

VIGILANCE

PLAN

—
2023



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II. VIGILANCE PLAN

1. Introduction

1.1 BACKGROUND TO THE LAW

Pursuant to Act No. 2017-399 of March 27th, 2017 on the duty of care of parent companies and ordering companies, Groupe ADEO is required to publish a vigilance plan (hereinafter **“the Plan”**). This contains the reasonable vigilance measures put in place to prevent and mitigate the risks of serious violations of human rights and fundamental freedoms, as well as of the environment and human health and safety. The plan comprises five pillars, which are as follows:

- A specific risk map to identify, analyse and prioritise risks;
- Procedures for regularly assessing the situation of subsidiaries, subcontractors and suppliers with whom we have an established commercial relationship, with regard to risk mapping;
- Appropriate action to mitigate risks or prevent serious harm;
- A mechanism for alerting and collecting reports on the existence or occurrence of risks, established in consultation with the trade unions representing the company;
- A system for monitoring the measures implemented and evaluating their effectiveness.

ADEO listed the risks identified and actions taken in respect of its duty of care for the 2023 financial year and is making them public through this document.

The report on effective implementation for 2023 is included in the Vigilance Plan, in particular via the presentation of developments in initiatives carried out in 2023 and the results of the monitoring indicators.

1.2 SCOPE OF THE PLAN

ADEO is a platform of companies offering a range of goods and services for home improvement which includes 6 specialised chains: Leroy Merlin, Weldom, M – The Professional Brand, Kbane, Bricocenter and Saint-Maclou. The Group is the European leader and world no. 3 in the DIY market, with a presence in 20 countries.

Through its network of 920 integrated sales outlets and 266 franchisees, ADEO makes useful and positive home improvement solutions available in stores and online. The plan covers a network of 811 integrated sales outlets.

The plan covers the activities of Groupe ADEO and those of its controlled subsidiaries (hereinafter **“ADEO”** or **“Group”**), within the meaning of Section II of Article L. 233-16 of the French Commercial Code. The plan also covers the activities of suppliers and subcontractors with whom the Group has an “established commercial relationship”, within the meaning of French law, where these activities are linked to this relationship (hereafter referred to as “Suppliers”).

As the “Tapis Saint Maclou” subsidiary became part of the exclusive control group in 2023, the Group's vigilance measures and measurement systems could not reasonably be deployed in this subsidiary. These measures and systems will be rolled out progressively according to a multi-year integration plan.

Following the sale of the Zôdio subsidiary on October 1st, 2023 and the resulting loss of exclusive control, the subsidiary will no longer be included in the ADEO Group's Vigilance Plan in 2023. In addition, unless otherwise stated as being excluded, Leroy Merlin Russia data were recorded at September 30, 2023, in view of the transfer of operational control of this BU (see §2.2).

The list below includes all controlled Group companies covered by the plan:

Name of the Business Unit	Number of employees at 31/12/2023
Leroy Merlin Brazil	9,943
Leroy Merlin Spain	16,759
Leroy Merlin France	29,748
Leroy Merlin Italy	8,126
Leroy Merlin Poland	12,546
Leroy Merlin Russia	45,117
Bricocenter Italy	1,543
Bricoman France	2,289
Tecnomat	4,696
Obramat	5,423
Leroy Merlin Portugal	5,863
Leroy Merlin Romania	3,204
Weldom Services	588
WELDOM Intégrés	688
ADEO Services	2,230
Total ADEO	148,763

ADEO offers a wide range of products and therefore works with a large number of Suppliers with varied profiles, as shown below:

- Suppliers of own brand products (*Marque Des Habitants* [homeowners' brand] or MDH), i.e. products manufactured and sold under the name and/or brand defined by ADEO. These suppliers work with ADEO on the basis of specifications defined by the Group's supply teams. They are given priority for supplier mitigation and assessment and are subject to strict requirements relating to product quality and safety and compliance with sustainable policies;
- Suppliers of national brand products, as opposed to suppliers of "private" brand products;

- Non-commercial purchasing suppliers who provide services necessary for the smooth running of the Group's activities (transport, cleaning services, waste management, etc.).

ADEO also works in commercial partnership with sellers hosted on its digital marketplaces in France, Italy, the Iberian Peninsula, and Brazil.

Activity in Russia

From day one, ADEO has condemned Russia's military aggression against Ukraine, which has had tragic consequences for the population. This clear position was published on the corporate website and communicated to the French and Ukrainian authorities. In the interests of transparency, this position and the way in which we are managing the situation has been shared with the various organisations and stakeholders who approach us, such as the Global Compact, Yale and Stanford. Leroy Merlin Russia has 45,000 employees who have been working for over 18 years to build a company that shares the values of all ADEO companies, that respects the 10 principles of the Global Compact in terms of human rights, international labour standards, environmental protection and the fight against corruption. On 24 March 2023, ADEO announced its intention to transfer operational control of Leroy Merlin Russia to local management. This decision was taken responsibly, and was necessary to preserve jobs and the business in a rational manner.

By the end of December 2023, all the approvals required to make this operational transfer to local management effective had been granted by the relevant authorities. The company, which was already financially autonomous, now has full responsibility for its operations under local management.

1.3 FRAME OF REFERENCE

ADEO's principles of action are in line with the following international reference texts, which we also require all suppliers and Marketplace vendors to respect through our Code of Conduct on Responsible Purchasing:

- ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work;
- International human rights principles set out in the Universal Declaration of Human Rights;
- United Nations Guiding Principles on Business and Human Rights: Signatory of the United Nations Global Compact since 2019, ADEO reasserted its full support of the Global Compact's Ten Principles in 2021, with respect to human rights, international labour standards, environmental protection and the fight against corruption;
- The OECD Guidelines for Multinational Enterprises, which set out recommendations on respect for human rights.

In addition, the Group's CSR strategy "*We Make It Positive*" is aligned with the United Nations Sustainable Development Goals (SDGs), to which the Group contributes through its offer of sustainable and innovative solutions for home improvement.

2. Mapping risks of serious harm

2.1 GLOBAL METHOD FOR ANALYSING AND PRIORITISING RISKS

Risk mapping, including value chain risks, was drawn up by the Risk, Compliance and Insurance Department and validated by the Risk Committee, the Audit Committee body dedicated to risk analysis. The risks identified in the vigilance plan are specific risks of serious violations of human rights and fundamental freedoms, personal health and safety, and the environment. As a result, not all the risks identified in the mapping are included in this plan. The methodology for identification and analysis of risks is based on three main structuring phases during which ADEO's internal stakeholders were involved and consulted through interviews:

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;
2. Scoring of each risk scenario at the level of the internal departments of ADEO Services and the Group's main subsidiaries at the end of the N-1 financial year (8 subsidiaries included in the financial year) by cross-referencing the immediate impacts with the impacts linked to sustainability to obtain the gross risk and by taking into account the level of risk control for the net risk. The 8 main subsidiaries included in the financial year are those with sales in excess of one billion euros and which provide a satisfactory level of coverage for a representative Group map;
3. Prioritisation of risks by taking the upper average of the quotes obtained from each subsidiary questioned.

Based on the results obtained, the 45 risk scenarios identified were grouped into 17 macro-risks deemed substantial (before taking into account control actions) in line with the "We Make It Positive" strategy (see § 4).

No changes have been made to the risk scenarios or to the rating of these scenarios for 2023. However, the level of aggregation and therefore the granularity of the risks associated with the Duty of Care have been reviewed annually by the Risk, Compliance and Insurance Department, and amended and approved by the Risk Committee. These changes have made it possible to achieve a finer level of granularity, with 17 risks compared with 11 last year.

The Risk, Compliance and Insurance Department has also decided to significantly update the mapping of risks related to the Duty of Vigilance in 2024, on the basis of an updated list of risk scenarios and a rating process initiated by the BUs at the end of 2023.

2.2 SUMMARY OF RISKS RELATING TO THE DUTY OF CARE

The following risks (Critical ●, Major ●, Important ● or Minor ●) have been identified as part of this vigilance process. For each significant risk, the measures are detailed in the sections (§) indicated.

