

2020 ANNUAL FINANCIAL REPORT & NON-FINANCIAL PERFORMANCE STATEMENT



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Auchan Holding

Auchan Holding brings together two companies with complementary businesses: Auchan Retail, new generation retailer; Ceetrus, which develops and enlivens sustainable and smart living zones and shops.

With the support of Auchan Holding, each business line is taking a responsible approach to strengthening its positions on its core markets, by making profound transformations to achieve their vision, thanks to their 180,560 employees.

Auchan Holding also holds an equity investment of 49.4% in Oney Bank, which since 2019 has benefited from the joint expertise of BPCE and Auchan Holding to speed up its growth and increase its presence in Europe in payment, finance and digital identification solutions.

Auchan | RETAIL

Present in 13 countries, **Auchan Retail** brings together all the physical formats of the food retail sector (hypermarket, supermarket, convenience stores) with 1,985 points of contact enhanced by all the new digital retail solutions (e.g. click & collect, drive, home delivery, etc.). **Auchan Retail** places the customer at the heart of all its orientations in order to meet his or her expectations in terms of offer thanks to exclusive, quality products at the best price and phygital shopping solutions, which combine the strengths of the physical store and those of the digital ecosystem. New-generation retailers, players in the good, healthy and local areas, **Auchan Retail's** 179,590 employees contribute, through a responsible approach with customers, farmers and suppliers, to enable everyone to live better by eating better.

KEY FIGURES

REVENUE
€32 billion

BREAKDOWN OF REVENUE BY BUSINESS LINE

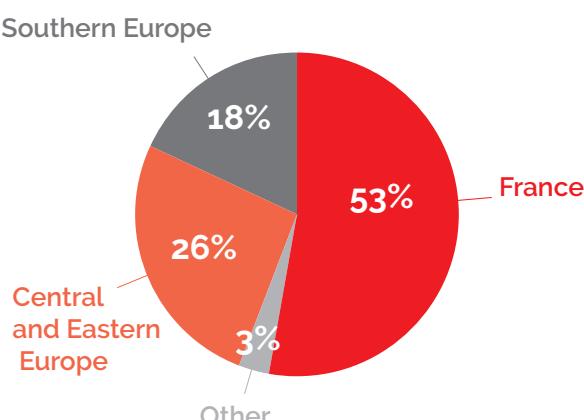
Auchan | RETAIL

98.5%

CEETRUS

1.5 %

REVENUE BY GEOGRAPHICAL AREA



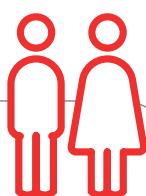
**Presence
in 14 countries
ON 3 CONTINENTS**



Ceetrus continues to evolve from commercial real estate to mixed use property development. **Ceetrus** has set itself the aim of helping develop social ties that will drive the city of the future, creating sustainable, connected and lively living spaces and stores. This evolution is taking shape primarily on existing commercial sites. With the aim of enhancing their value and attractiveness to contribute to the success of its traders and partners, **Ceetrus** reinvents commercial sites by integrating housing, offices, leisure and urban infrastructure. Keeping a close eye on the city, the company also works with new programmes to provide each region with a comprehensive and tailor-made urban solution. The company has 970 employees.



On 22 October 2019, **Auchan Holding** sold 50.1% of the share capital of **Oney Bank** to BPCE, which has consolidated this entity since that date. **Oney Bank** will now benefit from the joint expertise of BPCE and **Auchan Holding** to speed up its growth and increase its presence in Europe in payment, finance and digital identification solutions. A local digital bank will complete the customer offering



180,560

EMPLOYEES

including **108,936**
employee
shareholders

AUCHAN RETAIL
179,590

Employees

CEETRUS
970

Employees

RECURRING
OPERATING INCOME
2020

708 M€

EBITDA⁽¹⁾ :
2020

1,949 M€

NET FINANCIAL
DEBT
2020

2,158 M€

⁽¹⁾ EBITDA is defined as recurring operating income excluding other recurring income and expenses, amortisation, depreciation, impairment and provisions.

Auchan|RETAIL : THE AMBITIONS OF THE COMPANIES

Food, digital, environmental and economic transitions, the mass retail sector is currently being shaken up. To respond more fully to the new expectations of consumers and citizens, Auchan Retail fundamentally transforms its business model and practices by taking into account two major newcomers: phygital and a greater focus on eating well and the planet.

With its corporate project, on the one hand it is about redefining the store's purpose and operation within its living area to improve the quality of life of its inhabitants and, on the other hand, redefining its offer and its purpose as a responsible retailer.

AUCHAN 2022, IS BUILT AROUND TWO PILLARS AND TWO INSEPARABLE LEVERS.

PILLAR 1

BEING THE BENCHMARK
PLAYER FOR WHAT
IS GOOD, HEALTHY
AND LOCAL THROUGH
THE SELECTION AND
THE DESIGN OF A
UNIQUE, FAIR AND
RESPONSIBLE OFFER

Auchan Retail goes beyond the traditional role of the distributor and becomes a designer and a product selector in order to offer a unique offer to consumers:

- **Selector** of an offer based on a variety of tastes, nutrition, local production, culinary trends, traceability and maximum transparency. In order to become the reference for consumers looking for a local and varied diet, Auchan Retail accelerates the listing of local products. The company makes firm commitments in terms of respect for the environment and animal welfare, in particular through demanding,

sustainable, balanced agricultural partnerships that share value with producers. Education and transparency on the nutritional quality of products are also being developed

- **Designer** with its customers and partners of a reassuring and responsible range of food and non-food products from Auchan. This is reflected in the redefinition of the composition of its own-brand products by relying in particular on the recommendations of experts, customer opinions and ratings as well as the rigorous selection of suppliers.

OBJECTIVES FOR 2022

- Double the number of local products** on sale in stores
1,200 responsible agricultural sectors around the world
100% of Auchan brand products carry a nutritional label

PILLAR 2

BRINGING PEOPLE
TOGETHER AND
PROVIDING ENRICHING
EXPERIENCES TO
IMPROVE THE QUALITY
OF LIFE OF RESIDENTS

Auchan Retail is changing its physical locations and redefining their purpose, notably by expanding the role of the hypermarket. **Auchan Retail** wants to:

- make its hypermarkets open local platforms to partners (producers, specialist brands) by welcoming them to its sales areas. But also storage, preparation and manufacturing platforms to supply the

other Auchan points of contact, from the supermarket to the city centre click & collect, within the same living area ;

- become the leading local player in each living area where it is present by creating shopping routes and innovative services for residents to anticipate their desires and needs

OBJECTIVES FOR 2022

- Double the revenue** generated outside hypermarkets and supermarkets (vs 2018)

LEVER 1 PASSIONATE EMPLOYEES

To achieve its ambitions, **Auchan Retail** can rely on the commitment of 179,590 employees around the world. **Auchan Retail** supports them by ensuring the meaning and consistency of all its actions in each country. To this end, it develops the skills

of each individual, favours openness to the customer and the local, and promotes the passion for the product, within an aligned and demanding organisation that knows how to prioritise..

LEVER 2 CSR EMBODIED BY ITS EMPLOYEES

The Corporate Social Responsibility strategy is at the heart of the "Auchan 2022" project as it has become an essential factor for its success. It sets out three priority commitments:

- Encouraging healthy eating and combating food waste
- Fighting against plastic pollution
- Controlling its carbon footprint

OBJECTIVES FOR 2022

100% of packaging for reusable, **recyclable or compostable** Auchan brand products.

Elimination of plastic as rapidly as possible from fruit and vegetable departments and food services.

25% reduction in energy consumption in stores (vs 2014)

50% of decarbonised energy supply

20% reduction in carbon emissions from the transport of goods

To support the implementation of Auchan 2022, Auchan Retail places operational excellence at the heart of the company thanks to the deployment of the "Renaissance" approach in parallel with its corporate project. In order to restore economic results and regain room for manoeuvre, Auchan Retail has launched an initiative in all its countries called "**Rebirth**" which helps to focus the company's operations towards operational excellence, to make the company more agile and to free up the resources necessary for the deployment of its business project. The objective by 2022 is to achieve savings of €1.1 billion per year compared to 2018



Ceetrus is constantly working, and even more so today, to reinvent its commercial sites and build new neighbourhoods in collaboration with local players and partners. The unprecedented situation of the year 2020 shows the need to adapt our lifestyles and functioning. Transforming what already exists, creating living zones and fostering human connections is an urgent need for which **Ceetrus** has been working for several months.

After more than ten years of uninterrupted revenue growth, the health crisis significantly impacted the results of **Ceetrus** in 2020. But beyond the results, the period was a source of mobilisation and collective pride. During the crisis, **Ceetrus**, whose identity is based on innovation and solidarity, launched more than 50 initiatives in the service of retailers and residents, deployed quickly in France and internationally (pooled "Aushopping drive", transformation of car parks into cinemas...). **Ceetrus** has also shown solidarity through the effort made on rents and numerous initiatives to support retailers and residents: in France the creation of an inter-brand solidarity fund or the opening of solidarity reception areas in shopping centres for women victims of domestic violence; in Italy with the renovation of a pavilion at the Sacco Hospital in Milan and the fitting-out of an intensive care unit in partnership with the city in less than 60 days; in Romania with the installation of a temporary hospital in partnership with **Auchan Retail** and Leroy Merlin. These initiatives launched during this period reflect the ongoing mobilisation of **Ceetrus** to become a benchmark player in the market, with a renewed vision of the city and Retail, made up of mixed uses and positive impact commitment. The teams of **Ceetrus** took action in this unprecedented crisis. The impacts of our decisions are significant, but it was essential to support retailers and partners. Ceetrus remains consistent with its Vision and has demonstrated its capacity for resilience and innovation.

Auchan, a brand emblematic of the democratisation of consumption, is pursuing its historical ambition: to improve the quality of life of inhabitants.

SECTOR TRENDS

Food transition:

- Healthy and sustainable food
- Food chain traceability
- New eating habits



Environmental transition:

- Climate change
- Environmental impact of activities
- Animal welfare



Digital transition:

- Digitisation of consumption patterns
- Personalised shopping experience



Economic transition:

- Accessible prices



Covid-19
pandemic crisis,
accelerator
of trends

STRENGTHS

A multi-format presence tailored to customer needs
Innovative digital services and applications

- Presence in **13** countries
- 1,985** physical points of contact, supplemented by digital services



Solid economic and financial structure

- Stable family share ownership
- Operational excellence approach ("Renaissance") in all countries



Committed employees

- 179,590** employees
- 108,352** employee shareholders
- Percentage of female managers: **50.3%**
- Percentage of employees with disabilities: **3.9%**



Strong local roots
Constructive relationships with our partners (suppliers, manufacturers, etc.) and in particular with the agricultural world

- 710** responsible agricultural supply chains worldwide at the end of 2020



Private label food and non-food products, with exclusive products, deployed in all countries

AUCHAN

2 STRATEGIC PILLARS

Being the benchmark player for what is good, healthy and local through the selection and the design of a unique, fair and responsible offer



2 KEY LEVERS

Passionate employees



Corporate project that engages players

Sourcing/Procurement Logistics

- Partners Responsible agricultural supply chains
- Local producers/Farmers
- Suppliers of Auchan own-brand products
- Industrial partners

This ambition is reflected in the Auchan 2022 corporate plan, which brings together all of its stakeholders around its vision as a retailer committed to society and the planet.

The Covid-19 health crisis fully justified the axes defined in the project.

2022

Bringing people together and providing enriching experiences to improve the quality of life of residents



CSR embodied by the company and its employees



throughout
the value chain

Digital stores and services, warehouses and head office activities

- Customers/Inhabitants
- Employees
- Social partners
- Business partners
- Local national and international authorities
- Investors
- Associations
- NGOs

VALUE CREATION

Improved financial results for 2020

- Revenue: **€31.6 bn**
- Digital: **7%** of revenue (+40% year-on-year)
- EBITDA: **€1.6 bn** (+27%)
- Savings under the Renaissance programme: **€425 m**
- Improved Standard & Poors rating
«**BBB-stable outlook**»

Protected share capital

- Employee commitment index: **81%**
(+7 points vs 2018)
- Percentage of permanent employees in total workforce: **93%**
- Percentage of employees having completed training: **87%**
- Percentage of internal promotion from non-managers to managers: **29%**

Responsible offer for customer satisfaction

- Percentage of private label products with a nutritional label on the packaging: **45%**
- Net promoter score: **42** (operational in 9 countries)

Strengthened environmental commitments

- Energy consumption in stores vs 2014: -23.7%
- Low-carbon renewable electricity consumption as a percentage of overall electricity consumption: 17%

Progress recognised by non-financial ratings agencies

- Vigeo: Rating **49** (+12 points vs 2018)
- CDP: Rating **B** (C in 2019)

SUSTAINABLE DEVELOPMENT GOALS

Encourage healthy eating



Fight against food waste and plastic pollution



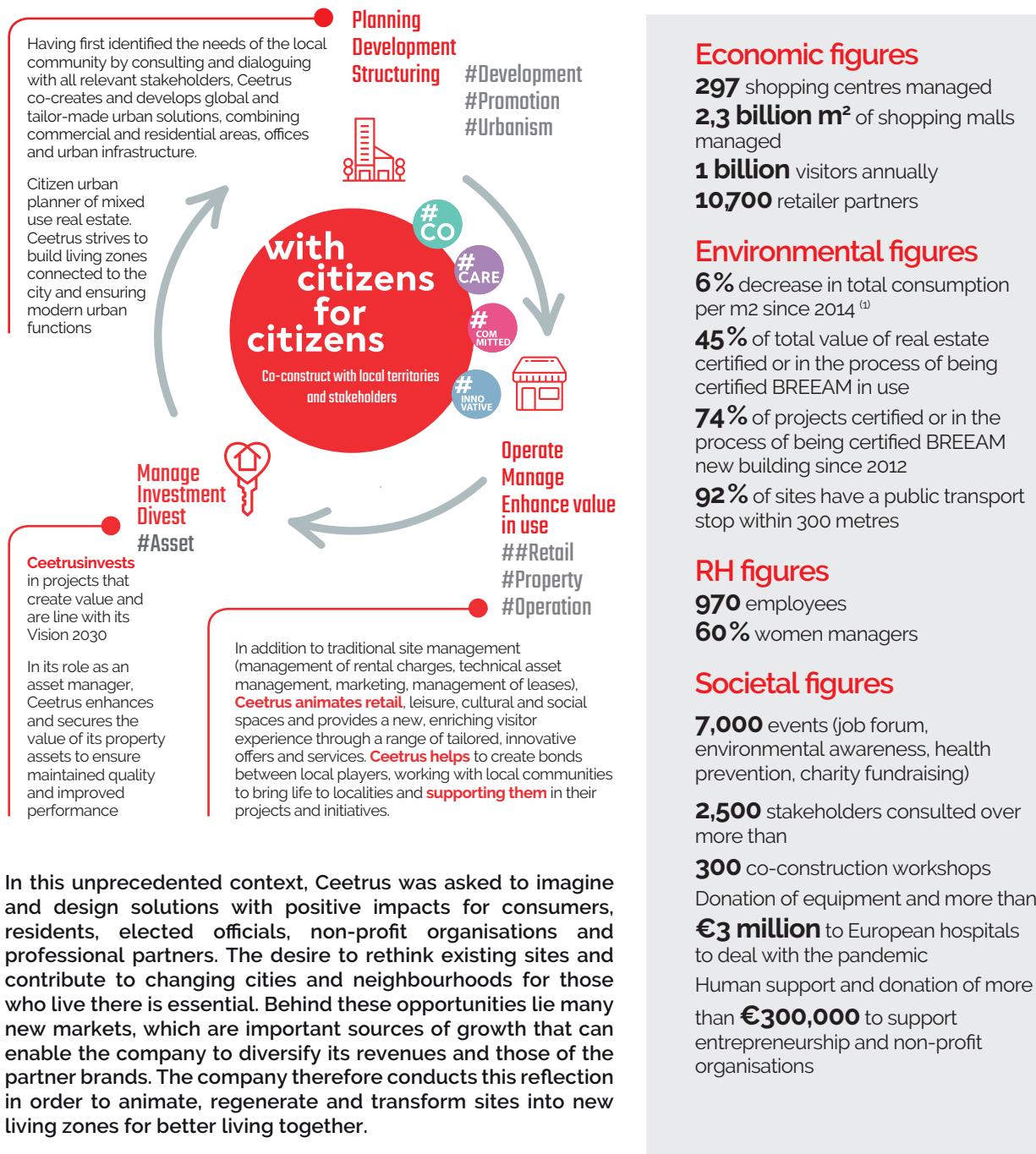
Control our carbon footprint



Our social commitments



Business model



⁽¹⁾ With the temporary closure of more than 90% of Ceetrus shopping malls during successive lockdowns, the Covid-19 pandemic has had an abnormal impact on energy consumption in particular. This is the figure for 2019, representative of the trajectory.

● OWNERSHIP
OF AUCHAN
HOLDING
CAPITAL



● **AuchanHolding**

Unlisted company made up of family and employee share ownership, Auchan Holding combines two complementary companies, **Auchan Retail** and Ceetrus, and holds a 49.9% equity investment in Oney Bank alongside BPCE since 2019

100%

100%

49,4%

Auchan RETAIL

CEETRUS
with citizens • for citizens

oney

OUR PHYSICAL LOCATIONS AT 31 DECEMBER 2020

	AUCHAN RETAIL				CEE TRUS	
	Hypermarkets	Supermarkets	Convenience stores	Drive-throughs	TOTAL	TOTAL
FRANCE	136	282	43	161	622	83
Spain	61	85	164	0	310	32
Portugal	31	23	29	0	83	12
Luxembourg	2	1	5	4	12	4
Italy	0	0	0	0	0	52
WESTERN EUROPE EXCLUDING FRANCE	94	109	198	4	405	100
Poland	72	27	16	0	115	24
Hungary	19	6	0	4	29	18
Romania	31	8	407	31	477	24
Russia	63	193	0	0	255	40
Ukraine	17	7	0	2	26	8
Tajikistan	0	1	0	0	1	
CENTRAL AND EASTERN EUROPE	202	241	423	37	903	114
Taiwan	20	0	2	0	22	
ASIA	20	0	2	0	22	
Senegal	1	18	13	1	33	
AFRICA	1	18	13	1	33	
TOTAL	453	650	679	203	1,985	297

MAIN PRESS RELEASES AUCHAN HOLDING 2020

6 MARCH 2020

Auchan Holding publishes its full-year results for 2019. The profitability of **Auchan Holding** continues to improve (excluding exceptional items) thanks to the confirmed upturn in **Auchan Retail's** performance

22 April 2020

Auchan Holding successfully completed the issue of a bond for an amount of **€1 billion** maturing on 29 January 2026. This bond carries an annual coupon of **2.875%**.

6 July 2020

Auchan Holding successfully set up a schuldschein-type financing for an amount of **€291.5 million** with an average maturity of **3.5 years**.

19 October 2020

Auchan Retail sells its Chinese subsidiary **SunArt** to its partner **Alibaba**. **Auchan Retail** thus reaffirms its desire to accelerate the deployment of its **Auchan 2022** corporate project on its current locations. With this sale of around **€3 billion**, it will have the financial resources to reduce its debt, to seize any relevant opportunity in its markets and to expand into new countries.

28 August 2020

Auchan Holding publishes its half-year results for 2020. Despite the health crisis, the profitability of **Auchan Holding** increases, driven by the very significant improvement in **Auchan Retail's** performance.

21 July 2020

Auchan Holding successfully carried out a liability management transaction aiming to extend the average maturity of its debt with the redemption of **€535.4 million** of existing bonds and the issue of a bond of **€750 million** maturing on 23 July 2027. This bond carries an annual coupon of **3.25%**.

17 November 2020

Auchan Holding successfully carried out a buyback of existing bonds for a total of **€1,591 million** aimed at proactive management of its financing.

1

PRESENTATION OF THE BUSINESS AND MANAGEMENT REPORT

ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AUCHAN HOLDING

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DECLARATION BY THE PERSON RESPONSIBLE FOR THE FINANCIAL STATEMENTS

CROIX, 3 MARCH 2021



"I certify that, to the best of my knowledge, the financial statements have been prepared in compliance with applicable accounting standards, and give a true and fair view of the assets, financial situation and results of operations of the company and all of the companies included within the consolidation scope. The management report provides an accurate description of the business trends, results of operations and financial situation of the company and all of the companies included in the consolidation scope, as well as a description of the main risks and uncertainties that they face."



Edgard Bonte

General Manager of Auchan Holding SA

A management report on Auchan Holding SA's annual financial statements is also prepared.

1.1 SIGNIFICANT EVENTS AND MAIN CHANGES IN SCOPE

1.1.1 CHANGE IN STORE NETWORK

The number of points of sale operated by Auchan Retail changed as follows in 2020:

- in Western Europe, the number of points of sale decreased by a net 5 units, mainly in Spain, where it decreased by 7;
- in Central and Eastern Europe, the number of points of sale increased by a net 389 units (of which an increase of 413 in Romania linked to the development of the partnership with the oil company Petrom and a decrease of 22 in Russia);
- in Asia and Africa, the number of points of sale decreased by a net 686 units (including 684 following the disposal of the activities in China).

Including the number of franchised stores (270 points of sale in 2020 compared to 279 in 2019), the total number of points of sale is 1,985 as of 31 December 2020.

1.1.2 CHANGES IN THE SCOPE OF CONSOLIDATION

The consolidation scope changed as follows during 2020:

Sun Art Retail Group - Disposal of the stake to Alibaba Group

On 18 October 2020, Auchan Retail International concluded the sale to the Alibaba group of the stakes held by Auchan Retail International and its subsidiary Monicole in the company A-RT Retail Holdings Limited, a company based in Hong Kong and parent company of the Sun Art Retail Group (hereinafter "the scope sold").

As the sale of A-RT Retail Holdings Limited shares was completed on 18 October 2020, the activities in the divested scope were removed from the scope of consolidation on that date.

The scope sold meets the definition of a discontinued operation according to the criteria set out in IFRS 5. As a result, the contribution of the scope sold to the income statement has been reclassified under "Net income from discontinued operations or operations held for sale" in Auchan Holding's consolidated financial statements as of 31 December 2019 and 31 December 2020.

The sale transaction resulted in a net capital gain recognised on the same line of the income statement (see Note 2.6 to the consolidated financial statements of Auchan Holding).

Auchan Retail - Disposal of Lillapois (IDS International Drugstores Italia SRL)

On 16 July 2020, Auchan Retail entered into an agreement for the sale of 100% of the shares of IDS International Drugstore Italia SRL ("IDS"), a company incorporated under Italian law, to the Italian company DMO. The sale became effective on 31 July 2020.

Since 2019, the IFRS 5 criteria being met, the contributions of IDS to the income statement have been reclassified under the heading "Net income from assets held for sale or discontinued operations", "Assets held for sale" and "Liabilities associated with assets classified as held for sale" in Auchan Holding's consolidated financial statements.

Auchan Retail Luxembourg and Ceetrus Luxembourg – Proposed disposal of real estate assets

As the criteria of IFRS 5 had been met (an active programme to locate a buyer had been initiated and the sale was highly likely within 12 months), as of 31 December 2019 the relevant assets of Auchan Retail Luxembourg and Ceetrus Luxembourg were reclassified under "Assets held for sale" in Auchan Holding's consolidated balance sheet.

However, the Covid-19 pandemic and its consequences on the commercial real estate market required a complete revision of the disposal scope and schedule. As a result, all assets previously recognised under "Assets held for sale" have been reclassified as "Non-current assets".

1.1.3 OTHER SIGNIFICANT EVENTS

2020 was marked by the following other significant events:

Change in governance of Auchan Holding

On 13 February 2020, the Combined Shareholders' Meeting of Auchan Holding SA decided to modify the company's governance by adopting the management structure of a public limited company (société anonyme) with a Board of Directors. On the same date, the Board of Directors appointed Mr Barthélémy Guislain as Chairman of the Board of Directors and Mr Edgard Bonte as General Manager of the company.

Reduction in the capital of Auchan Holding

The Board of Directors of Auchan Holding on 5 March 2020 authorised a capital reduction carried out on the same day. 30,000 shares with a nominal value of €20 were cancelled, taking the share capital of Auchan Holding to €577,690,980.

The Extraordinary General Meeting of Auchan Holding held on 7 December 2020 authorised a capital reduction to be carried out on the same day. 85,237 shares with a nominal value of €20 were cancelled, taking the share capital of Auchan Holding to €575,986,240.

Financing transactions

In April 2020, Auchan Holding issued another bond under its EMTN programme with a nominal value of €1 billion, maturing in January 2026 at a fixed rate of 2.875%.

In June 2020, Auchan Holding exercised its redemption option (Make whole call) on the USPP bond issue of USD 200 million maturing in June 2022.

Auchan Holding carried out a number of financing transactions in July 2020:

- conclusion of a Schultschein on 6 July 2020 for a nominal amount of €256.5 million in three tranches, maturing in 2023 (€20.5 million), 2025 (€36 million) and 2027 (€18 million), supplemented in October 2020 with a €35 million tranche maturing in 2030;
- signature of an amendment relating to an undrawn €1-billion back-up line of credit with an initial maturity of June 2021, to postpone its maturity until June 2022, with an option to extend to June 2023 exercisable by the lending institutions;
- on 23 July 2020, completion of a Liability Management transaction: buyback of bonds maturing in April 2021, December 2022 and April 2023 for a total amount of €535.4 million. A €750-million bond maturing in 2027, with a 3.25% coupon, was issued at the same time.

Following the disposal of the stake held in A-RT Retail Holdings Limited, a second Liability Management operation was completed in November 2020, leading to the buyback of bonds maturing in April 2021, December 2022, April 2023, January 2024 and April 2025 for a total amount of €991 million.

In December 2020, Auchan Holding exercised its redemption option (Make-whole call) on the bond of €600 million maturing in February 2022.

Adapting the organisation – Auchan Retail

Voluntary departure plan

On 14 January 2020, Auchan Retail announced its "Auchan 2022" corporate project with the aim of adapting its model, its offer and its organisation to the new expectations of consumers and citizens.

In this context, a voluntary departure plan for the "head office" and "products" functions at Auchan Retail International, the "head office" and "products" functions at Auchan Retail France, and the support services for the regional sales organisation for the French businesses was drawn up and presented to the staff representative bodies. The plan led to a net reduction of 517 jobs (677 positions cut, of which 652 were held on the day of the announcement, and 135 positions created).

