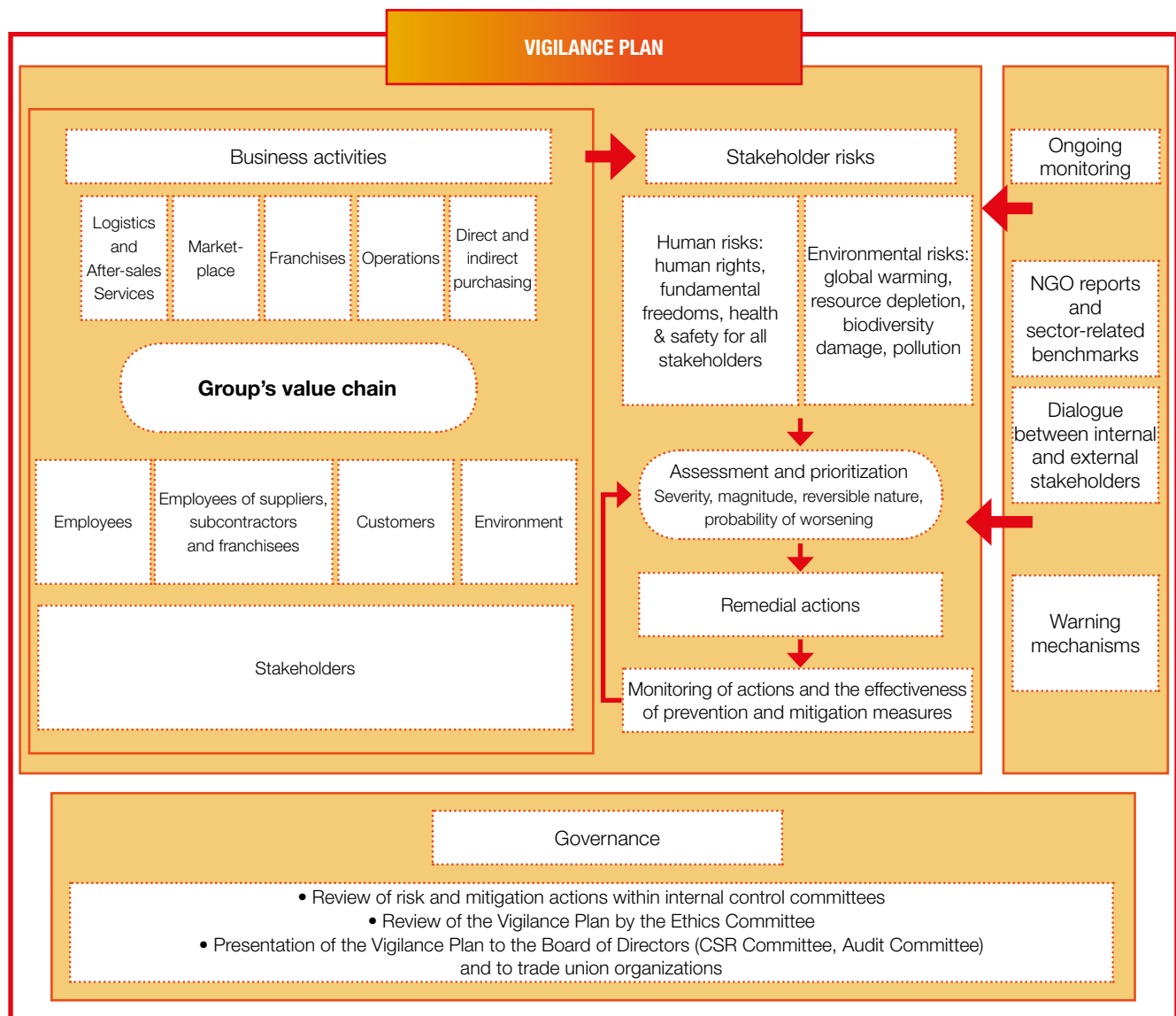
As part of its continuous improvement approach, Fnac Darty strengthens its specific policies for the prevention, detection and management of cybersecurity incidents on an ongoing basis, in particular through the development of a program encompassing all countries where the Group is present. This program aims to harmonize the practices of the various subsidiaries and to assess cybersecurity posture across the entire Group. A new supervisory committee involving all countries and subsidiaries has been created for this purpose.

- Number of attacks: 6.8 billion malicious requests blocked.
- Proportion of blocked e-mails: 30%.
- 540 second-order attacks on the Group's websites in 2022 (up +80% compared to 2021).

2.5.4 / 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.



Acting ethically throughout our value chain

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 of December 31, 2022, the scope of the Group's Vigilance Plan covered the Group's operational scope: Fnac France and Darty France, Fnac Spain, Fnac Switzerland, Fnac Portugal, Fnac Belgium, Vanden Borre, Nature & Découvertes and WeFix. It also covered the activities of the sourcing office based in Hong Kong.

The scope of activities included internal operations and level 1 suppliers/subcontractors with which the company has an established commercial relationship.

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.

These risks, like the Group's other non-financial risks, are assessed and monitored as part of the CSR policy, and described in this Non-financial Performance Declaration.

2.5.4.1 / Mapping of risks, assessment procedures and alert mechanism

Risks are identified and assessed at least once a year (more so for the most significant risks) with the managers concerned. 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 such as Sherpa and EDH are taken into account as part of these reviews.

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 on the health and 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 as well as the recurrence of threats 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.

Fnac Darty involved trade union representatives in this assessment system and mitigation development. In 2020, an ad hoc working group was established (comprising one staff representative per subsidiary), which meets twice a year to discuss the contents of the Plan, in particular policies, actions for prevention and the effectiveness of the measures taken.

In 2022, the CSR Department renewed its materiality matrix. The CSR issues were overhauled, with the help of pioneers appointed for each department, and subsequently ranked based on the results of qualitative and quantitative surveys conducted among the Group's internal and external stakeholders. This analysis was used to refine the CSR risks and thus reassess the mapping of Fnac Darty's duty of care (see also section 2.1.4).

As a result of the analysis, the mapping of risks was restructured. The 34 risk categories used in 2021 were consolidated into 24 main risks with the introduction of a new category for "cross-departmental risks" for management purposes. This category covers risks for which responsibility is shared between several departments.

In the spirit of continuous improvement, the mapping is subject to regular review by the CSR and Internal Audit departments, in collaboration with the various departments concerned. It is then approved by the Ethics Committee, which assesses the effectiveness of the measures taken and which may request the implementation of additional action plans.

Warning mechanism

In 2021, an outsourced platform for monitoring ethics and compliance was rolled out to all subsidiaries in France and in the other countries, which is available in all of the Group's languages. The link to the platform is also accessible to third parties.

No alerts were related to duty of care in 2022. Please see section 2.5.8 for further details on the mechanism and the alerts received in 2022.

2.5.4.2 / 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
HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS								
Human rights	●	●	●	●	●	●	●	●
Fundamental freedoms	●	●	●	●	●	●	●	●
HEALTH & SAFETY								
Employee health and safety		●	●			●	●	
Customer health and safety	●	●	●	●		●		
Health and safety of subcontractors' employees	●	●		●	●	●	●	●
ENVIRONMENT								
Pollution	●	●	●	●		●	●	●
Depletion of resources	●			●			●	●
Climate change	●			●			●	●

- Low risk
- Medium risk
- High risk
- Very high risk

Sourcing of own-brand products and products under license

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 (Fnac Darty scope, excluding Nature & Découvertes):

- 12 own brands, 6 license brands, approximately 1,500 products;

- 192 active plants:

- 179 active plants in China at the end of December,
- 12 active plants in wider Europe (including 3 in Turkey), and
- 1 in Egypt.



CORPORATE SOCIAL RESPONSIBILITY

Acting ethically throughout our value chain

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 2022
<ul style="list-style-type: none"> ■ Fundamental freedoms and human rights (freedom of association, working time, compensation, forced labor, child labor, discrimination) ■ Health and safety of employees within the plants, e.g., in the event of non-compliance of facilities and personal protective equipment ■ Health and safety of customers, particularly in the event of quality issues or non-compliance with European standards (REACH, RoHS) ■ Environment, e.g., in the event of poor environmental practices in the plants 	<ul style="list-style-type: none"> ■ A team of 90 people, including 62 in China ■ Around 10 internal auditors ■ A tested audit grid comprising 103 criteria, 27 of which are related to Corporate Social Responsibility 	<ul style="list-style-type: none"> ■ Framework document (Group Vendor Manual, translated into Mandarin Chinese) ■ Full audit conducted prior to entering into any contract, then audit conducted at least every two years ■ Announced and unannounced audits ■ Audits by internal auditors 	<ul style="list-style-type: none"> ■ Continuation of the audit campaign: 44% of active plants^(a) audited ■ Increase in unannounced audits: 36 unannounced audits (46% of audits) ■ KPI: 92.3 million Fnac Darty audits^(a) deemed compliant (before corrective action plan) ■ Inclusion of an audit criterion on the provision of an ethical alert mechanism for workers ■ 37 supervisory audits of controllers and 0 alerts

(a) Plants located in China.

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.

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: a "quality assurance and control" component and a "Corporate Social Responsibility" component. This second component combines several aspects of control: human rights and employment law, health and safety, ethics and 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.

Procedures associated with audit results:

Audit result	Associated procedure	Control
> 85% = full compliance	None	Audit every two years
72% to 85% = average compliance	Requirement to take corrective action	Follow-up audit
60% to 72% = 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

The Fnac Darty teams help the suppliers to prepare corrective action plans.

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.

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.

In 2022, the non-compliance threshold was increased to 72%, compared to 70% in 2021, in order to raise the Group's standards. This will be set at 75% for the 2023 audit campaign.

Results

Scope: Group (excluding Nature & Découvertes)	2020	2021	2022
KPI: Proportion of audited plants whose audit result is deemed to be average or compliant ^(a)	91.7%	91.5%	92.3%

(a) Plants located in China, before corrective action; excluding Nature & Découvertes, whose historical procedures differ from those of the Group (see below). This exclusion is not significant in view of the weighting of Nature & Découvertes in the total purchasing volume of Group products.

Of the 78 audits conducted in 2022, 13 plants were authorized to continue production but subject to the obligation to implement a corrective action plan and six plants were deemed non-compliant due to one or more critical points, which led to production being halted. These critical points concerned irregularities in the voltage calibration of equipment (audit quality component), obstructed emergency exits and a lack of an environmental certificate.

The 19 plants that had to implement a corrective action plan underwent a follow-up audit.

After these checks, the six halted plants were able to resume production. No plant had to permanently discontinue production in 2022.

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.

Every year, social and environmental audits are conducted by an external service provider. The two entities share the same audit vision, focused on supporting suppliers. Since 2021, the audit grid used for these audits has been the same as for the plants of Fnac and Darty suppliers.

	2022
Proportion of audited plants for which the result is deemed to be average or compliant	78%

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. More than 83% of purchases in 2022 were from suppliers who have signed the charter – 67% of suppliers in total.

	2020	2021	2022
Proportion of purchases produced by Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter.	64.3%	64.1%	67%

Purchasing products and services

For Fnac Darty, there are three types of purchasing: purchasing products marketed under its own or license brands (see above), purchasing branded products (known as “merchandise”), and indirect purchasing (intended to allow the Group to conduct its business). 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. The Group is specifically committed to supplier dialogue around environmental criteria such as product reparability and reliability, and around their decarbonization strategy (see also section 2.2.1.2).

Indirect purchasing involves approximately 3,000 suppliers and includes numerous risks. This concerns both the purchase of services (transport, remote customer relations, temporary work, security, works) and of goods (consumables). The information below relates to this type of purchasing.

Risks	Resources implemented	Preventive measures	Actions and performance 2022
<ul style="list-style-type: none"> ■ Infringements of fundamental freedoms and human rights (specifically non-compliance with working hours, payment of overtime, discrimination, etc.) ■ Health and safety breaches affecting subcontractors’ employees, e.g. in the event of a lack of training ■ Health and safety breaches affecting customers, e.g. in the event of a lack of gas and electricity certification of delivery and installation staff employed by subcontractors ■ Environmental infringements, e.g. in the event of poor environmental practices in the management of construction waste or waste chemicals used for cleaning 	<ul style="list-style-type: none"> ■ A team of 12 buyers in France, all trained in responsible purchasing and sustainable development issues ■ Establishment of an IPD CSR Committee to monitor action plans ■ Inclusion of the IAD on CSR-related committees (Climate Committee, Circular Economy Committee, green IT, fleet greening) 	<ul style="list-style-type: none"> ■ Framework documents, shared with suppliers and subcontractors: Business Code of Conduct, Responsible Purchasing Policy ■ Increasing inclusion of CSR criteria in calls for tender ■ Risk analysis updated annually 	<ul style="list-style-type: none"> ■ Certification of Supplier Relations and Responsible Purchasing ■ Introduction of CSR business reviews with strategic suppliers ■ Implementation and monitoring of indicators specific to social and environmental aspects for all purchasing categories ■ Contracts renegotiated to include CSR criteria ■ 64% of calls for tender incorporating CSR criteria ■ 60% of contracts incorporating the Business Code of Conduct

For further details, see also section 2.5.7 “Supplier Relations and Responsible Purchasing.”

Independent salespeople on marketplaces

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: Toys and Games, then sports, gardening, DIY and, most recently, home furnishings, which includes furniture and bedding.

2022 key figures:

- more than 4,000 salespeople on the Fnac Darty Marketplace;
- more than 17 million active product items available.

Risks	Resources implemented	Preventive measures	Actions and performance 2022
<ul style="list-style-type: none"> ■ Fundamental freedoms and human rights: infringements of freedom of association, working hours, compensation, forced labor, child labor, discrimination ■ 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 ■ Health and safety of customers, e.g., in the event of non-compliance of products with European standards ■ 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 	<ul style="list-style-type: none"> ■ A quality division comprising 10 people ■ A monthly salesperson monitoring committee to monitor the indicators implemented ■ A weekly quality arbitration committee to closely monitor risky salespeople 	<ul style="list-style-type: none"> ■ Business Code of Conduct, incorporated into the General Terms and Conditions of Use of the Marketplace ■ Quality assessment and monitoring procedures ■ Monitoring and procedures when recalling products 	<ul style="list-style-type: none"> ■ Strengthening of the procedures for using quality indicators to assess salespeople ■ More than 3,300 tests conducted (1,800 in 2021) and 231 vendors removed from the approved list ■ Fall in the total rate of complaints for Fnac and Darty: (1.8) points ■ Zero product recalls in 2022

Operational risks

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).