Theme	Risks identified	Gross risk level	§
Risks in terms of health and safety of individuals	Damage to employee health and safety	○	3.1.a)
	Damage to health and safety of a customer in a store	○	3.1.b)
	Damage to health and safety of a customer as a result of the use of a product or service	○	3.1.c)
Environmental risks	Carbon footprint: Failure to observe the Paris agreements and public commitments to reduce CO2 emissions	○	3.2.a)
	Lack of energy optimisation in buildings and services	○	3.2.b)
	Insufficient product durability	○	3.2.c)
	Lack of research and innovation in waste management and circular economy	○	3.2.d)
	Environmental impacts due to poor waste management	○	3.2.e)
Human Rights risks	Discrimination against employees on the grounds of gender, disability, sexual orientation, etc.	○	3.3.a)
	Difficulty in retaining/attracting/selecting talent or experts due to a lack of diversity and equity	○	3.3.a)
	Lack of access to digital tools for people with disabilities	○	3.3.b)
	Non-compliance with the Group's Code of Ethics and commitments	○	3.3.c)
	Creation of insecure jobs (part-time work and fixed-term contracts) which, in particular, do not enable the employees concerned to achieve a decent standard of living	○	3.3.d)
Suppliers	Non-compliance with national laws and international conventions on human rights and fundamental freedoms in the value chain	○	4.2
	Environmental impact due to inappropriate management of resources	○	4.3
	Damage to health and safety at a subcontractor or supplier	○	4.3

3. Risk mitigation and prevention measures

3.1 MITIGATING AND PREVENTING RISKS TO PEOPLE'S HEALTH AND SAFETY

a) Measures to mitigate and prevent risks to employee health and safety

The health and safety of our employees and customers is one of ADEO's core concerns. This is why procedures have been strengthened through the implementation of the "Safety First" strategy.

This strategy, developed in conjunction with safety experts from ADEO's various Business Units, mobilises all employees and stakeholders around 4 areas of action:

- **"Safety management"** to guarantee "100% safety first management":
ADEO makes the training of its managers an essential issue to involve them in the long term.
With very few exceptions, the variable remuneration of site managers and directors includes a component linked to reducing the number of accidents.
- **"Safety attitude"** to guarantee the commitment of each of our 150,000 leaders to their own safety and that of others:
To do this, ADEO companies provide training in the ADEO Safety Reference System, running rituals such as the 15-minute safety check, increasing safety visits, or even displaying at all sites the number of days without work stoppage.
- **"Safety organisation"** to ensure that companies have the workforce and local organisation they need to manage safety and achieve the objectives set by the Group.
What's more, every ADEO company now has a safety leader.

- The **"safe flow of goods"** to reduce the risk of accidents between the time a product leaves the manufacturer's premises and the time it is delivered to customers. To reduce the risk of accidents during the flow of goods, we are making more stringent demands on our suppliers, during calls for tender. For example, stricter rules have been introduced concerning the size and packaging of products, palletisation and traffic and cohabitation between people and machines in stores.

This strategy is based on a common health and safety framework applicable to all ADEO companies, namely the **Personal Safety Reference System** (hereinafter referred to as the "Reference System"). This Reference System covers both customers and employees, as well as anyone working on Group sites, whether in stores, warehouses, offices or on customer premises. This Reference System forms the basic foundation of the security system and set out the minimum procedures and requirements for protecting employees and customers:

- An analysis of the cross-functional risks to which ADEO employees are likely to be exposed on a daily basis in the course of their work, supplemented by an assessment at local level within the Group's subsidiaries;
- The provision of appropriate personal protective equipment (PPE) for tasks requiring it;
- Processes for reporting and analysing occupational accidents and illnesses;
- Monitoring of skills, training, accreditations and authorisations;
- Information and awareness campaigns;
- Integrating safety issues into every new project (creation of a new product or service, new business processes, etc.);
- Securing and signposting work environments and the customer journey.

In 2023, the Reference System was significantly enriched with a chapter on the rules for man-machine cohabitation and were shared with all general managers, safety leaders and Human Resources managers.

It is then up to each ADEO company to incorporate the entire Reference system into its local action plan and to adapt it in the light of the identification of hazards and the risk assessment which must be carried out at least once a year, taking into account, in particular, the company's accident analysis and feedback from the "Safety First" community.

The Safety Reference System is implemented and managed by the ADEO Safety Leader at global level. At the same time, each of the Group's businesses has appointed a Safety Leader, who is responsible for deploying this strategy within their organisation, adapting it to their size and level of risk. Each quarter, he must report to his Management Committee on the progress of the company's action plan, and each year he must send the ADEO Safety Leader a summary of the major actions taken in this area. Without waiting for these annual reports, the ADEO Safety Leader shares information and best practices between companies and with its ecosystems (suppliers and partners) as part of a continuous improvement process.

The implementation of the "Safety First" strategy has contributed to a significant reduction in the accident frequency and severity rates at ADEO.

Moreover, our employees who have to travel to our customers' premises to carry out certain services must have undergone specific safety training beforehand to prevent the various risks they could face (risks associated with construction sites, risk of falling or electrocution, etc.).

In 2023, we established methodological guidelines making it possible to fine-tune the measurement of our accident rate, in order to better target areas for action within the Group. So, in addition to the frequency, from 2024 we will be measuring and running the TF2 frequency (number of accidents without lost time per million hours worked), and TF3

(number of minor accidents per million hours worked). Safety reporting and its management will be supplemented by these new indicators.

Health strategy

ADEO looks after the health and well-being of its employees at all its sites, and ensures that everyone is offered a safe, healthy and serene working environment, conducive to long-term commitment and respectful of a healthy life balance. In 2023, ADEO is taking a proactive approach to positioning Health and Well-being issues at a global level, and has formalised an "Occupational Health" policy 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 Psycho-Social Risks (PSRs)** by raising awareness among managers, to teach them to spot the warning signs of deteriorating work situations, known as toxic for mental health, so that they can intervene as quickly as possible. Operational recommendations aimed at preserving work/life balance are also put forward.
- 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, organisation of events during the prevention week, etc.). All BUs 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 its employees at certain moments in their lives, and to this end has established measures to support parenthood, employees who are carers and employees who are experiencing financial difficulties as a result of their state of health. Finally, the BUs provide access to specialist external support for employees who need it (psychological support, social assistance, etc.).

ISO 45001 certification

ISO 45001 standard is a reference certification assessing the quality of the health and safety management system, valid for 3 years. As of the end of 2023, 5 BUs have obtained this certification: LM Spain, LM Italy, LM Russia, Bricocenter and LM Brazil. The rate of deployment is lower than initially planned, due to the scale of the documentation and upgrading work required to obtain certification. The Group has set a target of rolling out this approach to 100% of BUs by 2025 instead of 2024.

Internal Audit Programme of the Safety Reference System

Since 2022, ADEO's internal audit department has been rolling out a Safety audit programme expressing an opinion on the efficiency of the Safety First strategy and compliance with the ADEO reference system. The aim of this programme is to cover all the BUs within the scope of the Plan, excluding LM Russia, over a 3-year period. Given the volume of these audits, it is anticipated that the audit programme will be extended to 2025.

The audit reference system used is based on the ADEO internal audit charter. The audit programme is made up of control points based on interviews with BU departments, as well as on-site controls in stores and warehouses.

The programme mainly includes control points relating to the risk of employee safety breaches.

The audit conclusions lead to a result of compliance according to 4 levels: good / very good / insufficient / very insufficient. The audit is the subject of a report including corrective action plans with 3 levels of priority (P1, P2, P3) depending on the criticality of the subject. Audit results are shared with the CEO and members of the HR Management Committee. At ADEO Group level, the results are shared with the ADEO Group Safety team. A summary presentation is also shared with the ADEO Group Safety Committee. The BU must demonstrate the action plans put in place in response to the various recommendations. Whenever an audit results in an inadequate or very inadequate assessment, a follow-up audit is planned approximately one year later to check that the action plans have been implemented.