The voluntary departure plan was approved by the Regional Labour Office (DIRECCTE) on 29th of May and was implemented starting 2 June for eligible employees.

The costs relating to this departure plan are recognised in the "Non-recurring income and expenses" line of the consolidated income statement.

Employment protection plan

In September 2020, as part of the Auchan 2022 plan and the Renaissance approach, Auchan Retail France announced an Employment Protection Plan (EMP). This plan was approved by DIRECCTE on 4 January 2021.

The proposed plan would result in the net loss of 1,088 jobs currently occupied (1,475 positions would be eliminated, including 10 vacant positions, and 377 positions would be created). It is also based on the activation of a major strategic development axis around digital proximity, which could lead to the creation of about 600 jobs.

The estimated costs of this departure plan are recognised in the line "Non-recurring income and expenses" in the consolidated income statement.

Covid-19 pandemic

Following its outbreak in China, the Covid-19 (coronavirus) pandemic has gradually spread out to all corners of the globe including all countries in which Auchan Retail and Ceetrus operate. The consequences of the pandemic have been different for each of the Group's two business lines.

With regard to Auchan Retail, the vast majority of stores have remained open, however business has been severely impacted. Distribution of activity between the different store formats has changed in favour of convenience stores, drive-throughs and e-commerce. Consolidated revenue has also been strongly affected by the drop in sales of fuel. With regard to current expenses, store operating conditions have been heavily disrupted by the pandemic, notably due to the increase in absenteeism which has affected payroll expenses and the health and safety measures introduced for all stores, contributing to an increase in external expenses.

The property management business has been hit hard by the Covid-19 pandemic, given that the majority of shopping mall lessees were forced to suspend their activities for a number of weeks at the height of the pandemic. In this context, rents received from tenants were sometimes postponed or cancelled.

The measurable financial impacts on the consolidated financial statements directly linked to the pandemic are detailed in note 2.8 of the notes to the consolidated financial statements.

1.2 ACTIVITIES AND RESULTS

In accordance with IFRS 5 and for comparability purposes, the figures extracted from the income statement that are presented in this section include the reclassifications of the contributions from the activities held for sale or discontinued operations in 2020, 2019 and 2018 (see note 1.2 to the consolidated financial statements).

1.2.1 AUCHAN RETAIL ACTIVITY

As of 31 December 2020, Auchan Retail operated in 11 countries through 431 hypermarkets, 570 supermarkets, 514 convenience stores and 200 digital points of sale.

The consolidated store network as of 31 December 2020 breaks down as follows:

Country	Hypermarkets	Supermarkets	Convenience stores	Digital	Total
France	119	241	9	158	527
Spain	61	65	49		175
Portugal	31	4	29		64
Luxembourg	2	1		4	7
Poland	70	27	5		102
Hungary	19	6		4	29
Romania	31	8	407	31	477
Ukraine	17	7		2	26
Russia	62	193			255
Senegal	1	18	13	1	33
Taiwan	18		2		20
TOTAL	431	570	514	200	1,715

Including the number of franchised stores (270 points of sale in 2020 compared to 279 in 2019), the total number of points of sale was 1,985 as of 31 December 2020.

Auchan Retail generated operating income in 2020 of €31.6 billion (a decrease of 5.2% compared to 2019, mainly due to a fall in sales of fuels), including the sale of goods to franchisees. Auchan Retail's activities outside of France accounted for 47% of total operating income.

Auchan Retail's recurring operating income increased by 121% and amounted to €667 million in 2020, thanks to the improvement of the gross margin and the control of operating expenses.

1.2.2 CEETRUS REAL ESTATE BUSINESS

At 31 December 2020, the Group's property management business included the management by Ceetrus of 297 commercial sites (mostly shopping malls and retail parks) in 10 countries, of which 242 were fully-owned or leased and 55 under management contracts.

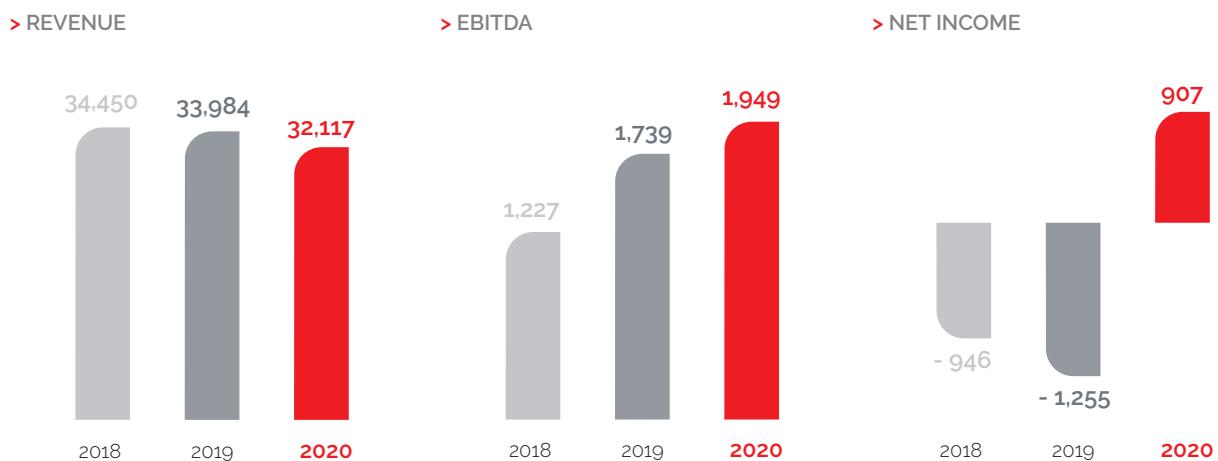
Ceetrus' operating income was €490 million in 2020, down 20% compared to 2019. The Covid-19 impact led to a revenue loss of €109 million. 53.2% of Ceetrus' operating income was generated outside France.

Ceetrus' recurring operating income decreased by 78% to €48 million. The business was severely impacted by Covid-19.

1.2.3 COMMENTS ON THE FINANCIAL YEAR 2020

Comments on the income statement

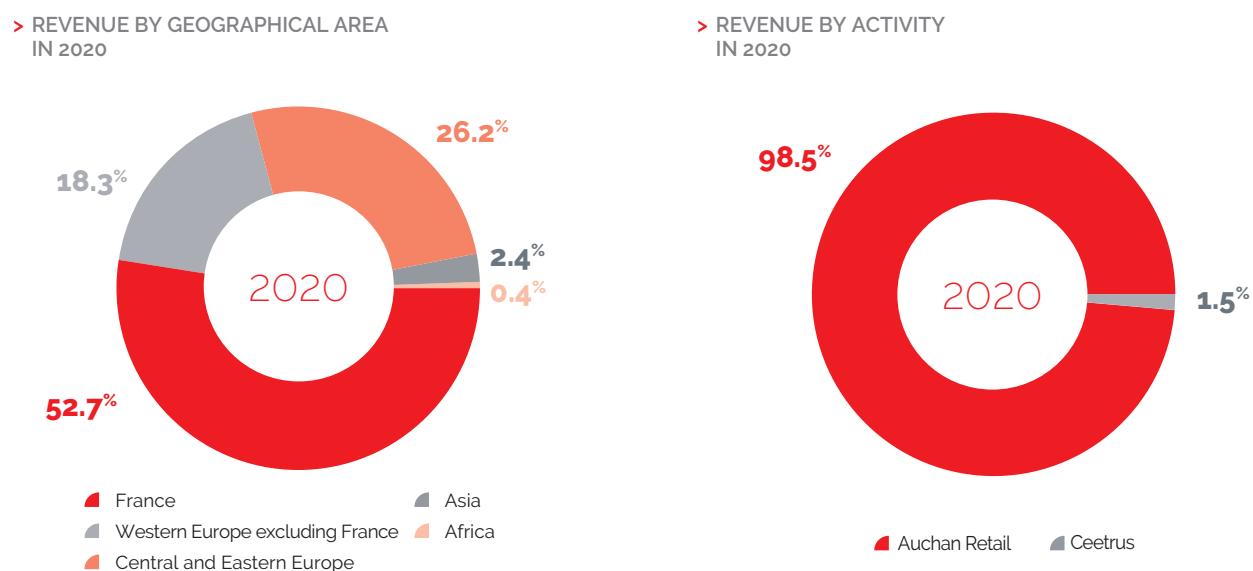
The revenue of consolidated entities amounted to €32.1 billion, down 5.5% compared to 2019.



At constant exchange rates, revenue decreased by 3.5%.

Auchan Retail accounted for 98.5% of revenue while the property management business accounted for 1.5%.

By geographical area, 52.7% of revenue was generated in France, 18.3% in Western Europe excluding France (Spain, Portugal and Luxembourg), 26.2% in Central and Eastern Europe (Poland, Hungary, Romania, Ukraine, Russia) and 2.8% in Taiwan and in Africa (Senegal).



Gross margin decreased by 1.04% to €7,878 million, while the margin rate increased from 23.4% in 2019 to 24.5% in 2020.

Recurring operating expenses (payroll expenses, external expenses, amortisation, depreciation, provisions and impairment, other recurring income and expenses) decreased by 3.2%.

Recurring operating income increased by 27.7% to €708 million. EBITDA, i.e. recurring operating income excluding

non-recurring income and expenses and excluding depreciation, amortisation and provisions, increased by 12.1% to €1,949 million.

After taking into account "Non-recurring income and expenses", operating income decreased by €335 million to reach €89 million.

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

in €m	31/12/2020	31/12/2019
Impairment of non-current assets and store closing costs <i>In 2020: Mainly in Russia (€375 million including goodwill for €341 million), France (€24 million) and Poland (€11 million), including €56 million on investment property, including France (€31 million). In 2019: mainly in Russia (€55 million), and Ukraine (€39 million), of which €29 million on investment property.</i>	(416)	(145)
Auchan Retail - Restructuring costs	(222)	(30)
Auchan Taiwan - Sale of assets and revision of subletting	75	
Auchan Retail - Staff bonuses related to Covid-19	(43)	
Auchan Holding – Share buyback commitments		36
Ceetrus France - Capital gain on disposal (mainly Canyon and Undecima programme)		33
Auchan Retail International - Provisions for onerous contracts		(17)
Other income and expenses	(12)	(6)
TOTAL NON-RECURRING INCOME AND EXPENSES	(618)	(129)

Financial income is broken down into:

- the net cost of financial debt, up to €186 million (compared to €118 million in 2019). This change is mainly explained by the expenses related to the early buybacks of bonds and the cancellation of the associated hedges;
- other financial income and expenses, up by €18 million to €224 million (compared to €206 million in 2019). This change is related to the application of IFRS 16 - Leases.

Income before tax on consolidated companies amounted to €(321) million (compared to €100 million in 2019).

The effective tax rate was (14.9)% in 2020, compared to 104.9% in 2019.

The share of net income of associates was €19 million (€(20) million in 2019).

Net income from continuing operations amounted to €(350) million compared to €(24) million in 2019.

Net income from assets held for sale and discontinued operations was a profit of €1,257 million. This amount includes the net income from operations disposed (Retail in China and Retail in Italy) up to the date of loss of control, as well as gains and losses from these disposals (see Note 2.6.3 to the consolidated financial statements).

Taking into account the net income of discontinued operations or activities held for sale, net income attributable to owners of the parent was €678 million.

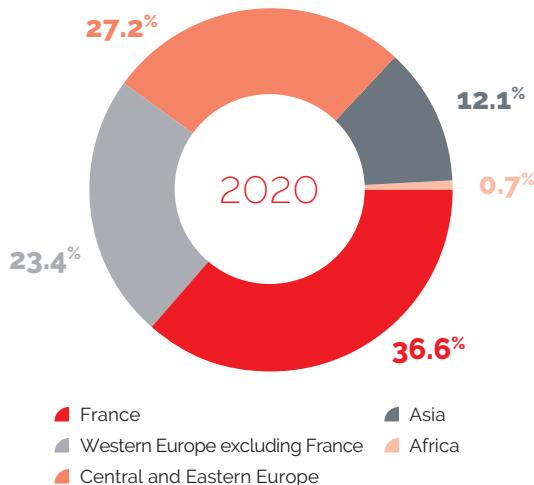
Cash flows from operations decreased by 3.4% to €2,087 million in 2020 (€2,161 million in 2019).

Comments on the financial position

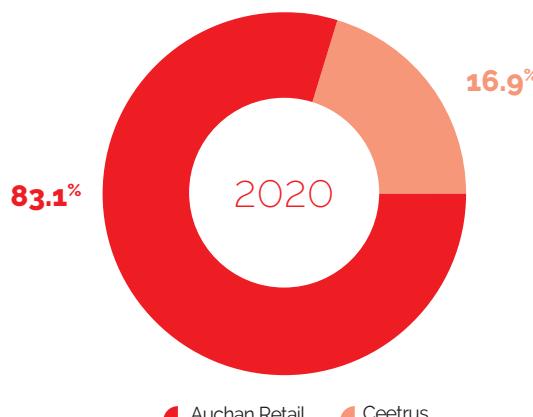
Assets

Current investments excluding business combinations (acquisitions of intangible assets, property, plant and equipment and investment property) amounted to €1,169 million (right-of-use of assets included). The volume of current investments decreased compared to 2019 (€1,626 million).

► CURRENT INVESTMENTS BY GEOGRAPHICAL AREA
IN 2020



► CURRENT INVESTMENTS BY ACTIVITY
IN 2020



The breakdown of investments was 36.6% in France (30.4% in 2019), 23.4% in Western Europe excluding France (21.5% in 2019), 27.2% in Central and Eastern Europe (23.8% in 2019), 12.1% in Asia (23.7% in 2019) and 0.7% in Africa (0.6% in 2019).

Liabilities

Total equity amounted to €6,704 million at 31 December 2020, compared to €9,853 million at 31 December 2019 (down €3,149 million, change mainly due to the disposal of the Retail activities in China).

Equity attributable to owners of the parent amounted to €6,518 million, up by €213 million. The main changes were as follows in € millions:

Net income for 2020	678
Capital reduction and treasury shares	(46)
Exchange differences (mainly with the Russian, Chinese and Ukrainian subsidiaries)	(426)
Change in debt related to put options granted and repurchase commitments (net of total deferred tax)	53
Changes in consolidation scope	(2)
Other	(44)

Non-controlling interests amounted to €186 million compared to €3,548 million at 31 December 2019 (change mainly due to the disposal of the Retail activities in China).

Net financial debt, as defined in Note 10.1 of the notes to the consolidated financial statements, amounted to €2,158 million at 31 December 2020 compared with €3,870 million at 31 December 2019. It represented 32.2% of equity compared with 39.3% at 31 December 2019, 1.03 years of cash flows from operations, and 1.1 years of EBITDA.

1.3 CORPORATE SOCIAL RESPONSIBILITY

The company's non-financial performance is described in Chapter 2 of this document - Non-financial Performance Statement.

1

1.4 SUBSEQUENT EVENTS

None.

1.5 OUTLOOK

Spurred on by its ongoing recovery, Auchan Retail is seeking to sustain this momentum in 2021. It is looking to give each country more autonomy and responsibility in implementing its business plan in way that meets consumer expectations as closely as possible. The Renaissance programme will continue and expand in all countries, with a significant impact on the economic model. The Auchan 2022 plan will continue to be rolled out as closely as possible to customers on the ground. The aim is to provide them with an improved service, supported by a cautious investment stimulus.

Ceetrus will rely on its new organisation and the creation of Nhood, a new mixed real estate operator, to continue developing projects supporting the city and trade and to broaden its prospects for growth and competitiveness.

Business development will take place within a strict financial framework. The financial health of Auchan Holding, which has significantly increased in 2020, remains a priority. The non-strategic asset disposals programme announced at the time of publication of the 2020 half-year results remains in place. Rollout is set to begin from H1 2021.

NON-FINANCIAL PERFORMANCE STATEMENT

2

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2.1 INTRODUCTION

The scope of the non-financial performance statement for 2020 is mainly focused on the actions and performance of Auchan Retail, which represents more than 99% of Auchan Holding's revenue. The reporting on Ceetrus' performance and actions is therefore less comprehensive in this chapter.

Two events impacted Auchan Holding's non-financial performance in 2020:

- the sale of Auchan Retail's business in China. The scope of the information presented in this chapter therefore does not cover the activities of the Chinese subsidiary Sun-Art, sold in October 2020;
- the Covid-19 health crisis, which mobilised Auchan Retail teams throughout the year in order to maintain activity. The pandemic also severely disrupted Ceetrus' real estate activities for several months.

This health and economic crisis has highlighted the social utility of Auchan Retail which, wherever the Group operates, has been able to meet the basic needs of populations by committing:

- towards consumers, to guarantee access to a range of essential food and non-food products. Auchan Retail is also committed to implementing all the health conditions necessary for the safety of its customers in its points of sale;
- alongside the agricultural world and local producers, to accelerate the listing of products and maintain significant supply volumes in each of its countries of operation;
- towards society, to increase support initiatives, particularly for healthcare workers and the most vulnerable people through food, financial and even medical donations;
- towards employees in the field, through the implementation of working conditions that protect the health and safety of all.

These commitments that inform the content of this chapter.

2.1.1 A RESPONSIBLE APPROACH BASED ON THREE COLLECTIVE FIGHTS

Founded in the 1960-70s to make the broadest offering accessible to as many people as possible, large-scale retailing is now being challenged by a changing society: the emergence of digital, food, ecological and economic transitions, etc. These changes have led Auchan Retail to rethink its model and structure its responsible commitments.

It was in this context that Auchan Retail launched its "Auchan 2022" corporate project at the end of 2019. The objective: to adapt to new challenges, to the expectations of consumers and society and to return to sustainable growth. This project should enable the Group, a brand that symbolises the democratisation of consumption, to pursue its historical ambition: to improve the quality of life of people.

The Auchan 2022 project is reflected in two strategic pillars:

- **being the benchmark player for what is good, healthy and local through the selection and design of a unique, fair and responsible offer;**
- **bringing people together and providing enriching experiences to improve the quality of life of residents.**

To nurture this corporate project and meet the expectations of its stakeholders, Auchan Retail has formalised its CSR approach around the most material issues. Committing to a sustainable development approach is no longer an option for the Group but a debt to be serviced. These commitments, which mobilise all its employees internationally, are structured around three collective actions with medium-term objectives.

> FIGHT 1: promote good nutrition and fight against food waste



This commitment meets the expectations of consumers who want healthy, local and quality food. Auchan Retail strives to promote good nutrition and fight against food waste by offering a fair and responsible offer.

Ambition for 2022:

- 100% of private label products with a nutritional label (Nutri-Score or equivalent).

> FIGHT 2: fight against plastic pollution



Today, plastic is present throughout the product life cycle in the mass retailing sector: manufacturing/transport/packaging/customer logistics. Auchan Retail is mobilising to reduce plastic waste and promote the circular economy throughout its value chain through concrete and measurable initiatives.

Ambition for 2022:

- 100% reusable, recyclable or compostable packaging for private label products;
- elimination of plastic packaging as much as possible for the food, fruit and vegetable business lines.

> FIGHT 3: reduce our carbon footprint



This focus is part of the commitments made by the Group at COP21 to reduce its GHG emissions related to energy consumption by 20%. In 2019, Auchan Retail achieved this objective and has therefore set itself new ambitions.

Ambitions for 2022:

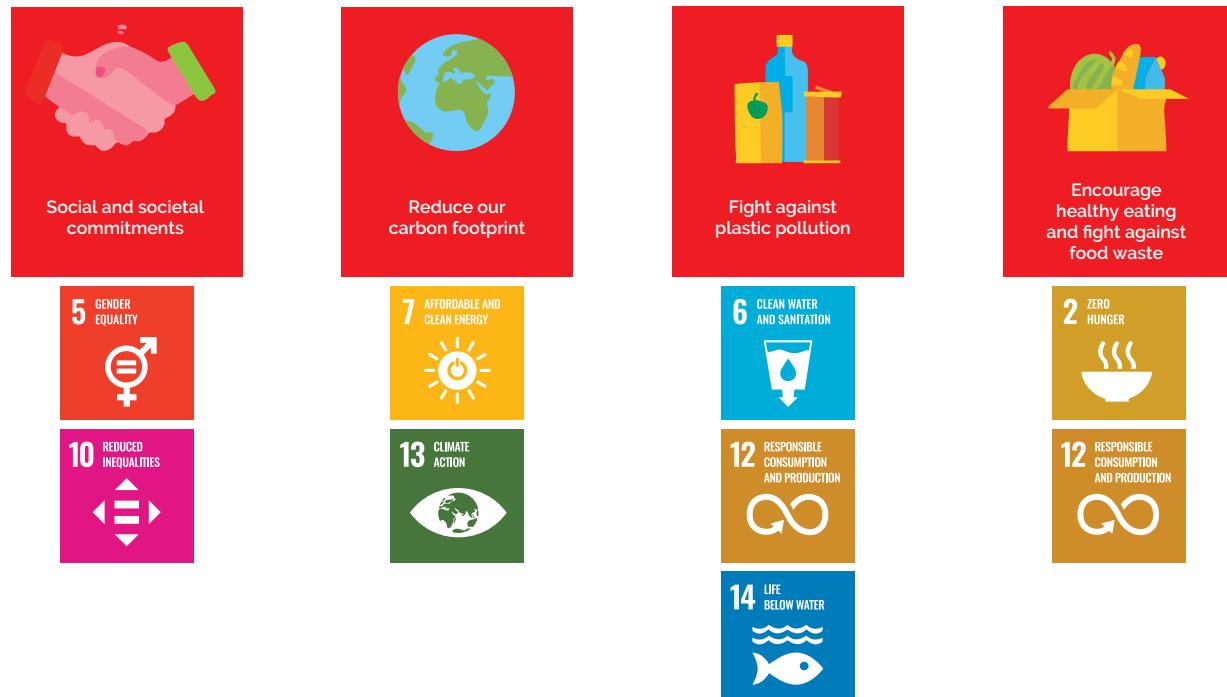
- 20% reduction in greenhouse gas emissions from goods transport;
- 50% low-carbon electricity supply;
- 25% reduction in energy consumption in stores (like-for-like 2014 basis).

A responsible approach driven by committed employees who are passionate about their profession

In a society where the notions of quest for meaning and responsibility are increasingly present, this approach encourages, promotes and nurtures the responsible commitment of Auchan Retail employees while helping to make them passionate about their work. Their commitment in the field can take the form of initiatives that are part of local CSR policies, but also of solidarity actions led by the Group's foundations.

This mobilisation encourages the commitment of employees, who are also supported in their career development at Auchan Retail through training programmes and career paths.

Lastly, since the Covid-19 crisis has highlighted the strong expectations and challenges in terms of workplace safety, Auchan Retail is and remains committed to ensuring a safe, healthy and fulfilling work environment for its teams and optimal safety conditions for consumers in all its formats.



As a signatory of the Global Compact, Auchan Retail has aligned its CSR priorities with the Sustainable Development Goals defined by the United Nations.

2.1.2 INTERNATIONAL AND NATIONAL CSR GOVERNANCE TO ACCELERATE DECISIONS AND ACTIONS WITHIN AUCHAN RETAIL

In order to translate CSR commitments into concrete and effective actions, Auchan Retail has implemented CSR governance throughout the organisation at international and national levels.

At international level: the Group's policy is managed by the CSR Department, which reports to the Human Resources, CSR and Transformation Department, whose director is a member of the Auchan Retail Executive Committee.

The CSR Department coordinates the International CSR Committee. This body brings together the Country CSR Managers, the Worldwide Products Department and certain business lines (quality, technical, ethics, etc.). This committee meets every month to oversee international initiatives and promote synergies between countries.

The CSR objectives are embedded in Auchan Retail's strategic roadmaps at international and national levels.

At national level: the dedicated CSR manager defines his or her roadmap by incorporating the Group's priorities as well as the national issues shared through growing dialogue with local stakeholders.

Each country has a CSR Committee. Depending on their resources and level of maturity, the subsidiaries set up a specific organisation and tools to promote CSR in the field and in contact with customers.

Each subsidiary communicates on its commitments. Some entities have chosen to publish CSR reports in 2020.

2.1.3 ONGOING DIALOGUE WITH STAKEHOLDERS

The health context has made it possible to develop dialogue with many players in the Auchan Retail ecosystem, with the main challenges being: the health and safety of customers and employees, support for local economic players, and building collective momentum for stronger commitments to tackle the health and climate crises.

Employees	<ul style="list-style-type: none"> Regular managerial discussions; Implementation of an international commitment survey. 87% of employees surveyed responded; Deployment of action plans by country and by department to respond to feedback from employees.
Social partners	<ul style="list-style-type: none"> Maintaining regular social dialogue on working conditions during the pandemic; Monitoring of the organisational adaptation project as part of the Auchan 2022 project.
Brands of the Mulliez Family Association (AFM)	<ul style="list-style-type: none"> Participation and contribution to the workshops of the Acts and Facts association.
Investors	<ul style="list-style-type: none"> Sharing of non-financial assessments and roadshows carried out by the Finance Department.
Associations	<p>Support for numerous associations to meet pandemic -related needs:</p> <ul style="list-style-type: none"> Youth Foundation call for projects; Weave Our Future specific actions; Numerous initiatives on the ground to support associations helping medical staff and vulnerable people.
Customers/Residents	<ul style="list-style-type: none"> Measuring the image of the Auchan 2022 project ambitions in all countries; Testing concepts with residents via focus groups (second hand, new packaging graphic charters, In Extenso brand communication, etc.); Implementation of the Trends and Innovation process to align product category developments with consumer trends; Discussions with residents to understand changes in eating habits due to Covid-19 (1st lockdown).
Industrial partners/players in the Retail sector	<ul style="list-style-type: none"> Active contributions within the national federations representing Retail and Distribution, in particular on the various health crisis situations, CSR or regulatory issues (UNI agreement, soy issues, lockdown, curfews, shelf closures, etc.); Participation in the Consumer Goods Forum coalitions.
Local producers/farmers	<ul style="list-style-type: none"> Acceleration of the deployment of local supply chains in all countries; Opening of stores to local producers during the crisis to support them economically and meet consumer expectations; Maintaining order volumes.
Suppliers	<ul style="list-style-type: none"> Launch of the EcoVadis CSR assessment approach with non-commercial suppliers.

