

EXTRA-FINANCIAL PERFORMANCE DECLARATION

—
2023



MESSAGE OF THE CHAIRMAN

We are aware that we live in a world where crises no longer follow one another, but are superimposed.

In the face of so much uncertainty, our mission remains “We make home a positive place to live”. And we are developing our ability to adapt to ensure the resilience of our business.

More than ever, ADEO is positioning itself as a **trusted partner**.

A trusted partner for residents, for whom we make sustainable, appropriate solutions accessible, in terms of price, services, and through the support and education we provide.

A trusted partner for our suppliers and our entire ecosystem, alongside whom we are committed to improving the quality of homes.

ADEO's capacity for impact is considerable, particularly in the fight against climate change, which is a long-term battle.

And we can count on the support of our shareholder, who is encouraging us to continue our efforts over the long term, with the sincerity of conviction that characterises us.

For 100 years, our company has stood out due to its ability to develop its services for local residents.

Above all, our story is one of a wonderful human adventure shared every day by teams who are committed to their mission, and passionate about their customers and about the home.

Issues related to the home issues vary considerably around the world. And it is the responsibility of each and every one of our employees to understand and act in the service of residents.

This unique ability to put people at the heart of everything we do characterises us. It is our strength and our main source of pride.



**Pierre-Alain
VIELVOYE**

Chairman of the
Board of Directors
at ADEO

A WORD FROM THE CHIEF EXECUTIVE OFFICER

In a period marked by tension over purchasing power, the climate and international relations, we are relying on our fundamentals, which more than ever are the foundation and catalyst for our progress.

This is our **culture**, which for 100 years has put people at the heart of everything we do.

The 110,000 men and women in our companies are our greatest source of pride, and thanks to our teams, we can be **confident** about the future, because we are building it **together**, driven by a shared mission and reason to act: "we make home a positive place to live".

We act to make our homes and our planet a great place to live.

Sharing is our primary value. By sharing our desire to build a sustainable future with our ecosystems, by sharing our knowledge with our customers, by sharing our projects and our spaces with our partners, we involve all our stakeholders in creating positive human, economic and environmental impacts.

We have an ambitious roadmap, a united team driven by a strong spirit of **conquest**, to meet the challenges and develop our utility.

Our future is rooted in our culture, and that's what makes us different.



**Thomas
BOURET**

ADEO Chief Executive
Officer

HIGHLIGHTS OF THE YEAR

→ MARCH 2023

On 24 March 2023 ADEO announced its intention to transfer operational control of Leroy Merlin Russia ("Local Entity") to local management (the "Transaction").

For 2023, the local entity remains subject to its duty of care obligations, particularly in terms of deploying the measures set out in the vigilance plan and reporting information in accordance with Group rules. The local entity is also included in the publication scope of the 2023 Extra Financial Performance Statement (EFPS).

Please note:

- Leroy Merlin Russia's quantitative data is consolidated within the EFPS on a rolling 12-month basis to 30 September 2023.
- Leroy Merlin Russia is included in the Vigilance Plan in 2023.

All the necessary approvals have been obtained from the relevant authorities to enable the sale to become operational at the end of December 2023. The company, which was already financially autonomous, now has full responsibility for its operations under local management.

→ July 2023

Announcement of the sale of Zôdio

Groupe ADEO finalised the sale of Objets & Compagnie SA (under the "Zôdio France" banner) to Groupe Néo Marchés – Alinéa on October 1st, 2023. The Zôdio stores will gradually come under the Alinéa banner from 2024.

The aim is to enable them to collectively reach a significant scale and become a leading player in the French furniture and home decoration market.

Groupe ADEO will become a minority shareholder in a new holding company combining the activities of Alinéa and Zôdio.

Please note: The Zôdio France BU is excluded from the scope of consolidation of this EFPS ([see methodological note](#)).

Acquisition of TSM (Tapis Saint Maclou)

Groupe ADEO acquired TSM (Tapis Saint Maclou) in 2023.

The aim of the TSM takeover is to develop an asset specialising in flooring and installed solutions to complement the Leroy Merlin brand in France.

Please note: In accordance with the rules in force, the brand is not included in the scope of the EFPS for this year.

→ November 2023

Partnership with Saint Gobain

To support the development of wood fibre insulation, ADEO and Saint Gobain have signed a 3-year partnership covering volume commitments.

Aimed at the domestic market, the product is already available from Leroy Merlin France, and will be available in Spain, Italy and Portugal by 2024.

This partnership should enable ADEO to secure its supplies of wood fibre insulation products and make them more accessible to local residents.

→ DECEMBER 2023

Due to a health problem, Philippe Zimmermann is handing over the reins of ADEO's general management to Thomas Bouret.

With the support of shareholder AFM, Thomas Bouret will succeed Philippe Zimmermann as Chief Executive Officer of the ADEO Group with effect from January 1st, 2024. Philippe Zimmermann takes over as Chairman of all ADEO companies in France (Leroy Merlin, Weldom, Saint Maclou, Kbane, Quotatis, Bricoman).

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I. PRESENTATION OF THE ACTIVITY



I. PRESENTATION OF THE ACTIVITY

1. Presentation of the Group and its chains

ADEO is an ecosystem of companies offering a range of goods and services for home improvement. We help inhabitants to make their projects a reality and offer useful and positive solutions to repair, renovate, organise, secure, make healthier, embellish and decorate in the home. Our 6 interconnected brands are a unique worldwide grouping, present in 20 countries and over 4 continents. With our network of 808 integrated sales outlets (excluding LM Russia) and 266 franchised sales outlets, anchored in the heart of the territories as close as possible to the inhabitants, its e-commerce sites, its marketplaces and its partnerships, in 2023 ADEO generated a turnover of 24.2 billion euros excluding taxes and excluding Russia.



LEROY MERLIN

At Leroy Merlin, we help people all over the world with all their home improvement projects, whether they involve renovating, extending, decorating, repairing, etc. We offer a wide range of solutions covering plumbing, lighting, heating, electrical, sanitation, security, cooking, gardening and much more.



M: THE PRO BRAND

With BricoMan, ObraMat, ObraMax and TecnoMat, we offer building materials, equipment, professional tools, brands, services and advice to help professionals carry out home improvement projects for their customers.



KBANE

With Kbane, we offer sustainable, high-performance solutions to optimise your comfort while saving energy. Humanity is experiencing a major ecological disruption, with a growing scarcity of resources. The home is a major energy consumer. Heating is becoming increasingly expensive. This has a major impact on people's purchasing power. So improving the energy efficiency of our homes is a real challenge of our time.



WELDOM

With Weldom and our powerful network of local stores across France, we are committed to providing a solution for every DIY need – because replacing will never be as economical or environmentally friendly as repairing, maintaining and improving.



BRICOCENTER

With Bricocenter, we make DIY easier for everyone by offering all the essential products in our local outlets, run by teams with local knowledge and extensive technical expertise. For local residents, our local stores in Italy are synonymous with time saving, ease of shopping and quality of service.



SAINT MACLOU

With Saint Maclou, our brand specialising in the distribution and installation of floor coverings in France, we help people choose and carry out their projects through a dedicated offering and a network of craftsmen and fitters.

¹ From the study *Global Powers of Retailing 2023* published by Deloitte, Home Improvement section

2. Our business model and value creation

OUR MODEL

OUR MISSION:
WE MAKE HOME
A POSITIVE PLACE TO LIVE

OUR BUSINESS MODEL:
Multi-local ecosystem
for home improvement

OUR RESOURCES

Human

- 103,646 employees in 11 countries
- 45% women
- 55% men

Digital Data

- 6 marketplaces

Industrial

- 556 suppliers for our MDH (Inhabitants Private Labels)

Transports

- +75% road transport
- 7% rail transport

Points of sale

- 808 own-brand points of sale
- 266 franchise points of sale

VALUE CREATION

Leaders

- 28h training / leader
- EXI: 44
- 20% of profits paid into incentive schemes and 80,000 employee-shareholders

Positive solutions

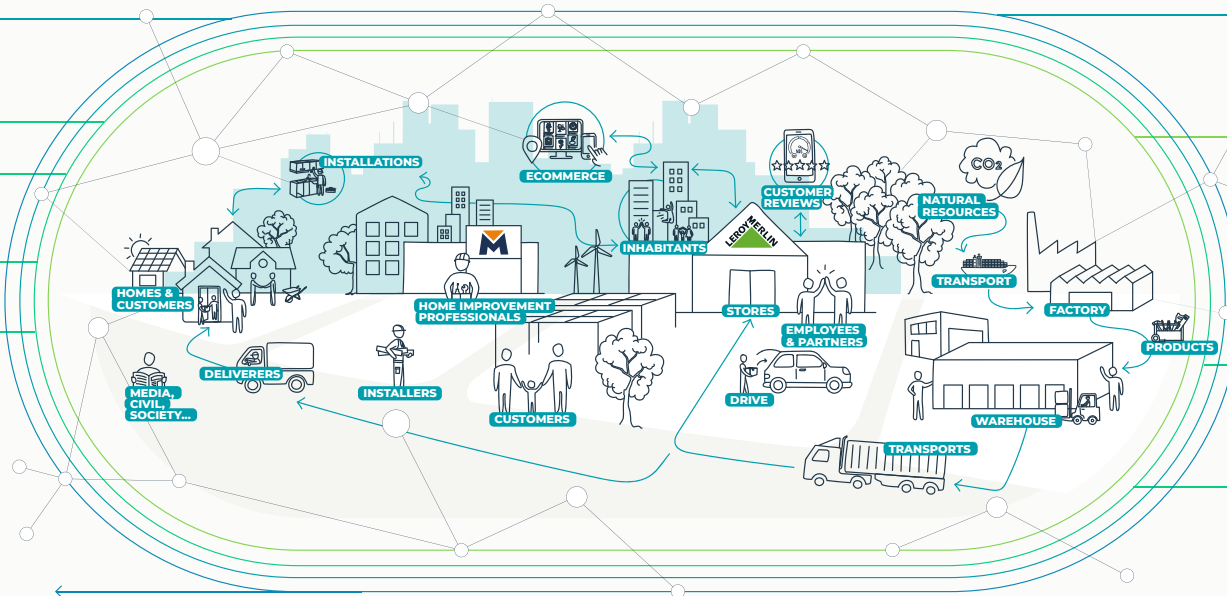
- Made responsibly with sustainable raw materials
- Safe for inhabitants and the planet
- Equipped to improve the environmental performance of the home
- Products made to last
- 94% of wood from sustainable sources
- 77% of employees trained in the ethical code of conduct
- 88,2% of suppliers have signed the responsible purchasing code

Value creation

- Delivered to the point of sale, the home, the work site
- Second-hand rental and sale of new products
- Repair services and increased reparability of products

Ecosystem

Based on the local, useful links to selected marketplaces and home improvement professionals, supported in their need for expertise



OUR STAKEHOLDERS

Inhabitants
 "I have access to sustainable solutions for my home projects and my cooking and decorating activities".

Home Improvement Professionals
 "I have access to equipment and quality materials that allow me to focus on the execution of my work sites and to become an expert in the positive home".



Suppliers
 "I am creating real partnerships to develop and facilitate my business by improving my ethical, social and environmental standards".

Installers, fitters, deliverers
 "I have access to a network of customers that enables me to develop my business and to improve my practices for better social and environmental impact".

Shareholders
 "I am developing and encouraging the creation of economic, social and environmental value."

State regulators
 "I discuss legislation and its application beforehand with an open and respectful partner".

People
 "I am contributing to a better world by committing to companies that source, produce and interact sustainably".

Civil society
 "I am forging lasting ties with a locally committed player who can contribute to meeting local needs".

3. Our strategy

Our purpose "**We make Home a Positive Place to live**" is a powerful and inspiring driving force that guides our actions.

Our strategy is to **build the global platform for positive places to live**, by combining the potential of 3 business channels: **retail, omnichannel and platform**.

As born retailers, we can count on a **solid network of stores** that are close to local residents.

To improve our response to homeowners' expectations, we are building an omnichannel customer journey that takes place in stores and on the web: **omnichannel commerce**, combining distance selling and associated logistics; and, thanks to our partners, we are able to offer even more solutions to homeowners, such as the marketplace and all our service partners, covering the entire home improvement value chain.

In addition, our growth drivers are based on the following businesses:

- energy renovation
- new forms of commerce,
- the market for housing professionals.

They enable us to provide ever more solutions for local residents, to develop our potential, while generating positive impacts.

4. Our culture

Our company culture brings life to our group. It differentiates us and gives us our strength. It is based on 3 fundamental elements:

→ THE CUSTOMER

We place **the customer at the heart** of our decisions and take account of the needs of local residents when developing the company's products and services.

→ THE CULTURE OF SHARING

For 40 years, the company's history has been built on a **core value: sharing**. We share an ambitious corporate project, the ability to learn and act, and the fruits of our collective performance.

- **WANTING** to act to be useful,
- **KNOWING** how to develop continuously,
- **ABILITY** to act to create value,
- **OWNING** and growing assets.

→ A UNIQUE, EMBODIED LEADERSHIP MODEL

It guides our actions thanks to a unique leadership model, based on two of our other key values: **authenticity and openness** and our two ways of doing things: **interdependence and impact**. This leadership model enables each individual to **act as a leader** and take decisions as close to the action as possible, making us a collective of almost 105,000 leaders² in more than 10 countries.

5. Our history³

1920 The beginning of a long family history

1930 Inventing a model

1940 Rebuilding the company

1950 Developing the business

1960 Transforming the model

1970 Opening up to new horizons

1980 Sharing a culture

1990 Committing to a common future

2000 Developing international business

2010 Moving towards omnichannel

2020 Reinventing ourselves faced with the world's challenges

² Excluding Leroy Merlin Russia

³ Know more on <https://www.wadeo.com/en/#timeline>

6. Our governance and organisation

ADEO's organisation starts with local adaptation, because the home is local. Which is why each Company is responsible for their social, economic and environmental choices in each country, with respect to the ultra-local cultures of the areas where they are located.

With the power of common assets (technologies, data, logistics, services, products) and a global bedrock for reference and consistency, ADEO Companies evolve along with their private and professional customers to create more human, economic and environmental value every day.



ECOSYSTEMS & BUSINESS DEVELOPMENT

Forefront of **ADEO's CONQUEST**, of "that which does not yet exist" (marketplace 3P with sellers and installers/fitters, additional alliances in 1P, Retail Media, expansion...) we **take part in doubling** our market share over the next 10 years while contributing to our **sustainable development** through the **decarbonisation** of our activities.



DIGITAL DATA TECH

We **INCREASE OUR BUSINESS** thanks to the technological solutions of a platform company that we are developing (architecture, IS, cloud tech networks, cyber-security, data factory in real time).



EXECUTIVE SUCCESSION PLAN

We **DETECT, RECRUIT AND DEVELOP** our collective of leaders and future leaders in line with our strategy and our leadership model.



HUMAN & SHARING

We become the **110,000 LEADERS, ENTREPRENEURS OF A POSITIVE FUTURE**, motivated by a shared sense of being useful to ourselves, to others and to the world. Driven by a unique leadership model, we amplify our **SHARING CULTURE** in a new framework of autonomy (**ABILITY**) and of skills (**KNOWLEDGE**) augmented by omnicommerce, by the platform and by our "We make it positive" commitments.



POSITIVE IMPACTS

We are all **COMMITTED WITH RESPONSIBILITY AND CONTRIBUTION** to create positive impacts on the world and its inhabitants.



OMNICOMMERCE EXPERIENCE

by bringing **A UNIQUE EXPERIENCE**, both physical and digital, to inhabitants and home improvement professionals in all the aspects of the brand promise (personalised relations, offer, sales, delivery, services, loyalty...).



OFFER & INDUSTRY

Our **OFFER IS CO-BUILT** based on customer usages, **SELECTED FOR** stores and the web (1P) and **PRODUCED WITH** suppliers at optimal cost.



SUPPLY CHAIN & DELIVERY

From the factory to the customer, we deliver our 1P offer (MDH, suppliers) **FAST, "ON TIME", WELL and AT REDUCED COST** and operate our 3P partner offers (sellers, other retail brands).



FINANCE

INVESTING IN A SUSTAINABLE FUTURE is at the heart of our model: we guarantee the use of resources, we measure and enhance value creation, we actively manage our property assets and we innovate in financial engineering.



DATA PERFORMANCE

DATA, as a **TRUE BUSINESS PARTNER**, enables everyone to develop performance, integrate cost improvements and opportunities (P&L) to increase our positive human, economic and environmental impact.

II. HUMAN AND ENVIRONMENTAL PERFORMANCE



II. HUMAN AND ENVIRONMENTAL PERFORMANCE

1. Positive Impacts Strategy

We have established our mainspring: “We make home a positive place to live”, with the conviction that becoming a company with positive impacts is a necessity for the sustainability of our business and that of the planet. Our mission commits all citizens to making the places where we live positive places to live, our common home being the planet.

To achieve this, we need to combine the creation of human, economic and environmental value in all our business-lines and by involving our stakeholders.

Our positive impact strategy is based on 2 historical pillars:

- **Human development**, which epitomises the specific features of ADEO, its history, its success and its values.
- **Home improvement**, the collective mission of making accessible to as many people as possible, improvements to what is an important building block of any human community: the house and the home.

The "We Make It Positive" business transformation movement has been established on two levels:

- a first level of responsibility, based on our essential fundamentals as a responsible company;
- a second level of contribution, which enables us to create value and gain in differentiation.

Measuring our environmental and human impacts:

Since 2021, we have introduced the ADEO Positive Index, the API, an index made up of 11 indicators, which allow us to follow our

environmental and human performance. For 2023, this index is made up of 13 indicators.

Six indicators are related to human development: the frequency rate of occupational accidents, the severity rate of occupational accidents, the percentage of employees trained in the ethical code, the percentage of female directors and site managers, the number of hours training per employee per year and the eNPS score.

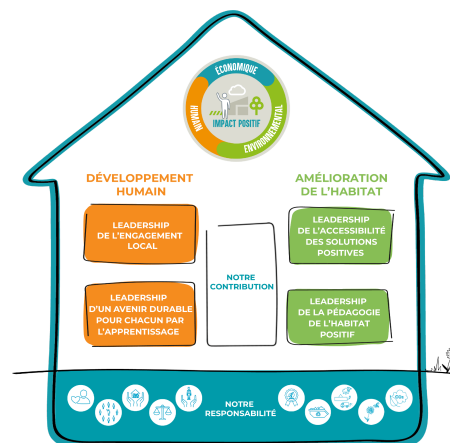
Seven other indicators relate to home improvement and are divided into 4 areas: the carbon footprint, the proportion of sales of products rated A, B or C on the Home Index, the percentage of waste sorted, and the percentage of suppliers and vendors who are signatories to the responsible purchasing code.