These risks, the associated mitigation policies and the results of these policies are described in the social portion of this chapter (section 2.4.4.4) and summarized in the table below:

Risks	Resources implemented	Preventive measures	Actions and performance 2022
<p>Health and safety of workers:</p> <ul style="list-style-type: none"> ■ road traffic accidents ■ miscellaneous accidents and musculoskeletal disorders related to handling activities (carrying loads, repeated movements, vehicle-pedestrian collisions, etc.) ■ accidents related to the installation or handling of electrical and electronic equipment (risks caused by lithium batteries and gas or electricity installations) ■ accidents related to the use of chemicals in repair workshops 	<ul style="list-style-type: none"> ■ A Training Academy with trainers dedicated to safety training ■ Regular investment in risk prevention tools 	<ul style="list-style-type: none"> ■ List of mandatory training courses (required by regulations or deemed essential by the Group) ■ Rollout of "safety representatives" at each logistics site ■ Investment in workstation ergonomics ■ Assessment of noise pollution in warehouses ■ Eco-friendly driving ■ Fire-control cabinets and specific lithium battery storage trays in workshops 	<ul style="list-style-type: none"> ■ Training of logistics operations managers in workplace accident analysis ■ New investment in secure platforms and risk prevention tools ■ Soundproofing work carried out at several sites ■ New procedures for lithium battery storage ■ KPI: Frequency rate of workplace accidents with stoppage time 2022: 29.7 (31.5 in 2021) ■ KPI: Severity rate of workplace accidents with stoppage time 2022: 2.0 (1.9 in 2021)

Changes in risks in 2022: risks concerning workers' health and safety were assessed as "increasing" due to the increase in repairs to electrical and electronic equipment, especially urban mobility equipment, leading to an increase in the handling and storage of used lithium batteries.

These changes led the Group to strengthen its fire prevention measures: rollout of collection containers to store these batteries in all Fnac and Darty stores, and the purchase of fireproof cabinets. After-sales teams were also made aware of the risks associated with these batteries.

An action plan was also rolled out to prevent risks related to chemical products used in after-sales workshops (storage cabinets, training, review of the purchasing process).

2.5.5 / COMBATING ANTI-COMPETITIVE PRACTICES

A program to ensure compliance with competition law and to prevent infringements in this domain is in place, comprising the following elements:

- a Code of Business Conduct which reiterates, among other things, the fundamental principles of respect, loyalty, transparency and confidentiality which must govern the professional behavior of employees, both individually and collectively, as well as the importance of compliance with competition law;
- appropriate organization to ensure management, monitoring and updating of the competition compliance program;
- training and communication on compliance with the rules of competition law, including a module comprising five e-learning sessions accessible to all employees in French and English, and more specific training sessions provided by the legal department for the employees with greatest exposure;
- provision by the legal department of competition guides and fact sheets as well as a user guide that explains the Fnac Darty competition compliance program, and highlights the main points for better understanding and action;
- check and alert mechanisms specifically with an ethical and compliance whistle-blowing platform (WhistleB) to report competition law infringements (see also section 2.5.8).

2.5.6 / 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. During the French presidential election, the Group also sent out position papers bringing together analyses and proposals, to the various candidates.

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, Fnac Darty 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).

2.5.7 / SUPPLIER RELATIONS AND RESPONSIBLE PURCHASING

Fnac Darty's overall sustainable performance is intrinsically linked to that of its suppliers and subcontractors, and to its joint work with them.

In 2021, the Group's Indirect Purchasing department drafted a Responsible Purchasing policy with the CSR department and all buyers, who received specific training. This policy is based on the benchmark provided by the "Responsible Supplier Relations and Purchasing (RFAR)" certification, backed by ISO 20400:2017 "Sustainable Procurement – Guidance."

In January 2022, the RFAR Label Award Committee, composed of the Business Mediation department (French Ministry of Economy and Finance) and the French National Purchasing Council, unanimously awarded the RFAR label to the Fnac Darty Group for indirect purchasing. This label is valid for three years.

Three major commitments were set out in the responsible indirect purchasing policy:

- 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 in the Group's CSR roadmap by incorporating social and environmental responsibility into the purchasing processes;
- encouraging the Group's partners to develop their own CSR approach, by promoting and monitoring the procedures and initiatives of Fnac Darty suppliers.

This policy is a major factor in the management of social and environmental risks associated with supplier and subcontractor activities, and also aims to prevent and manage certain risks (see also section 2.5.4 Vigilance Plan). It thus relies on the introduction and monitoring of indicators dedicated to the social and environmental aspects of performance of outsourced labor

services, and on the "Code of Business Conduct" appended to the purchasing and subcontracting contracts, and outlined in the general terms and conditions for purchases. This Code confirms the Group's commitment to respecting human rights and fundamental freedoms, the provisions of the International Labour Organization (ILO), in particular the conventions aimed at the elimination of child labor and the abolition of slavery, and forced or compulsory labor, and environmental protection.

To effectively manage this responsible purchasing approach, the Indirect Purchasing Department set up a dedicated governance structure, with:

- a committee that meets quarterly to monitor the action plan drafted under the application for RFAR certification;
- a committee dedicated to improving payment times;
- systematic IPD participation in CSR-related committees (climate, circular economy, green IT, greening of the car fleet).

In 2022, several actions were rolled out in response to the purchasing practice analysis carried out in 2021:

- finalization of mapping of CSR risks for the most strategic purchasing items;
- an increase in business reviews devoted to CSR;
- incorporation of CSR criteria into calls for tender;
- improvements in payment times, with a focus on VSEs (very small enterprises) and transport suppliers.

2022 Performance:

- share of calls for tenders that include CSR criteria: 64%;
- share of contracts incorporating the Code of Business Conduct: 60%.



2.5.8 / ETHICS WHISTLEBLOWING PLATFORM

To promote a more secure and transparent working environment, Fnac Darty has chosen to set up an ethics whistleblowing platform. It covers the whistleblowing mechanisms mandated by the applicable legislation (Sapin II, duty of care, etc.) and the optional mechanisms adopted by the Group on its own initiative to prevent any conduct that goes against the Group's ethics benchmark.

The ethics and compliance whistleblowing platform is hosted by a specialist external partner, "WhistleB by Navex," which guarantees the security of exchanges. The aim is to allow whistleblowing in confidence through an encrypted reporting site that allows for anonymity if the whistleblower so chooses.

This platform is available in all subsidiaries in France and in other countries and is accessible internally and externally. It is translated into all Group languages.

The ethics whistleblowing website has been managed remotely since 2022. Reports are received immediately and exclusively by authorized members, who decide on the action to be taken and ensure that reports are monitored in accordance with the applicable regulations and the Group's ethical rules.

At Group level, three managers administer the platform and manage whistleblowing:

- the Group's head of security;
- the Group's head of internal audit;
- the Group's head of ethics.

They may pass on the report to members of the Ethics Committee who may be required to manage the alert, i.e.:

- the Group's head of human resources;
- the Group's head of legal affairs;
- the Group's head of CSR.

If necessary, a pared-down ethics committee may be convened.

Locally, in the countries and subsidiaries, reports are received by the local ethics officers and their designated partners. They operate jointly in managing the case. The Group's three WhistleB directors have access to all cases under supervision.

Each of the recipients signed a confidentiality agreement.

In the event that a whistleblowing report involves one of the recipients in charge of managing the case, the recipient in question is excluded from the investigation to ensure independence and impartiality when managing the report.

The Group regularly communicates with its employees about its whistleblowing platform system and has set up permanent, easy-to-access communication through various channels.

Internally and externally, the ethics whistleblowing website can be accessed from:

- all pages of the fnacdarty.com website via a fixed link at the bottom of the page;
- the Code of Business Conduct, shared internally as well as with suppliers and partners.

Internally, the ethics whistleblowing website can be accessed at all times from:

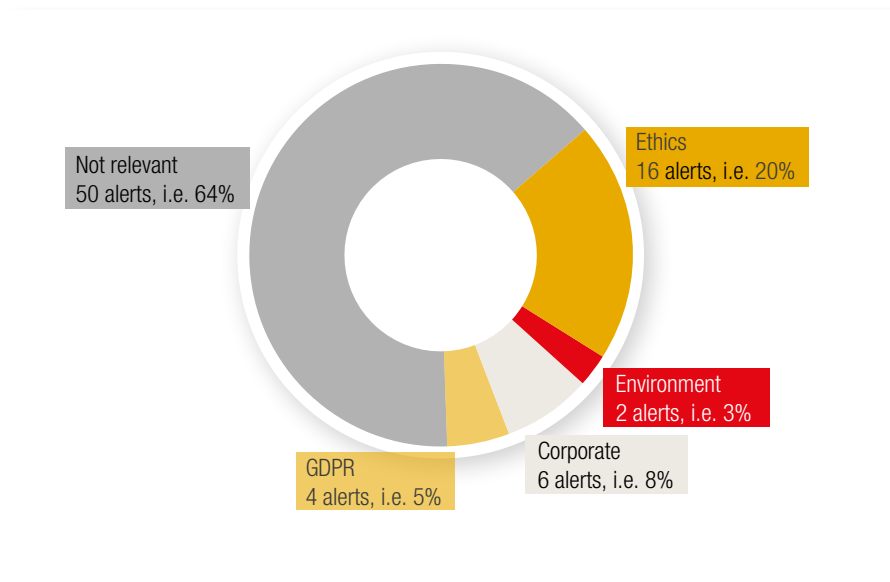
- the Group intranet site via a direct link on the homepage;
- an internal information website dedicated to ethics;
- a poster with a QR code, which must be displayed at all operational sites;
- an e-learning training course in ethics that is compulsory for all;
- the Gifts and Benefits Charter;
- the Charter for the Prevention of Conflicts of Interest.

2022 Results

During 2022, 78 whistleblowing reports were received within the Group scope. Compared to 2021, when the ethics whistleblowing site was set up, an increase of 179% was noted (28 reports received).

These figures show an increase in awareness of the whistleblowing platform via enhancement of its visibility internally and externally, and an increase in confidence in the platform.

Reports received in 2022



All reports received were processed. Nearly 10% of cases (seven reports) were proven upon investigation.

These seven reports all resulted in sanctions provided under the disciplinary framework, up to and including dismissal. Of these seven cases:

- three cases fell into the category of discrimination and harassment;
- two cases related to corruption in conflict of interest matters;
- two cases related to internal fraud.

The other reports were either not part of the whistleblowing platform or were not proven. The majority concerned cases related to customer relations (33 cases, i.e. 42% of the total reports).

No reports concerned duty of care.

The annual summary of the ethics whistleblowing site is shared with the Ethics Committee and the Audit Committee.

2.5.9 / BEING A RESPONSIBLE TAXPAYER

2.5.9.1 / Worldwide presence of Group

In 2022, the Group was composed of 52 legal entities, 35 of which are located in France. Of these French entities, 30 are members of a tax consolidation group within the meaning of Article 223 A of the French CGI (French Tax Code) in 2022. Other French entities do not meet the legal conditions for being part of the tax consolidation.

Group entities established outside France are not part 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);

2 CORPORATE SOCIAL RESPONSIBILITY

Acting ethically throughout our value chain

- 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 brands 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 brand. For example, there is only one brand 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 brand and the other under the Fnac brand. 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 brands. 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 is still one holding company in the United Kingdom, Darty Limited, formerly the parent company of Darty Group, which finances a retirement fund for employees of the British company Comet, which was part of the same group, and

for which Darty Limited took over the pension 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.

2.5.9.2 / 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 is present 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.

(€ thousand)	Corporation tax and corporate value-added tax (CVAE) ^(a)	Local taxes ^(b)	Other taxes ^(c)	Total
France	48,634	32,836	11,945	93,415
Spain	deficit in 2022	977	80	1,057
Portugal	3,966	11	48	4,025
Belgium	4,128	1,019		5,147
Luxembourg	deficit in 2022			-
Monaco	deficit in 2022			-
Germany	deficit in 2022			-
Switzerland	0.6			1
United Kingdom	deficit in 2022			-
China	7			7
Hong Kong	0.4			0
TOTAL	56,736	34,843	12,073	103,652

(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, includes the social solidarity contribution, the tax on company vehicles, the tax on salaries and registration fees.

Streamlining of the effective tax rate

The effective tax rate for the Group is 34.37% for the 2022 financial year. The impact of the corporate value-added tax (CVAE) is 5% (included in the corporate tax in the Group's financial statements) and an impact of unrecognized tax losses of 2.89%.

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 €43 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.

2.5.9.3 / Tax policy

The Group's tax policy 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.

2.5.9.3.1 / 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 2022 the Tax Department helped the Group's subsidiaries to implement new rules on electronic invoicing;
- 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.



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Acting ethically throughout our value chain

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 current and deferred tax. As of December 31, 2022, 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.

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.

2.5.9.3.2 / 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 2022, six 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 committed to a tax partnership with the Major Corporations Division of the French Directorate-General of Public Finances, the protocol for which was signed February 4, 2022. 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. This service enabled the Group to make two rescript requests in 2022 and to start an ongoing relationship with the administration regarding its tax issues.

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 salespeople operating through a platform are complying with their VAT obligations (some 50 right-to-information requests each year). 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 salespeople.

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 benefit in regard to the taxation of its profits.

2.6 / Contribute to the social and cultural development of territories

Background and trends

After two years marked by the health crisis, 2022 proved customers' attachment to in-store shopping and contact with salespeople. As such, one in two French people still prefers to take a salesperson's advice when buying products or services in-store^(a). Building on its omnichannel model, each year the Group confirms its commitment to local commerce, where human contact is central to supporting customers. These links to the local community, in terms of both stores and repair services, allow it to create jobs and to pursue one of its historical missions: access to culture for all, through free events celebrating cultural diversity.