2.1.4 A CSR STRATEGY SUPPORTED BY AN IMPROVEMENT IN NON-FINANCIAL RATINGS AND CSR AWARDS

	2020	2019-2018 Comments
	49/100 37/100 (2018)	<p>This increase of 12 points highlights Auchan Holding's progress in the following areas:</p> <ul style="list-style-type: none"> environment; social; business ethics; community engagement.
	B C (2019)	<p>This score recognises the advanced level of management on climate issues within Auchan Holding, in particular on the reduction of greenhouse gas (GHG) emissions (Scopes 1 and 2).</p>

> A selection of awards obtained locally in countries in 2020

Auchan Retail Romania

- Romanian CSR Awards in June 2020 for the waste oil collection initiative.

Auchan Retail Poland

- 9th in the ranking of responsible companies by White CSR Leaf.

Auchan Retail Taiwan

- Taipei City Government Award for its action against plastic.

Auchan Retail Ukraine

- United Nations Global Compact Award in Ukraine for its contribution to the fight against plastic.

Auchan Retail Spain

- Selected among ECODES' 101 #forclimate actions for its private label universal compost, made from compost from organic waste from hypermarkets and packaged in a plastic bag made from the recovery of plastics used by the store in its operations
- CRIS Prize from the CRIS Cancer Foundation for the Somos Osos Solidarios project
- Cerdá Institute Award - "Observatory of innovation in mass consumption in Spain", for checkouts accessible to people with reduced mobility
- OCARE award for its "breakfasts and snacks #conCorazón" campaign in collaboration with the Red Cross, Oney Bank, Ceetrus and the Association of chefs and pastry chefs (ACYRE).

Auchan Retail France

- Elected to the Top 5 in the Distribution category of Le Point newspaper's Socially Responsible Companies ranking for 2020, and the only food distributor in this Top 5.

2.2 IDENTIFICATION OF THE MAIN CSR CHALLENGES VIA RISK MAPPI

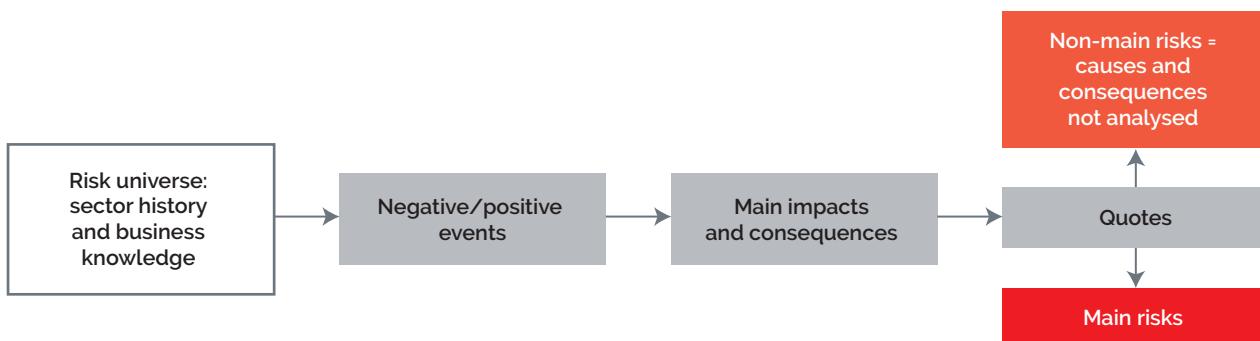
2.2.1 GLOBAL RISK ANALYSIS METHOD

Auchan Retail has implemented a risk management programme based on best practices. It uses a risk analysis method based on the COSO ERM.

The aim is to ensure that the most significant risks are identified, assessed and addressed using the most effective methods. A risk is considered to be a potential event, which, if it occurred, could have a positive or negative impact on the achievement of Auchan Retail's objectives.

The general analysis method is based on the following approach:

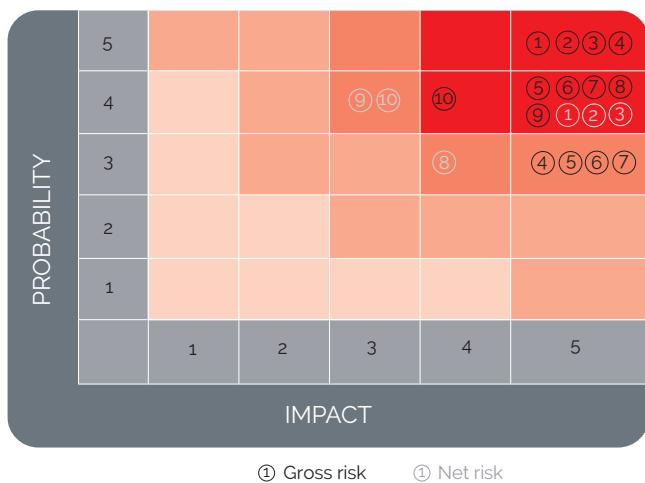
The main objectives of risk management are to reduce the probability and/or impact of the occurrence of the main risks by defining and implementing appropriate actions.



In accordance with Auchan Retail's Risk Management principles, the assessment was made in terms of gross risk and residual risk. This assessment also took into account the suppliers and subcontractors of each of its entities. The work was carried out jointly by Auchan Retail's CSR and Risk and Internal Control teams with the active participation of internal stakeholders in their areas of expertise.

The objective of this review was to identify the exposure of each of the entities to the main risks identified as well as all the risk mitigation measures implemented, sometimes locally, in order to share, consolidate or reinforce them.

2.2.2 CSR RISK MAPPING FOR 2020



This risk mapping is one of the structuring elements of Auchan Retail's non-financial performance statement. The risks identified are discussed in the various chapters presented (cross-referencing is provided in the table below). This document also addresses the risks identified in other mapping exercises and Auchan's proactive actions that contribute to the deployment of its CSR policy.

Main exposures

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

Auchan Retail has chosen to present the gross and net risks identified for the company. The gross risk is the level of intrinsic risk without taking into account the application of reduction actions or the controls in place. The net risk includes the mitigation actions deployed by the company to reduce the impact and the gross probability identified. These mitigating actions are presented in the Auchan non-financial performance statement in the corresponding chapters in the section "Policy and commitments".

The level of risk presented in the table below is a summary that is the result of reworking the net risk. Initially rated on a scale of 1 to 25, the risks have been classified into three categories:

1. Level 1 risk = major risk, net rating greater than or equal to 16;
2. Level 2 risk = moderate risk, net rating between 11 and 15;
3. Level 3 risk = minor risk, net rating less than or equal to 10.

This method makes it easier to understand the risks presented.

The main CSR risks and opportunities identified are:

Risks	Level of risk	Chapter of the non-financial performance statement dealing with the subject
Failure to respect work-life balance	2	2.4.3 Occupational health and safety 2.4.4 Societal commitment and solidarity
Inequitable career management	3	2.4.1 Job structuring 2.4.2 Employee development 2.4.6 Diversity and equal opportunities
Occupational health and safety	2	2.4.3 Occupational health and safety
Impact on safety and hygiene in the processing chain of marketed food products	1	2.3.1 Consumer health and safety
Health impact associated with storage, management in warehouses and delivery of products to customers	2	2.3.1 Consumer health and safety
Compensation differences	3	2.4.6 Diversity and equal opportunities 2.4.2 Employee development
Impediments to cultural diversity-discrimination	3	2.4.6 Diversity and equal opportunities 2.4.2 Employee development
Discriminatory treatment related to political or trade union opinions	3	2.4.5 Social dialogue
Forced labour and child labour	2	2.6.1 End to end Responsible supply chain approach and partnership with local producers 2.6.2 Sustainable purchasing relationships with our partners 2.6.3 Ethics and compliance + Duty of care plan
Climate risk	2	2.5.1 Climate change and GHG reduction
Unsustainable agricultural practices or production methods and selection of raw materials	1	2.3.1 Consumer health and safety 2.3.2 Eating well and the nutritional quality of products 2.5.4 Biodiversity and protection of natural resources
Environmental impact of non-recyclable packaging (plastic in particular) on the market	3	2.5.2 Fight against plastic pollution
Poor waste management	3	2.5.3 Eco-design, second life of products and operational waste
Food and non-food waste	3	2.3.4 Fight against food waste Circular economy
Excess energy consumption at sites, stores and warehouses	2	2.5.1 Climate change and GHG reduction
Lack of traceability of raw materials and ingredients used in the composition of the products distributed	2	2.3.1 Consumer health and safety 2.5.4 Biodiversity and protection of natural resources
Greenhouse gas emissions	2	2.5.1 Climate change and GHG reduction
Non-compliance with animal welfare guidelines	2	2.3.3 Animal welfare
Depletion of resources	2	2.3.1 Consumer health and safety 2.5.4 Biodiversity and protection of natural resources
Control of the entire value chain	1	Duty of care plan

All the measures undertaken to control these risks are presented in the following chapters, under four challenges:

- offer a healthy, quality and responsible food offer;
- commit with passionate employees;
- limit the environmental impact of our activities;
- establish responsible and ethical business relationships.

2.3 PROPOSE A HEALTHY, QUALITY AND RESPONSIBLE FOOD OFFER



Auchan Retail wants to give its customers access to quality products that are healthy and, wherever possible, exclusive. The company is developing a food offering that combines:

- security;
- taste pleasure and nutritional balance;

- respect for animal welfare;
- limitation of food waste.

2.3.1 CONSUMER HEALTH AND SAFETY

> Background

In the food industry, quality is a constant concern at the heart of consumer expectations. The successive crises of recent years have generated a demand for security and transparency. Auchan Retail has made this concern its primary responsibility and the heart of its mission: to offer its millions of daily customers a safe, varied and accessible offer that contributes to a balanced diet and the pleasure of eating.

> Commitment/Policy

Auchan Retail acts by:

- continuously improving its own brands;
- encouraging national brands to act in line with its CSR progress approach;
- giving consumers access to better information on responsible products and consumption patterns;
- relying on internal or external experts or partner organisations.

In this regard, Auchan Retail has formalised its main commitments in a responsible quality charter, organised into ten areas:

1. Guarantee the safety and compliance of Auchan products;
2. Select responsible raw materials and supply chains, traced from farm to fork;
3. Design products that make good nutrition a pleasure;
4. Make products the customer can recognise and trace;
5. Develop specific products for all types of food;
6. Favour local producers and reduce the carbon footprint;
7. Ensure clear transparency on origin and promote national origin;
8. Reduce plastic packaging and demand recyclability with CSR;
9. Avoid food waste;
10. Improve in-store quality.

Product safety and compliance

As the first pillar of the Auchan responsible quality charter, this commitment is reflected in:

- a demanding and unique development process for own-brand products for all countries and which is regularly monitored by internal audit;
- strict specifications;
- quality audits carried out at all suppliers of own-brand products;
- social audits in line with the results of the risk mapping. Among other things, Auchan, as a founding member of the Social Compliance Initiative (SCI) and a member of the BSCI, again relies on international initiatives;
- audit plans (physico-chemical and microbiological) for products in our workshops as well as for own-brand products.

Clear transparency on origins

Consumers are looking for clear information about the products they consume. Through this component of its responsible quality charter, Auchan Retail is committed to:

- informing the customer about the origin of the raw materials;
- guaranteeing the absence of contentious substances in raw materials, in particular through a monitored blacklist.

Improving quality in stores and throughout the supply chain

The quality of the food offering is also driven by the food quality in stores and in the logistics chain. This includes various requirements applicable to all subsidiaries:

- have a health control plan or HACCP⁽¹⁾ for all stores and in logistics;
- train employees across the chain (from the warehouse to the store, including delivery) in both food safety and quality;
- assess all our sites through a single system based on an international FSQS inspection standard⁽²⁾;
- control the health and safety of products;

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

(2) Food Store Quality Standard (FSQS) supported by the FSQ Association (formerly IFS FOOD STORE). The FSQS is a common standard for large retailers. This standard makes it possible to measure the level of control of the points of sale with regard to the safety of the food sold.

- in the event of a serious crisis:
 - be able to withdraw a product worldwide,
 - have whistle-blowing systems in line with the needs of the national market;
- develop certification or Food Safety Culture programmes to facilitate industrialisation and modernisation.

COVID-19**AUCHAN RETAIL STRENGTHENS HEALTH SECURITY IN ITS STORES DURING THE HEALTH CRISIS**

From the start of the Covid-19 health crisis, Auchan Retail has implemented significant measures to meet the protection needs of its employees and customers. Thus, depending on the legal provisions and frameworks specific to each country, priority has been given from the start to the supply of protective equipment (gel, mask, gloves, plexiglas, etc.) and compliance with barrier gestures (capacity gauge in stores, entry screening, checkout spacing, contactless drive-through or home delivery procedures, etc.). With the resumption of the acceleration of the epidemic, Auchan Retail France has drawn on the expertise of the teams of the Institut Pasteur de Lille to co-develop a commitment charter to reassure customers and employees. This collaboration aims to structure in ten points the steps to be taken to effectively combat the risks of contamination or spread of the coronavirus. These ten points cover both barrier and personal protection measures, the monitoring of certain store equipment (air conditioning, refrigeration, etc.), and the best practices to be adopted in the production or sale processes of fresh products or the implementation of monitoring, regular audit or support structures for the employees concerned.

This commitment charter provides for a verification of its application and its relevance several times a month and an audit carried out, randomly and unexpectedly, by an independent external body every quarter to ensure the continuity of actions over the long term. Thanks to these scientific recommendations, which are regularly updated according to the evolution of the pandemic and the assistance of an independent control auditor, Auchan Retail has ensured effective health prevention for its customers and employees.

Equivalent processes for recognition by certification bodies or experts have also been implemented in Luxembourg, Romania, Spain, Portugal and Taiwan.

2

2.3.2 GOOD NUTRITION AND THE NUTRITIONAL QUALITY OF PRODUCTS

> Background

Consumers are increasingly attentive to what they eat, to environmental protection and to respecting production conditions. To meet these expectations, Auchan Retail is mobilising its entire ecosystem: producers and industrials, nutritionists and top chefs, but also butchers, fishmongers, bakers in its stores, its department managers and checkout assistants, logistics and digital teams, etc., not forgetting partner associations. Together, they contribute to Auchan Retail's action for the good, the healthy and the local, an action that revisits all facets of its business and aims to build trust in what we eat.

> Commitment/Policy

Auchan Retail aims to:

- develop own-brand products recognised for the pleasure of well-balanced diets;
- offer specific products for all types of food.

Designing products that combine the good and the healthy

Auchan Retail is developing a product policy that reconciles safety, taste and health, while ensuring nutritional balance. Auchan brand products are therefore designed for the pleasure of eating well (3rd pillar of the Auchan responsible quality charter) by promoting:

- natural, simple ingredients without unwanted additives (blacklist);
- nutritional transparency.

In this respect, Auchan Retail has been maintaining a blacklist and is committed to removing many unwanted substances. This list is updated each year with the quality officers of all countries and is organised as follows:

- reformulation of recipes and elimination of 39 substances, including:
 - GMO ingredients,
 - hydrogenated fats,
 - azo dyes and those that are controversial,
 - nanotechnologies (absence of E171);

- removal of eight substance-ingredients from any new product, including:
 - glutamates,
 - caramels E150b, c and d,
 - eggs from caged chickens;
- 19 substances to be avoided in the context of new product development, including:
 - cochineal E120,
 - palm oil whenever possible.

In addition to improving recipes for own-brand food products and in order to increase the awareness of customers, each country has adopted a nutritional label and is committed to affixing it to its Auchan brand products by 2022. This progress is already effective in France, Spain and Portugal with the choice of Nutri-Score.

In all its subsidiaries, Auchan Retail is committed to informing consumers about healthy eating. Initiatives in this area include:

- in-store cooking workshops with children;
- diabetes awareness campaigns;
- show cooking;
- recipe proposals, validated by a nutritionist;
- highlighting and tasting of healthy products.

The company is also forging many partnerships with local associations in this regard and supports the authorities' approaches to nutritional policies.

In addition to food products, Auchan Retail also pays close attention to the composition of its non-food products, in particular the hygiene and beauty range, in order to ban all controversial substances, beyond the regulations.

Developing specific products for all types of food

Auchan Retail is adapting to new consumer expectations and encourages consumption choices that include all types of food.

All subsidiaries develop and promote innovative agricultural initiatives that are beneficial for the environment, for producers and for the health of consumers:

- organic products;
- products without pesticide residues;
- products bearing labels such as the High Environmental Values in France.

To preserve the planet and/or their health, customers are consuming less and less meat and other products of animal origin. Designing ranges of own-brand vegetarian and even vegan products is a response to these expectations. Auchan Retail is constantly expanding this segment to offer alternatives to the consumption of animal protein.

The food offering on the shelves of Auchan Retail stores is also enhanced each year by products designed or selected to meet all needs:

- gluten-free products;
- low-sugar products;
- low-salt products;
- products without specific allergens.

When store space permits, these products are brought together in a single department to facilitate purchases by customers coming specifically for these needs.

To ensure that all customers are able to choose their products, Auchan Retail affixes Braille labels to more than 2,000 own-brand food products. This labelling, in place since 2015, allows the visually impaired to choose and recognise the product they want to consume without risk of error.

> Indicators

Scope	Indicators	2019	2020
Auchan Retail	Percentage of private label+MDDI products with a nutritional label on the packaging ⁽¹⁾	33%	45% ⁽²⁾

(1) Private label = Private label products also called own-brand products.

MDDI = International private label products = products developed by the international purchasing centre for all our countries.

(2) This indicator only includes products WITH a nutritional label ON the packaging. This explains the difference from the subsequently announced 100% for Auchan Retail France, which takes account of postings on the website for online sales.

> Significant initiatives by subsidiaries

Policy theme	Organisation	Initiative
Auchan brand products with selected ingredients	Auchan Retail France	<p>Since 2018:</p> <ul style="list-style-type: none"> • 360 recipes have been reworked to improve the nutritional profile (less salt, less sugar, less fat); • 410 recipes have been reworked or developed to eliminate substances such as BHA, BHT and titanium dioxide. <p>A particular focus is on natural flavours and no artificial preservatives:</p> <ul style="list-style-type: none"> • 20 yoghurt references are made from natural flavours; • 42 candy references are free from artificial flavours; • 3 chocolate confectionery references are free from artificial colouring; • 59 frozen products are colourant-free.
	Auchan Retail Spain	Since 2018, Auchan Retail Spain has been working to develop products without pesticide residues. In 2020, 19 products were added to this range in Spain.
	Worldwide Products Department	A total of 93 hygiene and beauty products were reformulated to comply with the blacklist (82 in 2019 and 11 in 2020): removal of controversial substances exceeding the regulations, such as: MIT/MCIT, parabens, etc.
Products with a balanced nutritional composition	Auchan Retail France	100% of Auchan brand products have adopted the Nutri-Score system, i.e. 6,000 products online on the drive's website, including 3,800 packaged items.
	Auchan Retail Spain	90 own-brand product recipes were reformulated, reducing saturated fat (18,225kg), sugars (91,940kg), salt (6,530kg) and fat in meat products (2,375kg).
Awareness of healthy eating habits	Auchan Retail Senegal	Organisation of a diabetes week: awareness-raising for employees and customers, in-store screening campaign, cooking workshops, tasting of healthy products, organisation of sports classes
	Auchan Retail Spain	Organisation of monthly workshops for children between the ages of four and ten.
	Auchan Retail Portugal	In order to encourage children to move around and adopt a healthier diet, Auchan Retail Portugal has launched a project to combat the sedentary lifestyle of children, "MOOVeat, Movimento & Diversão".
Specific products developed for all types of food	Auchan Retail France	The "Eating better is easy" initiative in France with the Nutrition Department of the Institut Pasteur de Lille to help customers eat well. The objective is to enable everyone to adopt better eating habits, with advice and tips for eating more varied and balanced foods, ideas for preparing meals by focusing on raw or minimally processed foods, and tools to help people adopt a more balanced diet, as well as in-store events, etc.
	Auchan Retail Poland	<p>The offer of Polish stores aims to meet the needs of as many consumers as possible, with:</p> <ul style="list-style-type: none"> • 1,647 organic products; • 218 vegetarian products references; • 187 lactose-free references; • 365 gluten-free references; • 389 "dietary" products; • 50 products known as "superfoods".
Product transparency developed to better inform consumers	Auchan Retail France	<p>Auchan Retail France is one of the founding members of the Global Score. The objective is to have as reliable and comprehensive a framework as possible to help consumers to consume better and players to produce better. The societal performance score is the result of a system defined collectively with consumers, allowing them to form an objective view of the qualities of each product, and to improve societal performance.</p> <p>Today, 19 Auchan-brand products carry the Global Score: 16 in poultry (Lyré chicken) and 3 hams. The first labels have been on the products since March.</p>
	Auchan Retail Portugal	Launch of its first blockchain on three products from its supply chains: lettuce, melon and watermelon. This is a first in the Portuguese retail sector. Thanks to a QR Code affixed to the label, customers now have fully transparent access to all product data from the product's origin to its arrival on store shelves. This blockchain technology is now present in six Auchan Retail countries.

2.3.3 ANIMAL WELFARE

> Background

Many consumers feel very strongly that they want to be able to consume products that are more respectful of animal welfare, from the beginning to the end of the animal's life. In a context of declining meat consumption in Western countries, with growing demands from animal protection associations and in a highly competitive market, the consideration of animal welfare is not only a risk but also as an opportunity for market differentiation with a vegetarian and/or vegan product offering.

> Commitment/Policy

Auchan Retail has made this necessary transformation one of its priorities and is committed to improving animal welfare in the development of its responsible agricultural supply chains (see Section 2.6.1).

The company has launched an international consultation process that will lead to the publication of a corporate policy on animal welfare by 2021. Various subsidiaries already have such a commitment:

- Auchan Retail Spain;
- Auchan Retail France;
- Auchan Retail Poland.

These refer, among other things, to the fundamental rights of all farm animals and the responsible use of antibiotics.

Auchan Retail has also made the sale of eggs from non-caged hens a priority. In this way, a dynamic is under way in all countries between producers, distributors, associations and customers. As the economic reality and behavioural maturity differ from one country to another, this dynamic aims to support changes in the most sensitive countries and encourage consideration of the subject in other countries. Thus, the company has undertaken to sell only cage-free eggs under its own-brand references by 2025 in European Union countries.

In line with the new concerns and needs of consumers, all Auchan Retail countries offer a range of national brand or own-brand vegetarian and vegan products.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Animal welfare Vegan offer	Auchan Retail Spain	Launch of the animal welfare policy on 15 October with the participation of stakeholders via a detailed presentation of the commitments during a web conference.
	Auchan Retail France	Update the animal welfare policy with a view to making requirements more stringent: <ul style="list-style-type: none"> • an acceleration in the management of pain; • reducing animal transport time; • actions to combat antibiotic resistance; • the animal welfare approach emphasised in the aquaculture sector, with the formalisation of new requirements.
	Auchan Retail Poland	Recognition of its leadership in terms of vegan offer in Polish supermarkets by the Albert Schweitzer Foundation.

2.3.4 FIGHT AGAINST FOOD WASTE

> Background

FAO⁽¹⁾ estimates that each year, approximately one-third of all food produced for human consumption in the world is lost or wasted. This food waste represents a missed opportunity to improve the global diet but also to mitigate the environmental impacts and the use of resources of the food chains. The fight against food waste not only reduces the threat to scarce natural resources, it also minimises the 60% increase in food production required to meet the needs of the population by 2050.

> Commitment/Policy

The fight against food waste, beyond the simple desire for corporate social responsibility, is a complex process. It involves all players throughout the company's value chain and involves improving the operational excellence of its activities. This is why it is one of the priorities of the Renaissance programme, launched two years ago to accelerate, throughout the world and in all Auchan Retail business lines, a transformation in retailing in order to improve the sector's performance. In addition to its positive impact on the carbon footprint and the accessibility of a balanced and high-quality diet for the most disadvantaged, the fight against food waste also has a significant impact on the company's results (direct impact on EBITDA) by reducing markdowns.

(1) Food and Agriculture Organization (FAO): United Nations agency that leads international efforts to end hunger. Report "Food Wastage Footprint - Impacts on Natural Resources".

The fight against food waste within the Renaissance programme is based on three main pillars:

- 1)** identification of a very precise target of real needs, in line with consumer expectations, in order to set a personalised target for each manager for the markdown rate per store and per department, and thus reduce the potential for significant markdown that would lead to waste;
- 2)** provide the means to reduce this markdown by helping, for example, to refine the quantities ordered, to review the product range to exclude the products generating markdown or by rethinking the business practices in fruit and vegetables. Likewise, the policy adopted to increase the supply of fresh products from local suppliers in each country, while meeting consumer expectations, also makes it possible to avoid waste and markdown. As the products come from more local sources, they are fresher and generate less markdown;
- 3)** when the two previous points have not been able to avoid markdowns, promote products with "short dates" by the generalisation in stores of "anti-waste" corners in which customers find products that are perfectly suitable for consumption and at discounted prices.

As part of the Auchan 2022 corporate project, the company has placed the fight against food waste at the heart of its priorities by making it the first pillar of the Auchan Retail CSR policy.

In connection with the 9th pillar of the responsible quality charter, Auchan Retail focuses on five levers:

1. Collaborate with retail players:

Auchan Retail is developing virtuous partnerships in all countries where it operates, in order to have an impact on food waste. These various collaborations aim to:

- extend the use-by dates (UBD) on own-brand products, without increasing the health risk;
- remove the best-before dates (BBD) on certain product categories;
- sign commitments to change practices, such as in early 2020 with the signing by Auchan Retail France of the Use-by Dates Agreement, initiated by Too Good To Go, alongside around 30 food industry players. This agreement clarifies the distinction between UBD and BBD and includes ten commitments that mobilise the food chain to the lives of products whose best before dates have passed.

2. Professionalise the fight against waste throughout the chain

To reduce the number of products withdrawn from sale, Auchan Retail works with all employees, whether in central purchasing or in-store, where everyone is a player in this commitment.

A first area of improvement concerns the management of the product range. The employees in charge of the offer are responsible for ensuring that it best meets customer needs. Particular attention is therefore paid to the portions offered: smaller in ultra-convenience stores, for example, or with smaller packages to avoid exceeding use-by dates.

In store, employees are particularly vigilant: product rotation, monitoring of breakage rates, use of forecast schedules, etc. Since the fight against food waste is at the heart of the company's project, most countries have developed a training module dedicated to food waste to raise awareness among all

stakeholders, to provide them with best practices and to challenge them in their daily practices.