The API corresponds to the average of the target rates reached of all 13 indicators together.

Monitoring these indicators allows us to measure our progress and incites us to maintain our efforts to improve our environmental and human performance.

Groupe ADEO is concerned by the obligation to publish the Sustainability Report required by the CSRD Directive as from the financial year beginning on 1 January 2025. The Group is preparing to meet this new publication requirement. For the 2024 financial year, in accordance with transposition order 2023-1142 of 6 December 2023, Groupe ADEO will continue to produce and publish an Extra-Financial Performance Declaration.

WE MAKE IT POSITIVE – Our commitments



2. Stakeholders Dialogue

Our mission “We Make Home a Positive Place to Live” involves all our stakeholders, our employees, our suppliers and partners, our customers, because every day, together, we create more human, economic and environmental value.

Regular dialogue with stakeholders helps to ensure that the company takes account of all their concerns, both in its strategy and in its day-to-day operations.

The mechanisms and channels for promoting this dialogue are as follows:

| Stakeholders | Means / mechanisms to encourage dialogue |
|--|--|
| Customers | <ul style="list-style-type: none"> • Brand websites and social networks • Opinions and comments collected via dedicated e-mail addresses |
| Employees and social partners | <ul style="list-style-type: none"> • Internal barometers (EXI) • Regular and constructive dialogue with the social partners. ADEO has structured its social dialogue to enable effective exchanges with staff representatives, while guaranteeing a good level of proximity with operational entities and employees, in particular through the establishment of information and social dialogue bodies at all levels of the companies and the group (social and economic committees in each establishment, group committee, information and international dialogue committee). |
| Suppliers | <ul style="list-style-type: none"> • Conventions with suppliers organised to share strategic orientations as well as economic elements and future prospects. • Supplier portal for placing and tracking orders, accessing reports and receiving messages from ADEO. |
| Partners | <p>Consultation, support and participation For example:</p> <ul style="list-style-type: none"> • Partner of the Solar Impulse Foundation. • Commitment to the United Nations, as a member of the Global Compact, its action on the 17 Sustainable Development Goals (SDGs) which define the global priorities for 2030. |
| Shareholders | <p>Employee shareholders:</p> <ul style="list-style-type: none"> • Meeting with the "Valadeo Presidents", who represent the employee shareholders of the BUs, twice a year. • Dedicated website www.valadeo.com • General Meeting <p>AFM:</p> <ul style="list-style-type: none"> • Meetings at general meetings and regular special meetings. |
| Civil society (NGOs, media, institutions, etc.) | <ul style="list-style-type: none"> • www.adeo.com • Press releases |

Focus on social dialogue

The social policy of ADEO and its Companies enables a certain number of collective agreements to be concluded each year. These agreements mainly concern work organisation, pay and working conditions (working hours, quality of life at work, professional equality, remote working, health and safety, etc.). They contribute to the smooth running and performance of the Group by strengthening employee participation and dialogue with their representatives.

At ADEO, social dialogue takes place as close to the ground as possible. It is at the heart of the work carried out by managers and HR teams in stores, warehouses and head offices. In some countries, such as Spain and Italy, Group companies contribute to discussions or negotiations that have an impact on the sector or industry. Social dialogue also involves two bodies for dialogue at Group level. Via the Group Committee on the one hand, and the International Dialogue and Information Committee on the other.

In July 2023, it brought together staff representatives (both unionised and non-unionised) from companies in the various countries in which the Group operates. This face-to-face meeting in Milan was an opportunity to strengthen our understanding of the Group's strategies and its economic and human situation.

It provides national and local elected representatives with an overview of the Group, helping them to play their role more effectively at local level. A particular focus has been placed on safety, a major concern for the Group in which the social partners are systematically involved.

In particular, the results of the working group we led with elected representatives from various countries to further improve our customer and employee safety policies were shared with the elected representatives.

In 2018, the Group carried out a materiality analysis to reassess the priority issues for its business and monitor their evolution. The Group's stakeholders, such as corporate customers, individual customers, employees, shareholders, investors, suppliers and NGOs,

In 2022, ADEO enhanced its governance with the creation of a Stakeholder **Committee**. The Chair is ensured by a member of the Supervisory Board, with the assistance of the Global Leader Positive Impacts.

Made up of 9 members, this committee is an opportunity to enrich ADEO's approach to implementing its mission and to consider new ways of tackling the challenges of today and tomorrow.

This committee met 3 times in 2023, including site visits.

3. Non-financial risk assessment and materiality analysis

In 2018, ADEO updated its analysis of materiality (“Materiality” is understood as being that which has a significant impact on a company, its activities and its capacity to create financial and extra-financial value for itself and its stakeholders).

The work was based on a selection of stakeholders classified according to two axes: the influence they may have on ADEO’s activities and sustainability, and the impact that ADEO’s activities may have on them (which also determines our degree of responsibility towards them).

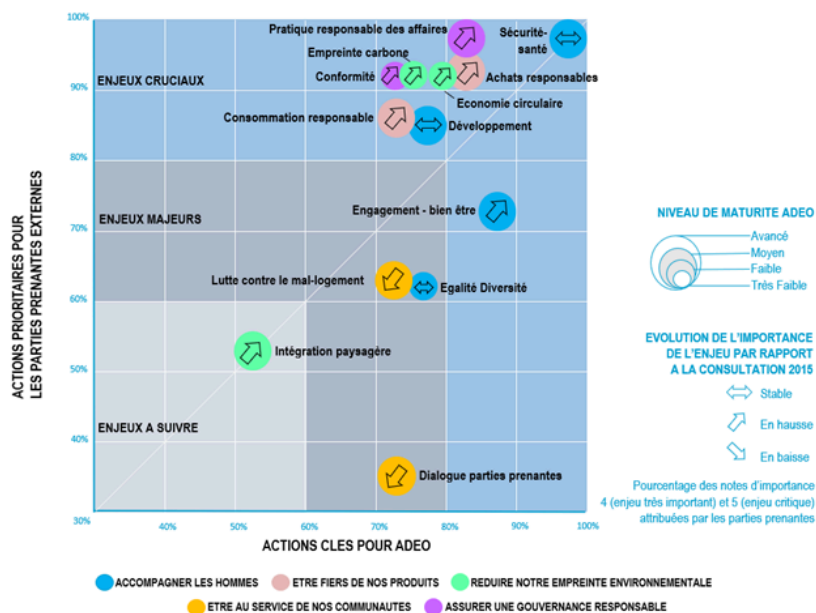
In total, 70 stakeholders were surveyed:

- In-house: the ADEO Services and positive impacts business-lines;
- externally: suppliers, financial institutions, NGOs, specialists in health, home and the environment, shareholders, schools and universities. These different stakeholders were questioned on a scope covering the main countries where we are present with our sales activities: France, Spain, Italy, Poland, Brazil, Russia and our product purchasing activities, Asia.

The update of extra-financial issues was carried out according to a benchmark of existing standards (i.e. AA1000 Accountability principles 2018 and ISO 26000), new legal provisions relative to the statement of extra-financial performance, the UN Sustainable Development Goals and a benchmark on ESG issues for actors in the sector.

Stakeholders shared their views of the importance of the various issues surrounding these themes, as well as ADEO’s degree of maturity in relation to them, according to quantitative criteria with additional qualitative comments. This assessment was then enhanced by any other important or relevant issue liable to have an impact on ADEO’s ESG performance.

ADEO considers the critical opinion of its stakeholders as an essential condition for the progress of its corporate mission. The material issues identified by the stakeholders – crucial issues on the matrix – and for which ADEO has the power to implement actions are the following:



Materiality of themes / issues sustainability

| Material issues | Materiality | Macro-risks | Polices | SDGs | Chapter number |
|--------------------------------------|---------------------|--|--|--|--|
| Responsible practice business | Crucial challenge | Ethics | ADEO Ethical Code of Conduct Responsible Purchasing Code of Conduct |    | 2.6.1 Ethics |
| Health and Safety | Crucial challenge | Health and safety | Safety First policy |   | 2.5.1 Safety 2.5.2 Health and well-being at work |
| Carbon footprint | Crucial challenge | - Carbon footprint - Building, transport, digital | Climate & Carbon strategy |    | 2.4.1 Combating climate change |
| Responsible purchases | Crucial challenge | - Ethics - Manufacturing and raw materials - Marketplace | Responsible Purchasing Code of Conduct |   | 2.6.2 Supplier relations |
| Conformity | Crucial challenge | Ethics | |  | |
| Circular economy | Crucial challenge | - Manufacturing and raw materials - Waste | Waste initiatives, raw materials policy & eco-design |    | 2.4.3 Ecodesign for products 2.4.5 Waste management |
| Responsible consumption | Crucial challenge | - Safety - Health - Ethics | Responsible Purchasing Home Index |     | 2.4.4 Towards more responsible consumption |
| Development of employees | Crucial challenge | Leadership for a sustainable future for all through learning | |  | 2.5.3 Attraction, acquisition and talent retention |
| Commitment & Well-being | Crucial challenge | Employee well-being and commitment | KPI training Home Campus |   | 2.5.2 Health and well-being at work |
| Fight against poor housing | Crucial challenge | Solidarity | |    | 2.6.3 Community involvement |
| Equality diversity | Major challenge | Diversity | Inclusion / diversity policy |   | 2.5.4 Diversity and inclusion |
| Landscape integration | Challenge to follow | Building, transport, digital | Raw materials policy Partnership tree |     | 2.4.2 Landscape integration |
| Stakeholders Dialogue | Major challenge | Ethics | Stakeholders Committee Partnerships |   | 2.2 Stakeholders Dialogue |

4. Improving the home

4.1 COMBATING CLIMATE CHANGE

a) Background

ADEO has aligned its ambitions with the Paris Climate Agreement, which aims to limit global warming. The company is committed to achieving carbon neutrality across all its activities by 2050, with an interim target of a 50% reduction in its carbon footprint by 2035. This target covers greenhouse gas emissions across all scopes and geographical regions.

b) Strategy

Our climate strategy is based on 3 pillars:

1. [Reduce our operational emissions \(scopes 1 and 2\)](#)
2. [Making a range of low-carbon products available \(scope 3\)](#)
3. [Making homes less emissive \(scope 4\)](#)

This strategy commits all our Enterprises, which are responsible for establishing their carbon trajectory and deploying a roadmap in line with the objective of reducing the Group's carbon footprint by 5% a year.

| Greenhouse gas emissions linked to scope 1 / 2 / 3 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|---|----------|-----------------------------|----------------------------------|--------------------------|
| Our greenhouse gas emissions linked to scope 1 / 2 / 3 in t.eq.CO2 – At 31/12 | 50547529 | 50,320,772 (1) | 34650174 | -0.5% |

**gives methodological rating of reporting ESG in appendix*

1. Reducing our operational emissions (scopes 1 and 2)

We are committed to limiting our carbon footprint internally through our own emissions, starting with those from our **buildings**.

We are therefore concentrating our actions on:

- fitting all our sites with a centralised technical management (CTM) system, making it possible to measure and remotely manage energy flows, and regulate the temperature and the operating times of technical installations;
- equipping our sites with LED lighting;
- insulating our stores (on a case by case basis) in order to reduce energy consumption;
- supplying our sites with electricity from renewable sources: at the end of 2022, 42% of ADEO energy is green, with the aim of reaching 100% for the end of 2025.

| Greenhouse gas emissions Scope 1 & 2 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 (including LM Russia)** |
|--|-----------|---------|--------------------------|-------------------------------|--|
| Our greenhouse gas emissions in t.eq.CO2 – At 31/12 (location based) | 413,249* | 372,085 | 355,794 | 181,786 | -4.4% |
| Our greenhouse gas emissions in t.eq.CO2 – At 31/12 (Market Based) | 420,658** | 381,723 | 379,011 | 206,450 | -0.7% |

* 2021 data published: 513,057 t.eq. CO2
(see associated methodology note)

*** see [reporting methodology note](#)
ESG in appendix

** Unaudited data

| Stores with LED lighting | 2021* | 2022* | 2023* (with LM Russia) | 2023* (excluding LM Russia) | Progression 2022-2023 (with LM Russia) |
|---|-------|-------|---------------------------|--------------------------------|---|
| Percentage of stores with LED lighting in the sales areas | NA | 93% | 96% | 96% | +3pts |

* data not audited by an Third-party Independent body

| Electricity consumption at our sites | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|-----|-------------|-------------|---------------|---------------|--------------------------|-------------------------------|-----------------------|
| Percentage of renewable energy electricity supply to our sites | % | - | 31% | 35% | 42% | 48.8 | 56.7 | +6.8 pts |
| Electricity consumption over the period at our sites | kWh | - | - | 1,144,668,755 | 1,138,131,828 | 1,095,835,399 | 758,254,178 | -3.7% |
| of which Stores | kWh | 938,011,301 | 934,630,779 | 1,055,851,699 | 1,047,352,664 | NA | 685,644,076 | NA |
| of which Warehouses | kWh | NA | NA | 69,503,341 | 73,221,774 | NA | 57,425,477 | NA |
| of which internal services | kWh | NA | NA | 19,313,715 | 17,557,389 | NA | 15,184,625 | NA |

| Gas consumption at our sites | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|-----|-------------|-------------|-------------|-------------|--------------------------|-------------------------------|-----------------------|
| Gas consumption over the period at our sites | kWh | - | - | 262,978,990 | 243,152,136 | 219,504,627 | 107,300,991 | -9.7% |
| of which Stores | kWh | 163,533,513 | 162,495,557 | 236,488,905 | 214,429,484 | NA | 81,071,164 | NA |
| of which Warehouses | kWh | NA | NA | 24,527,725 | 26,727,021 | NA | 22,130,763 | NA |
| of which internal services | kWh | NA | NA | 1,962,360 | 1,995,630 | NA | 4,099,064 | NA |

c) Local actions

Leroy Merlin France: an energy renovation plan for our sites is being rolled out from 2019: LED lighting, heat pumps, removal of gas boilers, re-insulation, white roofs.

A total of €80m has been committed since 2019 and a 3-year investment plan (2024-2026) of €75m has been defined.

In addition, all the sites are remotely controlled by a dedicated team of 7 Energy Managers (Eficia) who correct any energy drift in real time.

- 8 stores equipped with self-consumption solar panels (covering 30% of each site's needs)
- 7 stores being fitted with solar panels
- 110 stores equipped with thermal panels for hot water production
- 14 stores certified Breeam In Use
- 10 stores certified Breeam Construction (level: Very Good), 3 of which are also certified Breeam In Use

In February 2023, Leroy Merlin France and Voltalia signed a Corporate PPA (Power Purchase Agreement) for a new wind power plant in France. Leroy Merlin France will purchase the output of a 23.6-megawatt wind farm built by Voltalia for 23 years, with commissioning scheduled for 1 January 2024. With an annual volume of 60 gigawatt hours, the Corporate PPA will enable ADEO's various entities in France, including Leroy Merlin, to source around 20% of their electricity consumption from renewable sources. This was the first additional Corporate PPA for wind power to be signed in France, and the first time that a company has committed to long-term supply (23 years) from a new wind farm dedicated to it as soon as it is commissioned.

This PPA is in addition to the three solar PPAs signed by Leroy Merlin France and brings to 57% the coverage of the current electricity consumption of ADEO entities in France (Leroy Merlin, Weldom, Bricoman, ADEO Services, Kbane, etc.) targeted for 2026.

Leroy Merlin Romania: In addition, 9 of its stores are equipped with photovoltaic panels.

Leroy Merlin Brazil: The majority of our stores are powered by renewable energy. Solar panels have been installed to power the electric cars in the Guarulhos store.

Leroy Merlin Spain: 98% of our stores and warehouses run on green energy. In addition, 27 of its stores are equipped with photovoltaic panels.

Leroy Merlin Poland: 28 stores have solar panels for domestic hot water production, and 6 stores have photovoltaic panels for energy production.

Since September 2022, the Company has implemented an "energy saving plan" in all its stores, warehouses, hubs and head office. The plan includes replacing lighting with LEDs, reducing the temperature in offices to 20°C, installing sensors to automatically switch on lights, switching off illuminated signs on store fronts at night, etc.

Leroy Merlin Portugal: 11 stores are equipped with solar panels.

The energy efficiency plan includes a number of initiatives, such as replacing heating, ventilation and air conditioning systems, installing high-speed doors between air-conditioned and non-air-conditioned areas, and installing solar protection film on windows.

Bricoman France: The Bonneuil store is equipped with solar panels.

Tecnomat Italy: 26 stores have solar panels.

Leroy Merlin Italy: 24 sites are equipped with solar panels to produce electricity.

Controlling our environmental footprint also means using low-emission **logistics**.

By 2023, each Enterprise has formalised its logistics plan to reduce CO2 emissions, based on a 5-pronged strategy:

1. Increasing the number of lorries and containers filled;
2. Reducing the distances we travel by optimising our networks and distribution channels;
3. Using rail transport;
4. Increasing the use of biofuels;
5. Testing the use of alternative energies.

| Goods transport distances operated by ADEO and its companies (in km) | 2021 | 2022 | 2023 (including LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|---|-------------|-------------|-----------------------------------|-----------------------------------|------------------------------|
| International maritime | NA | NA | NA | 939,011,228 | NA |
| From supplier or port to our warehouses (Rail, Road, River) | NA | NA | NA | 50,208,050 | NA |
| Inter-warehouse | NA | NA | NA | 31,130,747 | NA |
| From our warehouses to our stores (Rail, Road) | 26,1144,867 | 266,403,967 | 244,720,085 | 91,666,394 | -8.1% |
| Sea or river to stores | 15,825,444 | 18,874,467 | NA | 20,115,186 | NA |

| Estimated transport distances operated by our suppliers (in km) | 2021* | 2022* | 2023 (excluding LM Russia) |
|--|--------------|--------------|-----------------------------------|
| From the supplier to our warehouses | NA | NA | 164,717,023 |
| From the supplier to our stores | NA | NA | 145,952,405 |

* data not available

| Air freight | 2019 | 2020 | 2021 | 2022 | 2023 |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| Tonnes of air freight* | 293 | 175 | 19 | 11 | 11 |

*Taking account of mileage between warehouses and stores to supply franchised stores for Weldom Centrale

| GHG emissions from freight transport (in tonnes eCO₂) | 2021* | 2022* | 2023 (excluding LM Russia) |
|---|--------------|--------------|-----------------------------------|
| Greenhouse gas emissions from freight transport (in t.eq. CO ₂) | NA | NA | 488,536 |

* data not available

Brazil:

Leroy Merlin makes extensive use of stackable and reusable handling supports for its logistics.