2022 was also marked by high inflation, which had a significant impact on household purchasing power, and increased the difficulties of people in precarious situations.

Against this backdrop, the Group's longstanding policy of contributing to the social and cultural development of the regions in which it operates by democratizing access to culture, expanding its positive impact at grass-roots level, and spearheading a policy of solidarity to combat exclusion and insecurity, takes on its full meaning.

(a) Wavestone: Indicator for new consumer trends 2022, <https://www.wavestone.com/fr/insight/barometre-wavestone-des-nouvelles-tendances-de-consommation/>.

Risks

- Market risks: change in consumer behavior (decline/change in cultural demand)
- Reduction in brand preference
- Impact on artistic creation

Opportunities

- Access to new markets (second life of books, new cultural trends)
- Diversification of activities (toward a more digital culture)
- Brand attractiveness
- Democratizing culture to make it accessible to as many consumers as possible, and revitalizing the sector
- The Group's omnichannel model that rises to both the challenges of the development of online shopping, and local commerce

Levers activated

- Promotion of cultural diversity and new cultural trends (comic books, manga, video games)
- Support for artistic creation (Fnac Live, literary prizes, etc.)
- Continued opening of stores, particularly franchises
- Development of solidarity projects
- Boost collection of donations from customers

2022 key highlights

- Free hybrid cultural events (in-person and digital)
- Preferred partner of Paris Games Week
- Numerous events based around comic books and manga
- Local projects financed by the Nature & Découvertes Foundation
- Ramp-up of charitable rounding at Fnac checkouts
- Establishing a matching contribution by Fnac Darty for customer donations during a campaign in support of Ukraine
- Tenth edition of the "Grande collecte de livres" (Big Book Drive) in partnership with Bibliothèques sans Frontières, which was extended to Switzerland

Performance and monitoring of objectives

- 53 stores opened, including 50 in France
- Number of Group cultural events: around 7,000 (including 1,300 in France)
- Number of stores opened in 2022: 46
- Amount of donations collected from customers: €1.2 million
- Amount of Fnac Darty's matching contribution to customer donations: €156,000
- Number of books collected for Bibliothèques Sans Frontières (France and Switzerland): 286,000
- Number of projects supported by the Nature & Découvertes Foundation: 148
- Overall allocation from the Nature & Découvertes Foundation: €586,000

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. Its substantial store

network, which solidifies 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. This can be seen in the creation of local jobs, and in support for local charities.



CORPORATE SOCIAL RESPONSIBILITY

Contribute to the social and cultural development of territories

This geographical coverage also promotes access to culture for as many people as possible. The dissemination of culture is an integral part of Fnac's historical missions and its DNA. Its diversified cultural offer, its media, L'Éclaireur Fnac, as well as the numerous cultural events organized in-store help to promote culture throughout the regions where it operates.

At the same time, commercial sites and stores are a great platform for sharing the Group's policy of social inclusion. Firstly, thanks

to customer generosity, the stores play an intermediary role by collecting large amounts of micro-donations (charitable rounding) for partner associations. Secondly, stores throughout the region can also donate their unsold products to local associations.

Finally, since 1992, the Nature & Découvertes Foundation has actively contributed to regional momentum by launching and supporting grass-roots charity projects to protect biodiversity and provide education on nature.

2.6.1 / FNAC WORKS EVERY DAY TO DEMOCRATIZE CULTURE 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 60 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, by pursuing three objectives:

- encourage the democratization of culture;
- promote cultural diversity and "educated choices";
- support the vitality of artistic creation.

2.6.1.1 / Encourage the democratization of culture

The Group continues its mission to democratize culture by organizing free cultural events, allowing creators and their audience to meet. In 2022, 90,000 customers were able to benefit from some 1,300 events in 138 stores across France.

Some of the events organized by Fnac have become essential fixtures in the cultural calendar. For instance, the eleventh edition of the Fnac Live Paris Festival brought together 80,000 people for three days of free concerts in and around Paris City Hall, in July. To celebrate the start of the new literary season, Fnac was innovative in offering three evenings open to all in exceptional locations, combining artistic fields and talents. The Group was also the preferred partner of Paris Game Week, France's largest gaming event, which made a welcome return after a three-year absence.

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 by offering new formats for interaction. In 2022, Fnac chose to promote the world of manga by organizing the Japan Expo and by organizing a tour of stores in order to highlight manga popular with readers. In addition, workshops designed to raise awareness of climate issues were held with the charity Les Savants Fous. A total of 142 youth workshops were offered in 2022.

The Prix Goncourt des Lycéens, a literary award voted for by French high-school students, is another major part of the strategy to democratize culture for young people. It is also a highlight of the literary calendar that allows high school students to read and study contemporary literature and to meet and talk with talented authors. This unique event, which brought together 15 competing authors and 2,000 students from 55 high-school classes of all levels saw Saby! Ghoussoub take the prize for his novel *Beyrouth-sur-Seine* (published in France by Stock)

Lastly, the Group is committed to democratizing access to culture for its employees by offering a number of events and content at preferential rates (see also section 2.4.5.2).

2.6.1.2 / Promote cultural diversity and "educated choices"

With access to so many offers and so much information made possible by the Internet, Fnac intends to take a stand against the standardization of creation and cultural practices.

The dissemination of various types of content, covering all sectors of artistic creation, helps in this regard. The music scene is being opened up to young talent and urban music, in particular. Contemporary authors, designers, novelists and YouTubers are regularly invited to share their passions.

The event formats on offer also bear witness to this variety: from meetings, lectures, and book signings to masterclasses, concerts, musical readings, and workshops, etc.

This variety is just as visible in the advice and tips given to customers by our knowledgeable teams of booksellers and music staff.

Lastly, the promotion of culture is expressed through myriad partnerships with local cultural institutions (performance venues, concert halls, festivals, museums, operas, etc.).

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 is also intended to relay all of Fnac's cultural events, such as Fnac Live or the many events organized in stores (and outside stores), via the diary and the editorial written for the occasion.

Launched in October 2021, the site has already attracted more than 1.5 million unique visitors. 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*.

Giving small publishers a helping hand

Société du Livre Français, or SFL (the French Book Company) is a specialist player in BtoB book retailing. In particular, it markets school books and textbooks to municipal facilities such as media libraries, libraries and public institutions, as well as to independent bookshops. SFL is also a Fnac Darty retailer for small and medium-sized publications in Fnac bookstores and on Fnac.com.

SFL works with all publishers and has developed a strong brand, based on acknowledged expertise in working with small and micro publishers. This sponsor, which is unique in the market, provides coverage and brings together small publishers and non-professional authors. This activity guarantees regional cultural diversity and gives many amateur authors and independent publishers the chance to express themselves.

2.6.1.3 / Support the vitality of artistic creation

As the leading bookseller in France, Fnac strives to highlight authors and works with different audiences, thanks to the organization of cultural awards that are viewed as benchmarks, and considered as high points of the literary calendar.

The Prix du Roman Fnac (Fnac literary award) thus kicks off the literary awards season in early September, while the Prix Goncourt des lycéens (award voted for by high-school students) closes it in November. The Prix BD Fnac – France Inter (award for comics) is awarded in early January, and allows new talent to flourish.

In 2022, Fnac set out to harness this fast-growing phenomenon by continuing to boost self-publishing activities, through four emblematic actions.

Thanks firstly to the Kobo by Fnac "Talents of Tomorrow 2022" Award, Fnac and its partners continue to promote digital self-publishing and to reveal voices with a passion for writing.

As part of the Quais du Polar 2022 festival, the leading event for lovers of detective literature, a special detective story writing competition was also organized in 2022, with Fnac's support.

In 2022, Kobo Writing Life and the Fnac Readers' Forum joined forces to launch a new writing competition hosted on the Readers' Forum: Le Prix des Plumes. This award, specially dedicated to writing short stories, was a great success from the outset, giving all literature lovers the opportunity to reveal their talents.

In addition to self-publishing, Fnac is continuing to explore new formats and develop content that meets its audiences' needs, such as the creation of the Kobo by Fnac podcast "La couleur des mots" (The Color of Words), thus strengthening Fnac's commitment to cultural diversity.

Abroad, Fnac pursues this same ambition of supporting the creation and access to culture through awards, exhibitions, meet-and-greets, book signings and free concerts in stores. In total, some 7,000 events were organized in 2022 at Group level and across the franchisee network.



CORPORATE SOCIAL RESPONSIBILITY

Contribute to the social and cultural development of territories

2.6.2 / CONTRIBUTE TO LOCAL ECONOMIC ACTIVITY AND CREATE PERMANENT JOBS

Key figures:

- 53 stores opened in 2022, including 50 in France.
 - Stated objective of 30 to 40 openings each year;
- 987 stores at the end of 2022;
- Launch of massive training and recruitment campaigns for after-sales technicians, delivery persons/fitters and 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.

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 2019, Darty announced a major recruitment campaign to hire 1,000 repair technicians: permanent positions throughout France, often without qualification prerequisites. In the absence of a course specializing in repair, Fnac Darty has decided to expand its recruitment scope by training new technicians internally each year (see also section 2.4.1.2).

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 New Enterprise for Economic Reintegration (Entreprise Nouvelle Vers l'Insertion par l'Économie – Envie) network: since 1984, the Group has handed 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 store network, 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. ADB has been fighting social injustice and discrimination for over 20 years. In 2022, more than 90,000 cartridges were thus collected and recycled (some of which were reused).

2.6.3 / PURSUE A SOLIDARITY POLICY TO COMBAT INSECURITY AND EXCLUSION

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 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.

Total Fnac Darty donations

Scope: Group excluding franchises (in euros incl. tax)	2020	2021	2022
Total raised by socially inclusive initiatives across Fnac Darty	4,519,991	11,058,279	8,540,348

Fnac Darty donations

Scope: Group excluding franchises (in euros incl. tax)	2020	2021	2022
Donations to charities and sponsorship	351,611	387,686	433,578
Donations in kind (Braderie de Dijon, Secours Populaire, Emmaüs, Envie, etc.)	2,890,671	9,211,292	6,224,690
Nature & Découvertes Foundation	426,863	601,902	586,434
TOTAL	3,669,145	10,200,880	7,244,702

Customer donations

Scope: Group excluding franchises (in euros incl. tax)	2020	2021	2022
Customer solidarity:			
■ World Food Program charitable rounding	n.a.	n.a.	302,408
■ Un Rien C'est Tout charitable rounding	296,372	272,778	410,531
■ Common Cents charitable rounding	43,522	113,963	81,155
■ Nature & Découvertes charitable rounding	150,916	174,108	199,568
■ Fnac Suisse charitable rounding	n.a.	48,642	51,448
■ Bibliothèque Sans Frontières book collection	360,036	247,908	250,536
TOTAL	850,846	857,399	1,295,646

2.6.3.1 / Fnac Darty: financial sponsor and donor of recoverable products

Financial donations to associations, sponsorship and in-kind donations

The Group promotes initiatives for young people in difficulty, people in reintegration and people in vulnerable situations. Fnac Darty is a longtime supporter of several associations, such as Télémaque and Sport dans la Ville. More occasionally, it also provides support to other causes, such as women who have been victims of violence, and to the protection of refugees from the war in Ukraine. Thus, in 2022, Fnac Darty made a matching contribution of €156,000, corresponding to the value of customer donations collected in-store and on its websites in March and April to aid Ukrainian refugees.

Among the Group's historic missions, the dissemination and diversity of culture are another major aspect of the solidarity policy. Fnac Darty is a patron of universities and literary circles such as Sciences Po and the Académie Goncourt.

As part of its "second life" policy (see section 2.2.4), in the past two years the Group has significantly increased the number of donations in kind. These are intended for associations such as the Agence du Don en Nature and long-standing partner associations such as Emmaüs France, Libraries Without Borders, Envie and Secours Populaire. The sharp increase observed between 2020 and 2021 can be explained by the professionalization of

second-life management, which enabled new processes to be set up to coordinate the actions of warehouses and sales teams. This support enabled us to better target depreciated products, sometimes stored for a long time in the warehouse, and thus significantly ramp up the volume of donations: the decrease in the volume of donations recorded in 2022 is due to the significant destocking carried out in 2021. The year 2022 more accurately represents the stabilized volume of new, non-saleable products intended for donation.

Furthermore, in 2022, Fnac Darty also rolled out a new solution in partnership with Comerso. The availability of the digital platform facilitates the donation of recyclable products directly from stores. The scheme was launched for Fnac stores last April and for the Darty brand in October.

The Group has multiple objectives:

- 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;
- further increase the volume of products offered to associations;
- commit to a social initiative by redistributing these unsold products to local associations throughout France;
- avoid unnecessary return journeys of depreciated products to the warehouses.



CORPORATE SOCIAL RESPONSIBILITY

Contribute to the social and cultural development of territories

Donations to associations via the Nature & Découvertes Foundation

Since 1994, the Nature & Découvertes Foundation has been supporting project owners in a variety of ways, with the aim of launching and supporting grass-roots charity projects to protect biodiversity and educate about nature. 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 3,079 projects for a total of €14.9 million, including 148 projects in 2022 for a total of €586,434 (see below also). Some 27 of these projects in 2022 were co-financed as part of the 2022 Call for Proposals for educational projects in contact with nature, by using €150,000 of its budget out of a total of €398,501 paid as part of this call for commons with the other on-board sponsors (see section 2.3.3.6).

2.6.3.2 / Stores and websites help facilitate donations for associations

Fnac Darty also involves its customers in its commitments. Since 2017 it has given them the chance to make small donations when they make purchases on fnac.com, at Fnac Spectacles events and, since 2019, in Fnac and Darty stores. All donations collected via these channels helped to raise around €1.3 million in 2022. 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 €81,000 was collected for five associations. With Un Rien C'est Tout, more than €410,000 went to finance socially inclusive projects.