When all possible upstream solutions have been tried and products have short dates, stores offer these products with reduced price tags. This product markdown avoids having to discard products that can no longer be sold and makes them affordable for customers. In most Auchan Retail subsidiaries, these products are sold in a dedicated area of the department or store. Auchan Retail France is the leader on these practices and, to prove its commitment to the fight against food waste, has installed "anti-waste" zones in its stores. These initiatives are also being developed in Spain, Portugal and Poland.

3. Organise the donation of products to associations

To the extent allowed by the laws of the country, the vast majority of Auchan Retail countries distribute their food donations through local non-profit organisations and food banks.

The stores sort out healthy unsold items authorised for donation to local associations, in keeping with the cold chain. Items that are prohibited for donation or that are not recovered may be offered to animal welfare associations, zoos or shelters.

4. Develop new concepts

Various innovative solutions are used to combat food waste, here are some of them:

- in-store transformation of products: to avoid throwing away damaged or less fresh food that is still edible, the store workshops work to offer them in different forms: bread crumbs, croutons, cookies for unsold bakery items; soups, smoothies, jams and banana breads for unsold fruit and vegetables;
- partnership with start-ups such as:
 - Too Good To Go, to sell products with a short shelf life at discount prices via surprise baskets composed of unsold items at preferential prices,
 - Zéro-gâchi which assists store employees in tracking product dates by offering a smart and effective labelling solution.

5. Raising customer awareness

In order to inform its customers and provide them with the keys to consuming more responsibly, Auchan Retail is developing numerous communication supports and awareness-raising actions for its customers:

- area dedicated to short-date discounted products;
- recipes from "leftovers";
- dedicated booklets on food waste;
- raising awareness & of the impact of food waste on the environment.

> KEY FIGURES

An "anti-waste" space set up and signposted in a store represents 20% less markdown: a solution that is both economical and ecological, and which meets the needs of consumers with limited budgets and who are anxious to consume more responsibly.

> Indicators

	Number of Too Good To Go baskets sold in 2020 ⁽¹⁾
Auchan Retail France	468,573
Auchan Retail Spain	16,338
Auchan Retail Portugal	35,570
Auchan Retail Poland	386 (start end of 2020)
TOTAL AUCHAN RETAIL	520,867

(1) The indicator is only available for 2020. It was not monitored by the company in 2019.

Too Good To Go is a smartphone application allowing, thanks to geolocation, access to offers on products in nearby stores whose expiry date is approaching. These products are presented in the form of surprise baskets at attractive prices. Auchan saved a total of 520,867 baskets in 2020.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Collaboration with partners	Auchan Retail Spain	Creation of a new range of exclusive products to combat food waste in partnership with one of its suppliers of fresh vegetables. This line consists of dried vegetables for soups and uses vegetables that, due to their size, shape or appearance, are usually thrown away. With this new offer, 10% of vegetables of this type are saved.
	Auchan Retail France	Signature of the Use-by Dates Agreement, initiated by Too Good To Go, alongside some 30 food industry players. This agreement clarifies the distinction between UBD and BBD and includes ten commitments that mobilise the food chain to extend the lives of products whose best before dates have passed.
Professionalisation of the fight against waste in stores	Auchan Retail Ukraine	Eight stores offer a catering service to employees where meals are made using unsold short-date food products.
	Auchan Retail Poland	Implementation of new in-store labels for employees to: <ul style="list-style-type: none"> • indicate the number of products to be put on the shelves based on the number of sales; • have information on the sensitivity of fresh products to external factors. The "anti-waste" spaces deployed in Poland have demonstrated their effectiveness while providing an appropriate response to the expectations of certain customers. This system alone accounted for 70% of the gains linked to the reduction in the country's markdowns.
Donating products to associations	Worldwide Products Department	Donation of 4.4 tonnes of coffee
	Auchan Retail Luxembourg	Luxembourg stores donated more than 88 tonnes of food in 2020 and more than four tonnes of meat to the charity Stëmm vun der Stross which helps the homeless and disadvantaged.
Development of new concepts	Auchan Retail Romania	Through its partnership with Zéro-gâchi, Auchan Retail Romania has: <ul style="list-style-type: none"> • saved 43 tonnes of products, i.e. 904,964 products; • saved 485,328 meals.
Customer awareness	Auchan Retail Portugal	Launch of an e-book with tips and recipes for zero waste at home.

COVID-19

DURING THE COVID-19 HEALTH CRISIS, AUCHAN RETAIL FRANCE IS HAS BEEN TAKING MORE ACTION THAN EVER IN FAVOUR OF FOOD BANKS

The National Collection usually provides food banks with 11% of their annual resources, i.e. 24 million meals. In 2020, while demand for food aid is exploding in the regions (+20% to +25%) and while some volunteers, often elderly or in poor health, are unable to travel, new forms of donation need to be implemented. This is the meaning of the dematerialised collection devised by Auchan Retail to supplement traditional collection. Another way of combining physical and digital for a phygital solidarity approach. At the same time, and like every year, Auchan welcomes volunteers from the association to its hypermarkets and supermarkets. For three days, in strict compliance with the health protocol established by the association and consistent with that implemented in Auchan stores, they invite customers to give them, at the checkouts, products they have purchased to donate.

2.4 COMMITMENT WITH PASSIONATE EMPLOYEES

> Background

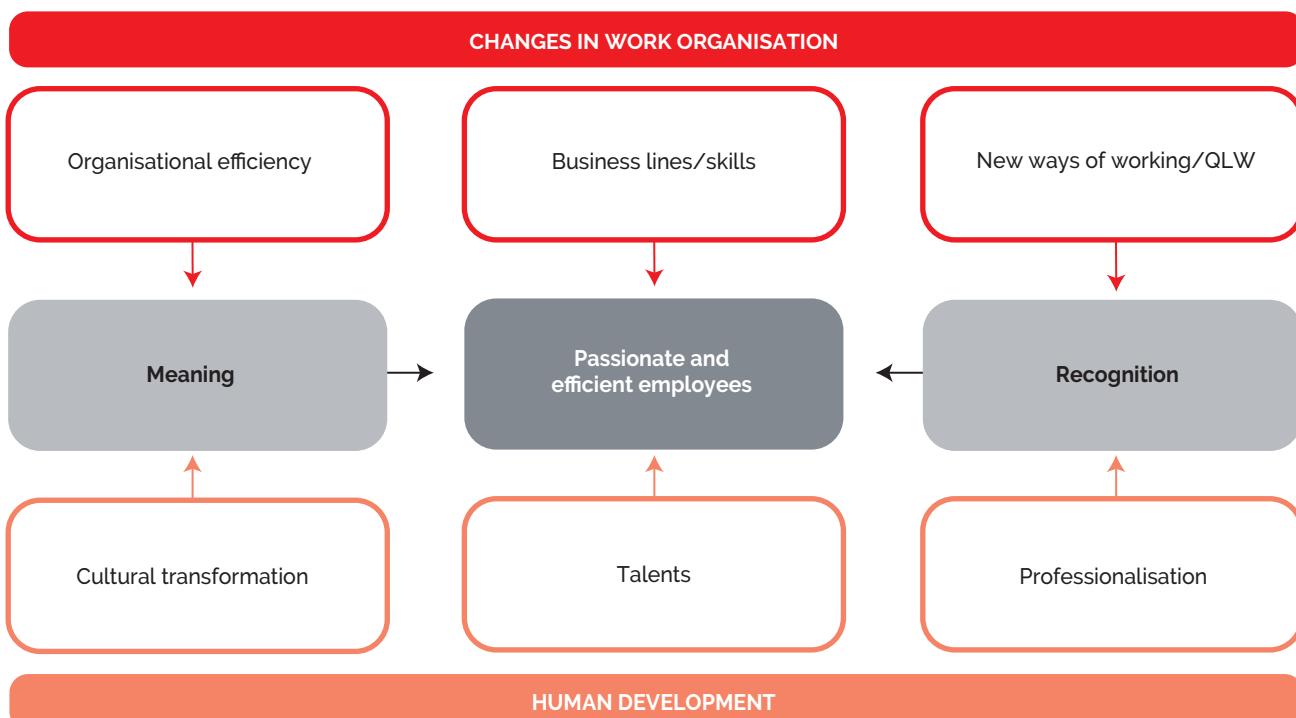
To successfully implement its Auchan 2022 corporate plan, Auchan Retail can rely on the commitment of 179,590 employees around the world and supports them by ensuring the meaning and consistency of all its actions in each of its countries. To this end, the company develops the skills of each individual, favours openness to the customer and the local, and promotes passion for the product, within an aligned and demanding organisation that knows how to prioritise.

> Commitment/Policy

The human resources policy is based on seven commitments:

- organisational efficiency: bring Auchan Retail to a high level of performance by identifying the optimisation levers and by building the target organisational models of the major business lines, while ensuring the creation of value for the customer and the working conditions of employees;
- business lines and skills: anticipating the transformation of business lines in line with the strategic development of the company and its external environment to ensure the employability of employees and the adequacy of the workforce for the company;
- working methods: identifying and facilitating the implementation of new working methods;
- cultural transformation: accelerating the transformation of the company through a profound cultural and managerial transformation in line with its values;
- talents: sustainably support the development of employees at key stages of their career to create value for our customers, shareholders, employees and partners;
- meaning: ensure that all employees know, understand and support the company's project, and strengthen their commitment by giving meaning to their actions;
- recognition: through compensation and sharing.

2



A national and international organisation for a coherent and effective management of human resources as close as possible to the teams

At national level, each subsidiary has a Human Resources Department, a member of the Management Committee, who manages several divisions as closely as possible to the teams in the field: personnel management, HR development and training, internal communication, organisation - transformation, compensation and CSR.

At international level, the Human Resources and Transformation Department is responsible for:

- ensuring that Auchan Retail has the necessary resources and skills to achieve its market positioning objectives (in terms of image and profitability);
- undertaking a cultural transformation to ensure motivated, professional employees who are culturally aligned with the brand mindset;
- anticipating changes in the business lines in order to adjust the composition of the Group's teams (level of fluidity, key skills, workforce in line with operational performance objectives) to meet needs in an early and reactive manner;
- attracting the best talent by relying on a robust, objective, demanding talent model that promotes diversity;
- professionalising the HR function at Corporate and Country level in order to achieve the objectives set for it.

These Human Resources players are led each month by the International HR Committee, chaired by the Group's Human Resources, Transformation and CSR director. This committee works on the areas of HR policies, the definition of common methods, the sharing of internal and external best practices, and ensures their dissemination throughout the company.

TREND IN WORKFORCE NUMBERS BY BUSINESS

Activity	Total workforce at the end of the period	
	at 30/09/2019	at 30/09/2020
Auchan Retail	183,237	179,590
Ceetrus	918	970
TOTAL	184,155	180,560

As of 30 September 2020, Auchan Holding's companies had a total workforce of 180,560 in the 13 countries where they are located, i.e. a decrease in the total workforce of 1.95%.

The 5.66% increase in the workforce at Ceetrus can be explained overall by the creation of new jobs linked to changes in organisations and new business lines, notably Asset Management, but also by the progress of development projects (Gare du Nord, Vigo).

These new jobs are mainly concentrated in France (Regie Media, project management, Asset, the Gare du Nord project) and in Luxembourg (operation of the Cloche d'Or and development).

2.4.1 JOB STRUCTURING

> Background

Auchan Holding's companies are active in the employment market and fulfil their social responsibilities towards their 180,560 employees.

In order to progress in a culture of responsibility, sharing and trust, all Auchan Holding entities are enriched by the diversity of their profiles.

As Auchan Retail sold its activities in China in 2020, 95% of Auchan Holding's employees are now based in Europe.

Employment data is now presented by activity, country or group level.

> Workforce and breakdown

In the context of the health crisis in 2020 which had a strong impact on the entire retail and retail real estate sector, Auchan Retail and Ceetrus employees remained active throughout the period. In order to minimise the impact on employees from the imposition of partial activity measures when shopping malls or certain hypermarket sections are closed, companies have leveraged all internal efforts to maximise flexibility and bring activities in-house.

In addition, in order to adapt its organisation to the new expectations of consumers and other people, in 2020, Auchan Retail announced certain organisational measures with an impact on employment in France. Stores were also closed or sold in France, Spain, Poland, Russia and Ukraine (see Section 2.4.6).

In this context, the employment indicators contracted slightly.

BREAKDOWN OF WORKFORCE BY COUNTRY

	Total workforce at the end of the period		
	at 30/09/2019	at 30/09/2020	Change (in%)
France	70,203	69,638	(0.8)
International headquarters	1,417	1,343	(5.2)
TOTAL FRANCE	71,620	70,981	(0.9)
Spain	19,951	19,702	(1.3)
Portugal	8,874	8,069	(9.1)
Luxembourg	1,405	1,261	(10.3)
(Ceetrus) Italy	121	122	0.8
TOTAL SOUTHERN EUROPE	30,351	29,154	(4.9)
Russia	33,941	32,501	(4.2)
Poland	19,748	18,844	(4.6)
Romania	9,232	8,818	(4.5)
Hungary	6,344	6,883	8.5
Ukraine	5,786	5,455	(5.7)
TOTAL CENTRAL AND EASTERN EUROPE	75,051	72,501	(2.1)
Taiwan	5,670	6,178	9.0
Senegal	1,463	1,746	19.3
TOTAL AFRICA / ASIA	7,133	7,924	14.2
TOTAL	184,155	180,560	(2.0)

With the sale of China, France and Russia have become the countries with the largest workforce.

In 2020, France represented 39% of the Group's workforce. Adding the workforce in Russia, these two countries account for 57% of Auchan Holding's total workforce.

BREAKDOWN OF WORKFORCE BY PERMANENT/FIXED-TERM EMPLOYEES

	Share of fixed-term employees vs Total workforce		Share of permanent employees vs Total workforce	
	2019 (%)	2020 (%)	2019 (%)	2020 (%)
Auchan Holding	8.0	7.3	92.0	92.7

The proportion of employees on fixed-term contracts decreased compared to 2019. The volatility of the business led to a decrease in the use of this type of contract, often used to deal with increases in activity. The activity fluctuations during the crisis were mainly managed through versatility.

The number of permanent contracts was also down, except for Senegal, where they increased from 87% of permanent contracts in 2019 to 95% in 2020. This increase is linked to the internalisation of previously outsourced activities.

BREAKDOWN OF WORKFORCE BY GENDER

	Total female workforce at the end of the period		Total male workforce at the end of the period	
	at 30/09/2019	at 30/09/2020	at 30/09/2019	at 30/09/2020
Auchan Holding	115,553	112,147	68,606	68,413

The proportion of women is 62% and remains broadly stable compared to 2019.

BREAKDOWN OF WORKFORCE BY AGE GROUP

	Percentage of employees aged under 25 in the total workforce		Percentage of employees aged 25 to 35 in the total workforce		Percentage of employees aged 35 to 50 in the total workforce		Percentage of employees aged 50 or more in the total workforce	
	2019 (%)	2020 (%)	2019 (%)	2020 (%)	2019 (%)	2020 (%)	2019 (%)	2020 (%)
Auchan Holding	15.0	15.5	21.8	20.8	38.4	37.7	24.8	26.0

The breakdown of the workforce by age group is generally stable compared to 2019.

BREAKDOWN OF WORKFORCE BY FULL-TIME/PART-TIME EMPLOYEES

	Percentage of full-time employees in the total workforce		Percentage of part-time employees in the total workforce	
	2019 (%)	2020 (%)	2019 (%)	2020 (%)
Auchan Holding	74.3	73.8	25.7	26.2

The proportion of employees working full-time represented 73.8% of the workforce at 30 September 2020. The share of part-time employees increased slightly compared to 2019.

> Workforce changes and reorganisation

Movements made between 01/10/2019 and 30/09/2020 vs between 01/10/2018 and 30/09/2019:

	Number of people hired on permanent contracts		Number of dismissals (all reasons) of permanent employees		Turnover of permanent employees	
	2019	2020	2019	2020	2019 (%)	2020 (%)
Auchan Holding	36,880	33,664	7,275	6,300	27.3	24.1

The number of people hired on permanent contracts, as well as all dismissals, decreased over the period. In the context of the health crisis, the poor visibility and uncertain projections have limited the number of new hires. The stores often used the flexibility or reallocation of resources to cope with peaks or decreases in activity over the period.

The number of resignations also decreased, by 11.8%, compared to 2019. This decline is partly due to the current uncertain employment market and the introduction of more attractive social measures in certain countries such as Hungary and Romania, which have seen their turnover rate fall. The overall turnover rate thus decreased from 27.3% in 2019 to 24.1% in 2020.

2.4.2 EMPLOYEE DEVELOPMENT

> Background

The development of employees and their support during key stages of their career is a priority for Auchan Holding's companies, knowing that their employees are an essential lever for the creation of value for the company and its stakeholders.

> Commitment/Policy

For Auchan Retail, this ambition can be broken down as follows:

- attract the best talent by relying on a robust, objective, demanding talent management model that promotes diversity;
- engage in a cultural transformation with motivated, professional employees who are culturally aligned with the brand mindset;
- anticipate changes in the business lines in order to adjust the composition of the teams (key skills, workforce in line with operational performance objectives) in a reactive manner;
- ensure that Auchan Retail has the resources and skills necessary to achieve its market positioning objectives (in terms of both image and profitability).

Welcoming, developing and retaining our talents

Auchan Retail recruits all profiles from all backgrounds at all levels of the company. Without qualifications or senior experts, young or old, recruitment is based on the principle of non-discrimination and equal opportunities. While the company has historically been committed to the development of its employees and internal promotion, Auchan Retail is also accelerating its transformation by welcoming expert profiles in the high-stakes business lines, particularly in the digital, IT and supply chain sectors.

As part of their development, all employees have at least one formal annual interview that summarises the year's assessment, training needs and objectives for the following year.

A new approach to Talent Management was put in place in 2020 for future leaders in all countries, which combines the assessment of performance and potential with regard to a defined expected profile at a given level. Expectations are defined in terms of observable behaviours, thus making the manager's assessment factual and therefore more objective. The positioning of a talent is validated collectively by the country's Management Committee and his or her development path is co-constructed with the person in question, operational staff and human resources. A strong emphasis is placed on the ability to work in English and the contribution to cross-functional projects of international scope. The Learning programme of future managers is restructured to perfectly match the development of this profile. This approach, which provides an exhaustive mapping of future executive talent, is being rolled out and the expected profiles are being written for store managers and management.

Auchan Retail and Ceetrus are developing their relationships with schools and universities in their countries of operation. Employees visit partner establishments to present their company's business lines and key features. These events offer many students and young graduates the chance to acquire work experience in stores, to work under work-study contracts or to secure their first job after completing their studies.

> KEY FIGURES

In 2020, 4,233 trainees and 2,823 work-study applicants were thus able to acquire professional experience, which was highly beneficial to their training.

> Indicators

Indicator	2019	2020
Internal promotion rate	27.6%	28.9%
Internal promotion rate of women	32.4%	30.8%
Internal promotion rate of men	22.6%	27.0%

The internal promotion rate is up slightly. The proportion of managers from internal promotions is 22%.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Welcoming, developing and retaining our talents	Auchan Retail Spain	Implementation of a community learning programme (Chectalent) for human resources professionals to train them in the early detection and development of talent.
	Auchan Retail Portugal	Implementation of a "talents" module within the Me.Auchan platform to enable the assessment of potential, career management and talent retention.
	Auchan Retail Ukraine	Implementation of assessment centres for future store managers.

Contributing to the personal development of each employee

Training remains a major factor in employee motivation, commitment and development. It is a central area of focus for the Group and supports the different priorities of the businesses that make up the Group.

As part of its Auchan 2022 project, Auchan Retail is committed to increasing its investment in the training of its employees, up to 15% of its payroll by 2022. The training teams in all countries and corporate departments provide reports on their training efforts every year.

Auchan Retail and Ceetrus are digitising their training courses, in order to ensure they reach as many employees as possible. The health crisis has accentuated this need for digitisation. Over the period, 530,000 hours of distance learning were followed, an increase of 6% compared to 2019.

In 2020, training policies meeting the requirements of the different business lines were developed and provided, mainly on the following topics:

- business lines or products and customer service;
- management;

- welcome, induction and integration of new employees;
- personal development (communication, leadership, etc.).

In many countries of operation, Auchan Retail is developing its various vocational schools in order to continue to promote its know-how and adjust to local products.

A training module on ethics, based mainly on the provisions of the French law on transparency, the fight against corruption and the modernisation of the economy, known as the Sapin 2 Act, was distributed at the end of the period to nearly 80% of employees in all of our countries.

> KEY FIGURES

Despite the health crisis, 87% of employees present throughout the period took at least one training course.

> Indicators

Indicator	2019	2020
Total training hours	3,205,206	2,563,745
Percentage of training hours out of total hours worked	1.2%	1.0%
Training budget as a % of payroll	not available	0.9%

The total number of training hours was down by 26% over the period, with some face-to-face training cancelled due to the pandemic. The use of e-learning to dispense training increased by 6% over the period.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Prevention	Auchan Retail Portugal	To prevent risks related to the health situation, an e-learning training module on Covid-19 made it possible to train and reassure employees: application of barrier gestures, advice on teleworking, health advice, etc.
Digital transformation	Auchan Retail Spain	Implementation of the "Transforma-2020" programme open to all employees. Objective: to train 100% of employees in digital technology (Google applications, e-learning).
Integration	Auchan Retail Poland	Implementation of a new onboarding process for new employees covering the following topics: occupational health and safety rules, work organisation, ethics, food waste management, customer service and product knowledge.
Training of trainers	Auchan Retail Russia	Implementation of the "Wow trainer" programme, which certified 27 employees as training courses leaders.
Responsible purchasing	International Purchasing Organisation	Awareness-raising and training actions for buyers and product managers were implemented during the period: all buyers and product managers as well as merchandisers in the sourcing offices received a day of training on how to be a responsible buyer.
Responsible agricultural supply chains	International Purchasing Organisation	All buyers and product managers attended a training session on Auchan Retail's responsible agricultural supply chains.

IN 2020, AUCHAN RETAIL CONDUCTED ITS THIRD INTERNATIONAL COMMITMENT SURVEY

With a 100% digital questionnaire and despite the unfavourable health crisis, the participation rate of this third survey broke a record: 87%.

81% of employees are committed to the company, a high rate that exceeds the international benchmark. This first indicator shows the involvement of employees in implementing the company's strategy, which is a real asset in supporting the transformation process under way. At the same time, managerial proximity stands out as a differentiating factor that is appreciated by employees. Customer focus, CSR commitment and the development of day-to-day skills are the three other strengths cited by employees. Points for improvement were also identified. Specific to each country, they cover issues related to each individual's career (compensation, career development, etc.) but also to the company and its future development. Employees were also able to express their views on Auchan Retail's management of the health crisis: despite the onset of the crisis, which was perceived as brutal, they stressed the responsiveness in terms of individual and collective protection measures, the mobilisation of teams, and 81% of employees believe that Auchan Retail is attentive to the health and safety of its employees.

2.4.3 OCCUPATIONAL HEALTH AND SAFETY

> Background

In the context of the global Covid-19 health crisis, occupational health and safety are two major issues. Auchan Holding's companies suddenly had to face up to this new situation and adapt their working methods, with the health and safety of both employees and customers an absolute priority.

> Commitment/Policy

One of Auchan Retail's commitments is to protect the health and safety of employees and ensure their well-being in the company. More broadly, the company places benevolence, attentiveness and well-being at work at the heart of its human policies, which are an integral part of the working environment of the employees.

Protecting employee health and safety

Hazard prevention and protection of employees in the workplace in health and safety terms must be given a framework. Each employer is therefore required to take the necessary measures to ensure the safety, and protect the physical and mental health, of their employees.

In this context, Auchan Retail and Ceetrus implement actions related to:

- prevention of occupational risks;
- information and training.

Workplace health and safety risks are of a physical, ergonomic and psychosocial nature. Poor management of these risks can have significant effects on the number and rate of workplace accidents, absenteeism and even productivity.

COVID-19**EMPLOYEE HEALTH AND SAFETY AS A PRIORITY DURING THE COVID-19 CRISIS**

In order to protect the health of its employees, Auchan Retail has taken specific measures to deal with the Covid-19 crisis. Throughout the crisis, Auchan Retail scrupulously complied with local health protocols and anticipated government decisions as much as possible to ensure the protection of its employees and customers: compliance with barrier gestures, making available hundreds of millions of items of equipment (gloves, masks, visors, hydro-alcoholic gel, etc.), adaptation of points of sale: opening hours, filtering, in-store visits, plexiglas protections, equipment disinfection, etc.

Each country and its employees have had to show great adaptability and professionalism to face this global health crisis and pursue the company's mission: to feed people.

Auchan Retail was confronted with this crisis as of January 2020 through its activities (at the time SunArt Retail was still part of the Group's scope) and presence in China (sourcing teams and staff on assignments). The company has ensured their safety, by setting guidelines for business travel (restrictions, obligations, etc.), but also by providing advice for employees on site or travelling (useful sites, professional advice, and also advice on private travel). A small, multi-disciplinary crisis unit was set up at the level of Auchan Retail's international central services.

Subsequently, with the spread of the virus and until the global pandemic, each country appointed a "Covid" correspondent and set up a local crisis unit (in addition to the one in China, which has been active since the beginning of the crisis in the country). In addition, IT teams were called upon everywhere to technically prepare for the general switchover of support services to teleworking.

The Group's country crisis units' areas of expertise focused on:

- regulation of international travel:
 - instructions and restrictions on international travel were announced;
- common instructions specific to the crisis, such as:
 - limiting all business travel in France and raising awareness among employees about their private travel,
 - giving priority to videoconference meetings in order to limit all physical contact;
- the opportunity given to countries to share their problems and best practices implemented in their respective organisations and sites, in particular by the provision of an IT platform (Google Drive) dedicated and adapted to the crisis and common to all subsidiaries, allowing:
 - coordination of actions between countries,
 - sharing of best practices (particularly for in-store business continuity),
 - the organised reporting of Covid reports in a specific format.

In addition to the actions implemented internally for the management of the Covid-19 crisis, Auchan Retail signed a joint declaration with UNI Global Union and the Carrefour group in April 2020 on the implementation of best business practices. Auchan Retail, Carrefour and UNI then committed to discussing and working together to share the best practices put in place to prevent risks related to Covid-19. The objective is to study the implementation of all useful and appropriate measures, based on best company practices, to prevent, reduce or eliminate the risk of contagion for employees.