With an average of 50m³ of products per truck, this is the Group's most efficient BU.

Spain:

In 2023, Leroy Merlin obtained "Lean and Green" certification for its results in reducing its transport-related carbon footprint. Its multi-year plan has enabled it to reduce its emissions by 20%, thanks in particular to the opening of regional logistics sites (reducing distances compared with the previous centralised system). In addition, the use of biodiesel fuel is being tested on a small scale.

Thanks to continuous improvement, Obramat is one of the best performing BUs in terms of truck loading, with an average of 41 m³.

France:

In 2023, Leroy Merlin took over Bricoman's transport business. In this way, Leroy Merlin handles the transport of all the Companies in France, which optimises flows, both from common suppliers and to local stores:

- 14% of kilometres are covered by a fleet of vehicles powered by biodiesel (B100 or HVO);
- 34% of kilometres are covered by a fleet of vehicles powered by biogas.

Italy:

Bricocenter is testing new pallet supports to increase lorry loads. Leroy Merlin is testing biodiesel and uses gas for 5% of its transport.

Poland:

As in France, Leroy Merlin Poland is responsible for transport on behalf of Bricoman Poland, thus optimising the use of resources. Initial tests have been carried out with gas-powered lorries.

Portugal:

Stackable and reusable packaging is being tested.

International transport:

ADEO is a major player in modal shift for its international maritime transport, to bring containers to warehouses from arrival ports (Train from Valencia, Le Havre, Gdansk, Genoa; Barge from Dunkirk, Le Havre, Fos-sur-Mer).

Only around 50% of containers take the road once they have arrived in Europe, over very short distances:

- deliveries to warehouses very close to the ports (warehouses in Antwerp, Fos-sur-Mer, Lisbon, Valencia and Athens)
- deliveries to warehouses not served by rail (Angers, Montbartier)
- to meet specific additional needs and operational emergencies.

2. Making a range of low-carbon products available (scope 3 products)

The products alone make up more than 90% of our carbon footprint. It is therefore essential to analyse their life cycle in order to identify the phase that has the greatest impact, and then act at the right point to reduce the product's carbon footprint.

We act on several levels: during the product manufacturing phase, by applying eco-design principles, during product selection and in collaboration with suppliers.

| Gas emissions emissions from Scope 3 Products | 2022 | 2023 (with LM RU) | 2023 (excluding LM RU) | Evolution 2022 2023 |
|---|------------|-------------------|------------------------|---------------------|
| Our greenhouse gas emissions from scope 3 products (excluding transport) – At 31/12 (in t.eq.CO2) | 46,613,312 | 46,280,160* | 32,168,763 | -0.7% |

* The 2023 data for LM Russia cover sales of products over a sliding year between 01/10/2022 and 30/09/2023 ([see methodology note](#)).

3. Helping to reduce emissions from housing (scope 4)

While housing accounts for 17% of the world's carbon footprint⁴, we can take action by helping people to renovate their homes with affordable solutions that enable them to avoid emissions: these are decarbonising solutions.

We have decided to focus on the energy renovation market: insulation, heating, lighting, home automation and renewable energies.

Leroy Merlin France: Training of teams (95 Energy Renovation Managers trained), training of tradesmen, implementation of a national and local communication plan.

4.2 PRESERVING BIODIVERSITY

a) Background

ADEO's activities have an impact on biodiversity, primarily through:

- **Products;** Most of our responsibility lies with our products. Throughout the value chain, from the extraction of raw materials to the end-of-life of our products, we have an impact on ecosystems and living organisms.
- **buildings:** ADEO has more than 1,000 stores and 74 warehouses, all of which have been developed.

To act in a structured way, it is essential to be able to measure our impact on and dependence on biodiversity.

In 2022, an initial qualification of our challenges, impacts, risks and dependencies, completed by an initial measurement of our physical footprint (GBS method) made it possible to quantify the impact of ADEO activities on biodiversity.

ADEO is one of the first 50 French companies to carry out this calculation work.

⁴<https://www.wri.org/data/world-greenhouse-gas-emissions-2005>

b) Strategy

ADEO and its Companies are working for biodiversity through concrete actions:

- The **Raw Materials Policy**, signed in 2023, aims to reduce the pressure on biodiversity when selecting our raw materials. It comprises 4 pillars:
 1. Optimising the weight of raw materials,
 2. Use of certified materials (wood, textiles),
 3. Promotion of materials with a lower carbon profile (recycled materials, bio-sourced materials, etc.),
 4. Selection of raw materials whose end-of-life is easy to manage.
- ADEO has decided to **ban certain active substances**, such as glyphosate, in favour of manual solutions that do not destroy biodiversity.
- The creation of stores, warehouses and access roads makes soils more artificial and alters the biodiversity essential to life on earth. **Projects** are also underway **to restore the sites to their natural state**.

| Water consumption over the period at our sites | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|----------------|-----------|-----------|-----------|-----------|-----------------------------|----------------------------------|--------------------------|
| Total | m ³ | - | - | 2,168,730 | 2,269,599 | 2,270,228 | 1,468,252 | +0.03% |
| Stores | m ³ | 1,724,488 | 1,725,531 | 1,965,187 | 2,054,277 | NA | 1,295,522 | NA |
| Warehouses | m ³ | - | - | 159,013 | 164,105 | NA | 117,239 | NA |
| Internal services | m ³ | - | - | 44,530 | 51,217 | NA | 55,492 | NA |

c) Local actions

Leroy Merlin France: 3 tests are underway, 1 of which is significant: renaturation of the Villars store car park (St Etienne).

In addition, the Clermont-Ferrand transfer project will restore biodiversity to a former wasteland.

The company has created the "Wild Index", an internal scoring system that measures the natural balance of each of its sites, based on the Ecological Performance Diagnostic created by Signature Biodiversité.

Finally, Leroy Merlin France is a partner of the AESN (Agence de l'Eau Seine Normandie).

Leroy Merlin Poland: biodiversity is one of the subjects on which the Company is working within the UN Global Compact Poland and the CFFIP (Franco-Polish Chamber). In 2023, tests of local approaches (more trees and flower meadows in parking areas, vegetable and fruit gardens or green meeting spaces outside) were carried out in order to assess the potential for wider development.

Leroy Merlin Spain: the stores took part in WWF's "Earth Hour" initiative by switching off the lights on the front of our stores at the agreed time.

Leroy Merlin Romania: The company contributed to the planting of 4,750 trees alongside 3 associations: Crestem Romania Impreuna, Zi de bine and CCIFER.

Leroy Merlin Brazil: The company's participation in the 3rd Forest Week has enabled 15,000 trees to be planted by 2023. The company has a partnership with Iniciativa Verde, which helps to preserve biodiversity and water and air quality.

ADEO Services: To restore, preserve and promote biodiversity at its Terradeo head office, ADEO Services has introduced differentiated mowing and ensures the preservation of rare species.

4.3 ECO-DESIGN OF PRODUCTS

a) Background

Guaranteeing access to home improvement products, while preserving the environment and health, is a priority for ADEO.

The products that we make available to inhabitants represent more than 90% of our carbon impact. Beyond their environmental impact, they also have a social and societal impact throughout their life cycle.

b) Strategy

The Positive Products initiative is our product design strategy which aims to improve the social and environmental impact of the offer by working on 6 aspects of the product life cycle, from the extraction of raw materials through to the product end-of-life.

- Manufactured with sustainable raw materials;
- Made responsibly;
- Safe for inhabitants;
- Safe for the planet;
- Equipped with functions that improve the environmental performance of the home;
- Built to last.

1. Manufactured with sustainable raw materials:

ADEO's ambition is to cover the main aspects of raw materials selection, from the country of origin through to integration in our products. To do this, the Company formalises a list of criteria to be respected to enable teams to commit to choosing suppliers and materials supplies that are more environmentally friendly.

Among the raw materials used to manufacture the products sold by ADEO Companies, wood is one of the raw materials for which environmental and social stakes are the highest.

Since 2018, the ADEO **wood purchasing policy** has been integrated into the Responsible Purchasing Code of Conduct⁵ and is now a part of all our commercial contracts.

| Percentage of wood-based product references from responsible sources | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) |
|--|--|------|-----------------------|----------------------------|
| | Percentage of all wood and/or wood-based product references coming from responsible sources: | 75%* | 93% | 91% |

**This data has not been audited by the Independent Third Party Organisation.*

It reflects the performance of the following companies: Leroy Merlin Brazil, Leroy Merlin Spain, Leroy Merlin France, Leroy Merlin Italy, Leroy Merlin Poland, Leroy Merlin Portugal, Leroy Merlin Romania and ADEO Services.

2. Responsibly manufactured

Our aim is to support our suppliers and their factories to ensure and lastingly improve working conditions and the workers' lives while limiting their direct impact on the environment.

The social and environmental qualification of our suppliers is a key step in ensuring the control of our impacts during the manufacturing of our products. Our qualification process, which is currently being deployed to all our suppliers, distinguishes between our role as a distributor of national brands and our role as designers and manufacturers of own brands, our Marques des Habitants (MDH) [homeowners' brands].

⁵ [See part 6.2](#)

| Part of factories of our own brands (MDH) with a quality, social and environmental qualification | 2021 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) |
|--|---|--|---|--------------------------|-------------------------------|
| | % of MDH finished goods factories audited | % of compliant factories (score A, B, C) | % of listed factories for MDH finished products qualified | | |
| Quality audit | 94% | 90% | 93% | 93% | 97% |
| Social audit | 86% | 81% | 87% | 92% | 97% |
| Environmental audit (only high impact factories) | 67% | 63.5% | 88%* | 94* | 96%* |

*For the environment section, the indicator measures the factories audited (and not qualified as for the social and quality sections)

3. Safe for inhabitants

We give priority to recognised certifications, such as Oeko-Tex for textiles or low-formaldehyde wood panels for our furniture, to guarantee the absence of hazardous substances and safe products for residents.

4. Safe for the planet

In 2020, our **Packaging Policy** was approved and then shared with all of our Companies and Suppliers. It follows principles of zero waste: Refuse – Reduce – Reuse – Recycle.

This policy has been integrated into our global Quality Management System (QMS) in order to ensure the absence of non-recyclable materials in our packaging, particularly in our own brand products.

We lead our teams to achieve a twofold objective:

- 100% PVC-, EPS- and bioplastic-free packaging on MDH products by 2025
- 100% of National Brand suppliers committed to meeting this target, for which we deploy due diligence procedures. As a result, we favour the use of materials from recycled sources and/or recyclable in our packaging.

In 2023, 97% of the packaging for our MDH products checked by our QMS tool complied with the requirements of our packaging policy ("no PVC, EPS or bioplastics").

In this context, other eco-design initiatives for our packaging are also being examined to optimise their weight and their volume. Covering all stages of the packaging life cycle, the targets set should significantly reduce the environmental impact of our packaging.

To give a few examples, the following actions were carried out in 2023 by the pack teams at ADEO Services:

- Replacement of plastic packaging (blister pack) by cardboard packaging on door units
- Printing on packaging with just 3 colours of ink
- Replacement of EPS pads with cardboard pads

5. Features that improve the environmental performance of the home

We favour the development of innovative solutions and products that enable our inhabitant customers to reduce their consumption of resources during the usage phase (energy and water), or to better insulate their home or practice more natural gardening.

6. Built to last

Designing and marketing products made to last is one of our commitments, making it possible to limit our impact on the environment.

Right from the design stage, we work with our suppliers to ensure that our products are repairable.

As such, the Sustainability/Repairability criterion is part of our quality policy.

Suppliers are therefore asked to:

- provide evidence of this reparability and the means to implement it (exploded view, spare parts list, repairer networks);
- commit to the availability of spare parts.

In addition to bringing our systems and products into compliance (implementation of the reparability index in France, extension of legal warranty to 3 years in Spain and Portugal), we monitor rates of reliability, of reparability and the repair of our products.

Our own-brand products also come with a 5-year guarantee.

ADEO is part of the Durability Club, created and coordinated by the association HOP (Stop Planned Obsolescence).

Encouraging positive innovation

Since 2020, ADEO has been making innovative, cost-effective solutions that limit their impact on the environment accessible through its partnership with the Solar Impulse Foundation.

The partnership continues around 3 areas:

- a selection of products included in our ranges. As such, ADEO retail brands distribute nearly 180 solutions approved by the Solar Impulse Foundation, such as bio-sourced thermal insulators or smart shower heads.

- The search for solutions in response to issues not covered by our offers thanks to the Foundation's ecosystem of innovators.
- The organisation of the "Positive Home Challenge" which enables innovative businesses to present their solutions to ADEO's international product managers with a view to marketing them via our retail brands.

At the 2023 event, 44 solutions were "pitched" and 23 were selected to be tested in stores.

4.4 FOR MORE RESPONSIBLE CONSUMPTION

a) Background

Consumers are increasingly aware of and concerned about the ethical, environmental and social issues associated with their consumption, and are adapting the way they consume as a result.

In order to meet these expectations and make a positive contribution to its customers, ADEO has positioned its role on 2 levels:

- **Facilitating understanding** through access to information and education.
- **Encourage people to get moving** by offering alternatives to buying new products, based on the circular economy (repair, rental, development of second life).

b) Strategy

1. Raising awareness and providing guidance towards the most sustainable products

Convinced that education is a powerful lever for progress, ADEO's ambition is to make local residents more aware of their consumption habits through workshops, and to provide them with reliable and transparent information on a product's performance, reparability and reliability.

In 2022, ADEO created an index called the Home Index, the criteria of which are based on the Positive Products initiative.

This scoring system, going from A to E, a first in the home improvement sector, provides inhabitants with an immediate measure of the environmental and social impact of each product, while also providing additional information to better understand this impact.

The index has been visible on the Leroy Merlin France website since December 2022 for own-brand products. The scheme was extended to a number of national brands in spring 2023, following a commitment by over 500 suppliers to publish the rating of their products. Since November 2023, the index has also been visible on electronic labels in stores.

In 2023, the Home Index rating system will be available for the following Companies: Leroy Merlin France, Leroy Merlin Spain Leroy Merlin Portugal, Leroy Merlin Italy, Leroy Merlin Poland and ADEO Services.

In addition, our teams have been working to provide all the resources needed to roll out the Home Index to customers of other companies not yet covered. As a result, more than 3 companies will be able to share the Home Index with their customers in 2024.

| Sales percentage of products with a Home Index score of A, B, C | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) |
|--|------|------|-----------------------|----------------------------|
| Percentage of sales of products with a Home Index score of A, B, C (excluding MarketPlace) | 0% | 39% | NA | 56.9% |

→ EXAMPLES

Leroy Merlin France: The Home Index rating system is deployed both online and in-store.

Nearly 100,000 products have this rating, representing 40% of our listings.

LEROY MERLIN Brazil: There are dedicated areas in store to promote the sustainability features of certain products.

The website also includes an area dedicated to information on sustainable development.

Bricoman France: Initiatives to raise awareness of the need to buy products made in France have been carried out.

Weldom: During its sales campaigns, the company has highlighted products that are committed to the environment, have been awarded eco-design labels and has included in its leaflets suggestions for everyday actions that can help reduce the environmental impact of local residents.

Leroy Merlin Spain: Workshops are organised with customers in the stores. In particular, Leroy Merlin Spain has teamed up with the "For the Best World" Foundation to raise customer awareness of the need to recycle and protect the environment in the face of so much waste.

In addition, the company has developed the "Hazlo Verde" awareness-raising programme for schools, to teach the youngest children about environmental protection.

Deployed for the 7th consecutive year, this initiative has enabled 831,360 children to be trained in sustainability issues, including 120,360 in 2023. At this year's event, 655 Leroy Merlin employees volunteered to take part in the workshops.

2. Extending the life of products and encouraging repair

Extending the lifespan of products by favouring repair over replacement is, for ADEO, a strong lever for reducing the environmental impact of its activity and preserving the purchasing power of our customers.

In order to encourage our customers to repair their products – whether bought in one of our stores or not – we need to ensure that:

- availability of spare parts;
- the right level of repair advice;
- access to effective repair services: A repair management tool (Wecare) has been deployed at Leroy Merlin Poland, Leroy Merlin Spain, Leroy Merlin Italy and Leroy Merlin Portugal and will be deployed at Leroy Merlin France in 2024, replacing the current tool which has been in place for 12 years.

Leroy Merlin France: Increase of 18% in repair sales and 11% in spare parts sales for a cumulative total of 10 2023. 190 after-sales technicians trained by 2023 (4-day repair tour of France; induction training, etc.)
Opening of 4 after-sales technician apprenticeship classes for 27 apprentices (Paris, Lyon, Bordeaux, Rennes)

3. Offer product rental

We offer tool hire services in several Enterprises, either via external service providers (e.g. Loxam at Leroy Merlin France and Spain, Boels at Leroy Merlin Italy), or directly (tests currently being rolled out at Leroy Merlin France and Leroy Merlin Italy).

4. Developing second life for products

The fast-growing 'second life' business has enabled us to develop a number of recycling channels:

- the sale of "saved from the skip" products, with slight imperfections that do not call into question their use, and offered at very attractive prices (an initiative already in place at Leroy Merlin France, Leroy Merlin Spain, and currently being rolled out in other Companies such as Leroy Merlin Portugal, Romania and Italy).

- resale of reconditioned products: we have launched our first offers of reconditioned products on the Leroy Merlin France marketplace.
- donating to local partner associations of our various Companies, usually close to the point of sale.

4.5 WASTE MANAGEMENT

a) Background

ADEO's activity and its obligations in terms of taking back waste from stores or on delivery generate large quantities of waste.

For the Group, optimising its waste management is essential for:

- ensure that sites comply with current and future regulatory requirements;
- limit the costs associated with waste treatment by reducing the proportion of non-recoverable waste through better sorting of materials (increase in waste treatment costs linked to the general tax on polluting activities, penalties for downgrading skips in the event of poor sorting of materials);
- improve the Group's performance in terms of waste recovery, in order to limit the environmental impact associated with waste.

| Proportion of waste sorted at our sites | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|---|---|------|------|------|------|--------------------------|-------------------------------|--------------------------|
| Percentage of waste sorted at our sites | % | - | 55% | 59% | 61% | 64% | 75.1% | +3pts |

b) Strategy

In order to reduce waste production, ADEO is considering 3 levers for action:

1. **Reduce waste** by
 - optimising the weight of the materials used in our products.
 - optimising packaging to ensure its performance throughout the life of the product and its recycling at the end of its life.
 - enabling the customer to use the right quantity of materials for the right purpose.
2. **Refuse the systematic tipping of** products that are not new or with slight imperfections ("saved from the skip") that can be used by our customers.
3. **Identify the root causes of shrinkage** to limit potential losses.

c) Local actions

Leroy Merlin France: In 2023, 3 tests have been launched for the return of PMCB (Building Materials and Construction Products) to stores.