Mitigation and remediation measures are assessed using the following indicators:

Monitoring indicator	2022	2023	Var.
Frequency rate of accidents at work	11.3	10.3	-9.2%
Severity Rate of accidents at work	0.54	0.49	-9.3%
Rate of absenteeism for sickness	5.6%	5.4%	-0,2pts
BUs within the scope of the Plan which are ISO 45001 certified	2 out of 16	5 out of 15	+3 BUs
BUs within the scope (1st Internal Safety Audit)	4	3	
BUs in the scope of the safety monitoring audit	0	2	

b) Measures to mitigate and prevent health and safety risks to customers in store

When it comes to the safety of customers in the Group's stores, in addition to education through signage, a range of measures have been implemented to protect it:

- A requirement for customers to wear personal protective equipment in areas where tooling is to be tested;
- Drawing up detailed plans in each store to take into account the risks associated with each product, such as its weight, volume, chemical characteristics, size, etc;
- A store layout adapted to each type of product as well as the fire protection of the building with regular checks. Special attention must be paid to the accessibility of intervention means (extinguishers, fire hose cabinets) and emergency exits;
- Easier, safer aisle traffic for customers, but also for handling equipment and relocation work.

Mitigation and remediation measures are assessed using the indicator "Number of bodily injuries to customers in store per million checkouts". This indicator measures in-store accidents involving injuries to customers, reported using a process specific to the Business Unit, expressed in millions of checkouts.

Monitoring indicator	2022	2023	Var.
Number of bodily injuries to customers in-store per million checkouts	1.70	2.07	+22%

The BU systematically notifies ADEO's insurer of any customer accidents giving rise to a claim for which compensation is likely to exceed €15,000.

It has been decided to roll out an incident reporting tool with a description of the causes to the BUs in 2024, as part of the business line's management of this indicator. This declaration will enable the consolidated monitoring and management of the indicator "Number of bodily injuries to customers in store per million checkouts" by the Safety file.

c) Measures to mitigate and prevent risks to customer health and safety when using a product or service

We include a set of safety rules relating to size, weight, composition and packaging in all calls for tender (from the various service providers) relating to products sold or services offered to customers, so that the products do not represent a danger to those who handle and use them.

100% of the ADEO Group's own-brand industrial subcontractors, national-brand suppliers and marketplace vendors are contractually committed to complying with all legal provisions in order to guarantee a high level of safety for all end users.

As part of a preventive approach, our ADEO Group quality policy makes it possible to check the conscientiousness of suppliers and industrial subcontractors, by requiring proof before referencing.

Suppliers must be able to deliver the burden of proof of this compliance. For own brands, the burden of proof is produced by independent laboratories at the request of ADEO Group companies.

Over and above current legislation and as part of our voluntary policies, we are progressively eliminating hazardous substances (which are not banned) to which our customers and employees may be exposed. The Group prioritises our risk analysis approach by considering the duration and frequency of exposure during both the installation and use phases, and the vulnerability of exposed populations.

Thanks to the risk prevention systems implemented, the number of anomalies leading to a consumer recall on 1P products for health or safety reasons has been divided by 10 in 4 years for both national brand and own brand products.

Product quality, compliance and safety

To ensure product quality, compliance and safety, ADEO has drawn up a Quality Manual based on a set of procedures designed to ensure compliance with quality requirements and our sustainable policies throughout the Group's supply chain.

At the heart of our quality processes, the Quality Management System (hereinafter "QMS") is a digital solution which guarantees the implementation of quality requirements and compliance with ESG policies by Suppliers by structuring and facilitating the exchange of documents and evidence with them prior to the listing and marketing of products.

This system is currently deployed in 7 BUs: LM France, LM Spain, LM Portugal, LM Italy, LM Poland, LM Brazil, LM Romania. A roll-out plan for the chains dedicated to home professionals, "BU du Pro" is planned for 2024, starting with Bricoman France.

For each product listed, QMS automatically assigns a risk level (minor, major or critical) based on the criteria of regulatory risk, risk to property, risk to people, risk to people in abnormal use and sustainable development risk. QMS also lists the various documents required to validate the listing in accordance with the applicable regulations and standards. The level of evidence of compliance collected varies according to the regulatory status endorsed by ADEO and its companies (distributor, importer, manufacturer) and the level of risk associated with the product. These documents are sent to all the stakeholders involved in the quality process, in particular the laboratories that validate and perform the tests deemed necessary.

Products are only released for sale once the quality and safety aspects have been validated.

Matrix of quality requirement principles based on product risk and regulatory status

Example of waste treatment	Regulatory status		
	Manufacturer	Importer	Distributor
Risk product-related			
Criticism	Red	Red	Green
Major	Red	Yellow	Green
Minor	Red	Yellow	Green

Red	Certify the product (collect documents and carry out tests), carry out self-monitoring, qualify factories and monitor production, etc.	Comply with ADEO's responsible development policies (wood, social conditions, hazardous substances)
Yellow	Collecting compliance documents, carrying out self-checks, qualifying plants and monitoring production.	
Green	Collecting compliance documents (intended for the the end consumer)	

Product compliance and life cycle

Product conformity is a prerequisite for listing and marketing. To this end, ADEO requires Suppliers to be familiar with the regulatory requirements applicable to the product in the country where it is marketed, and to have proof of compliance available. As part of the Group's quality approach, product conformity is defined at 3 levels:

- Safety and regulatory compliance;
- Compliance with the Group specifications (specifications and technical specifications). These specifications, which include both regulatory requirements and additional voluntary requirements such as the certified origin of the wood, help to reduce the risk of environmental damage.

- Compliance with the Group's responsible development policy (wood, hazardous substances and packaging policies);

These requirements apply to the entire listing of our products. In the event of a breach of safety and compliance obligations, the Group applies a non-compliance procedure.

Quality audits

A quality audit is carried out for each factory that produces our MDHs. It corresponds to an independent assessment carried out on the plant site with the aim of ensuring that its quality management system complies with a standard specific to ADEO, based on the international standard ISO 9001.

The audit result and report are recorded in our QMS quality management tool. Depending on the outcome of the audit, corrective action plans may be required to achieve, as a minimum, the level of control required to start up or continue a commercial activity.

We use the following tools to measure the effectiveness of our product compliance processes:

Monitoring indicators	2022	2023	Variation
% of products marketed (MDH Import) certified as compliant with health and safety standards	100%	100%	=
% of national brand products comply with health and safety requirements	100%	100%	=
% of listed factories for MDH finished products qualified in quality	93%	93%	=
Number of consumer recalls for health and safety reasons (IP products)	131	12	(119)

Hazardous Substances Policy

Aware of the impact that products and manufacturing processes can have on the health of consumers and employees, ADEO has committed, through its policy on hazardous substances, to going beyond existing regulations, particularly with regard to indoor air pollution in line with its main mission of improving the quality of housing. ADEO's ambition in this area is twofold:

- On the one hand, to develop and market products that are as harmless as possible to health and the environment, either by acting on the composition of products, by limiting controversial substances, or by disseminating the necessary information on the correct use of products and the use of appropriate protective equipment;
- Secondly, to limit the exposure of consumers to the most dangerous substances contained in products, with the aim of improving the indoor air in their homes.

With this in mind, the first step in implementing the hazardous substances policy was to draw up a Restricted Substances List (RSL). This RSL can be used as a basis for the development of our MDH products. ADEO Production is free to prioritise its actions on some of these substances, and to seek alternatives to offer our customers in partnership with our suppliers.

Due to regulatory complexity, since 2023 the policy has focused on establishing an in-depth diagnosis of the compliance of our MDH products with chemical regulations. ADEO is well aware of the weight it represents in the import of products and therefore substances into Europe, and this diagnosis is designed to ensure that we comply with regulations and also to raise the awareness of our industrial partners about our shared obligations.

Marketplace

Since the creation of the "EU" Marketplace, ADEO has set up a permanent filtering system, upstream of the listing of products on the Marketplace by the sellers, in order to guarantee the safety of consumers as well as the quality of the products offered for sale.

Two filters are applied:

- The first is RAPEX (Rapid Exchange of Information System), the EU's rapid alert system for dangerous consumer products and consumer protection. As soon as a product is offered for sale, it is analysed by this database. If the reference appears on this database, it is automatically removed.
- A second is called "QMS BLOCK" (Quality Management System Block). As soon as a product is offered for sale, it is analysed by this system. If the product reference has already been disqualified on the IP, the reference is automatically excluded.

d) Personal safety in Ukraine: specific measures taken by the Group

From the outset of the conflict in Ukraine, ADEO took the necessary measures to ensure the protection of its employees in the country. When business resumed in 2022, a large-scale evacuation plan was drawn up for the BU. In 2023, safety protocols were updated and store evacuation plans were strengthened. When an air alert is triggered, stores are immediately closed, and employees, customers and visitors are redirected to a nearby underground shelter. In addition, each store:

- has recruited a safety manager;
- has set up directional signs to indicate emergency exits and protective shelters;
- is equipped with ballistic protection (bullet-proof waistcoats and helmets);
- is equipped with first-aid kits and its teams are trained in first-aid techniques;
- is equipped with a generator to guarantee an autonomous energy supply.