In 2022, Fnac Darty succeeded in increasing the impact of checkout donations by launching a new charitable rounding solution in February with microDon, a social utility solidarity enterprise (*entreprise solidaire d'utilité sociale* – ESUS), already in place at Nature et Découvertes (see below). The aim of this partnership is to automate the suggestion of donations on Fnac store checkout terminals. This scheme helped to raise more than €500,000 (versus €117,000 in 2021) for the Un Rien C'est Tout association and the United Nations Global Food Program.

“Helping hand” committees at Natures & Découvertes, to support local projects

The “Helping Hand” committees finance local projects to protect and educate about nature, in particular thanks to membership of the Club Nature & Découvertes – one euro from each membership is paid back to the Foundation.

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 projects selected are characterized by their strong local presence, close to the local store and consisting of specific actions on the ground that bring together a locally engaged public as often as possible.

The Nature & Découvertes initiative is unique because, over the following year, it offers customers a selection of the best local projects chosen by in-store teams, via charitable rounding at the checkout. As the team is familiar with the project, they know how to explain it to their customers, who on average donate 14 euro cents in rounding at the checkout. Depending on the year, the scheme allows an additional €150,000 to €190,000 to be donated for “Helping hand” projects, in addition to the initial allocation from the Nature & Découvertes Foundation.

A highlight of 2022, despite a lower checkout rate than before the health crisis, the sum collected via rounding stood at around €200,000, a sign of the teams’ long-term commitment.

Customer solidarity – Fnac Suisse

At Fnac Suisse, checkout donations are given to the Théodora Foundation, whose mission is to give hospitalized or disabled children opportunities to laugh and relax. The funds donated by Fnac came from checkout donations and actions taken by Fnac, such as the matching contribution, and amounted to CHF92,258 (versus CHF71,506 in 2021). This amount helped to finance 4,613 visits for children in hospitals or in special institutions.

2.6.3.3 / Long-standing partnerships

In 2022, Fnac celebrated the tenth anniversary of its “Big Book Drive” in partnership with Bibliothèques sans Frontières (Libraries Without Borders). Fnac works in partnership with its customers at this event, inviting them to donate their books to the association each year. This book collection, the largest in France, was also extended in 2022 to Fnac stores in Switzerland. A total of 286,000 books were collected. In ten years, around 2,280,000 books were thus handed over to Bibliothèques sans Frontières. These many donations have helped to support programs to access education and culture in France and internationally in areas of conflict or insecurity.

A long-standing partner of Secours Populaire, for the fourteenth 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 June, 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 €137,349. These funds will allow Secours Populaire to offer vacation days to disadvantaged families as part of its vacation program, “Campagne Vacances.”

Again in partnership with Secours Populaire, Fnac Darty was involved for the fifth consecutive year in Pères Noël Verts (Green Santas): “so that Santa doesn’t forget anybody!” 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 into the sacks of the Green Santas. Thanks to the collection, more than 1,000 gifts brightened up Christmas for children in precarious situations.

Darty has been a partner of Envie since 1984 and has continued to donate large domestic appliances to the workplace integration company. More than 41% of the electrical and electronic equipment collected by the Group was repaired and resold through Envie’s solidarity networks (see also section 2.2.3.3).

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. The partnership represents 90,000 ink cartridges collected and recycled for reuse (see also section 2.2.4.1).

Lastly, in 2022, Fnac Darty partnered with AIDES, the largest AIDS and hepatitis NGO in France and Europe, at the launch of their annual digital event: #fetelamour. Fnac Darty has enabled AIDES to improve the visibility of its event and the messages brought to the general public by the NGO, through the dissemination of HIV prevention and awareness messages in its stores, on its e-commerce sites and its L’Éclaireur media.

2.6.3.4 / **Wenabi: a platform for signing up to solidarity**

At Fnac Darty

Fnac Darty wanted to promote the charitable work of its employees and facilitate volunteering by partnering with Wenabi. Launched within the Group in January 2022, Wenabi is a platform designed to connect those who want to make a difference with charities 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. The launch of this platform also allowed Fnac Darty to strengthen certain long-term partnerships, such as those forged with Télémaque and Sport dans la Ville.

At Nature & Découvertes

Since 2022, Nature & Découvertes has encouraged its employees (headquarters, warehouses and stores) to take action for charities working on behalf of various causes: the environment, social action, local and civic life and humanity. Employees are given a day that they can use as a team or individually: the Wenabi platform offers around 250 assignments, which they can also add to by getting local charities on board. Today, more than 50 new charities suggested by the stores are now in line and visible thanks to this scheme.

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 coordinates the reporting of non-financial data. This data comes from the departments concerned (Human Resources, Logistics, Maintenance, Purchasing, etc.) in France and the other countries in which the Group operates.

The data is entered into a reporting tool by business line contributors, 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 the reporting campaign 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.

In view of their independence, franchises are excluded from the scope of publication. However, they are partially incorporated into CO₂ emission reporting (see below).

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 scope of consolidation 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 99.53% of the workforce of the financial consolidation.

As they are independent, the workforce of franchises are also excluded.

The “Frequency rate of workplace accidents with stoppage time” and the “Workplace accident severity rate” indicators are published at Group level, other than for Nature & Découvertes, owing to different calculation methods. This means that all entities calculate this rate over the hours actually worked, whereas Nature & Découvertes calculates it on theoretical working hours. The Nature & Découvertes KPIs are also published in parallel.

Methodological specifications for environmental data

The scope of consolidation corresponds to all of the Group's operating subsidiaries, with the exception of WeFix and BilletReduc. The impact of this exclusion is relatively minor owing to the limited floor area they occupy and the low number of flows involved.

The operational scope of emissions includes scopes 1, 2 and 3 established in the GHG Protocol:

Category	Description
Scope 1	= direct emissions from fixed and mobile sources
Scope 2	= indirect emissions related to consumption of electricity, heat and cooling from a network
Scope 3	= other indirect emissions (related to other stages of the life cycle: manufacturing, transport, end-of-life)

The Group relies on the GHG Protocol guides to record its GHG emissions.

The selected unit is the equivalent CO₂.

The emission factors used to calculate GHG emissions are primarily those recommended by Ademe in the “Base Carbone” database (last available figures). For certain specific items, Fnac Darty uses the emission factors provided by its service providers or suppliers, the International Energy Agency (IEA) or the Association of Issuing Bodies (AIB).

The stores that closed in 2022 or opened after June 30, 2022 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 partially recognized in Fnac Darty's carbon footprint, as they benefit from the Group's goods flows (B2B and B2C) and the carbon impact of the products distributed includes the products sold by the franchised stores.

Greenhouse gas emissions data

As part of its process of continuous improvement, Fnac Darty improves the measurement and monitoring of its emissions of direct and indirect greenhouse gases every year. However, this approach requires corrections and therefore recalculations in order to ensure that periods can be compared. For this reason, reported GHG data may vary compared to the reported data in previous Non-Financial Performance Declarations. Any significant adjustments are shown under the data concerned.

As far as possible, the Group measures its GHG emissions based on activity data (kilometers traveled, liters of fuel consumed, open surface areas, etc.). However, as a last resort, money-market emission factors are used – this is the case for certain non-current assets and indirect purchasing of goods and services.

GHG emissions are estimated with a margin of error, linked to the uncertainties of the emission factors and certain non-exhaustive activity data, which require extrapolation. This is the case in particular for indirect emissions (e.g. in items such as purchases of goods and services, non-current assets, franchises or commuter travel).

Scope 1: 100% of emissions reported – low uncertainty level

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.

Category	Methodology
Direct emissions from fixed sources of combustion	Emissions associated with the gas, biogas and fuel 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 invoiced energy consumption by the relevant emission factor (combustion phase – scope 1 – Base Carbone).
Direct emissions from mobile sources of combustion	GHG emissions associated with the fuel consumption of last-mile delivery vehicles, vehicles used by after-sales technicians conducting home service calls and service and company vehicles, are calculated on the basis of specific data provided by suppliers (reported from fuel cards), expressed in liters of petrol or diesel consumed. Consumption is multiplied by the relevant emission factors for each type of fuel used (combustion phase – scope 1 – Base Carbone database).
Direct fugitive emissions	Emissions associated with refilling refrigerant gas in relation to gas leaks are calculated on the basis of specific data supplied by service providers. The volume in kilograms of refrigerant gas refilled is multiplied by the relevant emission factors (scope 1 – Base Carbone database).

Scope 2: 100% of emissions reported – low uncertainty level

Fnac Darty's indirect greenhouse gas emissions come from electricity consumption and energy supplied by the heating networks of the Group's various sites.

Category	Methodology
Electricity	Electricity consumption is monitored centrally via remote reading and a monitoring platform (in France). GHG emissions associated with electricity consumption have been quantified according to market-based and location-based methods since 2020. 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 Base Carbone emission factors specific to each energy. If neither the emission factors nor the supplier's mix are available, Fnac Darty calculates market-based emissions using the residual mix (source: AIB and RTE), in accordance with the recommendations of the GHG Protocol. Fnac Darty mainly uses guarantee of origin (GO) purchases for its electricity from renewable sources. In France, these GOs are acquired within the framework of two Power Purchase Agreements, directly from the producers of a hydraulic dam and a wind farm. In Belgium, Spain, Switzerland and Portugal, the GO purchases prove that the electricity originates from wind, hydraulic and solar power. The CO ₂ emissions related to this production are zero in scope 2; the other indirect emissions generated by these sources of electricity (e.g. manufacture of solar panels) are recognized in scope 3 under "Fuel and energy-related emissions."
Heating and cooling networks	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 – Base Carbone database).

Scope 3 – Other indirect emissions – high uncertainty level

The methodology used to assess the carbon footprint is that developed by the GHG Protocol.

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.

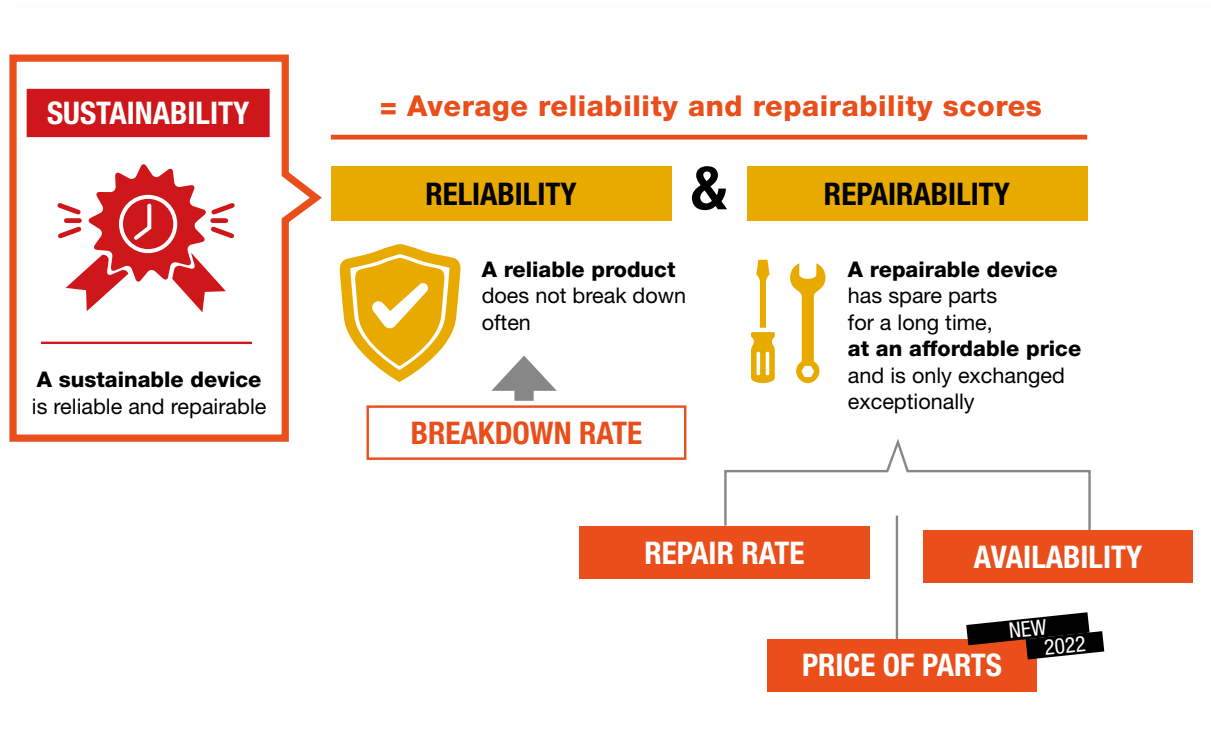
Source of emissions	Methodology
Products and services purchased	The manufacturing of new products sold by the various subsidiaries is measured on the basis of the volume of products sold by the Group and primarily of unit emission factors coming from Base Carbone. In the absence of a unit emission factor, the calculation is made based on the weight of the product and its main material/component, and the emission factors associated with these materials. Emissions associated with the manufacture of products sold by Nature & Découvertes in 2019, 2021 and 2022 have been estimated by extrapolation from revenue, based on the full carbon footprint in 2020.
Of which indirect purchasing	Based on the mapping of indirect purchasing in France, this was measured primarily on the basis of the monetary ratios method (Base Carbone database).
Fixed assets	Using actual data for 2022, this item was estimated based on the emission factors of the Base Carbone database for Fnac Darty France. For subsidiaries abroad and Nature & Découvertes, emissions are extrapolated based on the open surface areas for capitalized buildings and the change in revenue for other items. In accordance with the methodology of the GHG Protocol, only those goods purchased or leased (over the long-term) during the reporting year are recognized, and not amortized.
Fuel- and energy-related emissions	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 (sources: Base Carbone database and AIB).
Upstream transportation of goods	<p>GHG emissions related to the flows of goods between suppliers and the Group's warehouses are estimated based on the country of origin (using actual data or assumptions) by product category, and the distance to travel between the country of manufacture and France. The associated emissions are calculated based on the emission factors of the Base Carbone database. Emissions associated with the upstream transportation of products sold by Nature & Découvertes in 2019, 2021 and 2022 were estimated by extrapolation from revenue, based on the full carbon footprint in 2020.</p> <p>GHG emissions related to the flows of goods between the Group's warehouses, stores and logistics sites (after-sales service workshops), or the dispatch of spare parts to the after-sales technical units or of faulty products to the workshops are calculated using various methods, based on the input data available for each flow and in each subsidiary:</p> <ul style="list-style-type: none"> ■ based on GHG data supplied by transport service providers; ■ based on fuel consumption, multiplied by the relevant emission factors (Base Carbone); ■ 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 (Base Carbone).
Waste generated	<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 Base Carbone 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 for stores and to the number of annual deliveries for delivery platforms).</p> <p>In other subsidiaries, including Nature & Découvertes, emissions are estimated based on actual data and emission factors from the Base Carbone database.</p>
Business travel	The Group relies on the annual report of GHG emissions provided by travel agencies.
Employee commutes	Commuting-related GHG emissions in 2022 were calculated based on data from a survey of 4,192 employees, i.e. nearly 17% of the workforce of Fnac Darty France, Fnac Spain, Portugal and Switzerland and Fnac Vanden Borre Belgium. The answers were then extrapolated to all employees in France of the various entities and subsidiaries. The Group cross-referenced the distance data with the theoretical number of days worked per year 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 Base Carbone database. Emissions related to Nature & Découvertes employee travel are calculated quarterly based on a field survey conducted by the Green Networks.