Weldom: Between April and June 2023, Weldom organised the "Rekupo" challenge with its partner ECODDS to encourage stores to collect acrylic and/or glycerine paint waste. Over the period, almost 4 tonnes of waste were collected.

Leroy Merlin Poland: A national collection of electronic waste took place in April 2023. Over 70 tonnes of WEEE were collected.

Leroy Merlin Italy: The stores collect WEEE and PET bottles through the Coripet consortium.

5. Developing human aspects

5.1 SAFETY

a) Background

As a responsible employer, ADEO is committed to creating a protective working environment and ensures the safety of everyone on its premises. This is why safety of employees in stores, warehouses, but also in internal services, as well as that of our customers in stores, constitutes a constant concern for all our companies.

| Employee safety indicators | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022 2023 |
|-------------------------------------|---|------|-------|-------|------|-----------------------------|----------------------------------|-----------------------------|
| Frequency rate of accidents at work | number of accidents X 10 ⁶ /h worked | 17.2 | 14.61 | 13.03 | 11.3 | 10.3 | 14.7 | -9.2% |
| Severity rate of accidents at work | number of days off work X 10 ³ /h worked | 0.69 | 0.60 | 0.55 | 0.54 | 0.49 | 0.72 | -9.3% |

b) Strategy

For several years, our companies have been collaborating on the co-development of a prevention policy to serve this common ambition, and to become a benchmark company on this matter. We want to reach ZERO accidents at work for our employees and the customers who visit our stores. To reach this goal, we have drawn up and shared a demanding strategy which defines 4 essential challenges to be overcome in order to become that benchmark company.

1. Training and involving management in safety

Safety coaching sessions are set up for managers and their teams. In fact, more and more Group companies are taking the initiative of including a Safety component in their progress bonus in order to strengthen everyone's commitment and as such, share the benefits of this investment.

2. Involving all employees in the safety of everyone and that of others

In addition to training for managers, all employees must be trained in the ADEO safety reference system. E-learning sessions are organised at Leroy Merlin Italy and Bricocenter.

Running rituals such as the 15-minute safety check, strengthening safety visits, and displaying the number of days without sick leave on all sites also makes it possible to involve all employees.

3. Setting up the right organisation

Each ADEO company has now appointed a safety leader, who devotes 100% of his or her time to safety issues.

4. Reducing the risk of accidents during goods flows

We have increased the requirements we place on our suppliers in our invitations to tender, in terms of product size and packaging. Stricter palletisation rules have been established, such as those adopted in our European warehouses at Fos sur Mer and Antwerp, where only "Europe" format pallets are now used as standard to supply stores. Rules for traffic and cohabitation between machines and people have been put in place in our stores.

Actions in 2023 include

- The reference system of standards applicable to logistics zones has been expanded and shared with all general managers, safety leaders and HR managers.
- Accident reporting has been improved to provide a more detailed analysis of the causes of accidents.
- Three new companies obtained 45001 certification for the first time, bringing the total number of certified companies to 4: Leroy Merlin Spain, Leroy Merlin Italy, Bricocenter, Leroy Merlin Brazil. By 2025, the aim is to certify all our Companies.
- A reference system has been drawn up, focusing exclusively on safety in our warehouses. This document is intended to apply everywhere, including in our serviced warehouses.
- The automation and mechanisation of our warehouses and stores is giving rise to new risks of coactivity between people and machines. An external audit has been launched on some of our sites to assess the level of risk of our different types of mechanised systems and improve safety through expert analysis.

c) Local actions

Leroy Merlin France: The "Leading a safety event" training course enables managers to lead a safety event on a day-to-day basis and to understand everyone's responsibilities in terms of safety. The company also organised a week dedicated to health and safety issues. Health and safety governance has been

put in place throughout the Group. To improve customer safety, the stores and tiled podiums have been secured.

Leroy Merlin Spain: The Company has implemented the ADEO man-machine cohabitation reference system. In coordination with the Legal Department, it monitors customer complaints and incidents potentially due to a lack of safety measures, in order to take corrective action.

Leroy Merlin Italy: The Company has increased the number of prevention and protection department managers to strengthen the local work carried out with sales outlets and on safety issues. The company has also deployed a web application to detect near misses.

Mandatory meetings have been set up with accident victims. Finally, the Company monitors customer complaints and incidents, so that appropriate action can be taken.

Leroy Merlin Poland: The position of wood saw operator has been adapted to minimise the risks associated with this activity. The documentation on safety issues has been completed. The level of safety on vertical door posts has been increased and a loading/unloading procedure has been established.

Leroy Merlin Portugal: The accident reduction plan continues with the drafting of accident reports and the definition of an action plan for each accident. Safety is monitored on the intranet site, by tracking safety indicators.

A Safety Committee has been set up at head office, as well as in each store and logistics platform. To improve customer safety, the stores and tiled podiums have been secured.

Leroy Merlin Romania: The company has introduced daily safety visits to its stores, with a list of checks to be carried out. A checklist is drawn up every week so that stores can assess their performance and draw up a prevention plan for each safety problem identified.

Data from all stores is also consolidated, so that the security manager can examine recurring events.

The company has started to monitor near misses, and to lead them.

Action plans are drawn up on a monthly basis.

Lastly, a safety training plan was launched in September 2023, in line with the ADEO safety reference framework. All courses are available as e-learning.

Bricocenter Italy: The company obtained ISO 45001 certification in June 2023. It has launched the "lononriskio" project to work on making the goods flow process safer. The ADEO warehouse safety reference system was distributed and promoted, as was the updated ADEO personal safety reference system.

Tecnomat Italy: The Company has set up a dedicated multi-dimensional Safety Committee, with monthly meetings to analyse critical safety issues and work on prevention.

An e-learning course, with a specific focus on the risks associated with the various store departments, has been created.

Dedicated procedures have been put in place for the flow of hazardous products, which has had a major impact on reducing the severity rate.

All the company's managers are involved in the ISO 45001 standard, a process led and directed by the safety team. To improve customer safety, store security signs have been redesigned to make them more visible.

Obramat Spain: A management system has been developed based on the ISO 45001 standard, and warehouse health and safety maturity indicators have been created.

To improve customer safety, a guide to implementing customer safety products has been drawn up.

"Potential risks" have been created for the customer.

Bricoman France: The company has defined a 3-year strategy, accompanied by a roadmap for 2023, detailing the actions already taken and those still to be taken. A team of prevention managers (national

leader + one prevention manager per region) has been set up.

Co-activity diagnostics were carried out for 10 stores. Representatives have been trained in stores to analyse accidents in the workplace.

Dangerous situations involving suppliers are dealt with, in particular the compliance of packaging with the ADEO reference system.

Preventive actions aimed at employee safety also contribute to customer safety.

Weldom: A "Safety coaching" course has been introduced.

Awareness-raising campaigns entitled "Everyone involved in safety, zero tolerance", as well as a safety week, were organised.

The speed of handling equipment has been limited and traffic plans have been put in place.

A "¼ hour safety" brief has been introduced.

ADEO Services: A 3-year health and safety prevention roadmap has been defined. 2-wheeler risk prevention days were organised.

A car park risk communication campaign has been organised and signage has been improved. A plan to redevelop the logistics area has been drawn up.

Electromagnetic exposure was measured at the datacenter facilities and in the associated technical rooms.

5.2 HEALTH AND WELL-BEING AT WORK

a) Background

ADEO looks after the health and well-being of its employees at all its sites, guaranteeing a safe and serene working environment, conducive to long-term commitment, and respectful of a good life balance.

b) Strategy

In 2023, ADEO has taken a proactive approach to positioning Health and Well-being issues at a global level, and has formalised an "Occupational Health" strategy around four priorities:

1. Acting on Musculoskeletal Disorders (MSDs)

through ergonomic risk assessment, training in gestures and postures and workstation design.

Ergonomic risks are identified at a very early stage in the value chain, when products are being designed or suppliers are being sought. A simulator can be used to anticipate the life of products in stores and warehouses, enabling work to be done to eliminate or reduce the occupational risks associated with handling.

2. Acting on PSRs (psychosocial risks)

by training managers to spot the warning signs of deteriorating work situations considered toxic for mental health, so that they can intervene as quickly as possible.

Each Company has a written process for dealing with PSR, which is shared with all managers.

Operational recommendations aimed at preserving work/life balance are also put forward, based on 4 scenarios: the run, the peaks, the exceptional situations and the troughs.

3. Developing well-being

by sharing moments of conviviality in-person and periods of rest and disconnection during working hours.

The development of well-being involves, in particular, fitting out buildings to allow for

moments of relaxation (e.g. renovating break areas or, more generally, communal areas to make them warm and welcoming), introducing health rituals (e.g. encouraging warm-ups at the start of shifts) and making prevention content available in various forms (conferences, prevention week, etc.). All companies are also encouraged to set up a sports challenge.

4. Being there for our employees at every moment of their lives.

In the case of absent employees, each Company is responsible for establishing a procedure for maintaining contact and preparing their return.

Each Company is also committed to supporting employees at certain moments in their lives, and to this end has established measures to support parenthood, employees providing care and employees experiencing financial difficulties due to their state of health.

Finally, the Companies provide access to specialist external support for employees who need it (psychological support, social assistance, etc.).

c) Local actions

Leroy Merlin France: An RPS and harassment action plan has been drawn up and is currently being rolled out. It includes training and awareness-raising for all employees and a guide for support functions on how to handle reports. A trainer training course on PRAP (*Prévention des Risques liés à l'Activité Physique* – Prevention of Physical Activity-Related Risks) has been set up, as well as an MSD training course and an ergonomic reference system.

Throughout 2023, a new teleworking agreement has been negotiated for 3 environments: warehouses, internal services and stores.

Leroy Merlin Spain: A new ergonomic risk assessment method has been developed, as well as a new loading/unloading procedure.

Two new training courses on electrical hazards and the storage of chemical products have been rolled out. The company has set up a Wellbeing 3.0 plan, which promotes physical activity in particular. In order to reduce musculoskeletal disorders, physiotherapy sessions are offered in almost all stores, as well as support from a Physio Coach. A health and safety day was organised, and actions were carried out during Women's Week (sport and women), Diversity Month (healthy and multicultural food competition), and Women and Heart Day. Working hours have been made more flexible. Psychosocial risk assessments have been carried out in 30% of stores.

Leroy Merlin Italy: The company has focused its actions on protecting employees in high-risk roles, and has created a wellbeing platform containing offers for personal health. Agile working is encouraged in internal departments and flexible working is promoted among managers.

Leroy Merlin Poland: Some stores organised a health and safety week, during which health and pre-medical first aid issues were discussed. Sporting activities have been organised locally and sporting communities have formed around running, cycling, swimming and football. Yoga classes have been organised at head office. As part of its benefits package, the company subsidises multi-sport cards, which enable employees to take part in a wide range of activities of their choice. Employees also have access to a wellbeing platform, Mindgram, where they can access educational content on physical and mental wellbeing, online exercise sessions, sessions with a psychotherapist, a chat with a specialist, webinars, podcasts on mental wellbeing, etc

Leroy Merlin Portugal: 100% of employees have access to a general practitioner (occupational physician) and a psychological support service. There is also an occupational gymnastics service and a physiotherapy service.

A wellness programme with workshops has been developed. A flu vaccination campaign was held. Specific work

equipment has been installed to facilitate the handling of heavy loads.

Leroy Merlin Romania: Contracts with healthcare providers have been renegotiated. A free flu campaign was organised.

The company also organises a football championship.

All employees benefit from free 24-hour telephone counselling in crisis situations. Sessions are also organised for long-term needs. Teleworking has been introduced for part of the working time.

Bricocenter Italy: To prevent musculoskeletal disorders, *ad hoc* safety training has been introduced (load handling).

A work-related stress risk assessment has been carried out. For internal services, a flexible working model ("smart working") adopted post-COVID was consolidated in 2023.

Local solutions for better management of working hours have been tested in the stores. Changes in the way work is organised and the digitisation of certain organisational processes are aimed at gradually improving the work-life balance of store staff.

Bricoman France: Every year, 33% of our employees receive training in gestures and postures. Renovation and refurbishment of the in-store break rooms began in 2023, to ensure that employees have a comfortable place in which to work and feel at ease: decoration, table football, darts, etc. Some stores offered lunchtime massages or wellness treatments.

Tecnomat Italy: The social platform allows you to choose from a wide range of personal services, including sports lessons. A psychological support service is provided by the Company. Mandatory safety training includes a focus on goods handling. The analysis of potential psychological stress is part of the Tecnomat 2023 safety assessment ("stress lavoro-correlato").

Smart working (2 days a week) is open to all head office staff and all store administrative profiles.

The new working hours for part-time employees allow them to decide, on a

voluntary basis, the type of personal and professional organisation they wish to adopt.

Obramat Spain: The first 360° absenteeism management pilot has been implemented in 9 stores.

Commercial advantages are granted to employees at nearby sports service providers. To reduce musculoskeletal disorders, a system of ergonomic rollers has been installed on heavy products in freely accessible areas.

Psychosocial studies were carried out in stores with high levels of absenteeism and conflict. A conflict and harassment management procedure is currently being finalised. Health and vaccination campaigns have been organised.

An initial pilot scheme has been set up to extend the physiotherapy system to non-work-related illnesses. A test for a better distribution of working hours for warehouse employees has been validated. Known as "5+2", it involves having 2 days off per week, compared with one at present.

Weldom: The occupational health nurse took part in Handi-week (leading a module on deafness). A number of training courses have been introduced to reduce psycho-social risks: "Psychosocial risks (PSRs) and anti-harassment training", "Identifying and becoming involved in PSR prevention", "PSR management", "Raising awareness of PSR prevention". An agreement on the right to disconnect has been signed.

ADEO Services: To facilitate an employee's return from maternity, paternity or adoption leave, a gradual return to work at 80% paid at 100% for 2 months is proposed. A PSR diagnosis has been carried out with an external consultancy (questionnaire in 2023, interviews and action plan in 2024). Conferences have been organised: Pink October, Stop smoking. A well-being at work week and a disability week were organised. Yoga workshops are given by a member of staff on a weekly basis. A permanent nap cocoon has been set up on Terradeo. A workload forum was proposed during the well-being week. The subject of workload has been incorporated into our annual employee appraisal tool.

5.3 ATTRACTING, ACQUIRING AND RETAINING TALENT

a) Background

We support our employees in the development of their professions, enabling the company to remain successful and achieve its objectives. To achieve this, we are creating the conditions to make our organisation a Learning Company, where skills – constantly renewed, deepened and developed – become a differentiating asset. Our objectives are to attract, develop and retain our employees and future employees.

ADEO has 103,646 employees and recruited 31,626 new staff.

| Breakdown of employees by age group and by gender | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|---|-----|---------|---------|---------|---------|--------------------------|-------------------------------|-----------------------|
| Workforce at 31 December 2023 | No. | 110,868 | 124,922 | 144,321 | 151,159 | 148,763 | 103,646 | -1.6% |
| Breakdown by age group | | | | | | | | |
| Under 25 yrs | No. | 14,316 | 16,713 | 20,080 | 20,431 | 19,021 | 13,505 | -6.9% |
| 25 to 34 year-olds included | No. | 39,787 | 44,407 | 50,195 | 51,042 | 48,129 | 30,504 | -5.7% |
| 35 to 44 year-olds included | No. | 33,586 | 37,803 | 43,095 | 45,436 | 45,256 | 31,078 | -0.4% |
| 45 to 54 year-olds included | No. | 18,457 | 20,615 | 24,327 | 26,532 | 27,762 | 21,752 | 4.6% |
| 55 to 64 year-olds included | No. | 4,534 | 5,213 | 6,455 | 7,508 | 8,336 | 6,613 | 11% |
| 65 year-olds and over | No. | 188 | 171 | 169 | 210 | 259 | 194 | 23.3% |
| Breakdown by gender | | | | | | | | |
| Men | No. | 62,291 | 69,235 | 80,139 | 83,937 | 82,444 | 57,459 | -1.8% |
| Women | No. | 48,577 | 55,687 | 64,182 | 67,222 | 66,319 | 46,187 | -1.3% |
| Breakdown by new hires and redundancies | | | | | | | | |
| Hires | No. | 45,979 | 44,620* | 53,019 | 49,067 | 47,016 | 31,626 | -4.2% |
| Dismissals | No. | 3,688 | 3,669 | 3,908** | 4,925 | 4,750 | 4,551 | -3.6% |

* 2020 data restated: 41,370

** 2021 data restated: 4,932

| Breakdown of the absenteeism | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--------------------------------------|-------------|-------------|-------------|-------------|--------------------------|-------------------------------|-----------------------|
| Total no. hours worked | 183,455,161 | 187,591,261 | 224,565,465 | 246,724,437 | 239,100,679 | 158,722,443 | -3.1% |
| Number of hours absent on sick leave | 7,844,592 | 10,461,885* | 12,410,892 | 14,757,812 | 13,781,100 | 8,447,908 | -6.6% |
| Rate of absenteeism for sickness | 4.1% | 5.3%** | 5.2% | 5.6% | 5.4% | 5.1% | -0.3 pts |

* 2020 data restated: 10,851,656

** 2020 data restated: 5.5%

| Breakdown by geographical location | | 2019 | 2020 | 2021 | 2022 | 2023 | Progression 2022-2023 |
|------------------------------------|-----|---------|---------|---------|---------|-----------------|-----------------------|
| Workforce on 31 December 2023 | No. | 110,868 | 124,922 | 144,321 | 151,159 | 103,646* | -1.6% |
| France | No. | 27,730 | 30,047 | 33,927 | 36,405 | 35,543 | -2.4% |
| of which Leroy Merlin France | No. | 24,848 | 26,913 | 28,618 | 29,867 | 29,748 | -0.4% |
| of which Bricoman France | No. | 1,973 | 2,171 | 2,160 | 2,270 | 2,289 | 0.8% |
| of which Weldom Services | No. | | | 574 | 585 | 588 | 0.5% |
| of which Weldom Intégrés | No. | | | | 724 | 688 | -5% |
| of which ADEO Services | No. | | | 1,601 | 1,963 | 2,230 | 13.6% |
| Spain | No. | 17,140 | 17,810 | 20,825 | 22,232 | 22,182 | -0.2% |
| of which Leroy Merlin Spain | No. | 13,820 | 14,120 | 15,966 | 17,246 | 16,759 | -2.8% |
| of which Obramat | No. | 3,320 | 3,690 | 4,859 | 4,986 | 5,423 | 8.8% |
| Italy | No. | 12,132 | 12,411 | 13,602 | 14,326 | 14,365 | 0.3% |
| of which Leroy Merlin Italy | No. | 7,421 | 7,386 | 7,962 | 8,392 | 8,126 | -3.2% |
| of which Bricocenter Italy | No. | 1,418 | 1,454 | 1,551 | 1,525 | 1,543 | 1.2% |
| of which Tecnomat | No. | 3,293 | 3,571 | 4,089 | 4,409 | 4,696 | 6.5% |
| Poland | No. | 11,721 | 12,160 | 13,044 | 13,086 | 12,546 | -4.1% |
| of which Leroy Merlin Poland | No. | 11,721 | 12,160 | 13,044 | 13,086 | 12,546 | -4.1% |
| Brazil | No. | 9,800 | 10,926 | 10,545 | 10,320 | 9,943 | -3.7% |
| of which Leroy Merlin Brazil | No. | 9,800 | 10,926 | 10,545 | 10,320 | 9,943 | -3.7% |
| Portugal | No. | | 4,976 | 5,661 | 5,731 | 5,863 | 2.3% |
| of which Leroy Merlin Portugal | No. | | 4,976 | 5,661 | 5,731 | 5,863 | 2.3% |
| Romania | No. | | | 3,024 | 3,072 | 3,204 | 4.3% |
| of which Leroy Merlin Romania | No. | | | 3,024 | 3,072 | 3,204 | 4.3% |
| Russia | No. | 32,345 | 36,592 | 43,693 | 45,987 | 45,117 | -1.9% |
| of which Leroy Merlin | No. | 32,345 | 36,592 | 43,693 | 45,987 | 45,117 | -1.9% |

*excluding Russia

| Turnover rate | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|---|------|------|------|------|-----------------------|----------------------------|-----------------------|
| Turnover rate (permanent employees ≥ half-time) | 17% | 14%* | 15% | 19% | 18.8% | 17.5% | -0.2 pts |

*2020 data restated: 12.2%

b) Strategy

1. Developing the attractiveness of our employer brand

Faced with a job market that is becoming increasingly competitive as a result of a number of changes (changes in professions, skills, candidate expectations, a phygital corporate culture, etc.), we are perfecting our employee experience in order to be recognised as a benchmark employer partner in the market for attracting, recruiting and retaining talent to serve the professions.