Finally, BU has set up a psychological unit for our employees (face-to-face and online consultations).

e) Company dialogue

Ongoing dialogue between management, employees and employee representatives is a key factor in improving working conditions and the Group's overall efficiency. The *Comité d'Information et de Dialogue International* (CIDI) is an *ad hoc* body representing company dialogue which was set up in 1996. This is an international body covering all the countries in which the Group operates. CIDI's remit is to deal with economic issues, employment and working conditions. It meets at least once a year and extraordinarily when exceptional circumstances affect at least 2 countries within the scope of the agreement (e.g. Covid pandemic in 2020). As human issues are at the heart of CIDI's concerns, news on the positive impacts policy and the associated monitoring and performance indicators are presented to it annually. The Group companies represented on this committee in 2023 presented their progress in the field of safety, their human resources and business news, as well as an update on the Group's global indicators and sharing policy.

Alongside the CIDI, the national bodies (which in France are the CSE [Social and Economic Committee] and the *Comité de Groupe* [group committee]) also enable employee representatives to play their full part in defending and promoting employees' interests.

3.2 MITIGATING AND PREVENTING ENVIRONMENTAL RISKS

Measures to mitigate and prevent risks to the environment are based on two major levers in relation to our business: on the one hand, controlling and mitigating the environmental impact of the products we offer, and on the other, reducing the carbon footprint of our operations.

A cross-functional strategy to improve the social and environmental impact of our offer: “Positive Products”

The product is at the very core of the Group's mission, of its retail business and its usefulness. The product represents nearly 92% of ADEO's carbon footprint, from the extraction of raw materials to its end of life. That's why making the most sustainable and responsible solutions of the ADEO offer more accessible is the key purpose of the “Positive Products” initiative, launched in 2019. Through the *Positive Products* approach, we are committed to reducing our impact over the entire life cycle of our products, from the extraction of raw materials to their end-of-life. The aim is to improve the environmental and social footprint of our products, and to help steer our customers towards more responsible consumption. As part of this initiative, ADEO has established a responsibility bedrock, i.e. a set of mandatory and essential requirements reflected in the various thematic policies (wood, hazardous substances, packaging, sustainable raw materials and social and environmental qualification of suppliers and factories) which apply to all BUs, and which are gradually being integrated into the product conformity management approach.

a) Measures to mitigate the carbon footprint of our activities

ADEO's carbon footprint is made up of the emissions related to its activities (scopes 1&2: operation of our sites, etc.) and its emissions related to its upstream and downstream activities (scope 3: customer travel, products sold, transport, etc.). The Group has initiated analyses to define the path it needs to follow in order to contribute to carbon neutrality in 2050, with an intermediate step in 2035 of a 50% reduction of our carbon footprint.

The product is a powerful and strategic element of the Group's decarbonisation plan, and requires us to have a low-carbon strategy covering our entire value chain. Our objective is to reduce our carbon emissions while ensuring strong value creation for our Company (anticipating tomorrow's models and ensuring ADEO's sustainability), for our employees (pride in belonging to a company that knows how to reinvent itself), and for our customers (access to solutions that allow them to contribute to the climate-energy transition), and to do this in collaboration with our suppliers, with whom we will be able to develop new partnerships and product types.

The Group's climate strategy is based on 2 pillars:

- A strategy of low-carbon operational requirement: This is the emissions reduction strategy for activities outside the product. It aims to decarbonise every day activities;
- A low-carbon supply and services strategy:
1st challenge: Propose a low-carbon offering based on the Positive Products strategy described: It is a strategy that positions ADEO as a leader in offering low-carbon products and services that enable inhabitants to participate in the climate-energy transition.
2nd challenge: Propose a decarbonising offer that allows our customers to avoid carbon emissions: these are the decarbonising solutions.
Given that the home itself represents 20% of the global carbon footprint, it is our role to ensure that solutions which make our homes less emissive are accessible. That's why, in this 2nd challenge, we have chosen to give priority to developing our offering in the energy renovation market: insulation, heating, lighting, home automation and renewable energies.

The assessment of our carbon footprint mitigation and remediation measures is driven by the following indicators:

Monitoring indicators	2022	2023	Var.
Scope 1&2 carbon footprint – Location Based (t eq. CO2)	372,085	355,794	-4.4 %
Scope 1&2 carbon footprint – Market Based (t eq. CO2)	381,723	379,011	-0.7 %
GHG emissions related to products exclusive of transport (t eq. CO2)	NA	46,280,160	N/A

Calculation method of the carbon footprint

Activity data is collected for stores, internal departments and warehouses operated for our business. In 2022, 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 emissions factors used come from the ADEME database, the IEA, IPCC AR6 (the latest IPCC report) and Cerema (the French centre for studies and expertise on risks, the environment, mobility and planning).

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 linked to energy consumption, mainly the extraction and transport of fossil fuels, the carbon depreciation of electricity production infrastructures, and network losses are recorded in Scope 3.

Moreover, 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.

b) Operations

Buildings

The Group's buildings are stores, warehouses and the office premises occupied by our internal services.

The store renovation plan is ambitious. It is driven by the desire to reduce the carbon footprint and ensure the comfort of our co-workers and that of our customers, and is based on the following tenets:

- equipping all sites with a **centralised technical management system** (CTMS) to measure and remotely control energy flows, regulate temperature and the operating hours of technical installations;
- equipping sites with **LED** lighting;
- supplying our sites with **electricity from renewable sources**.

With this in mind, with regard to energy consumption, the Group's Companies are taking steps to reduce their consumption of fossil fuels and to source supply in a more sustainable way.

The operation of sites represents the most significant portion of carbon emissions for scopes 1 & 2. The Group's priority is to reduce their carbon footprint based on both the energy-efficiency plans rolled out by the Business Units for existing stores and the renovation and development programmes for new stores which integrate demanding energy-performance standards. Local initiatives in terms of sustainable management of our operations are presented in the various communications of ADEO and its companies. Energy-saving measures have been taken in some Business Units in accordance with local regulations, including lowering the heating temperature and switching off the lighting at night.

The effectiveness of energy optimisation measures in our buildings is assessed using the following indicators:

Monitoring indicators	2022	2023	Var.
Percentage of renewable energy consumption	42%	48.8	+6.8 pts
Electricity consumption at our sites (kWh)	1,138,131,828	1,095,835,399	-3.7%
Gas consumption at our sites (kWh)	243,152,136	219,504,627	-9.7%
Water consumption at our sites (m ³)	2,269,599	2,270,228	+0.03%
Percentage of stores with LED lighting in the sales areas.	93%	96%	+3 pts

Transport

Controlling the environmental footprint of our operations involves controlling our logistics, and more specifically transport.

To achieve this, the Group is working to decarbonise transport and optimise logistics and distribution activities in order to reduce the carbon footprint associated with the transport of goods.

In 2023, the Group created a specific mission with the aim of accelerating and coordinating actions to reduce the impact of transport.

The 3 priorities for action are:

- Each Business Unit formalises its 3-year action plan to reduce transport emissions, including the main areas of leverage (development of cross-docking¹, optimisation of truck loading, modal shift, biofuels). To achieve this, a common plan structure has been created. At 31 December, 8 BUs had submitted their plans: LM Brazil, LM Portugal, LM Spain, Obramat, LM Poland, LM Italy, LM Portugal, Bricocenter, with the remainder expected in 2024. The aim is to consolidate these plans and achieve a decarbonisation trajectory by 2024.

¹Cross-docking is a way of organising logistics flows so that supply flows from suppliers and terminal delivery flows to our points of sale can be linked and cross-referenced at a single point, called a platform.

- CO2 emissions from inbound and outbound freight transport were measured in 2023. ADEO has also acquired licences to use EcotransIT World, a calculation software that complies with the GHG Protocol and the ISO 14083 standard. Thanks to this tool, measuring the carbon impact of transport will become more reliable in 2024.
- A "Low Carbon Supply Chain" course is currently being developed. It will enable us to align the various business-lines, scattered across all our Business Units, with the Group's key action levers.