Source of emissions	Methodology
Downstream transportation of goods and retail	<p>In order to refine the calculation of its GHG emissions related to the dispatch of packages, Fnac Darty has been using the GHG assessments 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>In Belgium and Switzerland, the emission factor used is that communicated by the main carrier (representing more than 90% of the volumes transported). In Spain and Portugal, the emission factor for a package dispatched by standard delivery to France is used by default.</p> <p>For the dispatch of large products (mainly large television 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. Note: deliveries of large television sets were previously recognized in "last-mile delivery" emissions and were retrospectively reintegrated into this emissions item for greater consistency.</p> <p>Returned packages are not taken into account in this emissions item, owing to the negligible proportion they represent.</p>
Use of products sold	<p>Based on the number of 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 Base Carbone database.</p> <p>Emissions associated with the use of products sold by Nature & Découvertes in 2021 and 2022 were estimated by extrapolation, based on the full carbon footprint in 2020.</p>
End of life of products sold	<p>Based on the type of waste associated with each product, emissions are calculated using the relevant emission factors from the Base Carbone database.</p> <p>Emissions associated with the end of life of products sold by Nature & Découvertes in 2021 and 2022 were estimated by extrapolation, based on the full carbon footprint in 2020.</p>
Franchises	<p>For franchises, in accordance with the GHG Protocol, the emissions taken into account concern scope 1 and 2 emissions: indirect emissions related to electricity consumption and emissions related to refrigerant leakages. These emissions are estimated based on the emissions per square meter of integrated stores.</p> <p>Note: other emissions related to franchises are included in the Group's carbon footprint, since they benefit from the Group's goods flows (B2B and B2C) and because the carbon impact of the products distributed includes the products sold by the franchised stores.</p>
Customer travel	<p>Although optional in the GHG Protocol, GHG emissions related to customer travel to stores are estimated by the Group because they are deemed material. The movements of all visitors are recognized, regardless of whether or not they go to the checkout.</p> <p>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 distances depending on the location of the store. French data is deemed to represent the behavior of other countries.</p>

Detailed methodology for certain KPIs:

Sustainability score

Fnac Darty's sustainability score is an internal indicator, introduced in 2020 at the Assises de l'Économie Circulaire (Circular Economy Conference) organized by Ademe. This sustainability score was 100 in 2019, 105 in 2020, and 111 in 2021. This is a composite indicator, broken down as follows:



Repairability is determined from the proportion of repaired products versus exchanges (repair rate), taking into account the stated availability of spare parts and their price (average price of parts purchased by the Darty after-sales service during the period).

Reliability comes from analyzing the volume of faulty products compared to sales volumes (breakdown rate). This is therefore the ability of a product to operate normally without breakdown. This information relates more to the product itself than to the technicians' expertise.

In both cases (reliability and repairability), data are collected by the Fnac Darty after-sales service and analyzed internally.

To reflect the actual sustainability of products as closely as possible, the methodology used to calculate the sustainability score will change. The measurement of these indicators is still a new area; the Group is therefore working to refine its calculation methods each year. Thus, in 2022, the scope of products analyzed was extended to the products distributed by Fnac, which led to an adjustment to the calculation. Further adjustments are planned for 2023 as part of the drive for continuous improvement. The Group intends to show greater transparency in the methodological changes associated with this calculation.

Number of products repaired

This composite indicator is a consolidation of the volumes of products repaired by each repair “sector.”

- Home repair products: when the faulty products are too large, particularly large domestic appliances, the repair takes place at the customer’s home.
- Products repaired in after-sales service workshops: customers can bring their faulty products (small domestic appliances or consumer electronics) directly to the store, where they can be repaired on site (see below) or sent to one of the Group’s five repair workshops in France.
- Products repaired at store after-sales service counters: when customers bring their faulty products to the store, technicians can handle minor breakdowns and thus repair products directly from the after-sales service counter. Exchanges are excluded from products considered as “repaired” (except within the Fnac scope, but exchange volumes are marginal and only concern very few products with regard to products repaired at Darty counters).
- Products repaired by WeFix: specializing in rapid smartphone repair, WeFix directly repairs faulty smartphones dropped off by customers at “corners.”
- Products repaired by call centers: if a customer wishes to use the after-sales service, the first contact is generally with remote customer call centers. For all contacts handled in this manner, call center technicians will attempt to resolve the customers’ requests. If they are unable to do so, they organize home service calls or ask the customers to drop off their device in-store. Products that require a home service call or a visit to a repair workshop are excluded from the calculation and contacts that concern requests for additional information or other requests as well as reiterations are also excluded. The number of excluded contacts is subtracted from the total number of contacts handled to obtain the number resolved by the CSC.

Methodology concerning Fnac Darty’s 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 2022, in collaboration with a firm of experts, the CSR Department engaged in extensive consultation with internal and external stakeholders to identify the key non-financial risks and related challenges. The resulting materiality matrix is based on the results of more than 2,000 responses from qualitative and quantitative surveys as well as on the Group’s risk mapping.

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.

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 2022 cannot always be compared with the previous year, as the data is not available.

Key indicators are defined in the relevant section(s).

Certain information requested in connection with the DPEF was deemed to be of little significance. 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 set out in section 2.2.3.3.

This document has been audited by an independent third party (ITP) whose conclusions are presented at the end of the chapter.



2.8 / Summary of non-financial performance and Taxonomy appendices

SUMMARY TABLE OF NON-FINANCIAL INDICATORS

The figures shown are in current scope and Group scope (unless otherwise specified).

Sustainable consumption

Risks: Sustainability of the business model and new patterns of consumption	Commitment: Promote sustainable consumption and an educated choice <ul style="list-style-type: none"> ■ Help customers make an educated choice ■ Promote maintenance and repair ■ Give a second life to products ■ Reduce packaging, ensure waste collection and recycling ■ Public commitment and raising awareness of sustainability issues
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Indicators	Unit	2020	2021	2022	Section
SUSTAINABILITY OF PRODUCTS SOLD					
KPI: share of revenue generated by products with a positive impact <i>(Nature & Découvertes scope)</i>	%	76.4%	70.0%	64.0%	Section 2.2.1.2
KPI: Sustainability score <i>(France scope)</i>	Unit	105	111	115	Section 2.2.1.1
REPAIR					
KPI: number of products repaired	Number	1,822	2,106	2,344	
Number of products repaired at home	Number	436	515	545	
Number of products repaired in the workshop	Number	307	397	424	Section 2.2.2.1
Number of products repaired in-store	Number	134	191	218	
Number of products repaired by remote customer service centers	Number	755	798	929	
Number of products repaired by WeFix	Number	190	205	229	
Number of Darty Max subscribers	Number	approx. 200,000	approx. 500,000	approx. 765,000	Section 2.2.2.3
PURCHASING OF PACKAGING AND WASTE					
KPI: volumes of packaging (cardboard and plastic) consumed/revenue	Tons/€ million	0.8	0.7	0.6	
KPI: volumes of WEEE collected/revenue	Tons/€ million	6.7	6.5	5.6	Section 2.2.4.1
Volumes of electrical and electronic waste collected	Tons	49,943	51,766	44,285	
Volumes of electrical and electronic waste collected in tons (France)	Tons	44,898	46,778	40,258	
Volumes of recoverable waste ^(a) generated and entrusted to recycling providers	Tons		9,641	9,133	
Volumes of non-recoverable waste	Tons		4,568	4,280	Section 2.2.4.2
KPI: waste recycling rate <i>(tons of waste recycled/total tons of waste)</i>	%		67.9%	68.1%	

(a) Cardboard, paper, plastic, polystyrene, wood, metal, glass, bio-waste; excluding waste brought in by customers and excluding hazardous waste.

Climate

Risks:

The climate emergency and its consequences for the Company

Commitment: Reduce impact on the climate

- Strengthen governance and integration of climate risks
- Commit to a decarbonization trajectory aligned with climate science
- Reduce emissions generated by transportation and energy from sites
- Reduce more indirect emissions, particularly related to the manufacture and use of products sold

Indicators	Unit	2020	2021	2022	Section
CARBON FOOTPRINT					
Total scope 1 emissions (<i>in kt CO₂ eq</i>)	kt CO ₂ eq	19.3	21.8	19.6	
Total scope 2 emissions (<i>in kt CO₂ eq</i>)	kt CO ₂ eq	2.1	1.7	2.1	
Total scope 3 emissions (<i>in kt CO₂ eq</i>)	kt CO ₂ eq	not available	4,056.5	3,528.7	
Products and services purchased	kt CO ₂ eq	2,444.5	2,482.2	2,177.1	
Fixed assets	kt CO ₂ eq	43.2	45.1	31.3	
Fuel- and energy-related emissions – MB	kt CO ₂ eq	6.5	6.7	6.9	
Upstream transportation of goods	kt CO ₂ eq	80.5	83.2	72.1	
Waste generated	kt CO ₂ eq	not available	117.4	102.2	Section 2.3.3.2
Business travel	kt CO ₂ eq	0.4	0.4	0.8	
Employee commutes	kt CO ₂ eq	not available	39.2	39.9	
Downstream transportation of goods and retail	kt CO ₂ eq	17.7	19.3	14.1	
Use of products sold	kt CO ₂ eq	1,249.5	1,237.8	1,059.1	
End of life of products sold	kt CO ₂ eq	22.2	23.2	23.5	
Franchises	kt CO ₂ eq	1.7	1.9	1.7	
Total carbon footprint	kt CO ₂ eq	not available	4,080.0	3,550.5	
Customer travel	kt CO ₂ eq	420.4	490.4	481.6	
INDICATORS MONITORING TARGETS FOR REDUCING EMISSIONS RELATING TO ENERGY CONSUMPTION AND TRANSPORTATION					
CO ₂ emissions generated by site transportation and energy	t CO ₂ eq	71,618	77,272	67,938	
<i>of which scope 1</i>	t CO ₂ eq	19,267	21,759	19,611	
<i>of which scope 2 – market-based</i>	t CO ₂ eq	2,147	1,705	2,141	Section 2.3.3.2
<i>of which scope 3</i>	t CO ₂ eq	50,194	53,797	46,195	
CO ₂ emissions from transportation and energy from sites by revenue	t CO ₂ eq	9.6	9.6	8.6	



CORPORATE SOCIAL RESPONSIBILITY

Summary of non-financial performance and Taxonomy appendices

Indicators	Unit	2020	2021	2022	Section
ENERGY					
Electricity consumed	MWh	176,553	181,556	184,830	
Gas consumed	MWh	26,358	31,606	25,230	
Heating and cooling consumed	MWh	3,486	4,508	3,269	
Fuel consumed	Liters	57,973	80,676	54,190	
Share of renewable energy in electricity purchases	%	36%	45%	47%	
Percentage of renewable energy in electricity purchased in France	%	14%	25%	27%	
Energy consumption of sites by surface area	kWh/m ²	107	111	112	Section 2.3.3.3
Fugitive emissions (leakage of refrigerants)	t CO ₂ eq	3,246	3,224	2,077	
CO₂ emissions generated by sites per square meter (market-based)	kg CO ₂ eq/m ²	8.3	8.8	7.6	
CO₂ emissions generated by sites (market-based)	t CO ₂ eq	13,669	14,356	12,619	
CO₂ emissions generated by sites (location-based)	t CO ₂ eq	29,330	31,801	29,353	
CO₂ emissions generated by sites per square meter (location-based)	kg CO ₂ eq/m ²	17.8	19.6	17.8	
TRANSPORTATION OF GOODS BETWEEN WAREHOUSES AND STORES					
Emissions generated by transportation of goods between warehouses and stores (<i>Group scope</i>)	t CO ₂ eq	23,160	24,048	20,771	
Emissions generated by transportation of goods between warehouses and stores (<i>Fnac France and Darty France scope</i>)	t CO ₂ eq	18,201	18,317	15,152	Section 2.3.3.4
KPI: CO₂ emissions generated per pallet (Group scope)	kg CO ₂ eq/pallet	not available	13.7	12.2	
LAST-MILE DELIVERY					
Number of deliveries	In thousands	2,266	2,213	1,946	
CO ₂ emissions generated per last-mile delivery	t CO ₂ eq	14,693	17,116	13,577	Section 2.3.3.4
KPI: CO₂ emissions generated per delivery	kg CO ₂ eq/delivery	6.5	7.7	7.0	
AFTER-SALES SERVICE CALLS					
Number of service calls	In thousands	741	801	842	
CO ₂ emissions generated by home service calls (including dispatch of spare parts)	t CO ₂ eq	4,716	5,715	6,070	
KPI: CO₂ emissions generated by home service calls, per service call		6.37	7.14	7.2	Section 2.3.3.4
Number of products sent to the after-sales service workshops	In thousands	744	709	724	
CO ₂ emissions generated by products for repair traveling to after-sales service workshops	t CO ₂ eq	1,851	2,083	2,134	
KPI: CO₂ emissions per product sent to the after-sales service workshops	kg CO ₂ eq/product	2.5	2.9	2.9	
E-COMMERCE					
Number of parcels shipped	Million	19.1	17.5	14.6	
Percentage of parcels delivered to pick-up point	%	24%	28%	34%	
CO ₂ emissions related to the shipping of parcels	t CO ₂ eq	10,093	9,269	7,228 ^(a)	Section 2.3.3.4
KPI: CO₂ emissions generated by parcels	kg CO ₂ eq/parcel	0.53	0.53	0.49	

(a) Of which over 4,850 t CO₂eq (63%) offset by transport providers.