- **We are building on the outstanding aspects of our employee experience** to develop our employer brand: employee benefits, the corporate culture, the of Leadership model, employee support, development and training.
- **We pride ourselves on the excellence of our business expertise**, attracting strategic profiles in digital data tech, supply chain, finance and performance, omnicommerce, and more.
- **We communicate on our specific programmes** to attract Generation Z and high potentials: student pathways, graduate programmes, dedicated pathways for high potentials.

2. Recruiting the best talent

ADEO has changed its methods, increased the professionalism of its recruitment teams and developed a strategic partnership with LinkedIn.

- **We put in place a recruitment policy** that describes all the methods, processes, tools and best practices. The aim of this policy is to ensure a **consistent, fair and transparent process**.
- We offer workshops for our recruitment teams to share best practice and market trends.
- **We listen to our candidates and measure their satisfaction in order to guarantee them a 5-star experience** with an inclusive process that respects and values all forms of diversity.
- **We invest in training our managers** to promote skills-based recruitment, free from cognitive bias.

In addition, HR teams are working closely with digital teams to facilitate the transformation of the recruitment process and enable better data analysis.

3. Retaining our talent

To ensure that we manage our talent and retain it, we provide training **for** each individual, encourage **internal mobility**, ensure fair **pay** and **listen to our employees** to better meet their expectations.

Training and development of employees

In a rapidly changing world, our professions are changing too, and we make sure that everyone, **through learning and training, is able to develop useful skills for new challenges**.

At the heart of our culture, **sharing knowledge** encourages us to progress in order to grow and help others to grow, to understand in order to move forward and to pass on knowledge in order to last.

To achieve this, we are creating the conditions to make our organisation a Learning Company, where skills – constantly renewed, deepened and developed – become a **differentiating asset**.

Employees are **supported in the development of their professions in order to guarantee their employability** and enable the Company to remain successful.

In particular, they co-construct their development path with their managers, identifying associated development actions (training, specific support, etc.).

The aim of this Individual Development Plan (IDP) is to guarantee a development path for all the Group's employees.

Being a learning company also means ensuring that **our culture is appropriated, that our businesses are transformed and that we can anticipate the needs** of new businesses.

| Number of hours of training | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|--------------|-----------|-----------|-----------|-----------|--------------------------|-------------------------------|-----------------------|
| No. of training hours | h | 2,044,382 | 2,180,892 | 3,411,706 | 4,228,679 | NA* | 2967451 | NA |
| Number of hours of training per employee over the period | hrs/employee | 18.4 | 17.5 | 23.6 | 28 | NA | 28.6 | NA |

* Data training hours LM Russia not included in 2023

Training managers

Developing leadership and managerial skills is key to ensuring the success of the strategic plan. ADEO has set the managerial benchmarks that define the role of the manager, the actions to be implemented and the skills required to achieve them.

Identifying and developing high-potential talents

ADEO sets up acceleration programmes to reveal potential.

- The HiPO "High Potentials" programme aims to identify and develop future members of company management committees or corporate-level issues. Since the programme was created in 2020, 7 classes have been launched.
- The Jump programme at Leroy Merlin France is designed to encourage the promotion of sector managers to store manager. Or the promotion of project managers from internal departments to cluster leaders. ADEO Services has also created the Jump programme to encourage mobility and internal promotion.

Developing apprenticeships in the sustainable housing sector

In 2020, ADEO created the **Campus de l'Habitat**, ADEO's training network serving its Companies, with the ambition of training our employees on professional mobility, our future employees through sandwich courses, and our partner craftsmen.

It focuses on technical training and apprenticeships, offering courses leading to qualifications or diplomas, thus ensuring recognition on the job market.

Supporting our employees in their development through internal mobility

Convinced that internal mobility is a powerful driver of commitment and talent retention, we ensure that it is facilitated at all levels of the Company. In particular, ADEO has developed "MyCareer", an application that enables employees to view job vacancies within their company and those of other ADEO companies.

Ensuring fair and decent remuneration

ADEO has defined a **global remuneration framework**, applicable in all the countries where it operates, with the ambition of guaranteeing the standard of living and well-being of its employees through a competitive remuneration policy, a benevolent social contract and a unique culture of sharing.

Our remuneration policy encourages the attraction and retention of different talents, in line with ADEO's strategy, to ensure its development and transformation. Each Company sets its own remuneration commitments to reflect the local context as closely as possible.

The levels of remuneration offered are generally higher than the local legal minimum wage and are complemented by social protection and benefits, as well as mechanisms for sharing the creation of value:

- Incentive, via Progress Bonuses;
- Profit Sharing;
- Employee share ownership: A policy of sharing that aims to enable 100% of our employees to be shareholders in the Company.

In 2023, 20% of ADEO profits were redistributed to co-workers in the form of profit-sharing. In addition, 80,000 employees are shareholders in the company.

Listening to our employees and measuring their satisfaction

As such, we measure the commitment and satisfaction of all our employees using a key indicator: the Employee eXperience Index (EXI).

| EXI | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progressi on 2022-2023 |
|-----------------------------------|------|------|------|------|-----------------------------|----------------------------------|------------------------------|
| Employee Net Promoter Score (EXI) | 33 | 40 | 45 | 49 | NA | 44 | N/A |

This regular assessment of the employee experience creates a virtuous circle in which teams feel more valued and more actively involved in their day-to-day work.

The Companies continue to run the various employee feedback systems at local level and are implementing actions to improve the employee experience.

c) Local actions

Companies have seen their policies and actions to promote employee well-being rewarded at national events:

Awards won by ADEO companies for their approach to employee well-being

| Entreprise | Awards |
|-----------------------|---------------------------------------|
| Leroy Merlin Poland | EBEA Best Career Site / HRM Institute |
| Leroy Merlin Portugal | Great Place to Work (8th place) |
| Leroy Merlin Spain | Top Employer |
| Leroy Merlin Brazil | Top Employer Great Place to Work |
| Obramax Brazil | Great Place to Work |
| Bricocenter Italy | PotentialPark Top 30 |
| ADEO | Forbes world best employer |

Leroy Merlin France: Staff turnover is managed and monitored by the operational HR team.

Exit interviews are organised to find out the reasons for leaving.

The integration programme for logistics employees and training capsules for our employees on weekend contracts have enabled us to train new logistics employees.

The company has introduced new training courses: cybersecurity, data discovery, Power BI, to meet the challenges of digital transformation.

The sustainable development training programme was significantly expanded in 2023, with several fresco formats made available to raise awareness among all employees of the challenges of global warming, fuel poverty, waste recycling, the creation of Home Index, etc

All employees also have access to the Climate School, a comprehensive and rich digital course created by AXA, which offers both a global overview and business-specific information. An annual engagement survey, "Echo", has been launched in addition to EXI to steer the company's one-year strategy and position itself in the French job market. Uniform and consistent rules have been put in place across the country to ensure equal treatment of fixed-term and permanent employees.

Leroy Merlin Spain: One of the OKRs (Objectives and Key Results) of the strategic well-being plan, as well as of the action plan implemented, is to reduce staff turnover and retain internal talent. As a result of new legal regulations, a recruitment policy with a strong focus on permanent contracts has been put in place (the permanent contract recruitment rate has risen from 72% to 97%).

A new "Employee Value Proposition" has been defined, accompanied by the introduction of a new Teamtailor Applicant Tracking System (ATS) to attract talent. 100% of job vacancies are published here. A new Young Talent programme has been developed, as well as a test with the University of Granada for candidates specialising in the digital area. In this respect, digital training has accelerated (9% of total training hours vs. 5% in 2022). 7,000 employees took part in a Digital Quiz, designed to assess their level of digital maturity, following which around twenty e-learning lessons were offered. The first pilot of the digital passport was launched in July. New training courses have also been developed on supply chain issues. The first sessions of the Renewable Energy Academy have also been launched for project vendors.

A Positive Impacts e-learning programme has also been set up. Following the EXI study, new actions were taken: a new onboarding system, a Wellbeing 3.0 plan, a Talent Tour and a plan to tackle involuntary turnover following exit interviews.

Leroy Merlin Italy: Staff turnover is analysed on a monthly basis. The most sensitive populations have been identified and action plans to retain them have been put in place. The "Work with us" website has evolved, as have the pages and editorial line on LinkedIn and Glassdoor.

The induction process has been improved, thanks to discussion groups with new employees. A new talent acquisition team is working to attract new employees.

Collaborations with companies and consultants have been set up to help us recruit digital profiles more effectively. New training courses have been introduced on the subject of digital technology (Lean, Agile, design thinking, etc.), waste management and positive products.

Leroy Merlin Poland: In order to stabilise the teams, the salaries of those most affected by staff turnover have been reviewed, and increases have been guaranteed for employees with between 1 and 2 years' seniority (the highest turnover).

The changes made to the Labour Code in 2023 have made it possible to adjust the rights of employees on permanent contracts and those on fixed-term contracts. In terms of employer branding, a number of initiatives have been launched: a new careers website, an Employee Advocacy programme, a new slogan "Work with us for something more", recruitment training for managers to attract candidates, and an NPS (Net Promoter Score) survey of candidates and recruitment managers on the recruitment process.

In order to attract digital profiles, a secondary website dedicated to recruitment is being set up to promote these professions.

A dedicated development programme, "Digital Level Up", has been launched to raise awareness of technological transformation and digital skills.

Various training courses have been set up around ESG, and suppliers are organising webinars on photovoltaics, heat pumps and the intelligent home.

A "Discover your potential" employee attitude survey (customer orientation, benevolence, openness to others, etc.) was offered for the first time.

Following the results of the EXI survey, a number of initiatives have been put in place, including the deployment of a psychological and well-being platform and the development of a culture of cooperation.

Leroy Merlin Portugal: Following the results of the EXI, in addition to the usual action plans, specific action plans to promote employee well-being were put in place, with a particular focus on financial well-being and mental well-being. Staff turnover is one of the strategic KPIs and is reviewed on a monthly basis. In 2023, an initial approach to anticipate potential turnover was put in place, and a career model project to retain our employees was studied.

In order to promote the recruitment of employees in the supply chain sector, since January 2023 a recruiter has been dedicated to identifying this type of profile. In addition, a dedicated supply chain training programme is helping to develop a pool of supply chain talent. Note that fixed-term contracts are treated in the same way as permanent contracts: same salary bands, same benefits. A new training programme dedicated to energy efficiency has been set up. A Google certification course has also been launched.

Leroy Merlin Romania: Fixed-term contracts enjoy the same rights as open-ended contracts. Fixed-term contracts account for less than 1% of contracts. In 2023, a Talent Management structure was created, with the appointment of a leader whose mission will be to define a strategy for attracting, recruiting and retaining talent. For the store population, a common process for identifying and supporting the development of talent among store management committees has been created. The Passeport Digital training course has been launched to raise awareness of the subject among our employees.

BRICOCENTER Italy: Since July 2023, the employee NPS results have been presented alongside the customer NPS.

Following the results of the EXI, the actions implemented at local level in 2023 mainly concern the organisation of work in stores, the optimisation of communication channels and the improvement of living spaces for employees. In general, a great deal of effort has been devoted to skills development. Training has been launched for all managers to develop skills in listening to employees, analysing EXI results and implementing action plans. To date, 60% of managers have taken the course.

New training courses have been introduced on products, the supply chain, the digital area, customer relations and omnichannel sales, employee development (approach and feedback), waste management and positive products.

TECNOMAT Italy: In the company's culture, temporary workers are considered to be Tecnomat employees (except when it comes to sharing assets): same salary, same working hours, same rights, same duties, same training. Since January 2023, there has been a dedicated Employer Brand mission. An initial survey was carried out among applicants and employees to initiate work on defining an EVP (Employee Value Proposition). The company has also taken part in dedicated job fairs, with colleagues who are experts in digital, data and supply chain. A new integration programme has been tested to speed up information sharing. The digital passport has been launched. More than 200 employees have been trained in sustainable issues.

OBRAMAT Spain: To attract talent, the company has taken part in job fairs and set up a Teamtailor ATS (Applicant Tracking System) to improve the candidate experience.

An analysis of the cost of living index has been carried out by geographical area in order to adapt the annual individualisation process. An ambitious strategic ESG training programme has recently been developed (energy renovation and reduction of water consumption), which includes training initiatives for several stakeholders (service providers, customers and employees) and which will be designed and rolled out during 2024, in line with our strategic plan.

BRICOMAN France: In 2023, the EXI will be included in individual variable remuneration. The induction course called "J'intègre Bricoman" (I am joining Bricoman) is followed by 100% of new employees, and enables them to discover the different departments in the store, to find out who does what, the values, the Company, its strategy and ADEO, as well as covering mandatory elements relating to safety, GDPR and ethics. Regional HR reports monthly on these integrations to the Management Committees. In order to combat job insecurity, all contracts are systematically offered on a full-time basis. Similarly, in order to attract talent, co-opting campaigns, school forums and work-linked training days have been organised.

The company's work-study policy is a recruitment lever for digital/supply chain profiles. An omnichannel training programme has been rolled out to 100% of employees. A waste sorting training module is included in the training programme for all new employees.

ADEO Services: Following the EXI study, a number of initiatives have been put in place to address workload issues. A kit on managerial rituals has been created for managers. 226 employees took part in the Climate Fresco and 128 employees took part in the digital Fresco.

The company also organised a World Clean Up Day and a Digital Clean Up Day, and offered a training course on climate issues with the AXA Climate School.

5.4 DIVERSITY AND INCLUSION

a) Background

With 110,000 employees, over thirty different nationalities and an international presence, ADEO is committed to making diversity and inclusion a reality for all its employees and a managerial priority for the Group.

As diversity is an ethical and performance-related issue, the Group is maintaining its ambition.

b) Strategy

ADEO has put in place a series of policies, actions and other procedures, including in particular:

1. A policy of Diversity and Inclusion, reflecting the Group's desire to recognise and promote all talents, regardless of their beliefs, age, disability, parenthood, nationality, sexual or gender identity, sexual orientation, membership of a political, religious or trade union organisation, or any other characteristic that could be the subject of discrimination. It aims to create the conditions for an inclusive organisation offering equal treatment, through 3 areas of action:

- combating all forms of discrimination;
- communicating, raising awareness and training;
- creating an inclusive working and management environment.

2. A mission dedicated to promoting diversity and inclusion, supported by a network of relays to roll out the Group's commitments within the Companies. Each Company has drafted a strategy and set clear objectives for diversity and inclusion based on the GDEIB (Global Diversity, Equity and Inclusion Benchmarks) model and the global strategy.

3. Public commitments and partnerships: As part of our commitment to advancing gender equality and women's empowerment in the workplace, ADEO is a signatory of the WEPs (Women Empowerment Principles) for the 2nd consecutive year.

We have also signed the charter of the ILO Global Business and Disability Network for the 2nd year running.

4. Concrete training, awareness-raising and best practice sharing initiatives: With our BUs we have co-created an **e-learning** programme on the subject of diversity and inclusion, accessible in all the languages of our BUs.

For the second year running, the **"Get involved" Festival** brought together all our Business Units to celebrate local action on diversity and inclusion. More than 70 projects from all BUs were submitted.

Four actions were rewarded:

- in the "Gender Equality" category: the "Zero tolerance for gender-based violence" project presented by Leroy Merlin Spain
- in the "Disability Inclusion" category: "The disability paradigm" project presented by Leroy Merlin Spain
- in the "Raising awareness of inclusion" category: the Live "Diversity and Inclusion" proposed by Leroy Merlin Spain
- "Special prize": Leroy Merlin Portugal's inclusive school workshops.

After several months of collective work with all our BUs, 500 volunteer employees took part in focus groups to co-write what could be the inclusive behaviours that each of us should follow in our daily lives. This work made it possible to share the "**Inclusive boosters**" within our Companies.

The Group has mobilised and organised itself around a cross-functional programme to set the entire organisation in motion to achieve a target of 40% female executives and site managers by 2026.