The following indicators are used to monitor our environmental footprint in relation to transport:

Monitoring indicators	2022	2023	Var.
Distance covered in relation to goods transportation operated by ADEO and its companies from the logistics warehouse to stores Rail and Road (in km)	266,403,967	259,349,843	-8.1%
GHG emissions related to upstream and downstream goods transportation (t. eq. CO2)	NA	488,536*	NA

* Data exclusive of Russia

GHG emissions include all freight transport, regardless of whether the cost of this transport is borne by ADEO (Upstream) or a third party (Downstream).

The indicator excludes home-work journeys, journeys made by visitors and customers, and business travel.

c) Product durability

Eco-design of products

Improving the durability, reparability and recyclability of products – and in particular of our own-brand products – requires greater dissemination of eco-design practices: to this end, training courses have been offered at ADEO Productions and Leroy Merlin France. In all, 55 Life Cycle Analyses will have been carried out by 2023. In addition, ADEO Services, via its "ADEO Productions" business, is a producer of own-brand products, and complies with Article 72 of the Agec Law, which provides for a prevention and eco-design plan covering a period of 5 years, as does Leroy Merlin France.

Reparability, repair

Making products last means first and foremost offering products that last over time. In order to manage this sustainability, in 2023 we implemented the WeCare tool in the stores of 2 new BUs (LM Italy and LM Portugal). This digital solution allows the Group to take care of customer needs, to manage warranties with its suppliers and to provide information to its employees in order to repair products or order spare parts. The tool is being gradually rolled out in 5 BUs: LM Italy and Portugal, LM France, LM Spain, LM Poland. These BUs record more than 1.2 million customer returns related to a product issue, which enables the Group to measure and coordinate product and supplier reliability rates. Products with a high rate of returns and negative reviews (known as Trust Killers) are identified in this way. A monitoring table showing these rates enables our teams to take corrective action if the reliability commitment is not met.

Making products last also means repairing them, once a commitment to reparability has been made by manufacturers. The Group gathers these reparability commitments when listing each product and then steers the repair rates (number of products actually repaired over the number of products declared repairable*). Where the products are manufactured by ADEO Services, actions to improve these rates are implemented directly: product reworking (for example, rivets replaced by screws on Inspire brand lighting products), listing of additional spare parts

(listing of the motor for a Dexter ash vacuum-cleaner, or mechanical fuses on a grinder, also Dexter), partnerships with certified repairers (12 new repairers recruited in Europe in 2023). In 2023, for the Group's MDH products, 30% more spare parts than in 2022 were delivered to stores and partner-repairers, amounting to 200,000 spare parts delivered. The effectiveness of repairs is monitored by the repair rate indicator. These improvements upstream of the value chain (product reparability) and downstream (effective product repair) have enabled us to improve the repair rate for international own-brand products by 2.3 pts to 42.7% by 2023 on a perimeter of 5 BUs (LM France, LM Italy, LM Spain, LM Portugal, LM Poland), with significant disparities depending on our product families: 60% for the bathroom department, 58% for the garden department, 38% for the tools department and 9% for the lighting department.

In 2023, our teams and partners repaired more than 362,000 products in the 5 BUs where WeCare is deployed.

Monitoring indicators	20 22	20 23	Var.
Number of BUs deploying the WeCare tool	NA	5	N/A
Rate of repairs (Within the scope of deployment of We Care)	NA	42.7%	N/A

Almost Perfect

The primary way to extend the life of products involves making sure that all products can have a "first life", thus reducing waste in stores and warehouses.

Which is why the "Almost Perfect" initiative, which involves offering our customers a discount on products that present minor defects (aesthetic or functional) but that don't affect their functional purpose, was deployed at the end of 2023 in France (140 Leroy Merlin stores and 1 warehouse), in Spain (50 Leroy Merlin stores and 4 warehouses) and in Portugal (3 stores and 1 warehouse). By the end of 2023, around 200,000 products were "saved from the skip" in these 3 BUs. A similar deployment is planned in 2024 for Leroy Merlin Italy, Romania and Brazil.

Product rental

Product rental solutions - in particular tools - an alternative to the purchase of new products, are also deployed within the Group. These rentals are carried out either directly – with products, as is the case at Leroy Merlin France, Portugal, Italy and Spain – and/or in collaboration with partners – at Leroy Merlin France, Portugal, Spain and Italy, as well as Bricoman France, Weldom and Bricocenter Italy. In 2023, more than 85,000 rentals were made in these BUs.

Reconditioning

Finally, since September 2023, reconditioned products are on offer on the Leroy Merlin France Marketplace.

d) Managing the impact of packaging

The environmental impact of the products is also linked to their packaging. The Sustainable Raw Materials policy for packaging for the Group is coordinated around three key initiatives:

The first is the Group's commitment to achieving the following targets by the end of 2025:

- 100% PVC-, EPS- or bioplastic-free packaging (2025) for own brands;
- Due diligence on 100% of suppliers committed to meeting the target of 100% PVC-, EPS- or bioplastic-free packaging (2025) for National Brands.

By the end of December 2023, 97% of the packaging checked by the QMS quality tool complied with the packaging policy and was therefore free of these 3 materials.

The second aims to use 100% recyclable materials and, for fibre-based materials, to use at least 50% recycled or certified virgin material by 2028.

This policy is intended to apply to all suppliers (MDH and National Brands).

The third is the target of zero single-use plastics in packaging by 2032.

e) Managing and reducing our waste

The activity of stores and warehouses generates waste: cardboard, plastics, wood, rubble, ordinary industrial waste (OIW) and special industrial waste such as paint. In accordance with national regulations, measures are in place in all the BUs to collect, sort, recycle or upcycle our inevitable waste in recycling facilities or treatment centres for the materials concerned (packaging, chemicals, etc.).

In accordance with the AGECE Act, BUs located in France have been obliged since 2023 to finance and organise the take-back of used products belonging to an Extended Producer Responsibility (EPR) scheme. With this in mind, the process is being gradually deployed in all integrated Leroy Merlin, Weldom and Bricoman stores. As part of this initiative, in 2023 tests for the set up of waste depots (allocation of areas dedicated to the collection of waste related to our activity) were carried out in order to collect PMCB (Building Materials and Construction Products) (Leroy Merlin in Douai and Gonesse, Bricoman in Evreux). Deployment is scheduled to continue in stages through 2024.

Our waste management is monitored by the "Percentage of waste sorted at our sites" indicator.

Monitoring indicator	2022	2023	Var.
Percentage of waste sorted at our sites	61%	64%	+3pts

3.3 MITIGATING AND PREVENTING THE RISKS OF INFRINGEMENT OF HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

a) Measures to promote diversity and inclusion and to combat discrimination and harassment

According to the internal policy, being “*Human First*” means acting with benevolence, integrating all those who share our values. To this end, ADEO supports and has signed up to a number of diversity and inclusion initiatives:

- The Women's Empowerment Principles (WEPs) to promote equality between women and men;
- The Disability Charter (Global Business and Disability Network) of the ILO's worldwide network to promote the inclusion of people with disabilities in the world of work.

At a more local level, Leroy Merlin France and ADEO Services have signed a national agreement on disability which includes an action plan structured around 4 major themes: (i) recruitment and (ii) retention in employment of disabled people, (iii) management, communication and awareness/training, (iv) responsible purchasing. ADEO Services is also a signatory of the Diversity Charter.

Diversity policy

These commitments are directly reflected in ADEO's *Diversity Policy* and various codes of conduct, including the Ethics Charter. From 2021 onwards, ADEO decided to give impetus and leadership to the subject of diversity and inclusion at both Group and local level, in order to prioritise and structure actions.

On this occasion, a global ADEO *Diversity and Inclusion* strategy was co-constructed with the BUs.

This strategy, which has been shared with all the Group's CEOs and HR Directors, aims:

1. On the other hand, to increase the diversity of teams at all levels of the company;
2. To develop an increasingly inclusive culture to enable everyone to achieve their full potential.

This strategy, which was launched in 2021, was supported throughout 2023 by ADEO's Diversity & Inclusion Strategy Committee, which brought together managers, internal actors and external experts, and by regular meetings of the Diversity & Inclusion Leaders appointed in each BU.

With regard to increasing the diversity of teams at all levels of the company, two universal issues have been identified as priorities in terms of diversity: gender equality and disability.