Indicators	Unit	2020	2021	2022	Section
PRODUCTS SOLD					
Total Product Emissions	kt CO ₂ eq	3,626	3,688	3,193	
of which manufacturing	kt CO ₂ eq	2,341	2,371	2,063	
of which upstream transportation	kt CO ₂ eq	55	56	48	
of which use	kt CO ₂ eq	1,249	1,238	1,059	Section 2.3.3.5
of which product end of life	kt CO ₂ eq	22	23	23	
Carbon intensity by revenue	t CO ₂ eq/€bn	0.48	0.46	0.40	
Carbon intensity per product sold	kg CO ₂ eq	24.9	23.4	20.3	

Human capital

Risks:	Commitment: Develop our most valuable asset: people
Business line development and the organization of work, in the context of a shortage of technical profiles and a talent war	<ul style="list-style-type: none"> ■ Attract and retain talent, particularly in jobs with shortages and in growth areas ■ Capitalize on all talent ■ Support the development of business lines and labor organizations ■ Improve working conditions and prevent risks ■ Develop the sense of belonging, social connection and quality of life at work

Indicators	Unit	2020	2021	2022	Section
EMPLOYEES AND ORGANIZATION OF WORK					
Workforce as at 12/31 (<i>fixed-term + open-ended contracts, on a like-for-like basis</i>)	Employees	24,886	25,585	25,175	
Workforce in France (<i>fixed-term + open-ended contracts</i>)	Employees	18,895	19,270	18,997	
Average headcount (<i>in FTE</i>)	FTE	22,474	22,927	23,231	
Percentage of open-ended contracts (<i>Group</i>)	%	89.2%	87.8%	87.7%	
Proportion of temporary workers (<i>from fixed-term contract + open-ended contract + temporary employees</i>)	%	12.5%	13.1%	12.9%	
Average seniority of employees on open-ended contracts	Years	12.3	12.7	12.8	Intro 2.4
Average age of employees on open-ended contracts	Years	38.9	40.9	40.9	
Proportion of full-time workers (<i>from employees on open-ended contracts</i>)	%	82.9%	83.8%	83.9%	
Proportion of managers (<i>from employees on open-ended contracts</i>)	%	23.7%	23.9%	24.7%	
Number of permanent employees recruited (excluding acquisitions)	Employees	2,562	3,570	4,023	
Number of departures of permanent employees (excluding disposals)	Employees	2,976	3,818	4,787	
GENDER EQUALITY					
Gender equality index (consolidated)	Unit	90	88	87	
Percentage of women in the total workforce	%	39.6%	39.1%	38.3%	
Percentage of manager-level women in the workforce	%	37.0%	37.2%	37.6%	
Percentage of female store managers	%	18.2%	19.9%	23.6%	
Percentage of women on the Board of Directors (<i>excluding employee Directors</i>)	%	50%	50%	55%	Section 2.4.2.2
KPI: percentage of women in Leadership Group roles	%	24.3%	26.6%	30.3%	
KPI: percentage of women on the Executive Committee	%	33.3%	38.5%	46.2%	
KPI: proportion of women who granted least one individual raise during the year	%	22.9% (23.5% for men)	22.3% (25.1% for men)	15.8% (14.3% for men)	



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Indicators	Unit	2020	2021	2022	Section
Proportion of employees with disabilities (on open-ended contracts, excluding Belgium and Switzerland – not applicable in these countries)	%	4.9%	5.0%	5.2%	Section 2.4.5
Percentage of people with disabilities newly recruited under open-ended contracts (excluding Belgium and Switzerland – not applicable in these countries)	%	0.8%	1.7%	1.8%	
Proportion of employees on open-ended contracts who are over 50 years of age	%	23.3%	24.4%	26.8%	Section 2.4.2.3 and Section 2.4.2.4
Proportion of employees on open-ended contracts who are under 26 years of age	%	11.0%	11.6%	11.3%	
TRAINING					
Proportion of employees receiving in-classroom training over the year compared to total number of employees	%	37.5%	56.7%	60.9%	Section 2.4.3
Percentage of total headcount trained via classroom programs or remotely during the year	%	75.9%	93.7%	94.3%	
Average number of training hours per employee trained via classroom programs	Hours	13.7	15.5	14.4	
KPI: Number of training hours (across all formats) per employee trained	Hours	9.1	14.9	14.9	
Share of payroll allocated to training	%	2.8%	3.2%	2.90%	
HEALTH AND SAFETY					
Number of employees trained in safety	Employees	4,985	14,474	15,267	Section 2.4.4
Total number of hours of safety training	Hours	18,618	45,125	47,779	
KPI: frequency rate of accidents with stoppage time (excluding Nature & Découvertes)	Number	30.1	31.5	29.7	
KPI: severity of accidents with stoppage time (excluding Nature & Découvertes)	Number	1.7	1.9	2.0	
Frequency rate of accidents with stoppage time (Nature & Découvertes)	Number	11.6	6.0	6.1	
Severity of accidents with stoppage time (Nature & Découvertes)	Number	0.3	0.2	0.5	
Frequency rate of workplace and travel-related accidents with stoppage time (excluding Nature & Découvertes)	Number	36.0	38.7	37.3	
Severity of workplace and travel-related accidents with stoppage time (excluding Nature & Découvertes)	Number	2.0	2.2	2.3	
ABSENTEEISM					
Overall absenteeism	%	7.0%	8.9%	7.8%	Section 2.4.4
KPI: absenteeism due to sickness	%	5.2%	5.3%	5.4%	
COMMITMENT					
Employee recommendation rate ^(a)	Unit	73.4%	72.1%	74.7%	Section 2.4.5
Staff turnover	%	12.5%	16.4%	20.0%	

(a) Proportion of employees giving a recommendation score of between 7 and 10 on a scale ranging from 0 to 10.

Business ethics

Risks: The ethics of all parties in an ecosystem of partnerships	Commitment: Act ethically throughout our value chain <ul style="list-style-type: none"> ■ Protect the personal data of employees and customers ■ Prevent the risks of corruption ■ Implement a vigilance plan ■ Ensure fiscal responsibility
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Indicators	Unit	2020	2021	2022	Section
WARNING MECHANISM					
Number of ethical alerts received and handled by the outsourced warning mechanism	Number	n.a.	28	78	Section 2.5.8
VIGILANCE PLAN: SOURCING OF OWN-BRAND PRODUCTS AND PRODUCTS UNDER LICENSE					
Number of active plants in China (<i>Group scope excluding Nature & Découvertes</i>)	Number	192	195	192	
Number of plants audited in China (<i>Group scope excluding Nature & Découvertes</i>)	Number	97	94	78	
Number of unannounced audits	Number	19	36	36	
Number of supervisory audits of controllers	Number	n.a.	n.a.	37	
Proportion of supervisory audits deemed compliant	%	n.a.	n.a.	100%	Section 2.5.4.2
KPI: percentage of factory audits whose score is deemed to be average or compliant (<i>Fnac Darty</i>)	%	91.7%	91.5%	92.3%	
Proportion of audited plants for which the result is deemed to be average or compliant (<i>Nature & Découvertes</i>)	%	n.a.	n.a.	78.0%	
VIGILANCE PLAN: INDEPENDENT SALESPEOPLE ON MARKETPLACES					
Number of Marketplace salespeople tested as part of quality monitoring	Number	1,054	1,800	3,300	Section 2.5.4.2
SUPPLIER AND RESPONSIBLE PURCHASING RELATIONSHIPS					
Proportion of calls for tender incorporating CSR criteria on indirect purchasing	%	n.a.	n.a.	64.0%	
Proportion of contracts incorporating the Business Code of Conduct	%	n.a.	n.a.	60.0%	Section 2.5.7
Proportion of purchases produced by Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter	%	64.3%	64.1%	67.0%	

Territories, culture and solidarity

Commitment: Contribute to the social and cultural development of territories <ul style="list-style-type: none"> ■ Promoting wider access to culture ■ Contributing to regional momentum ■ Engaging for social inclusion
--

Indicators	Unit	2020	2021	2022	Section
SOCIAL AND CULTURAL DEVELOPMENT OF TERRITORIES					
Number of cultural events	Number	approx. 1,300	approx. 5,700	approx. 7,000	Section 2.6.1
Number of stores opened	Number	40	55	53	Section 2.6.2
DONATIONS AND SOCIALLY INCLUSIVE PROJECTS					
Total raised by socially inclusive initiatives across the Group	€ thousands	4,520	11,058	8,540	
<i>of which financial donations and donations in kind</i>	€ thousands	3,669	10,201	7,244	Intro 2.6
<i>of which donations collected in-store and on commercial websites</i>	€ thousands	851	857	1,295	
Total of Nature & Découvertes Foundation donations	€ thousands	426	601	586	



CORPORATE SOCIAL RESPONSIBILITY

Summary of non-financial performance and Taxonomy appendices

TAXONOMY APPENDICES

Proportion of revenue from products or services related to economic activities aligned with Taxonomy – Information for year N

Code(s) (2)	Absolute revenue (3) (€)	Proportion of revenue (4) (as %)	Criteria for substantial contribution						
			Climate change mitigation (5) (as %)	Climate change adaptation (6) (as %)	Marine and aquatic resources (7) (as %)	Circular economy (8) (as %)	Pollution (9) (as %)	Biodiversity and ecosystems (10) (as %)	
Economic activities (1)									
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (ALIGNED WITH TAXONOMY)									
Revenue from environmentally sustainable activities (i.e. aligned with taxonomy) (A.1)	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
A.2. ACTIVITIES ELIGIBLE FOR TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (NOT ALIGNED WITH TAXONOMY)									
Revenue from activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)	0.0	0.0%							
TOTAL (A.1 + A.2)	0.0	0.0%							
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Revenue from activities not eligible for taxonomy (B)	7,949.4	100%							
TOTAL (A + B)	7,949.4	100%							

Criterion for absence of significant harm (DNSH – Do No Significant Harm)						Minimum safeguards (17)	Proportion of revenue aligned with taxonomy, year N (18)	Proportion of revenue aligned with taxonomy, year N-1 (19)	Enabling activity category (20)	Temporary activity category (21)
Climate change mitigation (11)	Climate change adaptation (12)	Marine and aquatic resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(as %)</i>	<i>(as %)</i>	<i>(H)</i>	<i>(T)</i>
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	n.a.	n.a.	n.a.
							0.0%	n.a.	n.a.	n.a.
							0.0%	N.A.	N.A.	N.A.





CORPORATE SOCIAL RESPONSIBILITY

Summary of non-financial performance and Taxonomy appendices

Proportion of Capex resulting from products or services related to economic activities aligned with taxonomy – Information for year N

Code(s)	Absolute Capex (3)	Proportion of Capex (4)	Criteria for substantial contribution						
			Climate change mitigation (5)	Climate change adaptation (6)	Marine and aquatic resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	
Economic activities (1)	(€)	(as %)	(as %)	(as %)	(as %)	(as %)	(as %)	(as %)	
A. ACTIVITIES ELIGIBLE FOR TAXONOMY									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (ALIGNED WITH TAXONOMY)									
Installation, maintenance and repair of instruments and systems for measuring, regulating and controlling buildings' energy performance	7.5	0.4	0.1%	100%	0%	0%	0%	0%	0%
Acquisition and ownership of buildings	7.7	17.5	4.2%	100%	0%	0%	0%	0%	0%
Capex of environmentally sustainable activities (i.e. aligned with taxonomy) (A.1)	17.8	4.3%		100%	0%	0%	0%	0%	0%
A.2. ACTIVITIES ELIGIBLE FOR TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (NOT ALIGNED WITH TAXONOMY)									
Transportation by motorbikes, passenger cars and light commercial vehicles	6.5	3.8	0.9%						
Installation, maintenance and repair of energy efficiency equipment	7.3	4.6	1.1%						
Acquisition and ownership of buildings	7.7	233.4	56.3%						
Capex of activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)	241.8	58.3%							
TOTAL (A.1 + A.2)	259.6	62.6%							
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Capex of activities not eligible for taxonomy (B)	155.1	37.4%							
TOTAL (A + B)	414.8	100%							

Criterion for absence of significant harm (DNSH – Do No Significant Harm)						Minimum safeguards (17)	Proportion of Capex aligned with taxonomy, year N (18)	Proportion of Capex aligned with taxonomy, year N-1 (19)	Enabling activity category (20)	Temporary activity category (21)
Climate change mitigation (11)	Climate change adaptation (12)	Marine and aquatic resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(as %)</i>	<i>(as %)</i>	<i>(H)</i>	<i>(T)</i>
n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes	0.1%	n.a.	n.a.	n.a.
n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes	4.2%	n.a.	n.a.	n.a.
n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes	4.3%	n.a.	n.a.	n.a.
							58.3%	n.a.	n.a.	n.a.
							62.6%	N.A.	N.A.	N.A.