Equality between women and men

ADEO has made gender equality in the workplace, and in particular the development of gender diversity in senior positions, a priority.

| Female directors and site managers | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|-------------|-------------|-------------|-------------|--------------------------------------|---|----------------------------------|
| Percentage of female directors and site managers | NA* | 25% | 26% | 28% | 27.4% | 24.8% | -0.55 pts |

*Data not available

Initiatives in 2023 include

- ADEO wanted to provide more specific support for women through a **development and training programme** tailored to their needs.
In 2023, 19 female employees of French companies tested a female leadership development programme based on individual and group coaching. A similar test for 50 female employees took place at Leroy Merlin Spain.
- A tool has been made available to the BUs to put an end to the gender salary gap.

Inclusion of people with disabilities

ADEO is strongly committed to promoting the employment of people with disabilities, by raising awareness among its teams, taking part in dedicated job fairs, providing appropriate training and promoting best practice. Given the disparity in legal rates in the countries in which we operate, ADEO has made it a priority for all its business units to measure the increase in the employment rate of employees with disabilities.

| Employment rate of disabled employees | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) |
|---|-------------|--------------------------------------|---|
| Percentage of employment rate of disabled employees | - | 2.9% | 3.8% |

Leroy Merlin France: A Diversity and Inclusion roadmap was defined in 2023 (strategic plan 2026), with an awareness-raising plan and 4 priorities: disability, gender equality, seniors and equal opportunities.

A plan to raise awareness of inclusive recruitment was put in place. A new company agreement on disability was signed at the end of 2023, including initiatives in the areas of communication, training, recruitment, job retention and collaboration with the sheltered employment sector.

To promote equal opportunities, a national partnership has been set up with the network of 2nd chance schools. Workshops were organised to support people in vocational integration.

A number of training courses have been created to help employees understand and support disability, with special focus on HR and managers.

In terms of accessibility to digital tools, an accessibility reference system with practical information sheets has been created. Access to the MyDev tool has been improved.

Leroy Merlin Spain: Inclusive selection training has been introduced, as well as a 100% inclusive induction process to support all our employees in terms of diversity and inclusion, and to ensure that their induction is a complete success. In 2023, the Company's diversity and inclusion strategy will focus on the following dimensions: people with disabilities, female talent and intergenerational talent. In the area of disability, the equal opportunities campus project has been launched, as well as a training project on the disability paradigm.

On female talent, a mentoring scheme for women who are victims of abuse and threatened with social exclusion has been launched.

In terms of intergenerational recruitment, the number of senior employees has risen from 11% to 15%.

In terms of accessibility to digital tools, the new courses are all subtitled.

All new openings are 100% accessible to disabled people (customers and staff).

Leroy Merlin Italy: The selection processes are 100% inclusive.

Training on inclusive selection has been launched. In addition, training on unconscious bias has been given to all the company's managers, in HR and in stores. The Formidabili project, launched in 2020, plans to recruit between 100 and 200 disabled employees throughout Italy.

Around 43 stores were involved in the project and 27 trainees began their training, and 10 have signed their first employment contract. All our videos and e-learning courses are subtitled.

Leroy Merlin Poland: The training programme for recruitment managers includes a section on unconscious and cognitive biases in phases such as CV selection, and during interviews to offer the best candidate experience. In 2023, the "Leroy Merlin, here I can be myself" project was launched, whose principles incorporate notions of diversity and inclusion. Interviews were conducted with employees on the subject of diversity and inclusion. Diversity and Inclusion webinars and events are organised on a regular basis, including Autism Awareness Month and Pride Month.

Mandatory pay rises for women returning from maternity/parental leave have been introduced to reduce the gap with men. The company took part in 2 job fairs dedicated to people with disabilities and signed a partnership agreement with a foundation supporting this group's entry into the job market.

Leroy Merlin Portugal: The company has put in place an inclusive recruitment guide to support HRBPs and managers. It has reviewed the integration process and website and developed a page dedicated to "Diversity and Inclusion". It organised the 1st Diversity and Inclusion Week, where various diversity and inclusion topics were discussed. In 2023, the diversity strategy focused on diversity (recruitment of people with disabilities), gender diversity (women managers) and equal pay for men and women. A Women's Day and an International Day for the Disabled were organised. The Gender Pay Gap and Equal Pay Gap indicators are monitored.

During the 2023 individualisation process, part of the total budget was saved to address the pay gap and measures were put in place to ensure that our employees absent due to pregnancy or maternity leave were not excluded from the individualisation process. New training courses and videos launched by the company are subtitled.

Leroy Merlin Romania: The Company has worked with 2 associations to identify profiles of people with disabilities who meet the Company's business expectations. Priority has been given to actions on gender equality, ethnic origin and disability. A study on the pay gap has been carried out and the company has worked on a process to help women return to work after maternity leave.

BRICOCENTER Italy: All the managers took part in training on cognitive bias. A study of pay differentials was carried out for sales staff, area managers and store managers.

TECNOMAT Italy: The Diversity and Inclusion strategy has 3 main objectives: to promote women on store management committees, to increase the number of disabled employees and to train 100% of employees in diversity issues. This training course was given in 2023 to all the Company's managers, in HR and in stores, with a focus on unconscious bias. A new Diversity and Inclusion Committee has been set up to monitor the Company's commitment, assess its progress and decide on actions in the area of diversity and inclusion. The company has taken part in several job fairs dedicated to people with disabilities.

OBRAMAT Spain: In 2023, managers at all levels took part in a number of training activities, including those we offer to new managers who have been hired or promoted, as well as the "Lider 360°" programme to effectively roll out ADEO's new leadership model. In addition, all managers have taken part in and successfully completed anti-corruption, ethics and compliance training.

The Company is continuing to develop the gender equality policies set out in its equality plan signed in March 2022 for a period of 4 years.

It has also signed an agreement with Spain's leading foundation for disabled people, ONCE, to maintain its commitment to offering employment opportunities to people with disabilities.

BRICOMAN France: The e-learning course on the company's code of ethics takes an in-depth look at the issues surrounding discrimination, moral and sexual harassment and sexist behaviour.

The company organised recruitment campaigns highlighting positions of responsibility held by women, and produced a series of 8 podcasts featuring interviews with female employees. A training module on non-discriminatory recruitment is included in our induction programme: 92% of the target had been achieved by 30/09/2023. An awareness-raising module on welcoming people with disabilities has been rolled out: 86% of the target had been achieved by 30/09/2023. An e-learning training module has been deployed since mid-March 2023, containing 2 learning units: laying the foundations for diversity and inclusion, and the stages of inclusion. The Company took part in the DUO DAYS 2023. The gender equality index has been published and updated, with specific actions. A professional gender equality agreement has been signed for the period 2023-2025, setting out measures to ensure vigilance on gender equality.

WELDOM: The company has set up a "Top Ethics" training programme to raise employee awareness of harassment and discrimination in the workplace. It has also introduced diversity and inclusion coaching for managers. It took part in the DUO DAYS and organised Handiweek.

ADEO Services: The Talent Attraction & Acquisition team has been trained to recruit people with disabilities. Two e-learning modules dedicated to diversity and inclusion have been integrated into the learning platform. Partnerships have been set up with local schools and specialist recruitment agencies. Meetings on the subject of professional equality were organised by the Womaneo network.

6. Building with our ecosystem

6.1 ETHICS

a) Background

The Group conducts its development in accordance with the values and principles set out in the following major international conventions:

- the Universal Declaration of Human Rights and its complementary commitments;
- the fundamental conventions of the International Labour Organization (ILO);
- the United Nations Guiding Principles on Business and Human Rights.

ADEO is committed to conducting its business with the utmost integrity and transparency and to complying with the laws and regulations in force in all the countries in which it operates.

b) Strategy

The values and principles followed by ADEO are set out in a reference system known as the Code of Ethical Conduct, which is common to all the Companies and countries in which it operates.

This Code describes our commitments to each stakeholder (customers, employees, investors, suppliers, public authorities, the public/civil society) as well as the principles of individual and collective behaviour expected of us.

In particular, it includes a direct reference to the whistleblowing system as part of the system for combating behaviour that runs counter to the principles set out in the Code.

Available in the languages spoken throughout the Group, the Code of Ethical Conduct promotes respect for human rights, the physical safety of all our stakeholders, the prevention of conflicts of interest and corruption, the fight against money laundering, respect for the integrity of markets, the protection of personal data, proper conduct with regard to gifts and invitations, and responsible purchasing.

These rules go beyond the strict application of the legal provisions in force, in particular when these, in certain countries, are not at the same level as the standards that the Group imposes on itself.

The Code of Ethical Conduct can be consulted by all stakeholders and is also available on the ADEO corporate website.

To support the deployment of the Code and enable all ADEO employees to understand its principles, an e-learning module has been developed which is accessible in every language spoken within the Company.

| Percentage of employees trained in the ADEO Ethical Code of Conduct | 2020 | 2021 | 2022 | 2023 (with LM Russia)** | 2023 (excluding LM Russia)** | Progression 2022-2023 |
|--|------|------|-------|-------------------------|------------------------------|-----------------------|
| Percentage of employees trained in the ADEO Ethical Code of Conduct* | 87% | 87% | 88.5% | 70.8% | 76.4% | -17.7 pts |

* The percentage above includes employees who completed the e-learning training module, with an active employment contract with an ADEO company over the course of the year and paid during the year regardless of the amount of time worked.

** The percentage above includes employees who completed the e-learning training module in 2023, with an active employment contract with an ADEO company over the course of the year and paid during the year regardless of the amount of time worked.

The WHISPLI alert system, accessible via the corporate website, has been deployed in all our countries.

In particular, this mechanism is used to collect reports of suspected or actual breaches of an international commitment, law or regulation; risks of infringement of human rights, fundamental freedoms, personal health and safety or the environment; or conduct or situations contrary to the Group's Code of Ethical Conduct.

It is open to employees, contractors and suppliers. It is based on a secure external platform that guarantees the protection of personal data and strict confidentiality of declarations.

Launching an internal alert is a right and no employee may be punished in any way for having launched an internal alert in good faith.

| Number of reports received on the alert platform | 2022 (with LM Russia) | 2022 (excluding LM Russia) | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 excluding Russia |
|--|-----------------------------|----------------------------------|-----------------------------|----------------------------------|---|
| Number of reports received on the alert platform | 629 | 463 | 990 | 787 | +70% |

c) Local actions

Leroy Merlin France: 2023 saw the launch of the new e-learning programme associated with the ADEO Code of Ethical Conduct. As part of this effort, a number of communication initiatives have been launched, targeting different audiences through different channels. Thanks to a new training data management tool, the company can now manage the implementation of e-learning for all its employees. The Ethics Committee has been expanded to include security, diversity, personal data and fraud leaders, and is monitoring the application of the Code's principles.

Leroy Merlin Spain: The new Code of Ethics was published in March 2023. A communication plan has been launched, with various videos and posts on Workplace. The number of employees trained in the Code of Ethical Conduct is monitored on a monthly basis and presented to the Ethics Committee on a quarterly basis.

Action plans are put in place where necessary.

Crime prevention training has been updated. Special face-to-face training has been set up for at-risk populations, with an emphasis on the new Code of Ethics. Training on preventing corporate crime was launched in January 2023.

Leroy Merlin Italy: ADEO's tools, such as Act Ethics, were presented to all employees as part of the internal communication linked to the new code of ethics. A training session has been set up for all sections of the population seen as "sensitive".

Leroy Merlin Poland: The number of employees trained in the Code of Ethics is monitored regularly. Steps are regularly taken to communicate about this training through ethics ambassadors, HR teams and managers. The corruption risk matrix has been updated and action plans drawn up. The new code of conduct on responsible purchasing has been launched.

Leroy Merlin Portugal: The updated version of the Code of Ethics was published in June 2023. In addition, mandatory training has been rolled out. Assignments with an impact on compliance have been identified, and specific training has been dedicated to them.

Leroy Merlin Romania: The new Code of Ethics has been communicated to all employees. The number of people trained is monitored on a weekly basis. The sensitive population has been identified, for which specific training has been created.

Bricocenter Italy: The new Code of Ethics has been distributed and displayed in all departments and stores. The number of people trained is monitored on a monthly basis. Specific training has been given to sections of the population seen as "sensitive". The Responsible Purchasing Code and the Indirect Purchasing Code have been updated.

Tecnomat Italy: The new Code of Ethics was published in April 2023, followed by a dedicated communications campaign. At the same time, a new Ethics Committee has been set up to lead and promote the values of the new Code. ADEO's tools (such as Act Ethics) were presented to all employees during the internal communication campaign linked to the new code of ethics. A dedicated training session has been set up for so-called "sensitive" populations.

Obramat Spain: Training in the new Code of Ethics is provided on a regular basis to ensure that it is fully implemented.

Bricoman France: The new Code of Ethics was distributed in June 2023 and the associated training module is followed on a monthly basis. Educational videos on the Whispli/Act Ethics tools have also been launched. The Legal Department monitors and coordinates contracts with suppliers, internal departments and stores, to ensure that commercial and non-commercial ethical codes are incorporated into operations such as sponsorship and patronage.

Weldom: The new Code of Ethics was published in April 2023. E-learning training is compulsory as part of the induction programme and "Top Ethics" training. The number of employees trained in the Code of Ethics is monitored regularly. A video to raise awareness of the Code of Ethics has also been created.

ADEO Services: The new Code of Ethics was distributed and promoted to all employees, ensuring that the e-learning module was followed by everyone. In addition, a reminder was given on the use of tools such as Act Ethics. Targeted communications have also been issued to remind employees of the ethical rules applicable in certain circumstances, such as invitations to the Rugby World Cup or the receipt of gifts during the festive season.

6.2 SUPPLIER RELATIONS

a) Background

ADEO's responsible purchasing approach is at the heart of the Group's social and environmental responsibility in its supply chain and is based on the deployment of the Responsible Purchasing Code for commercial and non-commercial suppliers and sellers on marketplaces.

The Group's commitments and obligations in terms of responsible purchasing are integrated into every stage of the purchasing process, including upstream, when suppliers are being qualified, and during the tender preparation phase.

| Breakdown of suppliers who have signed the responsible purchasing code | 2021 | 2022 | 2023 (with LM Russia) ^{****} | 2023 (excluding LM Russia) | Progression 2022-2023 excluding Russia |
|---|--------------------|--------------------|--|-------------------------------|--|
| Percentage of commercial suppliers under active contract with the Company's central procurement office who have signed the Responsible Purchasing Code of Conduct | 92% | 93% | NA | 91% | NA |
| Percentage of non-commercial suppliers under active contract with the Company's central procurement office who have signed the Responsible Purchasing Code of Conduct | NA* | 35% | NA | 69.7% | NA |
| Percentage of active sellers on a Company marketplace having signed the Responsible Purchasing Code of Conduct | N/A ^{***} | N/A ^{***} | NA | 99.6% | N/A ^{***} |
| Overall percentage of suppliers which have signed the responsible purchasing code | NA ^{**} | 77% | NA | 88.2% | NA |

* 2021 data restated: 0% The percentage retained in 2021 has voluntarily been set at 0% due to the lack of a reliable indicator

** 2021 data restated: 70%

*** Indicator added in 2023

**** Indicator data for Leroy Merlin Russia stop at 30 September 2023

6.3 COMMITMENT TO SOCIETY

a) Background

Solidarity is one of our values and is expressed in all our Companies.

Wherever we operate, our employees are working locally to help people in need.

b) Strategy

As an extension of our corporate mission, we focus our actions on housing to provide sustainable solutions for people facing housing difficulties. We also give our employees the opportunity to get involved in solidarity initiatives.

1. Dealing with emergencies

ADEO Solidarity Fund (ASF)

Created during the Covid-19 health crisis, the ADEO Solidarity Fund supports employees and their families who find themselves in difficult situations. ADEO Solidarity Fund (ASF) is active in all the countries where ADEO is present.

This association of the 1901 act, provides exceptional financial aid to our employees and their loved ones who are faced with serious difficulties caused by exceptional crises (pandemics, natural disasters, technological or industrial disasters, fires, terrorist attacks, violence and road accidents). Employees who are part of our franchises and those recently retired are also eligible.

Donations are collected by the association from our employees, former employees or third parties and are intended for those whose existing coverage (government relief, insurance coverage and internal company instruments) is below the level of coverage offered by the fund. With a sense of pride, and unified in this initiative, ADEO decided to match 1 Euro for every 1 Euro donated, and the fund was created with a little over 2 million euros.

In 2023, the ADEO Solidarity Fund supported 147 employees and their families in France (12), Poland (1), Romania (1), South Africa (4), Italy (11), Brazil (32) and Ukraine (86).

The association raised €9,361 in 2023, this sum having been matched by ADEO.

2. Helping to renovate homes

ADEO is a historical partner of the association “*Les Bricos du Cœur*” which, in several countries, carries out renovation projects with the help of ADEO employees in favour of organisations whose purpose it is to help others (Associations, Foundations, Hospitals, Retirement homes, etc.).

For 10 years, *Les Bricos du Cœur* have been voluntarily accomplishing renovation projects or the enhancement of areas on the premises of retirement homes, associations, hospitals and foundations. Their leitmotiv: to help people who help people! *Les Bricos du Cœur* also organise material donations to these structures, to equip/decorate and reorganise space (decorations, garden suites, etc.). In 2023, ADEO employees took part in 120 solidarity projects and donated 9,800 items (worth more than €1.4M).

3. Helping the people of Ukraine

In the context of the war in Ukraine, ADEO has dedicated 25 million euros for the rehabilitation of housing intended to accommodate Ukrainian refugees in the countries where our Companies are present. Since 2022, 175 projects have been carried out in France, Italy, Poland, Portugal, Spain and Ukraine to rehabilitate housing for Ukrainian refugees and renovate public service buildings (for a total of €17.5 million). In all, 36,000 people have been rehoused.

4. Enabling employees to commit themselves

The majority of our Companies offer their employees the opportunity to benefit from one Positive Impact Day a year. These days enable employees to invest in the implementation of a solidarity action or in favour of the environment, thus allowing them to strengthen their commitment as a citizen.

Furthermore, as part of our commitment to the community, our Companies comply with the legal provisions in force concerning the recruitment of employees who wish to join the army reserves.

In accordance with Act no. 2023-703 of 1 August 2023, we will ensure that there are no restrictions on the expression of this commitment. Our internal policy aims to facilitate this participation, by ensuring that our reservist employees are supported in their efforts, in full compliance with the legal frameworks in force.

c) Local actions

Leroy Merlin France: The Foundation helps to carry out renovation work to combat fuel poverty and promote adaptation and accessibility.

It assists with the administrative procedures for obtaining funding and supplements the public aid obtained by granting an endowment of up to 10,000 euros. In this way, 120 families are supported each year thanks to the voluntary work of more than 240 employees.