The measures concerned are broken down into the following themes:

- improvement of the health and safety rules recommended for each employee in the countries concerned:
 - obstacles and barrier actions put in place for staff,
 - increase in the number of security guards,
 - provision of gloves and masks for staff and of hydro-alcoholic solutions and soap for regular hand washing,
 - increase in routine cleaning and disinfection operations;
- health rules for stores, drive-throughs, home delivery and logistics warehouses:
 - installation of plexiglas windows at checkouts,
 - regular disinfection of equipment (e.g. scanning guns, screens, keyboards, etc.);
- social support measures for employees:
 - establishment of a hotline for employees, accessible 7 days a week,
 - organisation of work using "teleworking" for head office employees,
 - volunteering of head office employees to support operating activities (stores, logistics, drive-throughs, etc.);
- support for employees in special situations (disabled workers, pregnant women).

Ensuring employee well-being

Numerous actions implemented in the countries show that the well-being of employees is a matter of concern for the company. At the heart of the corporate project, Auchan Retail has a strong lever: "Passionate and committed employees".

In the context of employee well-being, a Quality of Life at Work (QVT) project is under study. The objective is to set up a mandatory set of joint actions in all Auchan Retail countries, to be rolled out independently in the country by adapting it to the local context. The company wants to ensure that this policy is well suited to the needs and expectations of local employees. In order to facilitate a better work-life balance for employees, the company is committed to a number of actions in two ways:

- quality of life at work;
- quality of life through work.

1. Quality of life at work

Two priority areas have been identified:

- act on the irritants: in addition to the aspects of safety and working conditions, the objective is to reduce everything that can make the work of employees difficult on a daily basis. It is left to each entity to define its problems for a better resolution of problems as close as possible to lives and realities;

> Indicators

	2019	2020
Frequency rate of workplace accidents with lost time	27.6	23.2
Severity rate of workplace accidents with lost time	0.8	0.6
Absenteeism rate (illness)	4.5	5.6

We note better control of workplace accidents and their severity.

However, the absenteeism rate is increasing. This is mainly due to the sick leave linked to Covid-19, particularly in France, where employees were given leave to look after their children during the lockdown period, in accordance with the legal provisions set by the government.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Health/Safety	Auchan Retail Taiwan	Regular health check-ups; health services with doctors and nurses are offered on site to workers.
	Auchan Retail Senegal	Development of the occupational health division: presence of nurses on site
	Auchan Retail Russia	First aid training for workplace accidents (100% of employees trained).
	DPW	Training of Human Resources representatives, elected from the Social and Economic Committee (CSE), representatives to the Health, Safety and Working Conditions Commissions (CSST) and managers, in psycho-social risks with a human resources consulting firm specialising in the prevention of psychosocial risks and development of quality of life at work.
Quality of life	Auchan Retail Taiwan	Each store has a weekly exercise day to help employees maintain healthy fitness habits.
	Ceetrus Poland	Encouragement of the development of the physical condition of employees via the innovative and social platform Worksmile. It helps people take care of their health and motivates employees in a playful atmosphere.

- develop teleworking in all countries: the objective is to introduce teleworking in a general and simple way in the company as a way of organising working time (and not in connection with the teleworking set up within the framework of the current global health crisis). Each country can then adapt and supplement this method according to its own specificities and local characteristics.

2. Quality of life through work

Two specific actions are targeted:

- inform and raise awareness of quality of life via an e-learning tool for all managers in Auchan Retail countries;
- train managers in "benevolent and demanding" management via an e-learning tool to make them more efficient and effective from a managerial standpoint.

> KEY FIGURES

To protect employees from the pandemic, 156,882,200 items of personal protective equipment were distributed in all Auchan Retail countries

Theme	Organisation	Initiative
Covid-19	Ceetrus Poland	Covid-19 screening test: provision of a test to all employees.
	Auchan Retail Spain	"Clean rooms" have been set up for taking employees' temperatures.
	Auchan Retail Romania	A programme called "The Well-Being Pill" was developed, combining micro-learning and technical psychotherapy. This programme aims to increase resilience in the face of Covid-19: reduce anxiety, better manage stress and pressure, deal with conflicts, etc.
	Auchan Retail Portugal	A permanent service line has also been made available to all employees (Linha Covid SOS 24 - CNS). 1,750 cases were monitored.

2.4.4 SOCIETAL COMMITMENT AND SOLIDARITY

> Background

The world of work is changing and the changes in society are affecting the demands of employees and new generations who no longer just want a job: they are looking to join a committed company, with values that offer the opportunity to develop their talents and to give meaning to their work.

> Commitment/policy

As a promotor of the good, the healthy and the local, Auchan Retail is heavily involved in the areas where it operates. The company is a major player in local activity and is committed to its territories:

- contribution to economic development;
- actions in favour of solidarity;
- commitment to maintaining social ties and combating insecurity and exclusion.

Auchan Retail is keen to meet the diverse needs of associations present in the regions where it operates through the commitment of its employees and the action of its Foundations.

The societal commitment of the company and employees

Auchan Retail encourages employee civic commitment in all its forms.

This approach encourages, promotes and nurtures the responsible commitment of Auchan Retail employees while helping to make them passionate about their profession.

As such, and as part of the Auchan 2022 corporate project, each employee has the opportunity to commit one day per year of their working time to one of the following four themes:

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

This commitment may take the form of initiatives that are part of local CSR policies but also of solidarity actions led by the Auchan Retail Foundations.

COVID-19

AUCHAN RETAIL EMPLOYEES INVOLVED DURING THE COVID-19 EPIDEMIC

In this period of pandemic, Auchan Retail's teams are committed to supporting medical staff and those most affected by Covid-19. Employees have redoubled their inventiveness and energy to better serve front-line caregivers and salute their exemplary commitment by implementing:

- reserved in-store opening hours and checkouts;
- delivery of groceries directly to hospitals;
- donation of ready-made meals, fresh products and even equipment (masks, plastic clogs for nurses, etc.).

In order to support the Romanian medical system in the fight against Covid-19, in April 2020 Auchan Retail and Leroy Merlin, with the support of the Romanian Ministry of Health, launched a call for contributions from the country's economic players to set up a pre-hospital unit in Bucharest. In less than three weeks, this hospital was inaugurated in the presence of the highest authorities of the country. Nearly 60 companies contributed to the completion of the project in record time, providing equipment, services or financing. This multi-partner solidarity project, which anchors Auchan Retail's societal commitment in the country, had numerous consequences and gave rise to a second similar project in Cluj-Napoca.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
The societal commitment of the company and employees	Auchan Retail Ukraine	More than 2,036 community service days were completed by Auchan Retail Ukraine's employees.
	Auchan Retail Spain	1,371 employees took part in CSR initiatives as volunteers.
	Auchan Retail Portugal	As part of the employee community service day, an action on reforestation was organised in three cities in February: • Leiria; • Quiaios; • Pedrógão Grande. This event brought together more than 150 volunteers: employees of the company but also members of their families.
	Auchan Retail Romania	Launch of the "Personal Sustainability Programme", which ensures that social responsibility belongs to each employee and which promotes individual and responsible initiatives taken by employees.

> Foundations

For more than 20 years, Auchan Retail has supported young people and the most vulnerable through its Foundations, which are active near its stores and supply areas. The health crisis has brought the countries of the Auchan Retail world to a halt, one by one, crystallised the essential needs, underlined the inequalities, reshuffled all the cards and at the same time, given rise to a formidable asset: Auchan Retail solidarity. Another way of seeing and experiencing retail, as a connector bringing people together.

Through its foundations and solidarity partnerships, Auchan Retail operates in different areas:

- good nutrition and health for young people;
- food aid for the most disadvantaged;
- support for children with social difficulties;
- professional integration of disadvantaged young people;
- the fight against social exclusion in all its forms;
- improvement of the living and working conditions of workers in sourcing areas.

The Foundations, of which there are three, are a vehicle for strengthening employee commitment:

- the Auchan Youth Foundation (*Fondation Auchan pour la Jeunesse*);
- the Auchan Generation Foundation (*Fondation Génération Auchan*) (Russia);
- the Weave Our Future Foundation (WOF).

In 2020, it was decided that the Auchan Youth and Weave Our Future Foundations should converge for greater consistency. As of 2021, the Auchan Foundation will therefore focus its interventions on healthy eating, a factor that contributes to the development of social.

Auchan Youth Foundation

The Auchan Youth Foundation has been in existence since 1996 and operates under a delegation of authority in ten countries where Auchan Retail operates. It is placed under the aegis of the Fondation de France. Today, in line with Auchan Retail's ambition to be the leading player in the good, the healthy and the local, it supports charitable projects that prioritise healthy eating for the benefit of those that it has historically helped: vulnerable young people from neighbourhoods and towns where the brand's stores are located. Each country acts as closely as possible to its realities and all employees are encouraged to make a commitment to solidarity.

The main contacts of the various players in the region, Auchan Retail's employees are the real drivers and supporters of all projects within the framework of the Auchan Youth Foundation. The projects proposed jointly by the associations and the partner stores are studied by the members of the Country Selection Committees and submitted for their decision. They welcome project leaders to hear their proposals, consider the projects pre-selected and examined by the Foundation team and decide on the allocation of the grant.

This system provides countries with greater freedom to select the initiatives they wish to support, provides a more appropriate response to the needs of local associations and operates in a more pragmatic fashion.

COVID-19

THE AUCHAN YOUTH FOUNDATION IS PROVIDING EXCEPTIONAL ASSISTANCE DURING THE COVID-19 PANDEMIC

In each of the countries where it operates, Auchan Retail has chosen to provide exceptional support, via its Foundations, to a local initiative led by an association alongside Auchan stores and employees.

Fourteen projects were selected and allocated a total amount of €325,000.

In Spain, France, Hungary, Poland, Portugal, Senegal and Ukraine, 30,000 children and young people will benefit from the aid provided by the Auchan Youth Foundation.

The Auchan Generation Foundation (Russia)

The Auchan Generation Foundation was created in Russia in 2011 with the aim of reinforcing its social responsibility in a country where the company is sustainably established, and providing close assistance to local needs.

The Foundation extended its traditional charitable actions to large and disadvantaged families during this period of pandemic on two occasions: at the beginning of the school year and at Christmas and New Year.

The Weave Our Future Foundation (WOF) - Contributing to the social progress of the least developed countries⁽¹⁾

Aware that the men and women who work in the factories aspire to find in their work the opportunity to further improve their professional and personal situation, in June 2014 Auchan Retail decided, under the aegis of Fondation de France to create, the Weave our Future Foundation.

WOF aims to work, through recognised NGOs, to improve the working and living conditions of workers in the textile and bazaar industries in the least developed countries. Together with local business leaders, this means acting in the areas of health, transport and training.

In an original approach, WOF aims to play social laboratory, able to mobilise other partners around its actions towards a concrete and sustainable change in the living conditions of as many people as possible.

To this end, the Foundation has three main missions:

1. Help to drive progress in labour-related issues at partners in manufacturing industries, such as the textile and general merchandise sectors;
2. Work with factory owners to make concrete improvements in the working and living conditions of workers;
3. Support development initiatives through stakeholders (NGOs, government agencies, and international organisations such as the International Labour Organization).

In 2020, WOF financially supported initiatives in the areas of health, social protection, access to water, hygiene, training and education.

To better guide future work, in 2020 the Auchan Youth Foundation and the Weave Our Future Foundation underwent, at the request of the Boards of directors of the two foundations, a social impact assessment conducted by the KIMSO consulting and evaluation firm specialising in social impact.

For WOF, the results showed that:

- the programmes supported by the WOF Foundation improve workers' knowledge of health, facilitate their use of healthcare and increase their power to act and their motivation;
- the projects have an effect on economic performance by reducing absenteeism and employee turnover due to sick leave or health-related departures;
- thanks to WOF, NGOs have rolled out projects in the heart of factories and tested new services, in conjunction with other NGOs and public bodies in the countries.

For the Auchan Youth Foundation, results showed that:

- the projects often help to improve the local presence of stores and their association partners;
- the projects contribute to the social and/or professional integration of young people, but the effects in terms of healthy eating habits remain to be demonstrated.

COVID-19

THE WEAVE OUR FUTURE FOUNDATION IS SUPPORTING 20,000 WORKERS AND CAREGIVERS IN BANGLADESH

The health crisis is global and affects all the countries in which Auchan Retail operates, as well as those with which the company has forged long-term ties: the sourcing countries. Auchan Retail wanted to help these often more fragile countries. The Weave Our Future Foundation therefore stepped up its actions and decided to provide emergency and exceptional support in the amount of €310,000 to three projects in Bangladesh for the benefit of 20,000 workers and 500 caregivers.

In Dhaka, the Weave Our Future Foundation responded to the appeal of the medical NGO RTM to enable it to purchase protective equipment (gloves, hydroalcoholic gel, thermometers, etc.) for caregivers in 150 factories.

- In Bashantek and Chittagong, the Foundation is supporting the action of the association Eau et Vie to ensure free access to water to 2,050 families for four months and thus take action to improve the living conditions of workers.
- In Dhaka, with the GK Savar association, the Weave Our Future Foundation is helping to finance protective equipment for doctors and nurses working in hospitals, thereby helping to ensure care for more than three million people.

The Ceetrus Foundation for Social Entrepreneurship (France)

Created in 2009 under the aegis of the Fondation de France, with the aim of making a lasting contribution to the development of social entrepreneurship, the Foundation celebrated its tenth anniversary in 2020. On this occasion, it wished to review its positioning in the light of the past ten years and revisit the company's vision, with a view to the coming ten years. Thus, assisted by the firm KIMSO, and following a social impact assessment, it re-stated its purpose:

- the Ceetrus Foundation, supported by its employees, supports social entrepreneurs who meet the social needs identified in the regions where Ceetrus is established, to enable everyone to live better there;
- to serve its purpose, the Foundation acts as a link and a catalyst between:
 - Ceetrus employees,
 - project leaders,
 - the people who live and work in these areas,
 by creating spaces for interaction and cooperation fostering the emergence of social enterprises and experimentation by and for the regions;
- it multiplies its impact by enabling these successful initiatives to grow locally and be deployed more broadly in the regions where Ceetrus operates.

⁽¹⁾ According to the United Nations Organization, the least developed countries (LDCs) are the poorest and weakest countries in the world.
www.un.org

> Indicators

Foundation	2019		2020	
	Number of projects supported	Amount allocated	Number of projects supported	Amount allocated
Auchan Youth Foundation	131	€1,127,467	49	€730,000
Auchan Generation Foundation (Russia)	90	€1,345,500	170	€800,000
Weave Our Future Foundation	12	€991,993	10	€991,843
Ceetrus Foundation for Social Entrepreneurship	12	€157,000	15	€182,500

2

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Auchan Youth Foundation	Auchan Retail France	The Auchan Youth Foundation supported a project for students experiencing food insecurity with a total of €40,000. Thanks to this support, the equivalent of 1,000 week-long lunch baskets were distributed to these students.
	Auchan Retail Senegal	To respond to the first consequences of the health crisis, the Auchan Youth Foundation in Senegal supported its first three projects, including that of the Village Pilote association, which has been working since 1994 in Senegal to promote the protection and sustainable reintegration of street children. €20,000 was granted to it to adapt its actions to 300 young people between the ages of 5 and 25 and provide them with an emergency response to the crisis.
	Auchan Retail Spain	The Auchan Youth Foundation supported six projects, including one as part of the Covid-19 exceptional call for projects for the benefit of SOS Children's Villages. The Foundation provided €91,216 to help improve the quality of life of 4,215 children and young people in areas close to the stores.
Auchan Generation Foundation (Russia)		The "Auchan Generation" Foundation allocated €94,000 for the purchase of medical equipment for hospital children.
The Ceetrus Foundation for Social Entrepreneurship (France)		It has supported several projects in the field of social and professional integration, such as the support given to the Sport dans la Ville association to duplicate its Entrepreneurs dans la Ville programme in Hauts de France. As a result, 16 young people from urban priority neighbourhoods were able to remove economic, social or cultural barriers to entrepreneurship to carry out their business creation project. Specifically, the young people selected received four months of training certified by EM Lyon and hosted by Université Catholique de Lille, before joining the sports business incubator in the city for 20 months.

2.4.5 SOCIAL DIALOGUE

> Background

Social dialogue has always been part of Auchan Retail's human resources policies, since its inception with the implementation of the first company agreement signed in France in 1971 (monthly payment agreement) for the benefit of successive business projects.

To make this dialogue even more efficient and effective, all social data is analysed and used at Group and country level to make it a performance lever for the management of HR objectives.

Today, the digitisation of activities, including in the social field, ensures an even more fluid dialogue within the organisation, strengthens collaboration between employees, reduces potential conflicts and tensions and allows everyone to work more efficiently.

In 2020, the adaptation of the organisations planned as part of the Auchan 2022 project and the health context were the two central topics of discussions with the staff representatives of Auchan Retail.

> Policy

To enable representatives to fully assume their roles and prerogatives and continue to become more professional, Auchan Retail relies on two representative bodies for social dialogue: the Group Works Council and the European Works Council.

All the resources devoted to the Group and European Works Councils in recent years (duration of meetings, choice of topics, specialised committees, training of members, presence of a chartered accountant, etc.) have led to a significant improvement in their mode of operation and the quality of social dialogue.

In 2020, the meetings of the Group Works Council and the European Works Council were maintained despite the pandemic. These meetings took place both face-to-face and by videoconference with significant technical and organisational constraints.

They met the following objectives:

- inform representatives on major issues;
- interact with representatives and answer their questions.

Compensation and sharing policies

The compensation policies are managed at the level of each country. Benchmarks are carried out at local level in order to compare with existing practices.

Supported by the legal framework and in line with its convictions, Auchan Holding wanted to quickly set up a participative policy in France, involving employees in the fruits of their labour: sharing a portion of the benefits and risks.

This commitment has resulted in a well-established policy of sharing the company's value with employees:

- 1968: profit-sharing;
- 1972: progress bonus;
- 1977: employee shareholding.

For the company, asset sharing is not only an additional compensation tool, but is part of a global policy anchored in its values and historical convictions.

AUCHAN RETAIL IS ADAPTING ITS ORGANISATION TO THE NEW EXPECTATIONS OF CONSUMERS AND CITIZENS

The new expectations of consumers require Auchan Retail to move towards simpler, more open-ended operations and working methods that are more open to change and the constant flow of innovations. In order to improve operational efficiency and agility, Auchan Retail has made organisational decisions that have an impact on employment.

These decisions, even if they remain difficult, were taken after considering all possible solutions.

For each project, the representative bodies of the countries concerned were informed and/or consulted before its implementation.

In January 2020, a voluntary departure plan was implemented for the support functions in France and concerned 581 positions. The employees concerned were able to benefit from various measures: a period of voluntary service of six months, redundancy compensation and compensation exceeding the legal obligations, retraining leave of 12 to 18 months paid at 70% of salary, training budget per employee of €8,000 to €15,000, retirement and early retirement measures and an employment mobility space with personalised support for each employee.

In September 2020, a new step was taken with the reorganisation of the goods chain, the transformation of the after-sales services, the transformation of the payment process and the evolution of the business and the reorganisation of the back-office business lines into hypermarkets. This project resulted in the net loss of 1,088 jobs. Support measures are currently being negotiated with the social partners in order to limit job losses as much as possible.

In Spain, two supermarkets were closed and ten stores sold. The employees taken over by the new company retained their status and benefits. In Poland, four hypermarkets were closed. The employees concerned were able to benefit from the proposed support measures (transfer to another store, severance pay, job search assistance, training, etc.). Over the period, 22 stores (eight hypermarkets and 14 supermarkets) were closed in Russia. The employees were supported by the local employment services, some were offered jobs in other stores in the same city or in other cities with support for the move and others wished to leave the company with financial support. In Ukraine, two stores were closed. The employees of these two sites were offered transfers to other sites or could leave the company with financial support.

COVID-19**REINFORCED SOCIAL DIALOGUE TO TACKLE THE HEALTH CRISIS**

Auchan Retail, the Carrefour group and UNI Global Union signed a joint declaration in April 2020 to ensure the safety of employees in the context of the health crisis linked to the Covid-19 pandemic. Auchan Retail is committed to preventing, reducing or eliminating the risk of contagion for its employees and customers through the following measures:

- improving the health and safety rules recommended for each employee in the countries concerned;
- health rules for stores, drive-throughs, home delivery and logistics warehouses;
- social support measures for employees;
- support for employees in special situations (disabled workers, pregnant women).

This declaration is part of the agreement signed in 2017 between Auchan Retail and UNI Global Union, which will expire in March 2021. As both parties reported a positive outcome with commitments fulfilled, the agreement will be renewed for four years on the basis of the same rules and conditions as the initial agreement.

In addition, Auchan Retail has chosen to financially recognise the exceptional commitment of its employees during the Covid-19 crisis in accordance with the legal conditions specific to each country (exceptional salary bonus, additional compensation, etc.). This effort amounted to €69 million.

2

> KEY FIGURES

In 2020, Auchan Holding had a total of 108,793 employee shareholders.

> Indicators

Indicator	2019	2020
Number of meetings with employee representatives	9,750	8,790
Percentage of employee shareholders of the company	74.1%	72.8%

Due to the pandemic, Auchan Retail Russia did not hold Life Committee meetings within stores over the period, which explains the decrease in the number of meetings with employee representatives.

> Significant initiatives by subsidiaries

Theme	Scope	Initiative
Professional elections	Auchan Retail France	70,000 employees called to vote to elect their employee representatives. 74% digital participation. Establishment of 112 Social and Economic Committees.
Benefits	Auchan Retail Poland	An agreement was signed with three unions allowing the introduction of a 5% discount on purchases for employees.
Life Committees	Auchan Retail Ukraine, Auchan Retail Taiwan	Since the notion of employee representative does not exist by law in these countries, Life Committees have been set up in the stores to facilitate dialogue between management and employees.
Digitisation of the social dialogue	Auchan Holding	Due to the pandemic, new forms of meetings with employee representatives have emerged to maintain a quality dialogue, which is even more necessary at this time: the setting up of video-conference meetings in the countries. The meeting of the European Works Council was also held by video conference.

2.4.6 DIVERSITY AND EQUAL OPPORTUNITIES

> Background

The world of work is changing and so are the expectations of employees. A fulfilling professional environment, enabling everyone to develop their talents is what employees expect today.

To promote a variety of profiles, the company must respond to key challenges, such as:

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

> Policy

The daily needs of all Auchan Retail customers are many and varied. This is why the company relies on employees whose diversity is a reflection of the local populations, to best meet the expectations of each customer.

Auchan Retail is strongly committed to promoting this diversity and making it a real performance driver.

Fight against all forms of discrimination

The International Labour Organization Declaration on Fundamental Principles and Rights at Work obliges all member states to respect and promote a number of principles and rights, classified under the following categories:

- the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of forced or compulsory labour;
- the abolition of child labour;
- the elimination of discrimination in respect of employment and occupation.

Auchan Holding's companies base their policies and actions on compliance with this declaration.

In accordance with the Auchan Retail ethics charter, a tool has been introduced in all countries in which it operates, called Whistle B. This tool can be used by all stakeholders (employee, supplier, service provider, partner, customers, etc.) and makes it possible to report potential malfunctions, including cases of discrimination.

In 2020, 54 cases were reported on the tool and classified as "discriminatory cases" at Auchan Retail level. All these reports were processed by the relevant Human Resources teams.

Promoting the workplace integration of people with disabilities

Auchan Holding's companies meet the legal obligations of their country of operation with regard to the employment of disabled people.

Some Auchan Retail subsidiaries have embarked on a more proactive policy in this area and go beyond these legal obligations.

To facilitate the integration of new employees with disabilities, commitments have been made in terms of:

- partnerships with companies in the sheltered and adapted sector;
- workstation layout (specific signage on the front of checkout lines at deaf or hearing-impaired checkouts, support by specialised organisations for better workplace ergonomics);
- raising awareness among all employees about the acceptance of others with their differences.

Encouraging equal opportunity

In France, Decree No. 2019-15 of 8 January 2019, which came into effect on 1 January 2019, is part of an initiative to remove, among other things, differences in compensation between women and men in companies.

From now on, Auchan Holding publishes its "Gender Equality Index" every year, based on precise indicators that measure the situation of each company with regard to equal pay between women and men. The minimum requirement for each French company is 75 points.

For Auchan Retail France, the rate for the gender equality index (for the year 2019) was 89/100.

Ceetrus France, meanwhile, achieved an index equal to 86/100.

The head offices of international companies based in France obtained the following scores:

- DPW: 71/100;
- Auchan Retail International: 67/100;
- Ceetrus International: 44/100.

To promote equal opportunities, the company strives to open up as many career paths as possible to men and women from all backgrounds. Hiring policies prohibit any form of discrimination, for example, in relation to gender, age, disability, religion or sexual orientation.

The diversity of the teams reflects the diversity of Auchan Holding's business lines, customers and the countries in which it operates.

All these principles and rules are defined in Codes of ethics, internal regulations, and training courses.

> KEY FIGURES

Auchan Retail France gender equality index for the year 2019: 89/100

> Indicators

	Auchan Retail		Ceetrus	
at 30/09/2020	2019	2020	2019	2020
Percentage of employees with a disability	4.3%	3.9%	1.7%	1.6%

This indicator is obtained by comparing the number of employees with disabilities at 30 September 2020 to the total workforce of the company concerned.

	Percentage of women vs total workforce (in%)		Percentage of men vs total workforce (in%)	
	2019	2020	2019	2020
at 30/09/2020				
Auchan Holding	62.8	62.1	37.3	37.9

	Percentage of female managers (in%)		Percentage of male managers (in%)	
	2019	2020	2019	2020
at 30/09/2020				
Auchan Holding	50.4	50.1	49.6	49.9

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Awareness and information on disability	Auchan Retail France	Implementation of a large internal communication system on the recognition of disabled workers.
	Ceetrus Portugal	Training project initiated on non-discrimination against people with disabilities. Launch in the first quarter of 2021.
Proactive approach to the employment of people with disabilities	Auchan Retail France	Signature of an operational commitment charter: manifesto in favour of the inclusion of people with disabilities in economic life.
	Auchan Retail Spain	Agreement signed with the Red Cross to encourage the employment of vulnerable people. During the period, 385 people completed an in-store internship, of which 211 were hired at the end of the internship.
Partnerships to promote the integration of people with disabilities	Auchan Retail France	Launch of a partnership with the Gesat network to promote the activities of the sheltered and adapted sector (STPA).
	Auchan Retail Portugal	A partnership has been signed with an organisation that manages a recruitment platform for people at risk of social exclusion.
Promoting a non-discrimination policy	Auchan Retail Ukraine	The subsidiary was recognised as the best employer in 2019 by the Equality Index for its policy of non-discrimination at work.