CORPORATE SOCIAL RESPONSIBILITY

Summary of non-financial performance and Taxonomy appendices

Proportion of Opex resulting from products or services related to economic activities aligned with taxonomy – Information for year N

Economic activities (1)	Code(s) (2)	Absolute Opex (3) (€)	Proportion of Opex (4) (as %)	Criteria for substantial contribution					
				Climate change mitigation (5) (as %)	Climate change adaptation (6) (as %)	Marine and aquatic resources (7) (as %)	Circular economy (8) (as %)	Pollution (9) (as %)	Biodiversity and ecosystems (10) (as %)

A. ACTIVITIES ELIGIBLE FOR TAXONOMY

A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (ALIGNED WITH TAXONOMY)

Opex of environmentally sustainable activities (i.e. aligned with taxonomy) (A.1)	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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A.2. ACTIVITIES ELIGIBLE FOR TAXONOMY BUT NOT ENVIRONMENTALLY SUSTAINABLE (NOT ALIGNED WITH TAXONOMY)

Opex of activities eligible for taxonomy but not environmentally sustainable (not aligned with taxonomy) (A.2)	0.0	0.0%							
TOTAL (A.1 + A.2)	0.0	0.0%							

B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY

Opex of activities not eligible for taxonomy (B)	71.3	100%							
TOTAL (A + B)	71.3	100%							

Criterion for absence of significant harm (DNSH – Do No Significant Harm)						Minimum safeguards (17)	Proportion of Opex aligned with taxonomy, year N (18)	Proportion of Opex aligned with taxonomy, year N-1 (19)	Enabling activity category (20)	Temporary activity category (21)
Climate change mitigation (11)	Climate change adaptation (12)	Marine and aquatic resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)					
<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(yes/no)</i>	<i>(as %)</i>	<i>(as %)</i>	<i>(H)</i>	<i>(T)</i>
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.0%	n.a.	n.a.	n.a.
							0.0%	n.a.	n.a.	n.a.
							0.0%	N.A.	N.A.	N.A.





2.9 / Independent Third-Party Report by one of the Statutory Auditors on the Consolidated Non-financial Performance Declaration

Year ended December 31, 2022

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. 3-1884⁽¹⁾, 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 Consolidated Non-financial Performance Declaration, prepared in accordance with the company procedure (hereinafter the “Guidelines”), for the year ended December 31, 2022 (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.

We have also, at your request, conducted work to express a conclusion of reasonable assurance on the information selected by the entity and identified by the ✓ symbol.

Conclusion of moderate assurance

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.

Conclusion of reasonable assurance on a selection of non-financial information

In our opinion, based on the procedures we have implemented, as described in the sections “Nature and scope of work” and “Nature and scope of additional work on the information selected by the entity and identified by the ✓ symbol” and the information we collected, the information selected by the entity and identified by the ✓ symbol in the Declaration was prepared, in all its significant aspects, 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 (or available on the website or on request from the entity’s head office).

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 responsibility of the management to:

- select or establish appropriate criteria for preparing the Information;
- 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);
- prepare the Declaration by applying the entity’s Guidelines as mentioned above; and
- 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 prepared by the Board of Directors.

(1) Cofrac accreditation inspection, no. 3-1884, available from www.cofrac.fr.

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.

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.

At the entity's request and outside the scope of accreditation, it is also our responsibility to express a conclusion of reasonable assurance that the information selected by the entity presented in the Appendix and identified by the ✓ symbol was prepared, in all its significant aspects, in accordance with the Guidelines.

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 avoidance);
- 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 – CNCC) relative to this assignment, particularly the technical advice of the CNCC, intervention of the OTI – Declaration of Non-Financial Performance, the basis for the verification program, as well as international standard ISAE 3000 (revised⁽¹⁾).

(1) ISAE 3000 (revised) – Assurance commitments other than audits or reviews of historical financial information.

Independence and quality control

Our independence is defined by the provisions contained in Article L. 822-11 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 five people and took place between November 2022 and March 2023 over a total period of around six 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 all entities included within the scope of consolidation and the presentation of the main risks;
- 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 avoidance;
- 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;



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 includes the business model and the description of the main risks linked to the activity of the entities included within the scope of consolidation, 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 ⁽¹⁾, our work has been carried out at the registered office; for other risks, work has been carried out at the level of the consolidating entity and in a selection of entities ⁽²⁾;
- we have verified that the Declaration covers the consolidated scope, i.e. all companies included in the scope of consolidation in accordance with Article L. 233-16, within the limits specified in the Declaration;
- 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 ⁽²⁾ and covers between 69% and 100% of the consolidated data chosen for these tests;
- we have assessed the overall consistency of the Declaration in relation to our knowledge of all entities included within the scope of consolidation.

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.

Nature and scope of additional work on the information selected by the entity and identified by the ✓ symbol

With regard to the information selected by the entity presented in the Appendix and identified by the ✓ symbol in Chapter 2, we conducted the same work as that described in the “Nature and scope of work” paragraph above for the Information considered to be the most important, albeit more in-depth, particularly with regard to the number of tests.

The sample selected thus represents 80% to 100% of the information identified by the ✓ symbol.

We believe that this work allows us to express reasonable assurance on the information selected by the entity and identified by the ✓ symbol.

Paris La Défense, March 15, 2023

KPMG SA

Éric Ropert
Partner

Anne Garans
CSR expert

(1) *The ethics of all parties in an ecosystem of partnerships.*

(2) *Fnac Darty France.*

APPENDIX

Qualitative information (actions and results) considered to be the most important

Actions to promote workplace integration and access to employment
 Policy on the continuing development of employees' skills
 Systems for managing employee skills and training
 Inclusion and diversity policy
 Collective agreements relating to social dialogue practices
 Actions to raise awareness of environmentally responsible practices
 Policies and systems in place for ethical and responsible digital management
 Measurement of the environmental impact on biodiversity
 Policy and actions to reduce the environmental footprint of products and services
 Actions to reduce the environmental footprint of transport services
 Procedures implemented in the field of good business conduct and to combat corruption
 Data protection policy
 Evaluation of suppliers, in particular with respect to human rights
 Actions to promote the circular economy

Key performance indicators and other quantitative results considered the most important**Level of assurance**

Proportion of women in Group Leadership roles	Reasonable
Number of training hours per employee trained	Moderate
Absenteeism due to sickness	Moderate
Severity of workplace accidents	Moderate
Frequency rate of workplace accidents with stoppage time	Moderate
Sustainability score	Reasonable
Number of products repaired	Moderate
Number of Darty Max subscribers	Reasonable
Volumes of WEEE collected in tons	Moderate
Waste recycling rate	Moderate
CO ₂ emissions generated by site energy consumption/sq. m	Reasonable
CO ₂ emissions generated by transportation of goods to stores, by pallet	Reasonable
CO ₂ emissions generated by last-mile delivery, per delivery	Reasonable
CO ₂ emissions generated by e-commerce flows per package	Reasonable
CO ₂ emissions generated by products for repair traveling to after-sales service workshops per repaired product	Reasonable
CO ₂ emissions generated by after-sales service travel per service call	Reasonable
CO ₂ Scope 1 and 2 emissions	Reasonable
Percentage of factory audits whose score is deemed to be average or compliant (Fnac Darty)	Moderate



3



Risk factors and management

3.1 / Strategic risks	178	3.5 / Insurance	191
3.2 / Operational risks	184	3.6 / Risk management	192
3.3 / Regulatory risks	187	3.6.1 / The risk management system	192
3.4 / Financial risks	189	3.6.2 / Risk mapping	201

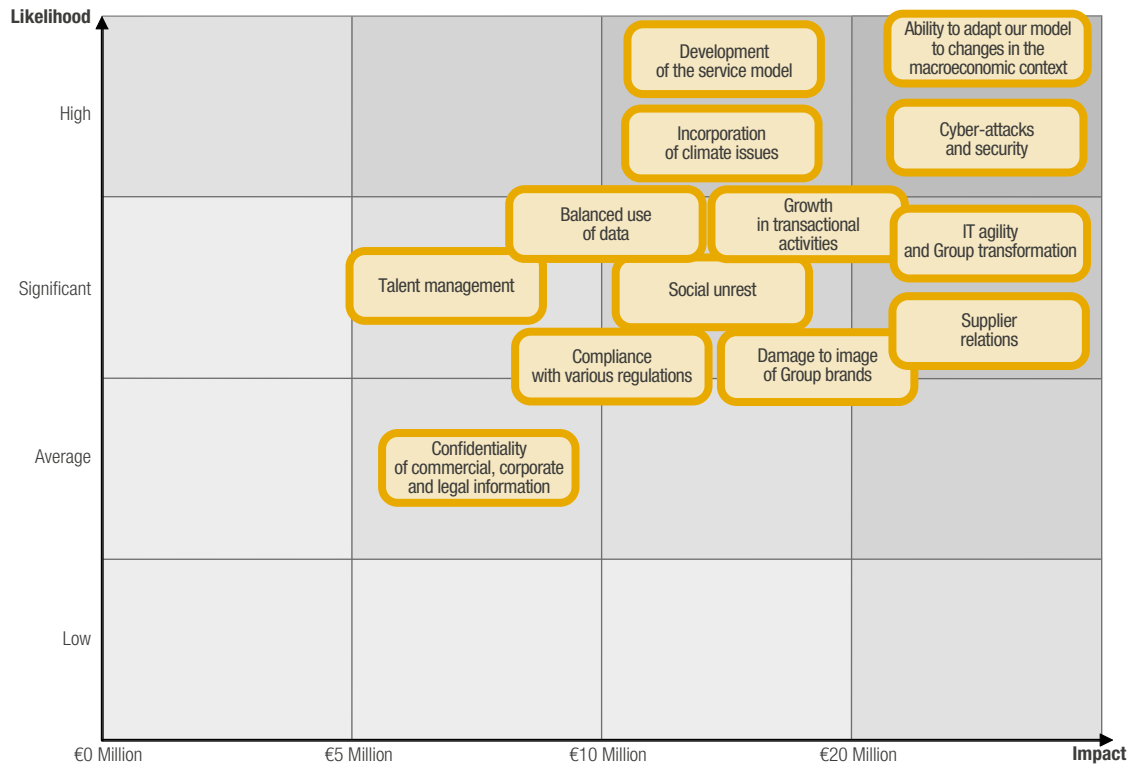
The Group operates in a constantly changing environment and is therefore exposed to both external and internal risks in developing its activities relating to its strategic plan. Moreover, the Group has conducted a review and assessment of the risks that could potentially have a material adverse impact on its activities, its financial position, its net assets, its income, its ability to achieve its objectives, its image and its reputation. This chapter sets out 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 2022.

The most substantial risk factors within each category are presented first. The importance of each risk is calculated as of 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
Strategic risks	Ability to adapt the organization to changes in the economic climate (inflation, energy costs)	422
	IT agility and Group transformation	423
	Relations with suppliers	424
	Development of the service model	425
	Incorporation of climate issues	426
	Damage to the brand image of Group banners	427
	Confidentiality of commercial, social and legal information	427
Operational risks	Cyber-attacks and information system security	428
	Growth in transactional activities	429
	Social unrest	429
	Talent management	430
Regulatory risks	Balance use of data	431
	Compliance with various regulations	432
Financial risks	Liquidity risk	433
	Pension plan	434

Assessment of risks according to their likelihood of occurrence and estimated financial impact





3 RISK FACTORS AND MANAGEMENT

Strategic risks

3.1 / Strategic risks

Against the backdrop of the crisis, Fnac Darty needs to persist with transforming its omnichannel model while 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 expenses and investments so as to maintain the profitability of its economic model, and keeps a close eye on developments and the economic outlook.

Strategic risks – Ability to adapt the organization to changes in the economic climate (inflation, energy costs)

Risk identification

Fnac Darty operates in a competitive retail sector with low margins.

The easiest, most impactful, and most readily implementable cost-saving plans have already been accomplished through the synergies achieved at the time of the Fnac Darty merger. The Group must nevertheless continually seek cost-savings to ensure that its operational efficiency and its results remain as resilient as possible to the complexity of the economic climate, particularly the impact of inflation on our cost structure (payroll expenses, transportation costs, rents, energy bills, etc.).

As such, the Group may not be able to implement sufficient cost-saving plans to offset unprecedented levels of inflation.

Risk management

The performance culture is central to the Group's strategy, to ensure that all of the Group's business lines and entities 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.

Strategic risks – 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 (online platforms, Marketplace, services, franchises, 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. For historical reasons, 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 IT 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. Its main measures include:

- the monthly monitoring of key issues and IT and digital investment strategies at Executive Committee level within a dedicated committee;
- the continued rollout of agile development within a dedicated structure, and the improved efficiency of digital factory production launches (combined IT and business line structure);
- 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;
- the strengthening of the service continuity system for the most critical applications in place;
- the use of public cloud resources to provide faster support for new business strategies;
- the annual review of the application assets;
- the regular update of the master plan.



3 RISK FACTORS AND MANAGEMENT

Strategic risks

Strategic risks – 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 2022.

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. Apple, Dyson, 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 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:

- aligning our interests and those of suppliers around the value strategy with the opportunities and constraints it presents (channel management, exclusive offers, sustainability value, etc.) by entering into partnerships that shape the entire relationship (purchasing, communication, demonstrations, merchandising);
- developing partnerships and exclusive offers (WeFix and Apple, for example);
- spreading risk on the supplier portfolio;
- conducting annual negotiations that value growth prospects at fair values;
- developing services for our suppliers: data supply (after-sales service, LaboFnac, inventories, customers, courses), web-based customer experience (livestreams, chats, SEA, etc.), in-store customer experience (training, events), MyRetailLink, repair, second life;
- strengthening the role of services in commercial negotiations, particularly around subscriptions and financing solutions;
- supporting the divestment of Chinese TV and Telephony brands.

Strategic risks – 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 over time, 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 own ecosystem and partnerships to make its services accessible to as many customers as possible.

The Group has set up a team dedicated to helping stores to put on promotional events for the sale of services.

It is organized to acquire the right skills for managing subscriptions and driving its profitability (churn, NPS, payment problems).

The Group is recruiting and training more than 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. Training is provided via the Tech Academies, the launch of the first training center for business apprentices, as well as our in-house Training Center.

It is expanding its IT platform to include new subscription management functionality, and continues to develop control reporting tools.