In addition, an endowment of €2.4m is paid by the Founder as part of a 3-year multiannual programme.

A solidarity day is also granted to all employees. By the end of September 2023, 964 Positive Impact Days had been declared. 210 solidarity purchasing agreements were signed at the end of September with associations working to combat precarious housing conditions; 100% of the margin on the association's purchases is returned.

Lastly, 3 rounding-up campaigns were launched in 2023, for the benefit of various associations.

Leroy Merlin Spain: Since January 2023, a Digital Enterprise volunteering project has been launched, so that all employees can take part in actions to support vulnerable groups. A total of 31 actions were carried out in this context. A digital solidarity run was organised in aid of the NGO Aldeas Infantiles, with the kilometres covered by employees helping to improve the living spaces of the minors supervised by the NGO. In June, the Company joined the workshop night initiative in our stores, organising a sustainable workshop with the For the Best World foundation, which involved creating trees from waste from our stores and the environment. The works were donated to the NGO for use in raising awareness in schools of the importance of recycling and reusing waste. The stores coordinate the donation of products and materials to local NGOs to help vulnerable groups improve their living spaces and build relationships with local stakeholders. Since June 2023, employees have had one day of voluntary work per year. By October 2023, 55 projects had been completed to improve spaces for vulnerable groups across Spain. September's back-to-school sales operation was transformed into a fund-raising campaign so that minors from the NGO Aldeas Infantiles could return to school under the same conditions as their classmates.

Leroy Merlin Italy: Emergency goods were donated to local associations during the floods in Emilia-Romagna in May 2023. The company took part in World Clean Up Day (donation of time by employees). The ASF was activated for 3 employees whose homes were damaged by flooding in Ravenna. Local initiatives are organised for families in difficult circumstances (e.g. a donation for the family of a colleague who died following a serious illness).

Leroy Merlin Poland: In each store and at head office, social committees provide support (financial and in kind) for employees in difficulty (material, financial, family) using the company's own funds. A colleague appealed to ADEO Solidarity Fund for help following a fire in his flat. The Mindgram platform provides psychological, educational and well-being support. As part of the Leroy Merlin Poland Foundation,

109 local grants have been awarded. 27 projects to renovate and revitalise places to stay (houses, flats, refuges) have been carried out for Ukraine under the solidarity fund. A national collection campaign for animals (food and other products) has been organised. 78 stores and the head office took part in the "Clean the world" campaign. Each employee is entitled to 2 solidarity days per year.

Numerous renovation projects have been carried out (18 orphanages, 40 schools, 12 kindergartens, etc.)

Leroy Merlin Portugal: Actions to renovate/remodel homes and associations in emergency accommodation situations have been carried out. Donations of products (scrap and store gifts) were made to NGOs. Workshops on sustainable development have been organised in stores and schools with children, the disabled and the elderly.

A partnership has been signed with an NGO to build the first European recovery centre for people injured in the conflict in Ukraine. The Company has set up a loan scheme to provide financial assistance to employees for reasons other than those covered by the ADEO Solidarity Fund.

At the end of November, 154 employees in financial difficulty had received assistance. A daily supply of fresh fruit, bread, butter, milk and cereals is provided for each store/warehouse/in-house department.

On 23 January, a voucher worth 250 euros was offered to employees earning less than 1,000 euros, and 200 euros to employees earning between 1,000 and 2,000 euros, to help them in the face of rising inflation. A financial support service has been set up in collaboration with an external service provider, REORGANIZA. It enables employees in a situation of demonstrated economic need to benefit from 4 financial monitoring sessions. In September, a €25 voucher was offered to the children of our employees to help them finance the purchase of school supplies. Each employee is entitled to one day's voluntary work. 50 renovation projects were organised, involving 8,426 hours of volunteer work.

Bricocenter Italy: To support employees during the floods in Emilia-Romagna, a

number of actions were organised: donations via the ADEO Solidarity Fund, the possibility of logging on to the ADEO Solidarity Fund website to find out about all the ways in which donations can be made, the possibility of taking a day's voluntary work, and a day's leave offered by the company to go and physically help in the disaster areas. Various projects have been carried out and monitored directly within the regions: Formidabili project in the Lucca and Cremona stores: involvement of disabled children; project for the integration of disabled people in the Milazzo, Siracusa, Mantova and Curtatone stores; social and professional reintegration of prisoners in the Mantova store; "Kich the differences" project for sport for disabled people (football school) in the Curtatone store.

Tecnomat Italy: Emergency goods were donated to local associations during the floods in Emilia-Romagna in May 2023. The company took part in World Clean Up Day (employees donating their time). Many stores, as well as the head office, have committed to donating food and school supplies to local organisations that help people living in poverty. The ADEO Solidarity Fund was activated for 3 employees whose homes were damaged by the floods in Ravenna. Local initiatives are organised for families in difficult circumstances (e.g. a donation for the family of a colleague who died following a serious illness). The Company took part in the World Clean-up Day.

In 2023, the Company was the main sponsor of the Fondazione ricerca fibrosi cistica, a non-profit unit that conducts research to find a cure for genetic diseases.

Obramat Spain: Various renovation projects have been supported by the company: aid for the reconstruction of a school by the Badalona store; reconstruction and donation of materials for the "Doble Amor" solidarity project by the Finestrat store; donation of materials to Caritas to fit out a classroom by providing them with spotlights and light generators by the Murcia store; plastic collection action on the island of Tabarca by the Alicante and Finestrat warehouses; renovation of the Down association's

building in Las PaLeroy Merlinas by the Jinamar store; donation of materials to renovate dilapidated houses with the Painted for Others programme by the Santiago store; donation of materials to the Cirvite association to build houses for disabled people by the Alcobendas store; collaboration in the "Sponsor a brick" solidarity project for the multiple sclerosis association by the Valladolid warehouse.

Bricoman France: A *Bricos du Coeur* workshop was organised at the Nantes store for one day.

Two half-day biodiversity assistance sessions were organised with the Eden 62 association in Saint-Omer.

Children from the Eden 62 association were accompanied for several days. Donations were made to the France Alzheimer association in Clermont-Ferrand following the sale of pallets.

Each employee is entitled to one solidarity day a year.

Weldom: The company donated goods to our partners Emmaüs, Le Relais and Les Bricos, and organised blood donation campaigns. Every month, a Medisis social worker makes social visits to employees. Measures have been put in place to deal with any difficulties: Action Logement, Uniprévoyance, AG2R.

Each employee is offered a solidarity day, which can be used for a number of actions (Clean Up Day, Les Bricos solidarity project, etc.).

Three *Bricos du Coeur* projects will be carried out between 2022 and 2023. Solidarity boxes were distributed to people in need over Christmas. A collection of toys and products was organised in aid of Ukraine.

ADEO Services: 123 people benefited from a Positive Impact Day.

7. Appendices

7.1 SUMMARY OF INDICATORS

| Our greenhouse gas emissions linked to scope 1 / 2 / 3 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 (with LM Russia)* |
|---|------------|--------------------------|-------------------------------|---|
| Our greenhouse gas emissions linked to scope 1 / 2 / 3 in t.eq.CO2 – At 31/12 | 50,547,529 | 50,320,772 (1) | 34,650,174 | -0.4% |

* see [reporting methodology note ESG](#) in appendix

| Greenhouse gas emissions Scope 1 & 2 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 (including LM Russia)** |
|--|-----------|---------|--------------------------|-------------------------------|---|
| Our greenhouse gas emissions in t.eq.CO2 – At 31/12 (location based) | 413,249* | 372,085 | 355,794 | 181,786 | -4.4% |
| Our greenhouse gas emissions in t.eq.CO2 – At 31/12 (Market Based) | 420,658** | 381,723 | 379,011 | 206,450 | -0.7% |

* 2021 data published: 513 057 t.eq. CO2
(see [associated methodology note](#))

** Unaudited data

*** see [reporting methodology note ESG](#) in appendix

| Stores with LED lighting | 2021* | 2022* | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 (with LM Russia) |
|---|-------|-------|--------------------------|-------------------------------|--|
| Percentage of stores with LED lighting in the sales areas – 2021* | NA | 93% | 96% | 96% | +3pts |

* data not audited by an Third-party Independent body

| Electricity consumption at our sites | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|-----|-------------|-------------|---------------|---------------|-----------------------------|----------------------------------|--------------------------|
| Percentage of renewable energy electricity supply to our sites | % | - | 31% | 35% | 42% | 48.8 | 56.7 | +6.8 pts |
| Electricity consumption over the period at our sites | kWh | - | - | 1,144,668,755 | 1,138,131,828 | 1,095,835,399 | 758,254,178 | -3.7% |
| of which Stores | kWh | 938,011,301 | 934,630,779 | 1,055,851,699 | 1,047,352,664 | NA | 685,644,076 | NA |
| of which Warehouses | kWh | NA | NA | 69,503,341 | 73,221,774 | NA | 57,425,477 | NA |
| of which internal services | kWh | NA | NA | 19,313,715 | 17,557,389 | NA | 15,184,625 | NA |

| Gas consumption at our sites | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|-----|-------------|-------------|-------------|-------------|-----------------------------|----------------------------------|--------------------------|
| Gas consumption over the period at our sites | kWh | - | - | 262,978,990 | 243,152,136 | 219,504,627 | 107,300,991 | -9.7% |
| of which Stores | kWh | 163,533,513 | 162,495,557 | 236,488,905 | 214,429,484 | NA | 81,071,164 | NA |
| of which Warehouses | kWh | NA | NA | 24,527,725 | 26,727,021 | NA | 2,2130,763 | NA |
| of which internal services | kWh | NA | NA | 1,962,360 | 1,995,630 | NA | 4,099,064 | NA |

| Goods transport distances operated by ADEO and its companies (in km) | | 2021 | 2022 | 2023 (including LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|--|-------------|-------------|-------------------------------|----------------------------------|--------------------------|
| International maritime | | NA | NA | NA | 939,011,228 | NA |
| From supplier or port to our warehouses (Rail, Road, River) | | NA | NA | NA | 50,208,050 | NA |
| Inter-warehouse | | NA | NA | NA | 31,130,747 | NA |
| From our warehouses to our stores (Rail, Road) | | 261,144,867 | 266,403,967 | 244,720,085 | 91,666,394 | -8.1% |
| Sea or river to stores | | 15,825,444 | 18,874,467 | NA | 20,115,186 | NA |

| Estimated transport distances operated by our suppliers (in km) | | 2021 | 2022 | 2023 (excluding LM Russia) |
|---|--|------|------|----------------------------------|
| From the supplier to our warehouses | | - | - | 164,717,023 |
| From the supplier to our stores | | - | - | 145,952,405 |

| Air freight | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------|------|------|------|------|------|
| Tonnes of air freight | 293 | 175 | 19 | 11 | 11 |

| GHG emissions related to goods transportation | 2021* | 2022* | 2023 (excluding LM Russia) |
|---|-------|-------|-------------------------------|
| Greenhouse gas emissions from freight transport (in t.eq.CO2) | - | - | 488,838 |

* data not available

| Our greenhouse gas emissions product-related | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Evolution 2022-2023 |
|--|------------|-----------------------|----------------------------|---------------------|
| Our greenhouse gas emissions from scope 3 products (excluding transport) in t.eq.CO2- At 31/12 | 46,613,312 | 46,280,160* | 32,168,763 | -0.7% |

* 2023 data for LM Russia covers product sales over a sliding year between 01/10/2022 and 30/09/2023 (see [methodology note](#)).

| Water consumption over the period at our sites | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|----------------|-----------|-----------|-----------|-----------|-----------------------|----------------------------|-----------------------|
| Total | m ³ | - | - | 2,168,730 | 2,269,599 | 2,270,228 | 1,468,252 | +0.03% |
| Stores | m ³ | 1,724,488 | 1,725,531 | 1,965,187 | 2,054,277 | NA | 1,295,522 | NA |
| Warehouses | m ³ | - | - | 159,013 | 164,105 | NA | 117,239 | NA |
| Internal services | m ³ | - | - | 44,530 | 51,217 | NA | 55,492 | NA |

| Percentage of wood-based product references from responsible sources | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) |
|---|------|------|-----------------------|----------------------------|
| Percentage of references for all referenced wood and/or wood-based products, referenced made from sustainable resources | 75%* | 93% | 91% | 94% |

*This data has not been audited by the Independent Third Party Organisation.

| Percentage of our own brand (MDH) factories with quality, social and environmental certification | 2021 | 2021 | 2022 | 2023 (with LM RU) | 2023 (excluding LM RU) |
|--|---|--|---|-------------------|------------------------|
| | % of MDH finished goods factories audited | % of compliant factories (score A, B, C) | % of listed factories for MDH finished products qualified | | |
| Quality audit | 94% | 90% | 93% | 93% | 97% |
| Social audit | 86% | 81% | 87% | 92% | 97% |
| Environmental audit (only high impact factories) | 67% | 63.5% | 88%* | 94* | 96%* |

*For the environment section, the indicator measures the factories audited (and not qualified as for the social and quality sections)

| Percentage of product sales with a Home Index score of A, B, C | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) |
|--|------|------|--------------------------|-------------------------------|
| Percentage of sales of products with a Home Index score of A, B or C (excl. Marketplace) | 0% | 39% | NA | 56.9% |

| Percentage of waste sorted at our sites | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 | |
|---|------|------|------|------|--------------------------|-------------------------------|-----------------------|--------------|
| Percentage of waste sorted at our sites | % | - | 55% | 59% | 61% | 64% | 75.1% | +3pts |

| Employee safety indicators | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 | |
|-------------------------------------|---|------|-------|-------|--------------------------|-------------------------------|-----------------------|-------|
| Frequency rate of accidents at work | number of accidents X 10 ⁶ /h worked | 17.2 | 14.61 | 13.03 | 11.3 | 10.3 | 14.7 | -9.2% |
| Severity rate of accidents at work | number of days off work X 10 ³ /h worked | 0.69 | 0.60 | 0.55 | 0.54 | 0.49 | 0.72 | -9.3% |

| Breakdown of employees by age group and by gender | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 | |
|---|------|---------|---------|---------|--------------------------|-------------------------------|-----------------------|-------|
| Workforce at 31 December 2023 | No. | 110,868 | 124,922 | 144,321 | 151,159 | 148,763 | 103,646 | -1.6% |
| Breakdown by age group | | | | | | | | |
| Under 25 yrs | No. | 14,316 | 16,713 | 20,080 | 20,431 | 19,021 | 13,505 | -6.9% |
| 25 to 34 year-olds included | No. | 39,787 | 44,407 | 50,195 | 51,042 | 48,129 | 30,504 | -5.7% |
| 35 to 44 year-olds included | No. | 33,586 | 37,803 | 43,095 | 45,436 | 45,256 | 31,078 | -0.4% |
| 45 to 54 year-olds included | No. | 18,457 | 20,615 | 24,327 | 26,532 | 27,762 | 21,752 | 4.6% |
| 55 to 64 year-olds included | No. | 4,534 | 5,213 | 6,455 | 7,508 | 8,336 | 6,613 | 11% |
| 65 year-olds and over | No. | 188 | 171 | 169 | 210 | 259 | 194 | 23.3% |
| Breakdown by gender | | | | | | | | |
| Men | No. | 62,291 | 69,235 | 80,139 | 83,937 | 82,444 | 57,459 | -1.8% |
| Women | No. | 48,577 | 55,687 | 64,182 | 67,222 | 66,319 | 46,187 | -1.3% |
| Breakdown by new hires and redundancies | | | | | | | | |
| Hires | No. | 45,979 | 44,620* | 53,019 | 49,067 | 47,016 | 31,626 | -4.2% |
| Dismissals | No. | 3,688 | 3,669 | 3,908* | 4,925 | 4,750 | 4,551 | -3.6% |

* 2020 data restated: 41,370

** 2021 data restated: 4,932

| Breakdown by geographical location | | 2019 | 2020 | 2021 | 2022 | 2023 | Progression 2022-2023 |
|------------------------------------|-----|---------|---------|---------|---------|-----------------|-----------------------|
| Workforce at 31 December 2023 | No. | 110,868 | 124,922 | 144,321 | 151,159 | 103,646* | -1.6% |
| France | No. | 27,730 | 30,047 | 33,927 | 36,405 | 35,543 | -2.4% |
| of which Leroy Merlin France | No. | 24,848 | 26,913 | 28,618 | 29,867 | 29,748 | -0.4% |
| of which Bricoman France | No. | 1,973 | 2,171 | 2,160 | 2,270 | 2,289 | 0.8% |
| of which Weldom Services | No. | | | 574 | 585 | 588 | 0.5% |
| of which Weldom Intégrés | No. | | | | 724 | 688 | -5% |
| of which ADEO Services | No. | | | 1,601 | 1,963 | 2,230 | 13.6% |
| Spain | No. | 17,140 | 17,810 | 20,825 | 22,232 | 22,182 | -0.2% |
| of which Leroy Merlin Spain | No. | 13,820 | 14,120 | 15,966 | 17,246 | 16,759 | -2.8% |
| of which Obramat | No. | 3,320 | 3,690 | 4,859 | 4,986 | 5,423 | 8.8% |
| Italy | No. | 12,132 | 12,411 | 13,602 | 14,326 | 14,365 | 0.3% |
| of which Leroy Merlin Italy | No. | 7,421 | 7,386 | 7,962 | 8,392 | 8,126 | -3.2% |
| of which Bricocenter Italy | No. | 1,418 | 1,454 | 1,551 | 1,525 | 1,543 | 1.2% |
| of which Tecnomat | No. | 3,293 | 3,571 | 4,089 | 4,409 | 4,696 | 6.5% |
| Poland | No. | 11,721 | 12,160 | 13,044 | 13,086 | 12,546 | -4.1% |
| of which Leroy Merlin Poland | No. | 11,721 | 12,160 | 13,044 | 13,086 | 12,546 | -4.1% |
| Brazil | No. | 9,800 | 10,926 | 10,545 | 10,320 | 9,943 | -3.7% |
| of which Leroy Merlin Brazil | No. | 9,800 | 10,926 | 10,545 | 10,320 | 9,943 | -3.7% |
| Portugal | No. | | 4,976 | 5,661 | 5,731 | 5,863 | 2.3% |
| of which Leroy Merlin Portugal | No. | | 4,976 | 5,661 | 5,731 | 5,863 | 2.3% |
| Romania | No. | | | 3,024 | 3,072 | 3,204 | 4.3% |
| of which Leroy Merlin Romania | No. | | | 3,024 | 3,072 | 3,204 | 4.3% |
| Russia | No. | 32,345 | 36,592 | 43,693 | 45,987 | 45,117 | -1.9% |
| of which Leroy Merlin | No. | 32,345 | 36,592 | 43,693 | 45,987 | 45,117 | -1.9% |