The Group has set itself ambitious targets in this area:

- To reach 40% of women site directors and managers by 2026;
- Every year, the employment rate of people with disabilities has risen for all BUs within the scope of the Plan, compared with the previous year.

To reach the target of 40% of women directors and site managers, specific support will be provided to women via a development and training programme tailored to their needs.

In 2023, French BUs, including 19 female employees, 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.

With regard to the development of an ever more inclusive culture, because inclusion is a feeling, it was decided to measure the feeling of inclusion experienced by ADEO employees through the evaluation of the following three themes.

The first wave of measurements took place in December 2022 and the second in November 2023.

Between 2022 and 2023, the statements tested for each of the three topics:

1. Open-mindedness "I feel that the company encourages open-mindedness and allows me to be myself in my interactions with colleagues and customers"

2. Equitable opportunities: "I feel I have the same opportunities for promotion as my colleagues, whatever my personal situation (gender, age, sexual orientation, ethical background, etc.)"

3. A sense of belonging: "I feel at home with my colleagues"

The average score for the Group for this measure in 2023 is 7.8 out of 10.

In addition to the actions that feed our global priorities (gender diversity and disability), numerous actions are carried out at the Local level, in the BUs, to respond to the challenges of their country.

Corporate diversity and inclusion initiatives are presented in the various communications from ADEO and its companies.

Disability

ADEO is strongly committed to employing people with disabilities, by raising awareness among its teams, attending dedicated job fairs, offering appropriate professional 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.

Raising awareness of diversity and inclusion

Two e-learning modules to raise awareness of diversity and inclusion have been created and will be made available to all employees in June 2023 in the language of their BU.

A 6-hour training course on the challenges of diversity and inclusion in our activities and their role in relation to these challenges has also been set up for members of the BUs' management committees (4 ExComs trained to date + Weldom, Bricoman France, LM Greece, Human Challenges ExCom by the end of 2023)

Combating discrimination in recruitment

The "employer brand" programme included, in May 2023, a half-day course in diversity intended for the global recruiting community and the dissemination at global level of a guide on inclusive recruitment.

The following indicators are used to monitor measures to promote inclusion and diversity:

Monitoring indicators	2022	2023	Var.
Breakdown of employees by gender	Men: 83937 Women: 67222	Men: 82444 Women: 66319	H: -1.8% F: -1.3%
Percentage of female directors and site managers	28%	27.5%	-0.5 pt
Percentage of disabled employees	NA	2.9	NA
The employment rate of people with disabilities rose for all BUs within the scope of the Plan, compared with the previous financial year	NA	No	N/A
Average inclusion score out of 10	8.3	7.8	-0.5 pt

b) Accessibility of digital tools for people with disabilities

In France, this accessibility is governed by article 47 of the French law no. 2005-102 of 11 February 2005 and its implementing decree no. 2019-768 of 24 July 2019 on the accessibility of online public communication services for people with disabilities.

Leroy Merlin France is committed to making its website accessible in accordance with the law and makes its accessibility declaration public. The level of accessibility to digital tools was assessed within the scope of Leroy Merlin France websites during an audit in June 2021 relating to compliance with the RGAA (general reference system for the improvement of accessibility). This audit showed that 48% of the criteria of RGAA version 4.1 were met, with an average compliance rate for the online service of 74%. Out of 69 applicable criteria, 36 are non-compliant and 33 are compliant.

In 2024, the overall level of accessibility to digital tools will be assessed through an inventory, prior to the action plan.

c) Employee ethics

The respect due to each employee and by each employee in his or her workplace or in relation to his or her ecosystem is a core value at ADEO. To this end, the ADEO Code of Ethical Conduct provides an operational translation of ADEO's commitments to respect people, the company and our ecosystem. The updating of the ADEO Code of Conduct has reaffirmed ADEO's commitment to a Safety First approach aimed at ensuring the safety of its employees, as well as that of its customers and partners, notably through the application of rigorous protocols in stores and warehouses.

It also embodies ADEO's commitment to promoting diversity and inclusion. Consequently, the Code prohibits and punishes all forms of discrimination on any grounds whatsoever, all forms of harassment and all forms of sexist behaviour or conduct, the latter being incompatible with the development of an inclusive culture. ADEO undertakes to take the appropriate measures

Digital accessibility means making digital content and services understandable and usable for people with disabilities.

within its power to prevent or put an end to such situations.

ADEO's Code of Ethical Conduct translates these rules into operational terms and ensures that the Group's values are respected at all stages and in all business processes. It thus enables us to comply with the requirements of the French Sapin II law, and formalises all the rules aimed at facilitating better dissemination of the latter among ADEO employees, as well as within its ecosystem. In fact, the Code of Ethical Conduct is communicated to all employees of the ADEO community of companies throughout the world in order to raise awareness of our values and their respect, whatever the hierarchical level.

In the event of any conduct or situation contrary to the Code, and in order to enable it to be reported to ADEO, a secure alert channel was set up in 2018. Information on this warning system is provided in [paragraph 5](#).

Employee ethics are promoted through the percentage of employees trained in the ADEO code of ethical conduct. 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.

Monitoring indicators	2022	2023	Var.
Percentage of employees trained in the ADEO Ethical Code of Conduct	88.5%	70.8%	-17.7 pts

d) Combating job insecurity

At the ADEO Group and its affiliated companies, we are firmly committed to combating job insecurity, a crucial issue in today's economic landscape. Our employees are paid on time and all have contracts. If there is a risk of job insecurity at ADEO, it could be linked to the obsolescence of skills. That is why our HR policy focuses on the development of continuous training programmes, ensuring that our employees' skills are constantly evolving and that they can adapt to changes in the market.

We make a point of promoting job security through stable contracts and long-term career prospects. We measure and coordinate the number of training hours per year and per employee and the turnover. In many of the Group's companies, strategic workforce planning is used to forecast changes in business lines and workforce requirements, and to support the development of team skills and the preservation of their employability

Monitoring indicators	2022	2023	Variation
No. of training hours per employee over the period	28	28.6*	+0.6 pt
Turnover rate (permanent employees ≥ half-time)	19%	18.8%	-0.2 pt

*Excluding Leroy Merlin Russia

4. Supplier and subcontractor activity

4.1 RESPONSIBLE PURCHASING POLICY

Commercial Purchasing

ADEO makes every effort to select suppliers who best meet its requirements in terms of quality, working practices and environmental protection.

The Code of conduct for responsible purchasing is incorporated into the contracts of suppliers of commercial purchases, who then undertake to comply with it. It formalises ADEO's commitments in the context of its commercial relations, as well as the rights and duties with which suppliers must comply, particularly in the following areas:

- Social (prohibition of child labour, prohibition of hazardous work, abolition of forced labour and human trafficking, freedom of association and collective bargaining, health and safety of workers, working conditions, non-discrimination and anti-harassment measures);
- Business ethics (conflicts of interest, gifts, invitations and travel, supplier relations, accounting controls);
- Environmental protection (raw materials, product composition and energy, manufacturing processes and packaging, product transport, use and reparability);
- Quality, safety and conformity of products throughout their life cycle;
- Protection of personal data.

By 2023, 91.2% of our commercial suppliers had signed the Code of Conduct for Responsible Purchasing. Suppliers who have not signed the code have been identified in order to raise any sticking points and clarify relations on a case-by-case basis.

To ensure compliance with these principles, ADEO and its quality teams implement risk-based control procedures to select and monitor suppliers throughout the contractual relationship. On the basis of the results of these checks, ADEO reserves the right to

apply sanctions which may lead to the termination of the contractual relationship, a sanction which is already provided for and applied.

Non-Commercial purchasing

A Non-Commercial Purchasing Code of Conduct has applied since early 2019 to a scope of non-commercial suppliers, subject to any specific local legal conditions. Suppliers which have signed undertake to comply with the Responsible Purchasing Code of Conduct and to cooperate with ADEO companies to implement it and, if necessary, to take any appropriate corrective action as part of a continuous improvement process. This code formalises a set of commitments in terms of business ethics. Non-compliance with the Code may lead to the implementation of immediate corrective measures, in accordance with the contractual stipulations to this effect, or even, depending on the seriousness of the failures and/or the absence of corrective action plans, to the termination of the contract.