Strategic risks – Incorporation of climate issues

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 with the best ratings from 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 into its strategy would expose the Group to multiple risks, such as:

- damage to the Group's reputation;
- decline in popularity;
- loss of business;
- loss of certain investors;
- non-compliance and penalties;
- the impact of climate change (extreme events) on its sites and activities.

Finally, in order to prepare for the impacts of climate change, the Group must be able to identify the main physical risks likely to affect its operations and its value chain, and to assess its level of resilience in response to these risks.

A detailed description of the risks identified by the Group is presented in Chapter 2, section 2.3.1.2.

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 position itself as a standard-setting player in responsible, sustainable retail.

In this regard, the Group has implemented four 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 ambition 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 CO₂ 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 / developing services and advice that promote a 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 second life and second-hand activities, etc.;
- 4 / measurement of the Group's exposure to extreme climate risks conducted in 2022.

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 2.3 ("Reduce our impact on the climate and the environment") and section 2.2 ("Promote sustainable consumption and an educated choice").

Strategic risks – Damage to the brand image of 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 Security Department;
- a mechanism to monitor the reputation of our leading third parties has been initiated under the Sapin II 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;
- a crisis management policy and associated operating procedures are circulated within the Group. These are the subject of regular reminders;
- 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.

Strategic risks – Confidentiality of 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;
- the monitoring of key employees' inboxes for suspicious emails;
- regular awareness-raising among 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;
- a reminder of the best practices to adopt when using tools and managing information, provided in the Group's IT Charter.



3 RISK FACTORS AND MANAGEMENT

Operational risks

3.2 / Operational risks

Operational 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 of 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, Fnac and Darty, and to arrange emergency plans.

The Group aims to ensure the security of the information systems and the data they contain, through:

- appropriate cross-departmental governance to manage this risk and the associated action plans in all subsidiaries, technical solutions, shared standards, and a common policy;
- continuously improving the security of our commercial websites, our messaging and our outflows (Endpoint Detection and Response);
- digital identity management and cyber resilience;
- 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);
- raising awareness of cyber security among Group employees on a regular basis – mandatory training for all employees, campaigns about phishing, etc.;
- organizing cyber crisis exercises (operational and governance);
- annual anti-intrusion audits carried out by specialist external consultants, where necessary resulting in immediate action plans;
- distributing the IT charter to employees.

Operational risks – Growth in transactional activities

Risk identification

The development of our omnichannel model and the growth of our online sales are placing increasing pressure on Fnac Darty's operations (logistics, last mile deliveries and customer relations, in particular).

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.

The Group must also be able to absorb an increase in unit costs (linked to the geographical expansion of the franchise, the rise in energy costs and/or subcontractor costs, etc.).

Finally, the Group must ensure that it accurately forecasts future (short-/medium-/long-term) sales volumes, which has an impact on the Group's projects and affects its operations (logistics, last mile deliveries and customer relations, in particular).

Risk management

The structure of our operating model is changing to bring our capacity more closely into line with increasing demand:

- the Group invests in high-quality modern equipment that mechanizes and automates 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 helps to mitigate the impact of transportation costs on online sales with the store network being used as warehouses and delivery locations;
- incremental capacity management (overflows, space optimization) helps to ensure overloading is efficiently managed;
- passing on the increase in unit costs (paid deliveries, franchise fees, etc.) helps to offset its impact.

Operational risks – Social unrest

Risk identification

Faced with social tension and/or large-scale protests related to changes in the macroeconomic situation, the Group must ensure that it has measures in place to limit the impact on its operating activities.

The Group must also maintain good relations with employee representatives, thereby enabling it to obtain signatures in labor negotiations that are key to supporting the Group's transformation.

Risk management

The Group ensures high-quality labor relations through, in particular:

- strengthening transparent communication;
- the ongoing establishment of local social dialogue (working conditions, purchasing power, roll out of structuring projects, etc.).

In addition, discussions are underway around the implementation of business continuity plans at the Group's warehouses and stores, in order to protect operating activities from any social unrest.



3 RISK FACTORS AND MANAGEMENT

Operational risks

Operational risks – 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. In particular, the Group's strategy commits us to strengthening our technical business lines and our digital skills.

Risk management

The Group has various systems in place:

- 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;
- a monthly survey of employees covering various topics, for them to give their views on issues such as strategy, the transformation of the Group and quality of life at work, 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 adjusted 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, management through accountability and the activity-based office;
- the compensation policy has been adjusted for a number of Group business lines;
- development of the Fnac Darty Academy, with a total of 41 classes, allowing the Group to establish a pool of experts in the technical business lines. This academy has been fully in-house since October 24, 2022;
- actions undertaken to modernize the employer image with technicians (various communication plans);
- recruitment models and practices have been modernized to provide faster and more targeted hiring.

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.

3.3 / 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 with particular regard to the following elements (see section 2.5.3.1 “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;
- raising awareness and training of employees;
- documentation and procedures for all the scopes affected (Fnac Darty and subsidiaries);
- information for customers and employees;
- retention of personal data for limited periods of time;
- security of information systems;
- introduction of formal contracts (Data Protection Agreements) with subcontractors and partners;
- strengthening information on the Group’s use of customer data on our e-commerce websites and in-store;
- systematic analysis of projects as part of a Privacy by Design approach.

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, digital and physical book prices, contractual warranties for customers, and store safety and accessibility.

The Sapin II 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 toward 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 specific mandatory in-house 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.

3.4 / 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 revenue and current 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, 2022, the Group's gross debt consisted 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.

In a particularly challenging retail climate, with this key year-end for the Group particularly impacted by heightened pressure on household purchasing power, free cash-flow from operations was -€30 million in 2022. About one third of the variance with the previous year's free cash-flow reflects a decline in EBITDA, including non-current items. This is in line with the current operating income for the year. In addition, this year, working capital includes reduced cash inflows, which are in line with lower-than-expected sales in December, and more cash outflows early in the year, due to especially robust activity in late 2021. Inventory levels remain healthy and under control, rising only about +€40 million compared with the end of 2021. Lastly, operating investments for 2022 are slightly better than expected, at nearly €130 million.

This underperformance in 2022 had a negative impact on the Group's available cash at the end of the year. As a result, in 2023, Fnac Darty will remain particularly vigilant about its liquidity needs, particularly if the macroeconomic situation deteriorates.

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 2027 +1.

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 2022. 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. In addition, 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. In 2022, the Group activated its first option to extend the maturity of the revolving credit line until March 2027. Finally, in order to address the maturity of its 2024 bond, Fnac Darty set up an undrawn line of bank credit of €300 million maturing in three years with two options to extend for one year each, for the purpose of refinancing the 2024 senior bond. This new line enables the Group to use the full maturity period in 2024 in order to benefit from a particularly attractive coupon and thus secure its low level of financial expenses, in a context of sharp rate increases.

The Group will remain agile and attuned to financing opportunities in 2023, particularly if the macroeconomic situation deteriorates.

Risk identification

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, 2022, 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**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.

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, 2022.

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. The Group 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 negotiation that took place in 2022, it was confirmed that contributions to the fund would be suspended for an additional three years and that operating fees would be paid directly by the Fund, and no longer by Fnac Darty.

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.

3.5 / Insurance

Policy for managing insurable risks

The policy for managing insurable risks is led by the Group's Legal Department, in close collaboration with the Group's other departments.

The relevant departments work to identify, assess and prevent risk, prior to transferring residual risks to insurance companies. More specifically, the policy for managing insurable risks consists of:

- identifying the risks and the various potential claim scenarios (maximum potential claim and reasonably estimated claim);
- assessing the impact of the risks identified, in particular the financial impact in the event of a claim being made;
- defining risk mitigation plans and implementing appropriate prevention measures;
- deciding between retaining certain risks and transferring them to the insurance market.

This analysis enables the Group to determine its insurance requirements and to provide the best protection for people and property.

On this basis, the Group's Legal Department negotiates with recognized companies in the insurance industry to provide the insurance cover that is most appropriate for the Group's risks.

Insurable risk prevention policy

The Group continues to implement and develop prevention measures to improve its insurable risks in order to reduce the likelihood of certain claims arising and/or their severity when they do occur.

The Fnac Darty Insurance Committee includes members from several departments involved in risk management. Its role is to improve the effectiveness of the insurable risk management system, and its tasks include:

- implementing initiatives to prevent and mitigate risk and providing information about them;
- and monitoring the implementation of these initiatives.

Policy for transferring insurable risks

The Group conducts a policy of transferring its material risks to insurance companies. The Group still assumes risks where the likelihood of occurrence and the severity is low.

The Group ensures it maintains a strategy that enables it to generate a positive insurance value by seeking the best balance between risk cover and premiums. This assessment is made with advice from brokers and professional insurance consultants.

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 Insurance Committee, which relies on the mapping of insurable risks, in order to verify their suitability with regard to developments within the Group and the insurance market.

The main insurance programs taken out by the Group cover all of its subsidiaries and are supplemented, where applicable, by specific local arrangements that comply with the regulations of the various countries in which the Group operates.

The Group remains cautious about disclosing information on its insurance programs and about disclosing certain information that may be prejudicial to it in contractual negotiations or in the event of a claim.

By way of example, the Group has taken out insurance policies to cover the risks of property damage and operating losses, third-party liability and mandatory insurance policies, such as for the vehicle fleet:

- **damage to property and operating losses:** this policy insures the Group against damage resulting from fire, explosions, water damage, theft, natural disasters and the operating losses resulting from such damage.

This insurance cover was taken out as a result of the policy for managing insurable risk, and is based on determining the level of cover 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;

- **third-party liability:** in order to cover operating risks and post-delivery or post-service risks, the Group has taken out a third-party liability insurance policy. This policy covers the financial consequences that may result from physical injury or material damage for which the Group is liable, that may be caused to third parties due to the activity of any of its subsidiaries or products sold;
- **vehicle fleet:** this mandatory insurance policy covers the Group's vehicle fleet against the risk of liability and damage that may occur while vehicles are being driven.

The levels of cover are determined by the various policies described above, taking into account the financial risks and the terms and conditions of cover available on the insurance market. The level of insurance cover is weighed against the financial terms available.

In accordance with market practices, conditions and constraints, the insurance policies described include exclusions of cover, limitations and deductibles. Insurance cover will change as the Group's business evolves and depending on market conditions when policies are renewed.



3 RISK FACTORS AND MANAGEMENT

Risk management

3.6 / 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.

3.6.1 / 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.

3.6.1.1 / 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.

The organization of internal control and risk management described above is likely to be strengthened in 2023.

The Group has completely overhauled its risk control and management model in order to adapt it to changes in its business model and environment.

Implemented in January 2023, the new model clarifies the roles and responsibilities within the three steps of the process and aims to widely disseminate the risk management culture Group-wide.

It draws mainly on an operational control structure intended to assist management with the day-to-day monitoring of activities (detection, strengthening, training).

Reporting to the Group's General Secretariat, a Risk Department has been created to improve the coordination of operational control, internal control, internal audit, ethical compliance and security.

The organization of internal control has been developed to help management identify the risks inherent to their business and to ensure that suitable controls are in place to mitigate these risks (mapping, structured processes & procedures, reporting).

Internal audit has also strengthened its structure to extend its remit to operational, IT and corporate issues across the whole Group (monitoring and assurance of the risk control and management system).

Lastly, in response to the increased risk of fraud, the Group also decided to create an entity dedicated to the detection, prevention and resolution of incidents of internal and external fraud. This sits under the aegis of the Group's Security Department.

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.



3 RISK FACTORS AND MANAGEMENT

Risk management

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;
- 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.

3.6.1.2 / **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;
- 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;
- 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;
- 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 1,200 people received conflict of interest training in 2022. 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” 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 existing system was harmonized with the requirements of the French Wasserman law at the end of 2022.
- Fnac Darty’s key unifying values 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 inside 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 2022 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 Customer, Marketing and Business Development Director, 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;
- 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 (CFO), 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 Deputy CFO in charge of performance and its permanent members are:

- the Group Director of Operations and Information Systems;
- 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.

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. The Board of Directors relies in particular on the work carried out by the following three committees:
 - 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." To this end, the Audit Committee regularly reviews the progress made on the mitigation plans for major risks;
 - 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.
- The Group's senior management relies on the work carried out by the following committees to manage compliance and risk management issues:
 - set up in 2019, the Climate Committee meets once per quarter and comprises three sponsors from the Executive Committee (the Group General Secretary, the Director of Services and Operations and the Commercial Director), as well as the Directors of Indirect Purchasing, CSR, Logistics, National Transportation, 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;
 - 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 2020 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 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 2.5.3 "Using and protecting personal data, cybersecurity;"
 - 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.

Self-assessment

Those responsible are asked to apply the internal control system and to self-assess their level of achievement using 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 risk analysis framework;
- launch action plans and, if necessary, improvement plans.

The internal control analysis strategy is based on the following principles:

- an annual exercise for the self-assessment of Fnac Darty's essential rules, through questionnaires filled in by key operational staff in each Group country organization. In 2022, 15 cycles were self-evaluated. 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 update themselves regarding best practices. They enable the launch of improvement action plans based on the results obtained.

Internal audit

In 2022, 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.

3.6.1.3 / 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;
- 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 2022, the Group's Finance Department was made up of the following departments:

- 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;

- 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.

3.6.2 / 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 comply with new regulatory requirements, mapping of specific risks (anti-corruption, duty of care, GDPR) has been carried out.

3.6.2.1 / 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, then reviewed by the members of the Audit Committee in November each year before being presented to the Board of Directors.

Audit Committee members are updated on a regular basis on the progress of any risk mitigation plans.

3.6.2.2 / 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 2.5.2 "Combating corruption"). The mapping of corruption risks is reviewed annually by the Group's Ethics Committee.

3.6.2.3 / 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 2.5.4 "Vigilance Plan"). The mapping of risks relating to duty of care is reviewed annually by the Group's Ethics Committee.

3.6.2.4 / 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 Chapter 2, section 2.5.3 "Using and protecting personal data, cybersecurity"). The mapping of GDPR risks is reviewed annually by the Group's Ethics Committee.

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