* Without Russia

| Breakdown of the absenteeism | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--------------------------------------|-------------|-------------|-------------|-------------|-----------------------|----------------------------|-----------------------|
| Total no. hours worked | 183,455,161 | 187,591,261 | 224,565,465 | 246,724,437 | 239,100,679 | 158,722,443 | -3.1% |
| Number of hours absent on sick leave | 7,844,592 | 10,461,885* | 12,410,892 | 14,757,812 | 13,781,100 | 8,447,908 | -6.6% |
| Rate of absenteeism for sickness | 4.1% | 5.3%** | 5.2% | 5.6% | 5.4% | 5.1% | -0.3 pts |

* 2020 data restated: 10,851,656

** 2020 data restated: 5.5%

| Turnover rate | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|---|------|------|------|------|-----------------------------|----------------------------------|--------------------------|
| Turnover rate (permanent employees ≥ half-time) | 17% | 14%* | 15% | 19% | 18.8% | 17.5% | -0.2 pts |

* 2020 data restated: 12.2%

| Number of hours of training | | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|---|--------------|-----------|-----------|-----------|-----------|-----------------------------|----------------------------------|--------------------------|
| No. of training hours | h | 2,044,382 | 2,180,892 | 3,411,706 | 4,228,679 | NA* | 2,967,451 | NA |
| Number of hours of training per employee over the period | hrs/employee | 18.4 | 17.5 | 23.6 | 28 | NA | 28.6 | NA |

* Data training hours LM Russia not included in 2023

| EXI | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--------------------------------------|------|------|------|------|-----------------------------|----------------------------------|--------------------------|
| Employee Net Promoter Score (EXI) | 33 | 40 | 45 | 49 | NA | 44 | X |

Awards won by ADEO companies for their approach to Employee well-being

| Company | Awards |
|-----------------------|---------------------------------------|
| Leroy Merlin Poland | EBEA Best Career Site / HRM Institute |
| Leroy Merlin Portugal | Great Place to Work (8th place) |
| Leroy Merlin Spain | Top Employer |
| Leroy Merlin Brazil | Top Employer Great Place to Work |
| Obramax Brazil | Great Place to Work |
| Bricocenter Italy | PotentialPark Top 30 |
| ADEO | Forbes world best employer |

| Female directors and site managers | 2019 | 2020 | 2021 | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 |
|--|------|------|------|------|-----------------------------|----------------------------------|--------------------------|
| Percentage of female directors and site managers | NA* | 25% | 26% | 28% | 27.4% | 24.8% | -0.55 pts |

* Data not available

| Employment rate of disabled employees | 2022 | 2023 (with LM Russia) | 2023 (excluding LM Russia) |
|---|------|-----------------------|----------------------------|
| Percentage of employment rate of disabled employees | - | 2.9% | 3.8% |

| Percentage of employees trained in the ADEO Ethical Code of Conduct | 2020 | 2021 | 2022 | 2023 (with LM Russia)** | 2023 (excluding LM Russia)** | Progression 2022-2023 |
|--|------|------|-------|-------------------------|------------------------------|-----------------------|
| Percentage of employees trained in the ADEO Ethical Code of Conduct* | 87% | 87% | 88.5% | 70.8% | 76.4% | -17.7 pts |

* The percentage above includes employees who completed the e-learning training module, with an active employment contract with an ADEO company over the course of the year and paid during the year regardless of the amount of time worked.

** The percentage above includes employees who completed the e-learning training module in 2023, with an active employment contract with an ADEO company over the course of the year and paid during the year regardless of the amount of time worked.

| Number of reports received on the alert platform | 2022 (with LM Russia) | 2022 (excluding LM Russia) | 2023 (with LM Russia) | 2023 (excluding LM Russia) | Progression 2022-2023 (excluding Russia) |
|--|-----------------------|----------------------------|-----------------------|----------------------------|--|
| Number of reports received on the alert platform | 629 | 463 | 990 | 787 | +70% |

| Breakdown of suppliers who have signed the responsible purchasing code | 2021 | 2022 | 2023 (with LM Russia)**** | 2023 (excluding LM Russia) | Progression 2022-2023 (excluding Russia) |
|---|--------|--------|---------------------------|----------------------------|--|
| Percentage of commercial suppliers under active contract with the Company's central procurement office who have signed the Responsible Purchasing Code of Conduct | 92% | 93% | NA | 91% | NA |
| Percentage of non-commercial suppliers under active contract with the Company's central procurement office who have signed the Responsible Purchasing Code of Conduct | NA* | 35% | NA | 69.7% | NA |
| Percentage of active sellers on a Company marketplace having signed the Responsible Purchasing Code of Conduct | N/A*** | N/A*** | NA | 99.6% | N/A*** |
| Overall percentage of suppliers which have signed the responsible purchasing code | NA** | 77% | NA | 88.2% | NA |

* 2021 data restated: 0% The percentage retained in 2021 has voluntarily been set at 0% due to the lack of a reliable indicator

** 2021 data restated: 70%

*** Indicator added in 2023

**** Indicator data for Leroy Merlin Russia stop at 30 September 2023

7.2 METHODOLOGICAL NOTE ON ESG REPORTING

The ESG reporting approach of the ADEO Group (hereinafter referred to as the “ADEO Group” or “ADEO”) is based on articles L.225-102-1, R.225-104 and R.225-105 of the French Code of Commerce and on the transparency principles of the Global Reporting Initiative (GRI).

a) Presentation of the methodology

In accordance with the provisions of article L.225-102-1 of the French Commercial Code, the purpose of this statement is to present the way in which the Company and the subsidiaries within the scope of the statement reiterated here (hereinafter referred to under the term “ADEO Group” or “ADEO”) take into account the social, environmental and societal consequences of their activities.

The mapping of extra-financial risks was established by the Risks, Compliance and Insurance Division. The methodology for assessment of extra-financial risks is based on three main structuring phases during which ADEO’s internal stakeholders were involved and consulted:

1. Definition of a library of extra-financial risks and scenarios, based on the 17 UN Sustainable Development Goals in relation to ADEO’s activity and the Group’s challenges resulting from the analysis of materiality (see § 2.)
2. Each extra-financial risk is then subject to scoring at the level of the internal departments of ADEO Services and the main subsidiaries of the Group (8 subsidiaries integrated in the year under review) by cross-referencing the immediate impacts with the impacts related to sustainability to obtain the gross risk and by taking into account the level of control of the risks to obtain the net risk.
3. Risks are then ranked by taking the higher average of the scores obtained from each subsidiary interviewed.

In 2023, there were no new items calling into question the list of main extra-financial risks considered material.

Based on the results obtained, the 45 risks were grouped into 9 macro-risks deemed to be substantial (before taking into account the control initiatives) in line with the We Make It Positive strategy represented by the Positive Impact house.

- Employee well-being and commitment;
- Diversity;
- Carbon footprint;
- Ethics;
- Health and safety;
- Manufacturing and raw materials;
- Waste;
- Buildings, transport, digital;
- Leadership for a sustainable future for all through learning.

In addition, ADEO has chosen to create a specific macro-risk concerning LEADERSHIP and ACCESSIBILITY TO POSITIVE SOLUTIONS and to focus on two macro-risks related to the development of the company’s business model: MARKETPLACE and SERVICES.

Furthermore, the risks and challenges identified have also been cross-referenced with the list of information required to be presented in the statement and mentioned at subparagraph 2 of paragraph III under article L.225-101-2 of the French Code of Commerce. In accordance with these provisions, the exclusion of this information from the present statement shall be duly proven where appropriate.

This statement of extra-financial performance does not, therefore, constitute an exhaustive presentation of the ESG approach (companies’ corporate social and societal responsibility) of GROUPE ADEO and its subsidiaries, but presents the primary and/or significant risks with which they are confronted.

b) Reporting protocol

In 2013, the Group initiated a process for the drafting of a reporting protocol for social, environmental and societal information in order to standardise and enhance the reliability of reported information at Group

level and published in the management report.

The ADEO reporting protocol is composed of the Reporting guide for the establishment of ESG performance data from the management report as well as from the associated key performance indicator sheets available in French and in English. This protocol is updated every year and sent to all the contributors.

c) Reporting period

The data collected covers the period from 1 January to 31 December of a given year, without distinction between the different data (exclusive of Leroy Merlin Russia, see below). Data is reported on a quarterly basis, with the annual report at 31.12.N being used to supply the EFPS. Leroy Merlin Russia's quantitative data is consolidated within the EFPS using a rolling 12-month method for the period from 1 October to 30 September 2023.

- The "2023 (with Leroy Merlin Russia)" column for each indicator presented corresponds to consolidated data excluding Leroy Merlin Russia at 31 December 2023, to which Leroy Merlin Russia data calculated over a rolling 12-month period has been added.
- The changes presented for each indicator between 2022 and 2023 include Leroy Merlin Russia.

d) Scope

The scope of ESG reporting is intended to be representative of ADEO activities. It is defined according to the following rules:

- Only companies consolidated in the financial statements according to the full consolidation method are included in the scope of ESG reporting.
- The reporting scope retained for the year in question takes into account all the subsidiaries that represent more than 2% of Group turnover before tax on 31 December of the previous year, as well as Bricocenter, Weldom Centrale and Weldom Intégrés.

- Entities integrated or exceeding thresholds over the course of the year N will be included in reporting for the year N+2 in view of adopting a gradual approach.
- Entities sold or falling below the thresholds over the course of year N are excluded from the reporting scope for year N.

The scope of reporting for year N is updated on 31 December of year N-1 through the Positive Impacts challenge.

The data presented is consolidated data.

For the financial year 2023, the retail brands included are as follows: **LEROY MERLIN BRAZIL, LEROY MERLIN SPAIN, LEROY MERLIN FRANCE, LEROY MERLIN ITALY, LEROY MERLIN POLAND, LEROY MERLIN RUSSIA, BRICOCENTER ITALY, BRICOMAN FRANCE, TECNOMAT (ex-BRICOMAN ITALY), OBRAMAT, LEROY MERLIN PORTUGAL, LEROY MERLIN ROMANIA, WELDOM Centrale, WELDOM Intégrés, and ADEO Services**. The scope of reporting for the EFPS 2023 thus covers more than 95% of ADEO Group turnover before tax. The rules for entry into and exit from the scope as well as specificities concerning some indicators are detailed in the paragraph "Scope".

Methodological clarifications concerning the environmental and social indicators:

Social and environmental data is reported for store scope (excluding franchises) and internal services (including warehouses).

Scope of calculation for rate of employee turnover:

Turnover rate (permanent employees ≥ half-time) Rate of turnover (employees under permanent contract ≥ half-time): the annual rate of turnover corresponds to the ratio between the number of employees having left over the year and the average of average monthly workforces on the first and last day of each month.

Calculation method for the carbon footprint emissions scopes 1 and 2:

Carbon balance, scopes 1 and 2: ESG reporting scope of the EFPS.

Activity data is collected for stores, internal departments and warehouses operated for our business.

In 2023, scopes 1 and 2 emissions include combustion emissions for energy consumption (electricity, natural gas, fuel oil, heating networks, diesel, LPG, etc.) and direct fugitive emissions. The emission factors used are taken from the ADEME database and from IEA, IPCC AR6 and Cerema.

From 2022 onwards, in order to align with the international standards prescribed by the GHG Protocol, only the emissions associated with the combustion component are taken into account in scopes 1 and 2. Upstream emissions previously recognised in scopes 1 and 2 are now recognised in scope 3. Therefore, from 2022 onwards, scope 2 emissions are also calculated according to the market-based method in order to evaluate the efforts made by our companies to consume renewable energy.

Scope and calculation methodology of "scope 3" greenhouse gas emissions produced:

Scope 3 is calculated for all BUs, excluding franchisees (stores, warehouses and internal services) within the scope of the EFPS.

Scope 3 greenhouse gas emissions are calculated on the basis of the following main categories of emissions: input purchases; travel; fixed assets; the upstream part of energy consumption (depreciation of infrastructure and network losses); waste treatment and subcontracted freight transport. The calculation for each of these categories involves multiplying the activity data by the corresponding carbon emission factor.

Scope and calculation methodology of "scope 3" greenhouse gas emissions produced:

The indicator's GHG emissions include those generated over the product's entire life cycle, i.e. raw materials, manufacture, use and end of life. Transmission and distribution are calculated separately.

The scope for calculating this indicator includes the following entities: LEROY

MERLIN Poland, LEROY MERLIN Spain, LEROY MERLIN Italy, LEROY MERLIN France, LEROY MERLIN Brazil, LEROY MERLIN Portugal, LEROY MERLIN Romania, TECNOMAT, OBRAMAT, **BRICOMAN France, BRICOCENTER Italy and WELDOM.**

Scope and calculation methodology of "scope 3" freight transport greenhouse gas emissions:

The indicator's GHG emissions include indirect emissions from the "upstream" transport of goods and indirect emissions from the "downstream" transport of goods as defined by the BEGES. Emissions include all freight transport, regardless of whether the cost of this transport is borne by ADEO or a third party. Deliveries to customers were excluded as they were not considered material.

The indicator does not include home-to-work travel, travel by visitors and customers, and business travel, which are recognised in the overall carbon balance, overall scope 3.

Each year, the model will be updated to improve the completeness and quality of the data.

The scope for calculating this indicator includes the following entities: ADEO Services, LEROY MERLIN Poland, LEROY MERLIN Spain, LEROY MERLIN Italy, LEROY MERLIN France, LEROY MERLIN Brazil, LEROY MERLIN Portugal, LEROY MERLIN Romania, Tecnomat, BRICOCENTER Italy, Obramat, BRICOMAN France and Weldom.

Scope for the "Percentage of all wood and/or wood-based product references from responsible sources":

The scope includes all new and existing products listed on the following BUs on which the "Wood" process has been implemented in the Quality Management System: ADEO Productions (ADEO Services), Leroy Merlin France, Italy, Portugal, Spain, Russia, Romania, Poland, and Brazil.

Methodological clarifications concerning the indicator “Percentage sales with a Home Index score of A, B, or C”:

This global key performance indicator is used to measure and monitor progress in rolling out the Home Index.

This indicator corresponds to the ratio between the sale of products with an A, B or C score on 31 December of the financial year in question and ADEO Group total sales. The sales included in the indicator, both for the numerator and the denominator, are goods sales excluding Marketplace sales and Services but including sales from franchises at Leroy Merlin France. The sales calculation scope includes the sales of Leroy Merlin France, Leroy Merlin Spain, Leroy Merlin Portugal, Leroy Merlin Italy, Leroy Merlin Poland, Leroy Merlin Brazil, Leroy Merlin Romania, Bricoman France, Tecnomat, Obramat, and Bricocenter Italy.

At the end of 2021, given the incomplete nature of the data and of maturity on the indicator, the percentage retained was 0%. For companies that do not yet have access to the Home Index, sales of products with an A, B or C score are considered to be €0.

This indicator should not be confused with the indicators of turnover under Article 8 of the Taxonomy Regulation ((EU) 2020/852), and the Delegated Act, both of which are not applicable to the ADEO Group.

The provisions of this regulation, which establishes an EU-wide classification system to identify economic activities considered environmentally sustainable, are currently being assessed by the Group.

Methodological clarifications on the indicator “Percentage of non-commercial suppliers under active contract with the Company’s central procurement office which have signed the Responsible Purchasing Code of Conduct”:

The scope of suppliers covers non-commercial suppliers with an annual purchase volume of more than €150K, without distinguishing between those managed by the Indirect Purchasing divisions and those directly managed by the business line: the number of eligible suppliers is defined independently of the department that initiates the expenditure or the

department responsible for managing the relationship.

e) Choice of key performance indicators

The choice of key performance indicators is made with regard to the social and environmental impacts of the activity of the Group’s companies and the risks associated with the challenges of the business-lines exercised.

In view of the Group’s activities, the following information was deemed immaterial and will not be published for the financial year 2023:

- Information relative to the fight against food waste;
- Information relative to food insecurity, the respect of animal well-being and responsible, fair and sustainable food.

f) Consolidation and internal audit

The data is collected from each Company included in the scope for ESG reporting using the Oracle PBCS reporting tool “GINKGO”.

The qualitative information, for its part, is collected using an Excel questionnaire completed by each Company included in the scope of ESG reporting. Data is audited and approved by the group entities themselves and by the ADEO Positive Impacts and Human challenges.

Environmental and societal data

Environmental data is collected by the ESG referents at Company level in liaison with the financial directors of each Company, who ensure that the reporting process allows reliable data to be collected on time. Data is then sent to the Positive Impacts challenge teams for control and consolidation of data at Group level.

Social data

Social data is gathered by the Human Resources departments at BU level and escalated to the Group’s HR division, which checks and then consolidates the data.

Finally, data is sent to the Positive Impact challenge teams.

Should any inconsistency be observed, the sites concerned will provide all explanations relative to the proper understanding of the indicators given.

g) External audits

Pursuant to the regulatory obligations required under Article 4 of Decree number 2017-1265, the ADEO GROUP requests a reasoned opinion from an independent third-party body on the compliance and sincerity of the information provided in the statement of extra-financial performance.

The nature of work carried out and the associated conclusions are presented in a report attached thereto.

h) Methodological limits

As part of a continuous improvement process, the Companies participating in this reporting have increased, wherever possible, the proportion of actual data for each indicator between 2022 and 2023.

For waste, a method of estimation was used in cases where weigh-in slips could not be comprehensively recovered for all stores:

All the stores were split into 3 categories of homogeneous revenues including taxes.

At least 20% of the number of stores in each bracket that are able to produce the full number of weigh-in slips were identified.

In each bracket we deducted a ratio of tonnes of waste generated / turnover incl. tax.

We then applied it to other stores in the same bracket of turnover incl. tax

We then added these tonnages to obtain the total tonnage of the Company.

For energy and water consumption, in the event of lack of data for all the stores open on 31 December, the estimation method is identical to that of waste, except that the stores are split into three categories of inside sales surface area:

- small stores: inside sales surface area = < 3,000 m²;
- stores of medium surface area: 3000< inside sales surface area =< 7 000 m²;
- large stores: Inside sales surface area: > 7,000 m².

For the calculation of the **rate of absenteeism**, the number of hours worked taken into account corresponds to the number of contractual hours worked, that is the number of actual hours worked and the number of hours absent for illness.

i) Subsequent changes to 2022 data

| Information | Scope concerned | Description |
|---|-----------------|----------------------|
| Initial information: 5361 Retired recruits: 7819 | LM Spain | Methodological error |