2.5 LIMIT THE ENVIRONMENTAL IMPACT OF OUR ACTIVITIES

2.5.1 CLIMATE CHANGE AND GREENHOUSE GAS REDUCTION



Auchan Retail's ambition is to do its part, as an international distributor, in the fight against global warming and in adapting to it and the changes that it implies. This ambition requires measurement of and drastic reduction in the greenhouse gas emissions related to our activities, of which the following is a non-exhaustive overview.

> DIAGRAM OF THE GHG EMISSIONS MEASURED BY AUCHAN RETAIL



> POLICIES & ACTION PLANS

Scopes 1 & 2 action plan

Auchan Retail is a signatory of the *French Business Climate Pledge*, thereby committing to drastically reduce its carbon emissions and invest in low-carbon technologies to mitigate its impact on global warming.

Auchan Retail has already reduced its electricity consumption per square metre by more than 20% between 2014 and 2020, in accordance with the commitment made at COP21. Auchan Retail's energy efficiency plan is continuing towards the following objective:

- a 25% reduction in energy consumption in stores (like-for-like basis) by 2022.

Each country is involved in a list of priority actions and technologies deployed in stores: replacement of refrigerants with high warming power for the production of commercial refrigeration, installation of smart level detectors for these fluids, installation of closed doors on the cooling units, use of divisional meters, change of heating and ventilation equipment, low-energy LED lighting.

This energy efficiency programme represented an investment of €215 million between 2015 and 2019, and will represent an additional investment of €45 million between 2020 and 2022.

Auchan Retail is committed to replacing refrigeration equipment with equipment running on less emitting fluids (R448A, CO₂), by the year 2030 in European Union countries.

Auchan Retail has an environmental management system based on the ISO 50001 standard. The certification process is being rolled out with the aim of certifying all sites in the European Union within the next two years.

Auchan Retail is committed to promoting renewable and low-carbon energies with the following objectives:

- consumption of 50% of low-carbon electricity in 2022;
- consumption of 50% renewable electricity by 2025;
- consumption of 100% renewable electricity by 2030.

This last objective is broken down into three areas:

- the deployment of solar panels on Auchan Retail sites for self-production and self-consumption of solar electricity;
- the roll-out of Corporate Power Purchase Agreements (PPA);
- the purchase of green energy through guarantee of origin contracts. In this third area, Auchan Retail Spain and Auchan Retail Portugal have been consuming 100% renewable electricity since 1 January 2020.

COVID-19

THE AMBIENTAL IMPACT OF COVID-19 ON ENERGY CONSUMPTION IN STORES

The health situation has had different impacts from one country to another, depending on the local health situation and the measures taken by the authorities (lockdown measures, restrictions on store opening hours, closure of certain departments, etc.). Thus, the health situation may have played a role in explaining the increases in energy consumption (increased attendance at points of sale resulting in an increase in cold production) but also an explanation for decreases in consumption (the closing of departments, implying a reduction in the production of cooling or heating and lighting requirements in certain cases).

For example, Auchan Retail Romania saw its energy consumption decrease due to the reduction in the working hours of its points of sale and the closure of certain "food services" departments. However, this Covid effect is difficult to isolate from other factors reducing energy consumption (investments in new equipment, milder winter 2020). In another example, Auchan Retail France saw its drive activity increase, which explains the increase in electricity consumption for cooling.

Scope 3 action plan

Transportation

Transportation flows of goods (air, land, sea) are complex and numerous around Auchan Retail's activity, from the supply of our suppliers to the end customers, including delivery to our warehouses and stores.

In 2020, Auchan Retail began measuring its carbon footprint linked to the transport of goods, in order to achieve a target of reducing its carbon footprint by 20% by 2022. This measure is limited to the flow of goods between country warehouses and stores.

This objective is deployed through a series of national actions. For example, Auchan Retail France, which accounts for about a third of the GHG emissions linked to this transport flow, initiated a process as part of the Fret21 initiative, supported by ADEME. Between the end of 2019 and September 2020, 17% of the kilometres travelled by trucks loaded by Auchan Retail France ran on biogas, thus reducing their carbon and particulate emissions.

Products

In terms of products sold in its stores, Auchan Retail began measuring its carbon footprint in 2020. Even though the method (see Section 2.7.8) involves uncertainties and is not yet comprehensive, this first measure will enable Auchan Retail to initiate an action plan on this scope representing more than two-thirds of Auchan Retail's total carbon footprint.

Auchan Retail sells an extended portfolio of products, which can be divided into the following universes and departments:

- non-food: Textiles, Electronics and Home Appliances (EHA), Home-Decoration, Outdoor Leisure-DIY, Bookstore & Recorded Media/Paperwork/Toys, Health, Fuels, Other;
- food: consumer goods and fresh products, traditional food.

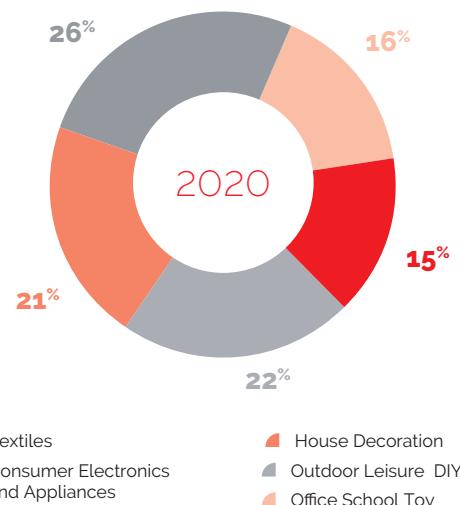
The measurement of the carbon footprint of the products includes all products sold in our stores, and does not differentiate between Auchan products (private label) and the other products sold.

This global overview will enable the Group and each of its countries of operation to reflect on the impacts of its activities and how to reduce them.

Outstanding initiatives: DPW carbon footprint

In parallel with Auchan Retail's work on the carbon footprint of products sold in stores, Auchan Retail's Worldwide Products Department (DPW), which manufactures Auchan Retail's own-brand international products, has initiated the carbon footprint approach for its non-food products (life cycle approach, excluding product use). This initiative will enable it to define an action plan to reduce its carbon footprint. Here is an overview of the results obtained:

> GHG EMISSIONS RELATED TO NON-FOOD PRODUCTS -
DPW: 1,200,000 TONNES CO₂ EQ.



Outstanding initiatives: AR Portugal's SBT Commitment and AR France's ACT Assessment



Auchan Retail France is the first retailer to have assessed its level of commitment to the energy transition through the ACT - Assessing Low Carbon Transition standard, developed by ADEME and CDP.



In January 2020, Auchan Retail Portugal committed to the Science-Based Targets initiative to set targets for reducing its CO₂ emissions within two years, consistent with a scenario of limited warming to 1.5°.

> Performance indicators

The following evolution indicators are presented on a like-for-like basis and therefore exclude China. For further methodological details (scopes, calculation methods, sources, etc.), see Section 2.7.



Auchan Holding's performance in its fight against climate change is assessed by the CDP, an independent third party. In 2020, Auchan Holding obtained a score of B following its response to the questionnaire, thus qualifying our approach and Auchan Holding: "Takes coordinated actions on climate issues".

Energy consumption per square meter of surface

Energy Consumption (Kwh/sqm)	2019	2020	Change
Auchan Retail	497.9	482.5	(3.1%)
Ceetrus	286.7	205.5	(28.3%)

Auchan Retail's energy consumption per square metre of surface area continued to decline in 2020 thanks to the action plans put in place. Energy efficiency in all countries has improved, with efforts to modernise equipment that have been particularly successful in Luxembourg and Romania.

With regard to real estate, Ceetrus saw the partial closure of shopping malls in 2020, due to the health situation, having a strong impact on its energy consumption.

Intensity of Scope 1 and 2 greenhouse gases (GHG) emissions

GHG emissions related to energy consumption (tCO ₂ e/sqm)	SCOPES 1 & 2 (Stores' carbon intensity)			SCOPE 1 (Refrigerants ⁽¹⁾)			SCOPE 2 (Energy)		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
Auchan Retail	267.9	247.9	(7.5%)	106.2	94.0	(11.5%)	161.6	153.9	(4.8%)
Ceetrus	-	-	-	-	-	-	92.2	63.7	(31%)

The carbon intensity of Auchan Retail stores is decreasing, in line with our reduction actions.

With regard to real estate, the closure of shopping malls in many countries due to the health situation had a strong impact on Ceetrus' GHG emissions.

Volume of greenhouse gases emissions: Scope 1 +2 +3 emissions of Auchan Retail

GHG emissions (CO ₂ e/sqm)	2019	2020	Change
Auchan Retail Scope 1 ⁽²⁾	595.022.2	482.321.4	(18.9%)
Auchan Retail Scope 2	917.515.4	869.646.6	(5.2%)
Auchan Retail Scope 3 (Goods Transport)		224.654.3	
Auchan Retail Scope 3 (Sold products)		36.245.951.6	

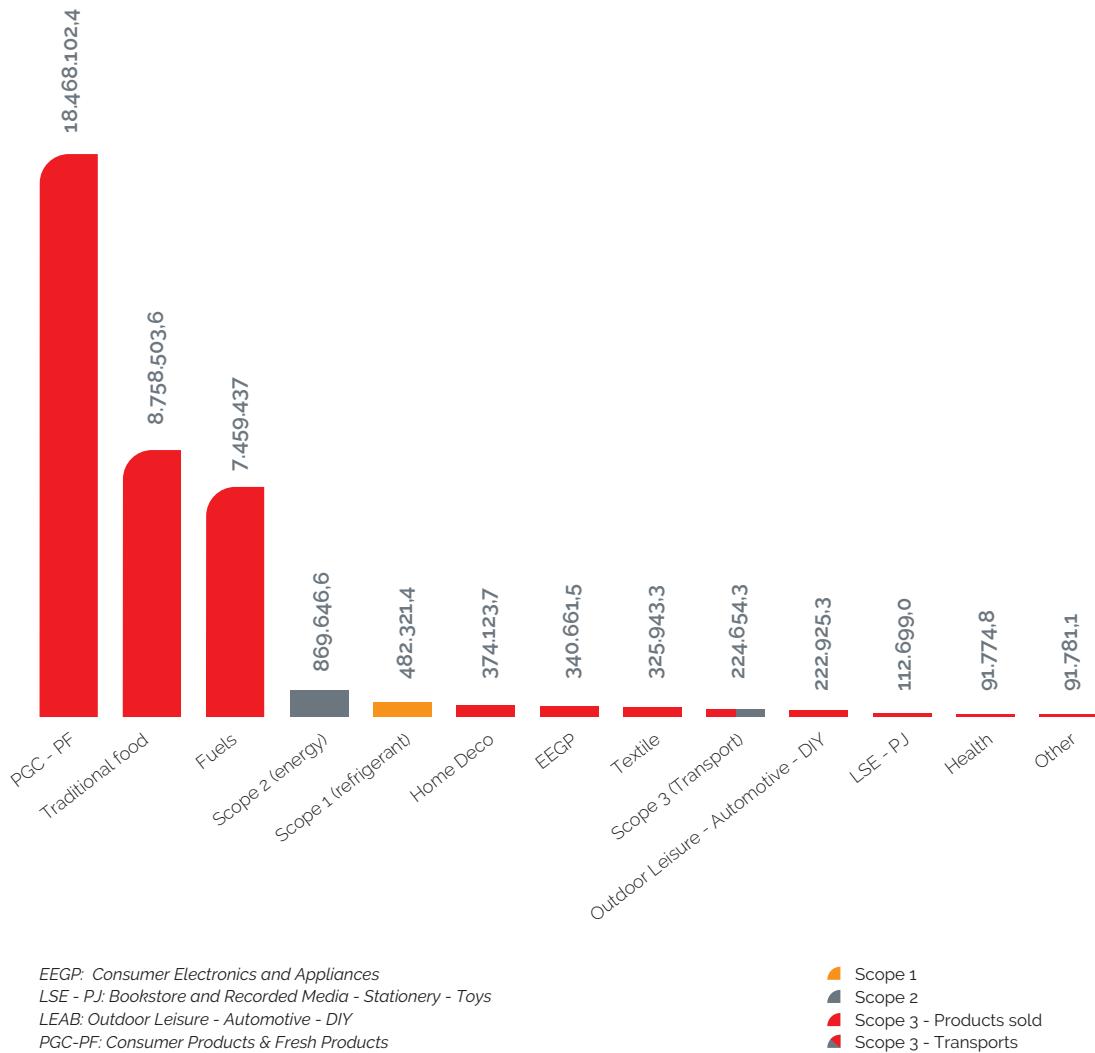
In terms of volume too, our GHG emissions are down slightly on scopes 1 and 2.

(1) Refrigerants: The value of 2019 GHG emissions has been modified due to corrections made after the 2019 financial year.

(2) Refrigerants: The value of 2019 GHG emissions has been modified due to corrections made after the 2019 financial year.

Scope 3 GHG emissions account for more than 90% of our GHG emissions. Products sold in stores, particularly food products, as well as the sale of fuels, represent by far the biggest impact.

Detail of Auchan Retail¹ scopes 1, 2 and 3 GHG emissions (tCO₂e)



2.5.2 FIGHT AGAINST PLASTIC POLLUTION



> Background

Plastic provides health, safety and affordability for the distribution of many consumer goods. But the linear "extract - produce - consume - discard" model is still too widespread and most plastic is never recycled. Scientists, governments and consumers expect manufacturers and retailers to provide better solutions for the environment while maintaining purchasing power.

> Policy/Commitment

Auchan Retail is committed to the fight against plastic pollution as a major retailer with a direct influence on household consumption.

As part of the Auchan 2022 corporate project, two ambitions relating to packaging reflect the efforts made at international level to fight plastic pollution:

- have 100% of private label packaging reusable, recyclable or compostable at home;
- eliminate plastics as far as possible from the fresh food counters and self-service fruit and vegetable departments.

These targets are due between 2022 and 2030 depending on the country. An inventory is in progress and will help to define the roadmap.

A long-term commitment at Auchan Retail level

The reduction of the use of virgin plastic, the improvement of recyclability and the integration of recycled material are all commitments made official by the signing of the European Plastics Pact in March 2020.

The Fight Against Plastic Pollution Policy, which details Auchan Retail's commitments, will be published in 2021. It is based on the five priority projects identified throughout the company's value creation chain.

| The *Auchan Retail* Plastic Panorama

There are plastics-related issues all along the value chain



Auchan | RETAIL

The Auchan Retail responsible quality charter also includes the reduction of packaging and the improvement of its recyclability in its pillar 8.

Greater commitment at local level

As each country is free to set more ambitious targets at local level, Auchan Retail Poland signed the *Polski Pakt Plastikowy* in 2020, joining France as one of the countries that have signed a national pact. Also in 2020, Auchan Retail Spain published its Plastic Policy.

COVID-19**A REDUCTION DYNAMIC SLOWED BY THE HEALTH CRISIS**

Plastic is essential in the fight against Covid-19 as a barrier material ensuring hygiene and health safety for customers and employees. Prevention against the virus has, in fact, slowed down actions to fight plastic pollution: suspension of many initiatives (bulk sales, use of customer containers, environmental cleaning operations), slowing of range changes in favour of more sustainable alternatives (closure of certain departments) and increased consumption of single-use plastic (gloves, masks or bags).

This health crisis has highlighted the duality between the utility of plastic and the need to move away from the disposable model. Auchan Retail must support consumers in their changes of habits while guaranteeing and communicating about the health safety of the proposed alternatives.

2

> Indicators

Auchan Retail places the fight against plastic pollution at the heart of its CSR project and publishes performance indicators on the subject for the first time.

Performing the exercise for the first time, improvements have been identified to improve the completeness of information for future statements.

In particular, the calculation of the percentage of private label packaging that is reusable, recyclable or home compostable could not be consolidated for the 2020 financial year and a study has been launched to improve the collection of information for the 2021 reporting.

Indicator	Data
1. End of the sale of disposable plastic cutlery and plates	2019 in France, 2020 in the rest of the EU (end of stock in 2021 for Romania) and Senegal
2. Products sold in bulk out of the fresh food counters and fresh fruit and vegetables departments	More than 600 references in Portugal, more than 500 in Spain, more than 300 in France, more than 500 in Poland
3. Plastic waste collected in our stores and warehouses	14,307 t (excluding Russia and Senegal)
3.b Percentage of plastic waste collected in our stores and warehouses treated in a recycling channel	97.3% (excluding Russia, Senegal and Ukraine)
4. Estimated weight of plastic used for in-store packaging of fresh food and fruit and vegetables bags (<i>in tonnes</i>)	12,031 t (excluding Poland and Senegal)
5. Estimated weight of plastic used in check-out bags (<i>in tonnes</i>)	5,575 t (excluding Poland and Senegal)*

* The calculation did not include reusable shopping bags in Ukraine and Russia.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Products in single-use plastic	Auchan Retail - Worldwide Products Department	International private label range of tableware in alternative materials (sugarcane pulp, cardboard, bamboo, etc.): 1,948 tonnes of plastic avoided per year.
	Auchan Retail Portugal Auchan Retail Spain Auchan Retail France Auchan Retail Luxembourg Auchan Retail Poland	Removal of single-use plastic cutlery from catering and take-out stands: more than 41 tonnes of plastic avoided in France alone.
	Auchan Retail Hungary	Removal of plastic cutlery from dairy products: 4 tonnes of plastic avoided.
Household product packaging	Auchan Retail France	Reduction of plastic in various private label packagings: more than 58 tonnes of plastic avoided. Recycled PET in private label beverage bottles: 80 tonnes of virgin plastics avoided. Laser engraving on organic citrus fruit sold in bulk: 300 tonnes of citrus fruit in 2020. Cardboard packaging for Auchan's responsible supply chain for Swing organic apples, since January 2020
	Auchan Retail Spain	Elimination of expanded polystyrene trays from the fruit and vegetable section and introduction of paper bags: 80 tonnes of plastic avoided.
	Auchan Retail Poland	Paper packaging for Auchan's supply chains for tomatoes and salads: 200kg of plastic avoided.

Theme	Organisation	Initiative
Plastic waste from transport and storage	Auchan Retail Spain	Universal soil under private label, enriched to 10% with compost made from organic waste from stores, and packaged in materials made from plastic waste from stores.
	Auchan Retail Poland	Replacement of plastic transport boxes with reusable containers. 48 tonnes of plastic avoided.
Packaging used for in-store distribution	Auchan Retail Portugal Auchan Retail Spain Auchan Retail France Auchan Retail Luxembourg Auchan Retail Poland Auchan Retail Hungary Auchan Retail Ukraine Auchan Retail Russia	Sale of washable and reusable net bags for fruit and vegetables to replace the use of plastic packaging bags.
Checkout packaging	Auchan Retail Spain Auchan Retail France Auchan Retail Luxembourg Auchan Retail Poland	Possibility of using customer containers at the cutting stands (suspended due to the health context due to the Covid-19 crisis).
	Auchan Retail Senegal Auchan Retail Ukraine	End of sale of plastic bags at check-out. On 3 July 2020, on the World Plastic Bag Free Day, an apple was offered to each customer using their own bags.
Other initiatives	Auchan Retail Portugal	Participation in the deposit system test program in collaboration with the government
	Auchan Retail Romania	Training of employees in sustainable development, awareness of sorting and recycling.

2.5.3 ECO-DESIGN, SECOND LIFE OF PRODUCTS AND OPERATIONAL WASTE

> Background

The circular economy offers a more sustainable production model that takes into account all phases of the life cycle from design (eco-design) to the end of life (second life of products or waste management) and their impact on the environment (climate change, pollution).

Auchan Retail addresses eco-design through its own-brand products, the second life of products through its offer and in-store operations and waste management through the recovery of operational waste.

> Policy/Commitment

Auchan Retail applies the principles of eco-design to its own-brand products.

The Worldwide Products Department leads the issue for the international non-food portion. Its commitments, made in 2018, are:

1. On packaging:
 - 100% of private label packaging recyclable, reusable or compostable (at home) by 2022;

- 50% reduction in plastic packaging by 2025 (vs 2019);
 - Integration of recycled materials (at least 30%) when possible.
2. On wood/paper/cardboard products and packaging:
- 100% of products and packaging FSC/PEFC-certified in 2025;
 - Inclusion of recycled materials (at least 50%) when possible.

Each non-food sector completed these commitments according to the priority issues inherent to the nature of the products concerned.

Auchan Retail joined the Fashion Pact in November 2019, committing alongside fashion industry players to reduce its environmental footprint.

> Indicators

		2019	2020	Change n-1
Total volume of waste (in t) ⁽¹⁾	Hyper	444.933	419.148	(6)%
Volume of recovered waste (in t)	Hyper ⁽¹⁾	308.585	287.908	(7)%
Recovery rate	Super ⁽²⁾	40.237	43.160	+7%
Percentage of FSC- or PEFC-certified wood/paper/cardboard products	Worldwide Products Department	68.1%	68.7%	0.6pt

(1) Excluding Senegal.

(2) Excluding Ukraine, Romania.

The decrease in footfall in hypermarkets and the closures of non-food departments due to the health crisis largely explain the decrease in waste tonnage.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Eco-design	Auchan Retail - Worldwide Products Department	Organisation of a Masterclass on eco-design in November 2020. Partnership with the <i>Pole Eco-Conception</i> to train product teams and transform the product offering towards a more eco-designed offering. For Textiles, partnership with Eco-TLC (now Re-Fashion) and Fashion Green Hub (eco textile design). For Consumer Electronics and Appliances, partnership with Spareka: provision of spare parts and repairability. Labelling of house textiles by Oekotex. Launch of a range of recycled aluminium stoves with FSC-certified 100% recycled packaging, a range of certified wooden toys, a range of recycled plastic pens, and a range of down jackets with 100% recycled polyester filling.
Second life of products	Auchan Retail France	Operation to take back toys for the benefit of local charities (November 2019). School bag recovery operation for the 10 th consecutive year. Creation of second-hand textile corners in partnership with Patatam.
Operational waste	Auchan Retail Luxembourg	Collaboration with SuperDrecksKéscht to improve waste recycling. Obtaining the SuperDrecksKéscht® label.
	Auchan Retail Spain	Training of 500 people in sorting procedures in 2020 (i.e. nearly 8,000 employees trained since the start of the process) 26 sites (24 hypermarkets and 2 warehouses) labelled Zero Waste (100% of waste recovered).
	Auchan Retail France Auchan Retail Spain Auchan Retail Portugal Auchan Retail Poland Auchan Retail Hungary Auchan Retail Ukraine	Transformation of food into products for animal feed (zoo, circus, shelters, etc.). Test in August 2020, by Auchan Retail France, of the recovery of waste from the Fish Department into meal for farmed fish and kibble for dogs and cats with natural extraction processes without solvents with a low environmental impact.

2.5.4 BIODIVERSITY AND PROTECTION OF NATURAL RESOURCES

> Background

Human beings exploit more than 70% of the planet's land. 80% of deforestation is due to agriculture, and particularly to the extension of areas cultivated with soybeans for livestock feed and oil palm trees⁽¹⁾. NGOs and civil society regularly challenge distributors on these issues.

> Commitment/Policy

Palm oil

Several own-brand products contain palm oil as an ingredient. This ingredient presents risks related to deforestation, soil erosion, water pollution and working conditions in palm plantations. Auchan Retail is committed to eliminating palm oil from all its own-brand products, which is a substance included in the company's blacklist. When substitution is not possible, Auchan Retail has decided that it must be RSPO-certified⁽²⁾. This certifies that the palm oil that has been produced, processed and used in the products meets the very specific requirements of the RSPO in terms of Sustainable Development CSR, and that the volumes are traceable throughout the supply chain.

Preservation of water and marine resources

Since 2019, Auchan Retail has been a signatory of the Fashion Pact, a global coalition of 56 fashion companies committed to combating global warming and protecting biodiversity and the oceans.

Auchan Retail has been working since 2006 to preserve fish resources, by avoiding overfishing and protecting the environment. Various measures have been taken in this regard, such as:

- the end of the marketing of Mediterranean bluefin tuna (*Thunnus thynnus*) in all Mediterranean countries;
- stopping the marketing of endangered shark species with the exception of catshark (*Scyliorhinus*) and smooth-hound (*Mustellus*);
- full traceability of tuna-based products (fishing zone, species, method of capture and fishing fleet) and refusal of all IUU⁽³⁾ products.

(1) <http://www.fao.org/sustainability/resources>

(2) The Roundtable on Sustainable Palm Oil

(3) Illegal, unreported and unregulated.

These Group commitments are supplemented in the subsidiaries by fishing policies adapted to the countries' resources, consumption and needs. This is the case in Spain, France and Portugal.

Water is also an essential resource for Auchan Retail's business, both in the production of the products sold and in the operation of its sales sites. Auchan Retail is installing more and more hydro-efficient equipment as well as rainwater collectors. Automated consumption monitoring is also being implemented.

Deforestation: wood, cocoa, coffee, etc.

A partner of the Earthworm Foundation since 2011, Auchan Retail is committed to combating deforestation linked to the exploitation of raw materials, with a priority on wood products, including:

- charcoal;
- paper: writing, hygiene, disposables and publications;
- indoor and garden furniture.

In this context, Auchan Retail expects its suppliers to ensure and verify that the above materials sourced from wood or vegetable fibres are:

- legally harvested, purchased, transported and exported from their country of origin;
- traceable via the supply chain back to the original harvesting source;
- harvested in ways that do not pose a threat to high conservation value (HCV) zones, including peatland and Intact Forest Landscape (IFL) ecosystems;
- harvested outside of High Carbon Stock (HCS) forests and zones where these forests have been converted into land for other crops and plantations;

> Indicators

Water consumption on a like-for-like basis (in m³)

	2019 (m³)	2020 (m³)	Change n-1
Auchan Retail Hyper	4,471,726	4,259,226	(5)%
Ceetrus	1,263,093	1,009,118	(20)%

The decrease in water consumption on a like-for-like basis in 2020 can be attributed in part to the health crisis, which led to a slowdown in activity, and even temporary closures of departments and shopping malls.