The key performance indicator "percentage of signatory suppliers" was extended to non-commercial suppliers from 2022 to measure our progress towards a target of 100% of active suppliers, both commercial and non-commercial, having signed the Responsible Purchasing Code of Conduct by 2025. The measurement of the percentage of suppliers who are signatories to the responsible purchasing code was extended to marketplace vendors in 2023.

A seller's listing on the Marketplace is established by signing the Marketplace terms and conditions and transmitting the information required under the KYB ("Know Your Business") procedure. For companies hosting on the EU, Brazilian and Russian Marketplaces, the ADEO Code of Responsible Purchasing is included in the General Terms and Conditions of Service signed by a vendor with the owner of the digital infrastructure. A seller is therefore deemed to have signed the Code from the moment he accepts the General Terms and Conditions of Service.

Monitoring indicators	2022	2023*	Var.
Percentage of commercial suppliers under active contract with the Company's central procurement office who have signed the Responsible Purchasing Code of Conduct	93%	91%	-2 pts
Percentage of non-commercial suppliers under active contract with the Company's central procurement office who have signed the Responsible (Non-Commercial) Purchasing Code of Conduct	35%	69.7%	+34.7 pts
Percentage of Marketplace sellers who have signed the code of ethics	NA	99.6%	N/A
Overall percentage of Suppliers who are signatories of the Responsible Purchasing Code	77%	88.2%	+11.2 pts

*Data excluding LM Russia

4.2 MANAGING THE ENVIRONMENTAL IMPACT OF OUR SUPPLIERS

a) Responsible sourcing of raw materials

Wood policy

The aim of ADEO's Group wood policy is to contribute to the preservation of natural resources, local communities and biodiversity. The aim is to guarantee that the wood fibres used in our commercial products come from responsible sources.

ADEO's Group wood policy incorporates the traceability and *due diligence* principles of the European Union's Wood Regulations (EUWR) and extends their scope to all commercial products containing wood fibre purchased by the Group. In addition, it encourages all its suppliers – MDH and National Brands – and all its entities – ADEO

Productions and Business Units – to use wood certification.

Therefore, to demonstrate that their wood supply chain is responsible, the suppliers and their own suppliers must have evidence, from the raw material chain to the finished product, of the following:

- Wood industry certification issued by an independent third party (Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC));
- Compliance with the six cumulative criteria defined in the wood policy and verified by an independent third-party expert in wood traceability recognised by the European authorities (Preferred by Nature);
- In all cases, when the supply chain originates from a geographical area deemed to be "at risk", additional checks are carried out by an independent third party expert in the timber sector recognised by the European authorities (Preferred by Nature).

Risk is assessed according to the following 5 pillars:

- Rights of local populations;
- Protection of threatened and protected species;
- Preserving ecosystems and biodiversity;
- Preserving soil and water integrity;
- Low GHG emission.

The Group is responsible for determining, collecting, verifying and storing these data. When a BU's quality/compliance activities are handled by the ADEO quality platform, this procedure is implemented by the regional quality platforms using the QMS global quality management tool, which hosts all the evidence of certifications and verifications. The indicator used to monitor the effectiveness of our wood policy is the percentage of products that comply with the policy.

Monitoring indicators	2022	2023	Var.
Percentage of total references (own brands and national brands) of wood and/or wood-based products referenced and from responsible sources (All BUs)	93%	91%	-2 pts
Percentage of all wood and/or wood-based product references from responsible sources (ADEO Productions)	99%	99%	=

Policy pertaining to Sustainable Raw Materials

The wood policy was supplemented in may 2022 by a broader policy on the sustainable sourcing of raw materials in order to strengthen the “Sustainable Resources” aspect of the Group’s Positive Products initiative, namely the Responsible Raw Materials Policy. Our ambition is to reduce the environmental impact (in particular GHG emissions, especially carbon, as well as soil, air and water pollution generated during the extraction and production of our raw materials) of products throughout their life cycle by integrating traced and/or certified raw materials, over and above our wood-based product references.

This policy is based on an eco-design approach aimed at reducing impacts, in particular greenhouse gas emissions (hereinafter “GHGs”), particularly during the extraction and production of raw materials, but also at the end of a product's life, since recycling generates new raw materials that can be reintegrated into future products. It is based on different levers of action depending on the origin of the raw materials and the stage in the life cycle concerned.

This policy, which will be rolled out initially to the Group's own-brand products and then to its national brands, will be based on "Positive Contribution" initiatives from 2023, while the in-house teams responsible for designing own-brand products are made aware of the environmental, economic and social issues involved in choosing more responsible raw materials.

LIFE CYCLE STAGE:	RENEWABLE RAW MATERIALS	NON-RENEWABLE RAW MATERIALS
EXTRACTION/ PRODUCTION OF RAW MATERIALS	1. Optimisation of the weight of materials in the composition of the product while complying with the specifications defined and required for the product > Balance between technical performance and quantity of materials used in products	
	2. Selecting materials with a low carbon footprint > Limiting the extraction of raw materials and promoting the quality and safety of recycled materials	
	3. Selection of materials with guaranteed traceability of origin, including legal and responsible management > Guaranteeing that materials comply with environmental, social and health criteria	3. Selection of bio-based materials produced under sustainable conditions > Promote biomaterials with low-carbon profiles. In this case, the materials must be traced as renewable raw materials.
END OF LIFE	4. Prioritising materials for which end-of-life solutions exist, and if they are recycled, subjecting them to high-quality and safe recycling processes to guarantee the supply of compliant secondary raw materials > Reducing the number of products with no outlets for recycling, compostability, biodegradability or reuse > Production of high-quality, safe secondary raw materials (recycled materials) for reuse in new products	

b) Procedures for regular assessment of Commercial Purchasing Suppliers

A Commercial Purchasing Supplier is any natural or legal person who supplies goods directly to Group companies. The procedure for qualifying Suppliers and/or factories does not apply to sellers on marketplaces.

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

The quality, social and environmental qualification of our suppliers is a key step in ensuring the control of our impacts during the manufacturing of our products.

This is why the qualification of suppliers and their tier 1 plants is a mandatory condition for establishing and maintaining commercial relations with the Group. It is organised on two levels, depending on the status of the ADEO company :

Statut of the company	Description of the status	Factory Audits	Self-assessment suppliers
DISTRIBUTOR	An ADEO company has the status of distributor for products whose brand belongs to the supplier and when the supplier is located on the distribution market. For example: International brand product from Italy distributed in France.	Optional	Mandatory
IMPORTER*	An ADEO company is an importer when it buys a product under the supplier's brand and the supplier is located outside its distribution market. For example: International brand imported from Asia and distributed in Europe.	Mandatory	Mandatory
MANUFACTURER*	An ADEO company has manufacturer status when it distributes an MDH product.	Mandatory	Mandatory

**For the Russian and Brazilian markets, manufacturer and importer have the same responsibility.*

Supplier self-assessment:

Since 2021, all Suppliers of national brand and MDH products have been required to complete a self-assessment questionnaire, available in the QMS system, which covers various independently assessed aspects: quality, social and environmental. The aim is to enable suppliers to make their own diagnosis of the Group's quality requirements and positive impacts. These self-assessments must be updated every three years. Where the results raise a high risk, any non-conformity must be the subject of corrective action by the Supplier.

The self-assessment will be carried out in 2023 on the following scope: active referenced suppliers for the following companies: ADEO Services, Leroy Merlin Brazil, Leroy Merlin France, Leroy Merlin Italy, Leroy Merlin Poland, Leroy Merlin Romania, Leroy Merlin Russia, Leroy Merlin Spain.

Plant audits:

In terms of social and environmental audits, since 2008 ADEO has been involved in the Initiative for Compliance and Sustainability (ICS), a multi-sector initiative aimed at improving social and environmental working conditions in global supply chains.

Environmental compliance is assessed in the light of the following 8 topics:

- **Environmental management system**
- **Energy use**
- **Water consumption**
- **Wastewater effluent treatment plant**
- **Air emission**
- **Waste management**
- **Prevention of pollution and dangerous substances**
- **Prevention and management of major accidents**

For finished-product factories where ADEO companies have a regulatory status of importer or manufacturer, an environmental audit is also deployed for plants with an industrial process whose impact is deemed substantial (“high impact” on the basis of IFC guidelines) for the environment in terms of air, water or soil pollution.

Since 2022, environmental audits have been a prerequisite for the selection of new “high impact” plants. All audits are carried out by independent external auditors. Qualification is established on the basis of a score from A to E. Only factories that score A or B are qualified.

Factories that score ‘C’ can also be qualified, but only if they apply a sustainable corrective action plan.

In the event of non-conformity detected during the audit, the supplier undertakes to return the corrective and preventive action plan to ADEO within the timeframe required by ADEO. The supplier also undertakes to implement the necessary immediate corrective actions when a major risk to the environment has been raised. Follow-up audits are carried out to ensure that suppliers implement these actions.

**The audits were carried out in 2023 on the following scope: MDH finished product factories (excluding tier 2 subcontractors) for the following Companies: ADEO Services, Leroy Merlin Brazil, Leroy Merlin France, Leroy Merlin Italy, Leroy Merlin Poland, Leroy Merlin Romania, Leroy Merlin Russia, Leroy Merlin Spain, and Zodio.*

The Percentage of MDH finished product reference factories qualified for an environmental audit (only "high impact" factories) is used to monitor the "Management of the environmental impact of our suppliers" risk:

Monitoring indicators	2022	2023	Var.
Percentage of MDH finished product reference plants qualified for environmental audit (high impact plants only)	88%	94%	+6 pts

4.3 HEALTH AND SAFETY AT A SUBCONTRACTOR OR SUPPLIER

Suppliers of national brand products demonstrate their health and safety risk prevention policy by carrying out a social and environmental self-diagnosis recorded in the quality management tool. This self-diagnosis enables us to measure the level of voluntary initiatives implemented by our suppliers.

For suppliers of ADEO own-brand products, the health & safety dimension is assessed in the MDH finished product factory via an audit carried out by a third party in accordance with ICS standards.

The result of the audit and the burden of proof are recorded in our QMS quality management tool. Depending on the outcome of the audit, corrective action plans may be required to achieve, as a minimum, the level of control required to start up or continue a commercial activity.

In the case of a national brand supplier, the result of the self-diagnosis or audit determines whether or not business with the supplier will continue.

Monitoring indicators	2022	2023	Var.
Percentage of listed factories for MDH finished products qualified in social area	87%	92%	+5 pts

5. Alert mechanism

In line with and as part of the proper application of its Code of Ethical Conduct and its compliance with the Sapin II law or the duty of care, since 2018 ADEO has set up an alert system to collect and process reports concerning potential breaches of the Code of Ethical Conduct. The alert mechanism is presented to the employee representative bodies of the Business Units in accordance with the legal framework applicable in each country.

The alert mechanism is accessible to all employees (including trainees), as well as to suppliers, service providers, commercial and non-commercial partners (associative partners and sponsors).

The latter undertake in particular, at the time of contracting, to comply with the Code of Ethical Conduct specific to ADEO's commercial and non-commercial partners and to partners in the context of donations and sponsorship, and to inform their employees/members of the existence of this alert channel.

Employees can access the "Whispli" whistleblower platform via a special link in the Code of Ethical Conduct and internal rules. The form is accessible 24/7 and is available in any country where ADEO has a subsidiary, in the local language.

Each Business Unit implements a communication plan to make the connection link easily accessible to its internal and external stakeholders. For external users, the connection link is available in the code of conduct signed by the various stakeholders concerned. To this end, access is available via the Code of Ethical Conduct on ADEO's corporate website, as well as on the websites of certain Business Units.

An Ethics Committee has been set up within each BU, with responsibility for assessing each alert received to determine whether it is admissible or not (type of facts reported, sufficient information to enable an assessment, etc.). If the alert is admissible, a process to qualify the facts is put in place so that the Ethics Committee can issue an

opinion on how the alert should be handled. The Ethics Committee is made up of a minimum of permanent members, namely the Anti-Corruption Officer, the HR Officer and the Anti-Fraud Officer, as well as non-permanent members, namely the Diversity Officer, the Anti-Harassment Officer, the Safety Officer and the Personal Data Protection Officer.

ADEO has taken all necessary measures to protect the identity and personal data of the author of an alert and of the persons targeted by the alert. Investigations and reports resulting from a report are treated in complete confidentiality. In addition, information that could identify the person making the alert may only be disclosed with the person's consent, except to the judicial authorities.

A person who has reported an incident in good faith may not be punished, dismissed or subjected to any direct or indirect discriminatory measure in connection with the report made, even if the facts reported prove to be unjustified after investigation.

Monitoring indicators	2022	2023	Var.
Number of reports collected on the Whispli platform	629	990	+57%

6. Systems for monitoring measures and evaluating their effectiveness

The Risk, Compliance and Insurance Department draws up a map of the Group's risks, specifically incorporating the challenges posed by the Duty of Care Act. This map is validated by the Risk Committee, which is part of the Audit Committee and is dedicated to risk analysis. The annual review of the risk map ensures that the risks identified are dealt with effectively, in accordance with applicable laws and the due diligence actions expected given ADEO's activities.

A Vigilance Committee set up by Groupe ADEO oversees the management of risk-related actions and vigilance measures, the assessment of their effectiveness and their presentation in the Plan. We also commissioned an external consultancy firm specialising in ESG to help us review the plan. The Vigilance Committee, set up by the Positive Impacts Department in July 2022, is made up of representatives from the following departments of the company: Human Resources Department, Commercial Products Quality Department, Legal Department, Risk, Compliance and Insurance Department. The committee has met quarterly since then. It has the following powers:

- Defines the level of ambition and communication: Accepts the action plans and vigilance measures for the current year and the following year;
- Identifies and assigns key contributors to measures for the effective application of the Vigilance Plan;
- Ensures the appropriate level of human and financial resources and monitors compliance with the Vigilance Plan;
- Determines the timetable for drawing up the Vigilance Plan and ensures that it is adhered to;
- Ensures that the Plan complies with the law and maintains the required level of transparency and traceability.

In 2023, ADEO continued to implement the requirements of the duty of care with regard to all its activities and its relations with suppliers. The Group has a number of systems in place to monitor the implementation and effectiveness of the measures set out in this plan.

The operational management of the Vigilance Plan measures is carried out by the ADEO Group's Positive Impacts teams. It uses the Group's reporting tool to establish the results of the indicators and conducts regular interviews with all the business lines responsible for implementing the Plan's measures.

7. Glossary

ADEO Productions: activity consolidated within the ADEO Services BU, which is responsible for developing our own-brand international products for the benefit of the Business Units that distribute them.

Cross-docking: Cross-docking is a method of organising logistics flows that makes it possible to articulate and intersect supply flows from suppliers with terminal delivery flows to our points of sale in a place called a platform.

Commercial purchasing suppliers: any natural or legal person directly supplying goods to Group companies, as well as their subcontractors and/or any tier 1 subsidiaries.

Non-commercial purchasing suppliers: means any natural or legal person, including any agent or intermediary, directly or indirectly providing services to ADEO companies.

Location-based: method of quantifying emissions that requires the use of emission factors from the energy mix for defined geographical locations.

“Market-based”: a method of quantifying emissions based on the GHG emissions emitted by the energy producers from whom a consumer buys energy, via contractual instruments (e.g. guarantees of origin).

Marketplace: The Marketplace concept, launched in 2020 with the EU Marketplace "AMS", is a new sales channel generating opportunities for the Group. Other marketplaces in Brazil, Russia and South Africa were subsequently launched.

The Marketplace business is known as a "3P" business because it involves a Seller, a Host and the customer.

- **The "Seller":** the person who rents a digital store and makes the sale with the customer.
- **the "host"** who leases the digital store to a vendor. This is the role played by LMF on the French Marketplace, for example. The host is assisted by the owner of the digital store infrastructure, who is responsible for providing a store that contains all the functions a seller needs to sell products in compliance with current regulations). The owner of the digital infrastructure is ADEO Marketplace Services (AMS).
- **The "customer"** buys from a seller on the marketplace.

Products: Products ordered by ADEO or its business units from a supplier.

Repairable product: a product that is natively designed to be repaired using spare parts, enabling 80% of the most common faults to be repaired.

Rate of repair: Number of repairable products repaired / Total number of repairable products returned to after-sales service.

Plants: Any type of production site, building or group of buildings where products are manufactured and assembled. It may be the daughter company of a supplier or a subcontractor.



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