- not taken from species of wood that are included on the IUCN Red List of Threatened Species⁽¹⁾;
- not taken from species included in Appendices 1, 2 and 3 of the CITES⁽²⁾;
- sourced in strict compliance with the rights of the indigenous peoples and rural communities to own and control the land under statutory or customary tenure, including their right to give or refuse to give their Free, Prior and Informed Consent (FPIC) to the proposed development of their land;
- sourced in compliance with the rights and safety of workers, without forced or child labour and without discrimination. The workers must have freedom of association.

Auchan Retail France has committed to a sustainable sourcing of cocoa by highlighting products from:

- the UTZ label⁽³⁾ or Rainforest Alliance (two labels that have merged into an NGO since 2018) to promote biodiversity;
- organic agriculture which enables the implementation of better agricultural practices including for phytosanitary products;
- responsible supply chains in all countries with numerous commitments, particularly in agroforestry.

Auchan Retail France has committed to sustainable sourcing of cocoa by highlighting products from:

- the UTZ label or Rainforest Alliance to promote biodiversity. Auchan offers UTZ-certified products with the Auchan brand;
- organic agriculture which enables the implementation of better agricultural practices including for phytosanitary products;
- fair trade with the Max Havelaar brand whose task is to fight against the poverty of producers in countries from the southern hemisphere.

(1) The International Union for Conservation of Nature.

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

(3) UTZ is a sustainability certification programme for coffee, cocoa and tea, collaborating with existing brands.

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Biodiversity and forests	Auchan Retail France	<p>Signing of the manifesto to combat imported deforestation linked to soybeans alongside other retail chains, in order to combat the importation of soybeans from deforested regions of South America and used for animal feed.</p>
		<p>Organisation of the operation Green Day aiming at supporting partners in the <i>end to end responsible supply chains</i> to carry out progress in terms of agro-ecology.</p>
		<p>Enrichment of the offer by the addition of a benchmark of chicken raised in the open air and whose feed is enriched with insect oil (thus replacing 100% of the imported soybeans used in the feed). This process was developed by InnovaFeed, a partner specialised in the breeding and processing of insects for animal nutrition. By eliminating imported soybean oil, the product launched by Auchan Retail has a reduced environmental impact. The carbon footprint of insect oil is 80% lower than that of soybean oil.</p>
	Worldwide Products Department	All of Auchan Retail's chocolate spreads and cocoa powders are UTZ-certified.
Water	Auchan Retail Romania	<p>As part of the Auchan anniversary, a partnership was set up with a national supplier, "Sofidel": a donation for tree planting was made by the company when a customer purchased a product from the supplier. A total of 450 trees were planted.</p>
	Worldwide Products Department	<p>Launch of the first 100% eco-designed own-brand jeans collection. Its production includes 20% recycled cotton and reduces water consumption by 40%.</p>
	Auchan Retail Spain	<p>In the autumn-winter collection of the exclusive own textile brand "In Extenso" a wide range of sustainable clothing has been proposed, made with three objectives in mind:</p> <ul style="list-style-type: none"> • efficient use of water; • generation of zero waste; • promotion of the use of recycled materials. <p>In this context, priority is given to organic cotton items, those made from recycled materials, and those that have used ecological fibres such as Lyocell and have Oeko-Tex certification. Currently, the company offers 440 products under these commitments.</p>
Fishing	Auchan Retail France	<p>Publication, on the occasion of Responsible Fishing Week, of its dedicated policy. The range of fish products contains 42 MSC-certified products.</p>
	Auchan Retail Romania	<p>Stopping the sale of the fish species "Pangasius" due to issues related to their farming and environmental consequences.</p>
	Auchan Retail Spain	<p>The fish products sold in the stores strictly meet the criteria of the company's sustainable fishing policy, published in 2010. Auchan Retail Spain sells 60 products certified with the MSC blue label⁽¹⁾ guaranteeing respect for the sustainable environment.</p>

(1) Marine Stewardship Council - The MSC Fisheries Standard is used to assess whether a fishery is sustainable and well managed. It incorporates the most current and recognised knowledge in the world on the science and management of fisheries.

2.6 ESTABLISH RESPONSIBLE AND ETHICAL BUSINESS RELATIONSHIPS

2.6.1 END TO END RESPONSIBLE SUPPLY CHAIN APPROACH AND PARTNERSHIP WITH LOCAL PRODUCERS

> Background

Globalisation has made the flow of goods and business relationships more complex, making it difficult to assess supplier risks. It is for this reason that Auchan Retail promotes the creation of responsible agricultural supply chains. In addition, to reduce the impact of consumption on the climate and the environment, several studies show the need to change the carbon footprint of the food base. In strengthening its links with local producers by proposing a responsible offer with its agricultural supply chains, Auchan Retail is acting in this direction.

> Commitment/Policy

Launched in 2014, the Auchan *responsible agricultural supply chain* approach is part of the company's commitment, which places quality products and respect for the environment and local producers at the heart of its corporate project.

Develop Auchan's end to end responsible agricultural supply chain approach

Through its *responsible agricultural supply chains*, Auchan Retail is committed to a sustainable and balanced partnership with producers, breeders and processors of the food and its value chain. Its ambition is to offer high quality, healthy products with exemplary traceability, that are differentiating, respectful of the environment and animal welfare and support the men and women who produce them, in order to preserve know-how and resources for the greatest satisfaction of consumers.

To ensure a common set of requirements, four pillars have been defined:

1. Customer satisfaction, to meet consumer expectations, by guaranteeing controlled origin and traceability, particularly with blockchain-based products;
2. Respect for the environment and animal welfare, with production methods designed to protect our resources;
3. Societal commitment by adopting an approach that respects the individuals that make up the sourcing channels (employment, equity, sustainability, regions, etc.); and
4. An economic commitment through a profitable and sustainable approach for sourcing channel players at an accessible price for consumers.

To go even further in this exclusive quality offer, the teams in charge of the development of the *responsible agricultural supply chains* have implemented a risk analysis process. It is a methodological tool for training, sharing and defining requirements based on product's supply chain and product's culture. In 2020, 13 supply chains benefited from this special vigilance. This new approach also enables the sharing of upstream know-how between all the subsidiaries and the promotion of the product culture.

Training sessions are also conducted in all subsidiaries for buyers and quality teams to raise their awareness of the requirements of Auchan's *responsible agricultural supply chains* in order to develop these partnerships with producers in each country. Support is also provided by the corporate team which offers thematic webinars related to the supply chains.

Prioritising local sourcing and developing sustainable partnerships with SMEs and small producers

The stores in all Auchan Retail countries are developing the supply of local products, grown and/or manufactured near the stores, via direct partnerships with small producers. They respond to strong demand from local residents who want to be able to buy products from their own region, both to support local jobs and to protect the environment through purchases that leave a smaller carbon footprint.

In order to facilitate the commercial process, all subsidiaries have implemented procedures adapted to these suppliers to simplify exchanges, save time on product listing and reduce the associated costs.

Dedicated in-store events are systematically held to promote local products.

COVID-19

WORKING ALONGSIDE OUR PRODUCERS IN TIMES OF CRISIS

Cooperation with the agricultural world is in the DNA of Auchan Retail and the health crisis has strengthened ties like never before. Spontaneously, the stores set up express listing of producers and opened their stalls and their drive to seafarers, fruit and vegetable producers and local farmers.

From the mini farmer's market in the parking lot of stores to the end-aisle displays offered to producers, solidarity has helped save productions and farms in all countries.

> KEY FIGURES

Auchan Retail is committed to developing 1,200 responsible agricultural supply chains around the world by 2022.

> Indicators

Scope	Indicator	2019	2020
Auchan Retail	Weight of local products as% of revenue	2.4%	2.5%
	Number of <i>responsible agricultural supply chains</i> under contract	488	710

> Significant initiatives by subsidiaries

Theme	Organisation	Initiative
Responsible agricultural supply chains	Auchan Retail	In order to raise awareness among stakeholders in the responsible supply chains in all subsidiaries, webinars are organised on a variety of topics including: <ul style="list-style-type: none"> • responsible certifications for seafood with ASC, MSC and Global Gap; • pesticide residues.
	Auchan Retail France	Creation of the "Norwegian salmon" <i>responsible supply chain</i> in partnership with Mowi: a salmon rich in omega 3 and 6, vitamins D and B12, fed without GMOs, processed animal protein, growth hormones or antibiotics, traceability by blockchain from egg to whole fish, a fresh product from sustainable aquaculture, with monitoring of the environmental impact and respect for animal well-being, this cross-cutting food chain will soon be found in several salmon-based products: smoked, frozen, canned food, sushi, etc.
	Auchan Retail Romania	
	Auchan Retail Hungary	
	Auchan Retail Taiwan	
Local producers	Auchan Retail Ukraine	Development of an offer of 404 farm products: natural and local products in cooperation with small producers. This project is ongoing in 15 of the country's 22 stores with more than 20 producers.
	Auchan Retail Romania	Opening facilitated to small producers via an "I want to become an Auchan supplier" tab created on the website allowing everyone to register and be referenced.
	Auchan Retail Senegal	100% of meat, chicken, fish, oil and 90% of vegetables sold in stores are of local origin, i.e. 60% of the total supply, with the rest coming from imports.
	Auchan Retail Spain	In Spain, the range of local products, mainly food products, includes 6,000 references from small producers whose production volumes are modest. This range also includes textile products, such as regional costumes, linked to local folklore and other items such as the manufacture of shoes, once a flagship of the Spanish industry, which has been outsourced overseas over the years. Focusing on local products promotes the preservation of the natural and gastronomic heritage and promotes the development of rural areas and the fight against desertification, one of the major problems currently facing Spain. To make it easy for customers to identify them, these local and regional products are clearly marked in stores.

2.6.2 SUSTAINABLE PURCHASING RELATIONSHIPS WITH OUR PARTNERS

> Background

For more than 20 years, Auchan Retail has been continuously improving its purchasing practices. Responsible purchasing policies are thus rolled out to all employees concerned in the countries and to Auchan Retail's Worldwide Products Department under the leadership of a dedicated team.

In 2020, Auchan Retail published the third exercise of its duty of care plan⁽¹⁾. A public document, accessible to all, the duty of care plan covers all of the company's responsibilities throughout the value chain, for all its purchasing contracts

related to products or services. It presents a risk map, action plans to prevent them and the functioning of the whistle-blowing system.

Support for improvement initiatives

Aware of the importance of collective work to sustainably change the social, societal and environmental practices of production methods, Auchan Retail participates in several international programmes.

(1) It should be noted that the content of Auchan Retail's duty of care plan must be read in conjunction with the content of the non-financial performance statement.

Initiative for Compliance and Sustainability

This programme has been designed to sustainably improve working and safety conditions within suppliers' companies, by forging close ties with suppliers and helping them to make progress in this area on their own initiative. Retailers share best practices and the results of checks to avoid redundant audits at the same site.

AMFORI BSCI

The AMFORI BSCI⁽¹⁾ system is based on a shared code of conduct and provides a step-by-step approach allowing companies to place sustainable development at the heart of their businesses:

- by committing to their commercial partners and by monitoring their social performance;
- by promoting autonomy and receiving support.

The AMFORI BSCI code of conduct is inspired by the principles established by the International Labour Organisation (ILO), the United Nations Universal Declaration of Human Rights, the United Nations Global Compact and the OECD guiding principles for multinational companies.

Fire and Building Safety Agreement

Since 2013, Auchan Retail is a signatory to the Fire & Building Safety Agreement to help finance building safety audits, which are shared with all the other 200 member brands.

> Commitment/Policy

Training in responsible purchasing

Auchan Retail designed a Training in responsible purchasing course in 2013. Intended for a wide audience, it has since been rolled out to buyers, product managers, negotiators, quality engineers in all countries and the Worldwide Products Department (including sourcing offices). Its objectives are to:

- help participants identify the main rules applicable to their profession;
- implement the procedure and steps for listing and de-listing suppliers;
- adopt the appropriate stances on CSR issues.

Training in responsible purchasing is not limited to Auchan Retail employees: the teams in the sourcing offices carry out awareness raising among suppliers (see duty of care plan for more details).

Labour and quality-related auditing

As of the initial supplier listing, the responsible purchasing approach incorporates quality requirements and social criteria. The suppliers are subject to social and quality audits prior to any listing.

Auchan Retail also monitors production at supplier sites. The people who work in the sourcing offices draw on the findings of each audit to shape improvement strategies with the supplier and their production site(s). However, there is a zero tolerance threshold regarding certain issues:

- when employment contracts have not been issued;
- discrimination;
- child labour;
- forced labour;
- disciplinary practice(s) (physical punishment, harassment, etc.);
- non-compliance with minimum wage levels or non-payment of wages for two consecutive months;
- evidence of infrastructure failure(s);
- security issues;
- use of sandblasting⁽²⁾;
- dormitories located in the same building as the production unit or a warehouse;
- Uzbek cotton;
- home-working;
- consecutive refusals to submit to an audit;
- document forgery;
- corruption cases.

Factories cannot be listed if one or more of these elements is identified. Those that are already listed are de-listed. In 2020, two sites were de-listed due to serious cases of non-compliance.

Environmental auditing

These audits, which are part of a progress approach for the plants concerned, are conducted according to the environmental audit framework of the Initiative for Compliance and Sustainability (ICS). They aim is to ensure compliance with certain environmental standards by Auchan Retail suppliers, following their listing. These audits make it possible to check in particular the compliance of the factories with regard to:

- environmental management system;
- energy consumption;
- water consumption;
- used water treatment and effluent;
- emissions release into the air;
- waste management;
- pollution prevention and hazardous and potentially hazardous substances;
- emergency response management.

In 2020, these audits covered integrated factories of textile suppliers, as these were deemed to be more polluting and this decision stemmed logically from the signing of the Fashion Pact.

In addition to the environmental audits carried out on tier one sites in 2018 and 2019, the approach was extended in 2020 to tier two sites. It is in this context that 20 environmental audits were carried out on tier two plants (15 in Bangladesh and five in China).

(1) Business Social Compliance Initiative

(2) Sandblasting is a mechanical process that creates localised abrasion or a colour change on a denim garment. The process consists of projecting an abrasive material in the form of granules and powder at very high speed and pressure. Sandblasting can expose workers to extreme health risks and may result in the death of workers. Natural sandblasting is particularly problematic as workers inhale crystalline silica dust particles during production, which severely damages the respiratory tract.

Traceability of manufacturing sites

Traceability improvement on manufacturing sites is a major objective of Auchan Retail's purchasing policy. The company ensures that it can trace its suppliers' production in order to guarantee manufacturing conditions. With the help of a special web portal, each supplier is required to report its production sites and whether it is used by a subcontractor, for every order fulfilled. Unannounced checks are carried out to verify compliance. A supplier is immediately de-listed if they are found to have used a subcontractor and not reported it. In 2020, 1,259 random production checks were carried out. The purpose of these checks is to verify that the products concerned are manufactured at the factory declared by each supplier. In 2020, one case of a proven, unreported subcontractor led to the immediate un-listing of the supplier in question.

> KEY FIGURES

In 2020, the audits conducted by the Worldwide Products Department were as follows:

- 1,133 social audits;
- 209 quality audits.

For a supplier base composed of:

- 470 international suppliers (corresponding to 1,079 production sites) managed by our sourcing offices, of which⁽¹⁾:
 - 159 for textiles,
 - 85 for household equipment,
 - 226 for the bazaar activity.

> Indicators

Scope	Indicators	2019	2020	Objective
Worldwide Products Department	Order rate linked to the production site	93.1%	95.1%	96% ⁽¹⁾
	Coverage rate of sites with valid social audit ⁽²⁾	98%	95%	98% ⁽³⁾

(1) For 2020, the results obtained on this indicator failed to reach their objectives due to the global health crisis which made it impossible to carry out a number of scheduled audits.

(2) Valid social audit being understood as an audit having reached the minimum score expected by the company over a period of two years.

(3) This rate cannot reach the score of 100% due to a small number of orders which cannot be placed with sufficient anticipation by suppliers in the dedicated tool.



CEETRUS, A RESPONSIBLE PLAYER COMMITTED TO SUSTAINABLE RELATIONSHIPS WITH ITS PARTNERS DURING THE COVID19 PERIOD

In order to accompany and support the inhabitants of its territory in the face of the Covid-19 pandemic, Ceetrus has conducted initiatives throughout the year; the following are some notable examples:

Ceetrus France, in a spirit of solidarity and support for tenants, decided to cancel the rents and charges for all shops closed during the lockdown period from 15 March to 15 May 2020. Retailers that remained open were offered deferred or staggered payments of the rent due during the lockdown period. In other countries, Ceetrus granted reductions in rents and/or charges to support tenants.

Equally keen to help small local businesses and entrepreneurs who make up the diversity of shopping centres, Ceetrus France organised an inter-brand solidarity fund so that the major brands in its shopping malls can help the smaller ones. 4 murs, Afflelou, Courir, Cultura, Decathlon, Free, La Générale de téléphone, Kiabi, Leroy Merlin, Rituals and Tout Chaud joined forces with Ceetrus and supported 95 retailers and craftspeople in difficulty, amounting to €157,000.

Ceetrus Italy and its partners in the Merlata Sviluppo joint venture enabled the construction and equipment of an intensive care unit in the Sacco hospital in Milan in a record time of 60 days. Human resources and the donation of €300 million were allocated to renovate more than 1,000 square metres of the intensive care unit in order to create ten rooms for modern intensive care and new living spaces for 80 employees (doctors, nurses and professionals in training). Beyond this pandemic, this equipment will make it possible to deal with any other health emergency.

(1) The sum of the sites and suppliers managed by the sourcing offices does not correspond to the total amount announced due to the possible double activity of a site or a supplier.

2.6.3 ETHICS AND COMPLIANCE

> Background

The health crisis of 2020 has had a profound impact on the global economy, amplifying the challenges faced by companies and accentuating the need to be agile. With the Auchan 2022 project, the company has an ambitious strategy to ensure its recovery and to find the path of sustainable growth, scaled and implemented in each country.

This transformation dynamic is based on a common foundation of convictions and values such as integrity and transparency. They are the foundation of daily action and allow us to act responsibly in order to build a relationship of trust with employees and suppliers to serve customers, day after day.

At the same time, the regulatory environment is becoming more complex: many countries are issuing strict laws, implementing controls and applying dissuasive sanctions in certain areas, often leading companies to have to pay considerable sums. The resulting media coverage has a significant impact on their reputation. The Ethics and Compliance system implemented by Auchan Retail aims to protect itself against these risks.

> Policy/Commitment

Ethics at the heart of Auchan Retail's actions

Auchan Retail considers ethics as the framework for the development of a lasting relationship of trust with all its stakeholders (customers, employees, suppliers, shareholders, etc.). Ethics is managed by an ethics coordinator whose role is to support the countries in coordinating ethics. To do this, all countries have an Ethics Committee.

All countries now have their own Ethics Committee, whose role is to:

- define the company's major ethics axes, in line with Auchan Retail's values;
- issue opinions and recommendations on ethical issues;
- offer training on specific topics;
- advise on ethical procedures to follow.

Auchan Retail also has a Corporate Ethics Committee, which is composed of:

- the Head of Corporate Internal Audit;
- the Chief Compliance Officer;
- the Chief Executive Officer of Spain;
- a Store Manager who is also Chairman of the Supervisory Board of Valfrance (employee shareholding fund);
- the Sourcing and Quality Director of the Worldwide Products Department;
- the Legal and Tax Director;
- the General Delegate of the Foundations and Ethics Coordinator;
- an external qualified person.

Its task is to check the consistency between the company's values of trust, openness and excellence and its communications, employees and actions.

The company has several sets of guidelines, broken down into three documents:

- the ethics charter sets out the ethics principles that guide Auchan Holding's relations with its employees, customers, partners, shareholders and its environment. It sets out its zero tolerance for all acts of corruption and the anti-corruption provisions in separate chapters;
- the daily ethics guide covers implementation of the ethics charter in Auchan Retail. It is intended for all employees and illustrates, in the form of cartoons, all prohibited behaviours;
- the Code of Business Conduct is the implementation of the ethics charter for all Auchan Retail partners. It is integrated in the general conditions of sale of the countries.

Acting against corruption

When Auchan Retail sets up operations in a country, a very diverse ecosystem is created and thrives. The company is aware that, according to the index established by Transparency International, some of the 11 countries where it operates in its own name have a perceived high level of corruption. As a committed and responsible company, Auchan Retail applies a principle of zero tolerance in this area.

In this context and in accordance with the legal requirements - notably the Sapin 2 Act, the FCPA, and the UK Bribery Act, etc. - Auchan Retail has a corruption prevention and detection programme involving all its subsidiaries, under the responsibility of the Chief Compliance Officer. The directors of the operating entities and subsidiaries are responsible for the implementation of this programme with the support of the local Legal Directors, who also act as Compliance relays in their respective scopes.

The Compliance programme is based in particular on:

- clearly stated and shared principles. In 2020, on several occasions, and more particularly during "Compliance Week" - an internal communication week designed to spread the concepts and content of the programme more widely - the Chairman of Auchan Retail reminded all employees of the commitment to zero tolerance supported by the Board of Directors and General Management;
- a body of documents specifying the prohibited behaviours and those to be adopted. In 2020, Auchan Retail strengthened its "Gifts & Invitations" policy, thus clarifying the applicable rules and better managing local practices. Likewise, a procedure for the prevention and management of conflicts of interest has been introduced and is being rolled out;
- a corruption risk map - the cornerstone of the system - established in line with the company's general risk assessment methodology. The mapping was updated following hundreds of interviews involving all Auchan Retail entities. This update also made it possible to strengthen ownership of the programme and facilitate the emergence of new mitigation actions at both local and Group level;
- a system for assessing third parties (mainly suppliers, subcontractors, partners, intermediaries and customers), including proportionate prevention measures (due diligence, declarations and commitments). In addition, in 2020, new contractual clauses were established and are taken into account in the contracts. These specify the company's compliance expectations, describe in detail the obligations of third parties and reinforce Auchan Retail's audit rights;

- accounting controls integrated into the internal control rules aimed at preventing infringements and detecting acts of corruption and fraud;
- a training system for employees adapted to their exposure to the risk of corruption. It consists of at least one e-learning module dedicated to the Ethics & Compliance programme. Targeted modules are also provided as part of training courses on "responsible purchasing". Lastly, face-to-face training is intended for the employees identified as being the most exposed. More than 111,000 employees were trained through e-learning and more than 2,000 through face-to-face training;
- a whistle-blowing system common to all entities. It is open to employees and third parties to collect reports and deal with any breaches, in accordance with the provisions of the Sapin 2 Act on transparency, the fight against corruption and the modernisation of the economy, and the "duty of care" law on the duty of care of parent companies and ordering companies.

All of these measures are monitored on a monthly basis by bodies bringing together representatives from the compliance, internal control, risk management and economic security functions. In 2020, three assessments were carried out on different aspects of the programme, making it possible to identify new areas of progress, most of which are already being implemented. Lastly, the Audit Committee is regularly informed of the progress of the programme and the conclusions of these assessments or audits.



CEETRUS CORRUPTION RISK MAPPING

An overhaul of the corruption risk mapping has been launched. The extremely high ambition was to involve 100% of employees in all countries in a self-assessment on the major anti-corruption themes: analysis of the risks of active and passive corruption, conflicts of interest, and crimes related risks such as money laundering, fraud and hidden financing. Identifying more than 200 questions, the self-assessment made it possible to summarise by country, by business and by theme, the levels of control and action plans existing to date in relation to our stakeholders and our activities.

At the end of this self-assessment, an interview phase with the most exposed employees will make it possible to summarise a risk map in the first quarter of 2021 and to guide the remediation and mitigation plans.

Tax transparency

Auchan Holding wants to be a responsible company and citizen in tax matters; the company ensures compliance with its reporting obligations and pays taxes in all countries where it is present, in compliance with local and international laws:

- Auchan Holding has a transfer pricing documentation that accurately reflects its intra-group flows;

- in all cases, Auchan Holding refrains from setting up artificial or hidden arrangements and schemes that may lead to fraud or tax evasion;
- Auchan Holding has a real economic activity and/or a real decision-making centre in every country where it is present;
- Auchan Holding has set up procedures in each of its host countries to verify and ensure that its suppliers are not involved in VAT fraud schemes.

Data protection

Due to its various missions, Auchan Retail entities process large amounts of personal data concerning customers, employees, candidates, suppliers, distributors and other business partners. Consequently, all entities and their employees involved in the processing of personal data must comply with the strict standards for the protection of personal data as defined by the laws and regulations in this area.

In order to protect personal data and comply with laws and regulations, including the General Data Protection regulation (GDPR), Auchan Retail implements:

- a Personal Data Protection Governance Committee that brings together the various departments concerned within the company;
- a network of the various data protection officers of Auchan Retail subsidiaries abroad, mainly to develop best practices in this area;
- a method of data protection by anticipation and by default, by integrating this subject in calls for tenders;
- a GDPR recommendation plan to be followed automatically when a project contains personal data;
- a procedure for responding to data subjects' requests to exercise their rights;
- awareness-raising and training for employees;
- privacy impact assessments when processing represents a risk to the rights and freedoms of data subjects;
- records of processing activities;
- a Personal Data Protection Policy for employees, the purpose of which is to inform them of the various processing operations carried out by the company.

> KEY FIGURES

In 2020, the Auchan Retail Compliance programme:

- **trained 2,900 "exposed" employees in corruption risks;**
- **trained 75,000 employees in ethics;**
- **conducted 571 interviews in all subsidiaries as part of the update of the corruption risk mapping.**

2.7 METHODOLOGY

2.7.1 ORGANISATION OF CSR REPORTING

In every country, a CSR manager is in charge of circulating environmental and social reporting instructions to all sites and divisions falling within his/her scope. Each CSR manager is responsible for tracking the indicators and coordinating data submissions from the employees who are tasked with this job at entity level. They are provided with data consolidation tools for this purpose. The Human Resources managers share responsibility for labour data with their Executive Committees and all operational contributors. In order to make the information communicated homogeneous and certifiable, the International CSR Committee makes an updated version of the reporting protocol available to all those likely to contribute to the reporting.

A CSR-specific software application is used to handle the data escalation and verification process. All people involved in contributing and validating the data were trained. The information reported is checked by the corporate team before this document is issued.

2.7.2 RISK MAPPING METHODOLOGY

In the 2019 non-financial performance statement, the main CSR risks of Ceetrus and Auchan Retail were identified and detailed, despite different methodologies.

In 2020, Auchan Retail reworked its risk mapping, the results and methodology of which are defined in Section 2.2.1 Global risk analysis method.

During the 2020 financial year, marked by the impact of the Covid-19 pandemic, Ceetrus undertook several projects to review its risks. One of these approaches to corruption-related risks is detailed in Section 2.6.3 Ethics and compliance.

2.7.3 DATA COLLECTION

> Data collection methods

To ensure the homogeneity of indicators across the scope, a reporting methodology guide was drafted in French then translated into English. This guide was then distributed, after having been reviewed by all employees involved in collecting the data presented in this document. It explains the methodologies to be applied in the collection and control of indicator data: definitions, methodological principles, roles and responsibilities of internal stakeholders, calculation formulas, etc.

Qualitative and quantitative information, and any relevant comments regarding policies and actions implemented in the countries and business lines, are entered into the software application based on the information provided in exhaustive questionnaires.

> Data verification

To calculate the indicators, each validator is responsible for checking the data entered by the different contributors in his/her scope. To do this, the validator has automatic alerts programmed into the software package:

- when significant differences (of plus or minus 10%) are observed from one year to the next;
- when there are sizeable variations in consumption from one year to the next (different delta values depending on the indicator, the core business or the geographical area);
- when consumption ratios are particularly low or high.

The CSR managers in each of the Auchan Retail and Ceetrus' countries are responsible for validating this data. They must verify that sites for which an alert has been issued in respect of one or more indicators have entered a comment in the software tool to explain the discrepancy or significant change that has been flagged. The International CSR Committee then carries out a second level of control. Inconsistencies and errors are reviewed with the CSR managers of the entities concerned and, wherever possible, corrected before consolidation. When, in spite of these controls, data does not appear to be sufficiently reliable or the substantiations do not appear to be sufficiently convincing, the International CSR Committee excludes the data from the calculation of the ratios disclosed in this document.

> Clarifications and limits

Some indicators may be estimated (energy consumption indicators calculated on the amount invoiced with an allocation key between the shopping mall and the store). Where applicable, countries are requested to specify and to justify the relevance of the assumptions used for the estimation method.

Some indicators may have methodological limitations due to the lack of harmonisation of national/international definitions and legislation (e.g. workplace accidents).

Some indicators do not have a history due to their introduction during the financial year.

2.7.4 CALCULATING THE ENVIRONMENTAL AND SOCIETAL INDICATORS

> Scope

The quantitative and qualitative data in this document summarises the data communicated to Auchan Holding by all the entities within its scope within the meaning of Article L. 233-1 of the French Commercial Code and all companies it controls within the meaning of Article L. 233-3 of that Code, with the exception of the e-commerce activity where there are no physical sales outlets. The e-commerce activity is currently negligible in terms of environmental impact.

The following limitations apply:

- only the commercial sites are included in the calculation of the indicators. Logistics sites, support functions, affiliated stores, etc., are not included;
- only the shopping malls owned by Ceetrus are included in indicator calculations. Shopping malls where Ceetrus is the lessee or has an operating contract, and retail parks are not incorporated into the data calculations or the coverage ratio calculations;
- store surface areas in square metres does not include storage, food preparation or shopping mall surface areas;
- consumption indicators (energy, refrigerants, waste, water) are monitored on a site-by-site basis.

> Comparability and coverage of the main indicators

For the main indicators, a coverage rate is calculated based on the number of sites that responded.

COVERAGE RATE FOR THE MAIN INDICATORS (as a%)

Energy consumption per square metre (sqm) of surface area	98%
GHG emissions per sqm related to refrigerant leakage	98%
GHG emissions per sqm related to energy consumption	98%
GHG emissions per sqm related to energy consumption for Ceetrus	98%
Greenhouse gas emissions related to refrigerant leakage	98%
GHG emissions related to energy consumption	98%
Total volume of waste (<i>in tonnes</i>) - HYPER	99%
Total volume of recovered waste (<i>in tonnes</i>) - HYPER	99%
Total volume of recovered waste (<i>tonnes</i>) - SUPER	89%
Total water consumption (<i>in m³</i>) - HYPER	98%
Total water consumption (<i>in m³</i>) - Ceetrus	89%

Auchan Retail strives to provide comparable information from one year to the next, by stabilising the definition of said indicators. When additional restatements are made due to changes in scope, these are specified.

Significant disposals in 2019 and 2020 strongly impacted the reporting scope (disposal of Auchan Retail activities in Italy and Vietnam in 2019, disposal of activities in China in 2020). In order to have comparable data, the indicators relating to previous years have been restated to be on a like-for-like basis.

The table below summarises these scopes.

	Surface area (<i>in thousands of sqm</i>)
Scope used for the reporting for 2019 (including the activities in China)	11,659
Scope used for the reporting for 2019 (excluding the activities in China)	6,592
Scope used for the reporting for 2020	6,813

2.7.5 LABOUR INFORMATION

> Scope

The quantitative and qualitative data in this document summarises the data communicated to Auchan Holding by all the businesses within its scope within the meaning of Article L.233-1 of the French Commercial Code and all companies it controls within the meaning of Article L.233-5 of that code.

The scope is modified compared to the previous scope: exit of Auchan Retail activities in China (RT-Mart and Auchan Retail China).

2.7.6 EXTERNAL AUDIT

For all environmental and labour data: quantitative data is produced, consolidated, analysed and published. The independent third party checks the compliance of the non-financial performance statement and the reliability of the information published.

2.7.7 METHODOLOGY USED TO CALCULATE GREENHOUSE GAS EMISSIONS - SCOPES 1 AND 2

GHG emissions related to refrigerant leakage from our stores are considered to be Scope 1 GHG emissions.

For reasons of simplicity, indirect GHG emissions related to energy consumption (electricity + gas) are considered to be Scope 2 GHG emissions.

The calculation of the GHG emissions can be summarised as follows:



The emission factors used are mainly taken from ADEME's carbon database and are reviewed each year. The calculation of our emissions presented here is therefore carried out using the "location-based" method and not the "market-based" method, as it does not take into account our green energy consumption.

2.7.8 METHODOLOGY USED TO CALCULATE GREENHOUSE GAS EMISSIONS - SCOPE 3

For this financial year, Auchan Retail has decided to initiate monitoring of its indirect GHG emissions related to certain Scope 3 categories. On the basis of a carbon assessment carried out in 2019, which enabled us to determine where our main carbon impacts were, we chose to calculate and publish our GHG emissions related to the transport of goods and logistics, as well as to the products sold in our stores.

The calculation of the GHG emissions can be summarised as follows:



2.7.8.1 Methodology used to calculate emissions from freight transport

> Scope

The transport of goods at Auchan Retail is very largely subcontracted and is therefore part of our Scope 3 indirect emissions.

Organisational scope: the transport flows of an international distributor are numerous and complex. Initially, we chose to limit our measurement to the flow of goods from country warehouses to country stores. This scope therefore excludes the following scopes: direct purchases from suppliers, international purchases, purchases of goods by the Products Department, upstream from suppliers, downstream from and to customers.

The temporal and geographical scopes are the same as the scopes of this report. All modes of goods transport (air, sea, road, rail) are taken into account.

> Calculations and data sources

Source data can be reported in tonne-kilometre, in amount of goods purchased, in CO₂ emissions. The emission factors associated with each type of transport are taken from ADEME's carbon database.

2.7.8.2 Methodology used to calculate emissions from products sold in stores

> Scope

The GHG emissions of the products sold in stores take into account Scopes 1, 2 and 3 of these products.

Organisational scope: products sold in stores may be own-brand products or national-brand products. This scope includes fuels sold in stations. Given the very large number of product references concerned, significant sampling was carried out. Standardisation of nomenclatures was also carried out in order to harmonise the universes - departments - categories of products sold in stores between the different countries.

The temporal and geographical scopes are the same as the scopes of this report.

> Calculations and data sources

For each universe - Department - category, the source data are: the revenue of the most sold product, its unit weight (sometimes estimated), the revenue of the department, the revenue of the category, the universe revenue.

Several types of calculation can be used depending on the situation:

- when the common nomenclature makes it possible for data to go down to the product sold: for each category, the revenue of the best-selling product in the category is taken into account as source data. The CO₂ emissions are calculated for this best-selling product. The CO₂ emissions of this best-selling product are then allocated to the department and the universe using an allocation key calculated according to the revenue of the department and the universe;
- when the common nomenclature does not allow data to go down to the product sold: then the source data is the revenue of the universe or the department and the emission factor taken into account is a monetary emission factor.

The emission factors associated with these source data are either monetary emission factors from ADEME's carbon database, or emission factors based on product weights from ADEME's carbon database. i.e. specific emission factors from Life Cycle Analyses carried out by Auchan Retail France on representative products in recent years. These emission factors take into account the entire life cycle of products.

2.8 SUMMARY TABLE OF INDICATORS

The following table lists the main performance indicators monitored over the period October 2019–September 2020. It also includes the associated objectives when they have been set.

Indicator	Scope	2019	2020	Objective	Comment
INTRODUCTION					
A CSR strategy supported by an improvement in non-financial ratings and CSR awards					
Vigeo Eiris rating 	Auchan Holding	37 (in 2018)	49	60 in 2022	This increase of 12 points underlines Auchan Holding's progress in the following areas: Environment, Social, Business Ethics, Commitment to the community
CDP rating - Carbon 	Auchan Holding	C	B	A in 2022	This score recognises the advanced level of management on climate issues within Auchan Holding, particularly in terms of reducing GHG emissions (Scopes 1 and 2).
PROPOSE A HEALTHY, QUALITY AND RESPONSIBLE FOOD OFFER					
Eating well and the nutritional quality of products					
Percentage of private label and MDDI products with a nutritional label on the packaging	Auchan Retail	33%	45%		MDDI international private label products
Fight against food waste					
Number of Too Good To Go baskets saved	Auchan Retail	-	520,867		Approach initiated in France, Spain and Portugal, joined by Poland at the end of 2020.
COMMITMENT WITH PASSIONATE EMPLOYEES					
Job structuring					
Total workforce at the end of the period	Auchan Retail	183,237	179,590		As of 30 September 2020, Auchan Holding's companies had a total workforce of 180,560 in the 13 countries where they are located, i.e. a decrease in the total workforce of 1.95%.
Total workforce at the end of the period	Ceetrus	918	970		Note a 5.66% increase in the workforce in the property management business: job creation linked to organisational changes and a need for new business lines: media management, asset management, technical project management, Gare du Nord project (scope restated for divested activities, see Methodology).
Total workforce at the end of the period	Auchan Holding	184,155	180,560		With the sale of China, France and Russia have become the countries with the largest workforce. In 2020, France represented 39% of the Group's workforce. Adding the workforce in Russia, these two countries account for 57% of Auchan Holding's total workforce.
Breakdown of workforce by fixed-term/permanent employees (as a% of total workforce)	Auchan Holding	8.0/92.0	7.3/92.7		The volatility of the business led to a decrease in the use of this type of contract, often used to deal with increases in activity. The activity fluctuations during the crisis were mainly managed through versatility.
Breakdown of workforce by male/female employees	Auchan Holding	68,606 / 115,553	68,413 / 112,147		

Indicator	Scope	2019	2020	Objective	Comment
Percentage of employees aged under 25 in the total workforce	Auchan Holding	15.0%	15.5%		
Percentage of employees aged 25 to 35 in the total workforce	Auchan Holding	21.8%	20.8%		
Percentage of employees aged 35 to 50 in the total workforce	Auchan Holding	38.4%	37.7%		The breakdown of the workforce by age bracket was generally stable compared to 2019.
Percentage of employees aged 50 or more in the total workforce	Auchan Holding	24.8%	26.0%		
Breakdown of workforce by full-time/part-time employees	Auchan Holding	74.3/25.7	73.8/26.2		
Number of people hired on permanent contracts	Auchan Holding	36,880	33,664		In the context of the health crisis, the poor visibility and uncertain projections have limited the number of new hires. The stores have often used the flexibility or reallocation of resources to deal with peaks or downturns.
Number of dismissals (all reasons) of permanent employees	Auchan Holding	7,275	6,300		
Turnover of permanent employees	Auchan Holding	27.3	24.1		The number of resignations decreased by 11.8% compared to 2019. This decline is partly due to an uncertain job market and the introduction of more attractive social measures in certain countries such as Hungary and Romania, which have seen their turnover rate decrease.
Employee development					
Internal promotion rate	Auchan Holding	27.6%	28.9%		
Internal promotion rate of women	Auchan Holding	32.4%	30.8%		The internal promotion rate was up slightly. The proportion of internally-promoted managers was 22%
Internal promotion rate of men	Auchan Holding	22.6%	27.0%		
Total training hours	Auchan Holding	3,205,206	2,563,745		
Percentage of training hours out of total hours worked	Auchan Holding	1.2%	1.0%		The total number of training hours was down by 26% over the period, with: some face-to-face training cancelled due to the pandemic.
% of training budget on payroll	Auchan Holding	-	1.0%		The use of e-learning to dispense training increased by 6% over the period.
Occupational health and safety					
Frequency rate of workplace accidents with lost time	Auchan Holding	27.6	23.2		Better control of workplace accidents at Group level.
Severity rate of workplace accidents with lost time	Auchan Holding	0.8	0.6		
Absenteeism rate (illness)	Auchan Holding	4.5%	5.6%		Increase notably due to sick leave for childcare during the lockdown in France.

Indicator	Scope	2019	2020	Objective	Comment
Societal commitment and solidarity					
Amount allocated to the Auchan Youth Foundation (in €)	Auchan Retail	1,127,467	730,000		
Number of projects supported by the Auchan Youth Foundation	Auchan Retail	131	49		
Amount allocated to the Auchan Generation Foundation (Russia) (in €)	Auchan Retail Russia	1,345,500	800,000		
Number of projects supported by the Auchan Generation Foundation	Auchan Retail Russia	90	170		
Amount allocated to the Weave Our Future Foundation (WOF)	Auchan Retail	991,993	991,843		
Number of projects supported by the Weave Our Future Foundation	Auchan Retail	12	10		
Amount allocated to the Ceetrus Foundation for Social Entrepreneurship	Ceetrus	157,000	182,500		
Number of projects supported by the Ceetrus Foundation for Social Entrepreneurship	Ceetrus	12	15		
Social dialogue					
Number of meetings with employee representatives		9.750	8.790		Due to the pandemic, Auchan Retail Russia did not hold life Committee meetings within stores over the period, which explains the decrease in the number of meetings with employee representatives.
Percentage of employee shareholders of the company		74%	73%		
Diversity and equal opportunities					
Percentage of employees with a disability at 30/09/2020 - Auchan Retail	Auchan Retail	4.3%	3.9%		
Percentage of employees with a disability at 30/09/2020 - Ceetrus	Ceetrus	1.7%	1.6%		
Breakdown of total Auchan Holding workforce by gender (in%)	Auchan Holding	62.8/35.4	62.1/36.1		
Breakdown of Auchan Holding managers by gender (in%)	Auchan Holding	50.4/49.6	50.1/49.9		

Indicator	Scope	2019	2020	Objective	Comment
LIMIT THE ENVIRONMENTAL IMPACT OF OUR ACTIVITIES					
Climate change and GHG reduction					
Energy consumption (in KWh/sqm)	Auchan Retail	497.9	481.9	(25)% in 2022 (baseline 2014 like-for-like perimeter)	The decrease in the energy intensity of stores in 2020 is 20.4% since the 2014 financial year. The like-for-like scope includes the same geographic scopes for 2014 and 2020, i.e. Auchan Retail France, Portugal, Spain, Hungary, Russia, Ukraine, Poland, Luxembourg, Romania and Taiwan. The square metres taken into account in these countries may change as stores open or close.
Electricity consumption (in KWh/sqm)	Auchan Retail	424.9	412.4	(25)% in 2022 (baseline 2014 like-for-like perimeter)	The decrease in the electricity intensity of stores in 2020 is 23.7% since 1st January 2014 and in line with our COP21 - One Planet Summit commitment. The like-for-like scope includes the same geographic scopes for 2014 and 2020, i.e. Auchan Retail France, Portugal, Spain, Hungary, Russia, Ukraine, Poland, Luxembourg, Romania and Taiwan. The square metres taken into account in these countries may change as stores open or close.
Rollout of the ISO 50001 standard in EU countries	Auchan Retail (EU countries)	-	-	100% in 2022	New target.
Renewable electricity consumption (as% of overall electricity consumption)	Auchan Retail	-	17%	100% renewable electricity consumption by 2030	In 2020, Auchan Retail Spain and Auchan Retail Portugal consumed 100% renewable electricity. This represents 17% of the electricity consumed by Auchan Retail.
Scope 1 CO ₂ emissions (tonnes of CO ₂ equivalent)	Auchan Retail	595,022.2	482,321.4		The scope is current, i.e. not restated for disposals/acquisitions. It includes emissions from refrigerant leakage.
Scope 2 CO ₂ emissions (tonnes of CO ₂ equivalent)	Auchan Retail	917,515.4	869,646.6		The scope is current, i.e. not restated for disposals/acquisitions. It includes energy-related emissions (electricity + gas).
Scope 3 CO ₂ emissions related to transport (tonnes of CO ₂ equivalent)	Auchan Retail	-	224,654.3	(20)% in 2022	Target baseline 2020.
Scope 3 CO ₂ emissions related to products sold (tonnes of CO ₂ equivalent)	Auchan Retail	-	36,245,951.6		Products sold in stores
Fight against plastic pollution					
Plastic waste collected in our stores and warehouses (in tonnes)	Auchan Retail excluding Russia and Senegal	-	14,307		Excluding Russia and Senegal
Percentage of plastic waste collected in our stores and warehouses treated in a recycling channel (in%)	Auchan Retail excluding Russia, Senegal and Ukraine	-	97.3%		Excluding Russia, Senegal and Ukraine
Estimated weight of plastic used for in-store packaging in the market area (stands and fruit/vegetable bags) (in tonnes)	Auchan Retail outside Poland and Senegal	-	12,031		Excluding Poland and Senegal

Indicator	Scope	2019	2020	Objective	Comment
Estimated weight of plastic used in check-out bags (in tonnes)	Auchan Retail outside Poland, Senegal	-	5.575		Excluding Poland, Senegal and reusable shopping bags in Russia and Ukraine
Eco-design, second life of products and operational waste					
Total volume of waste (in tonnes) - HYPER	Auchan Retail	444.933	419,148		Excluding Senegal
Total volume of recovered waste (in tonnes) - HYPER	Auchan Retail	308,585	287,908		Excluding Senegal
Waste recovery rate (in%) - HYPER	Auchan Retail	68.1%	68.7%		Excluding Senegal
Total volume of recovered waste (in tonnes) - SUPER	Auchan Retail	40.237	43,160		Excluding Ukraine and Romania
Percentage of FSC- or PEFC-certified wood/paper/cardboard products	Auchan Retail - Worldwide Products Department	58%	61%	100% in 2025	Scope of products managed by the Worldwide Products Department
Biodiversity and protection of natural resources					
Total water consumption (in m³) - HYPER	Auchan Retail	4.471,726	4,259,226		At current scope
Total water consumption (in m³) - Ceetrus	Ceetrus	1,263,093	1,009,118		At current scope
ESTABLISH RESPONSIBLE AND ETHICAL BUSINESS RELATIONSHIPS					
Responsible supply chain approach and partnership with local producers					
Weight of local products (as% of revenue)	Auchan Retail	2.4%	2.5%		
Number of supply chains under contract	Auchan Retail	488	710		
Sustainable purchasing relationships with our suppliers					
Order rate linked to the production site	Auchan Retail - DPW	93%	95%	96%	Worldwide Products Department. This rate cannot reach the score of 100% due to a small number of orders that cannot be placed with sufficient anticipation by suppliers in the dedicated tool.
Coverage rate of sites with valid social audit	Auchan Retail - DPW	98%	95%	98%	Worldwide Products Department. A valid social audit achieves the minimum score expected by the company over a period of two years. For 2020, the results obtained on this indicator failed to reach their objectives due to the global health crisis which made it impossible to carry out a number of scheduled audits.

2.9 REPORT BY ONE OF THE STATUTORY AUDITORS, APPOINTED AS INDEPENDENT THIRD PARTY, ON THE CONSOLIDATED NON-FINANCIAL STATEMENT

Auchan Holding

Registered office: 40 Avenue de Flandre, 59170 Croix, FRANCE

Report by one of the Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

This is a free English translation of the Statutory Auditor's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 30 September 2020

To the Annual General Meeting.

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as independent third party, and accredited by the French Accreditation Committee (*Comité Français d'Accréditation* or COFRAC) under number 3-1049⁽¹⁾, we hereby report to you on the consolidated non-financial statement for the year ended 30 September 2020 (hereinafter the "Statement"), included in the entity's Management Report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

RESPONSIBILITY OF THE ENTITY

The Management Board's is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available upon request at the entity's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

RESPONSIBILITY OF THE STATUTORY AUDITORS APPOINTED AS INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;

- the fairness of the information provided in accordance with article R.225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF OUR WORK

The work described below was performed in accordance with the provisions of Article A.225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes* or CNCC) applicable to such engagements and with ISAE 3000⁽²⁾:

- We obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in article L.225-102-1 III;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr

(2) ISAE 3000: international standard on assurance engagements other than audits or reviews of historical financial information.

We referred to documentary sources and conducted interviews to:

- assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented;
- corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risk⁽¹⁾, our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities⁽²⁾.
- We verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

For the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix, we implemented:

- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
- tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities⁽²⁾ and covers 21% of the consolidated data selected for these tests;

- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESOURCES

Our work was carried out by a team of six people between October 2020 and March 2021 and took approximately six weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted some interviews with the people responsible for preparing the Statement.

CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, on 4 March 2021

KPMG S.A.

Anne Garans

Partner

Sustainability Services

Hervé Chopin

Partner

(1) Impact on safety and hygiene in the processing chain of marketed food products; Health impact associated with storage, management in warehouses and delivery of products to customers; Compensation differences; Discriminatory treatment related to political or trade union opinions; Forced labour and child labour; Climate risk; Unsustainable agricultural practices or production methods and selection of raw materials; Lack of traceability of raw materials and ingredients used in the composition of the products distributed; Environmental impact of non-recyclable packaging on the market; Food and non-food waste; Non-compliance with animal welfare; Depletion of resources.

(2) Auchan Retail Spain and Auchan Retail Poland.

APPENDIX

QUALITATIVE INFORMATION (ACTIONS AND RESULTS) CONSIDERED MOST IMPORTANT

- Actions to reduce inequalities
 - Plans in favor of social dialogue
 - Actions in favor of health and well-being at work
 - Employee skills development policies
 - Circular economy and waste reduction policies
 - Measures to reduce the environmental footprint
 - Anti-corruption measures
 - Measures implemented to limit the spread of COVID-19
 - Sustainable procurement policy
 - Actions in favor of the nutritional quality of products
-

KEY PERFORMANCE INDICATORS AND OTHER QUANTITATIVE RESULTS CONSIDERED MOST IMPORTANT

Social indicators

- Workforce at 30/09 and breakdown by sex
 - Turnover of permanent employees
 - Percentage of training hours out of total hours worked
 - Proportion of managers from internal promotions
 - Severity rate of workplace accidents with lost time
 - Frequency rate of workplace accidents with lost time
 - Percentage of female managers
 - Percentage of employees with a disability
-

Environmental indicators

- Energy consumption per m²
 - Greenhouse gas emissions (scope 1 & 2) per m²
 - Changes in store carbon intensity
 - Waste recovery rate from hypermarkets
-

RISK MANAGEMENT

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3.1	Risk factors	80
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3.3	Internal control procedure	81
3.4	Duty of care plan	83

3.1 RISK FACTORS

Auchan Holding and its business lines are subject to a certain number of risks: operational, strategic, compliance, and financial, presented and updated each year in the EMTN prospectus available at www.auchan-holding.com.

3.2 FINANCIAL RISK MANAGEMENT

During the usual course of their business, Auchan Holding and its subsidiaries are exposed to interest rate, foreign exchange, credit and liquidity risks. They use derivative financial instruments to mitigate these risks.

Auchan Holding and its subsidiaries have put in place an organisation that enables centralised management of market risks (liquidity, interest rate and foreign exchange risk).

See note 10.4 of the notes to the financial statements for a fuller description of financial risk management, which is summarised below.

3.2.1 CREDIT RISK

Auchan Holding and its subsidiaries only work with a list of banks authorised by the Finance Committee for financing and interest rate and foreign exchange derivative transactions.

With regard to financial investments, the policy of Auchan Holding and its subsidiaries is to invest cash surpluses with authorised counterparties in amounts and for maturities that are decided by the Finance Committee, based on a rating scale.

Trade and other receivables do not involve any significant risk.

3.2.2 LIQUIDITY RISK

The policy of Auchan Holding and its subsidiaries is to maintain adequate medium and long-term funding at all times to cover their needs at the bottom of the seasonal cycle and provide themselves with a safety margin.

Auchan Holding and its subsidiaries adopt a refinancing policy aimed at diversifying sources of refinancing (bond issuance, bank loans, etc.) and their counterparties to ensure an adequate distribution of funding.

Auchan Holding and its subsidiaries have also confirmed refinancing lines with other banks to guarantee a minimum level of flexibility in the event of a liquidity crisis.

The medium and long-term bank financing facilities contain the usual commitments and default clauses for this type of contract, i.e. undertaking to maintain the loan at its initial level of seniority (pari-passu) and limits on the collateral provided to other lenders (Negative Pledge).

The Auchan Holding SA Euro Medium-Term Note (EMTN) programme, under which bonds are issued, contains an undertaking limiting the collateral provided to other bond holders (Negative Pledge) and a cross-default clause.

Certain medium and long-term bank financing facilities (confirmed credit lines not used as at 31 December 2020) contain an early "callability" clause in the event of non-compliance with the following ratio at the closing date: consolidated net financial debt/consolidated EBITDA < 3.5.

The Group complied with these ratios at 31 December 2020.

None of the financial borrowings includes any commitment or default clause linked to a downgrading of Auchan Holding's ratings.

3.2.3 INTEREST RATE RISK

Auchan Holding and its subsidiaries use interest rate derivatives with the sole aim of reducing their exposure to the impact of changes in interest rates on their debt. Transactions on the derivative markets are undertaken solely for hedging purposes.

Interest rate transactions designated as fair value hedges concern transactions designed to change bond debt into floating-rate debt.

Macro-hedging transactions are aimed at protecting earnings against a possible rise in interest rates over the short term. They consist of swaps in which Auchan is a fixed-rate borrower and a floating-rate lender, or of caps or swaptions. These transactions are recorded as either for trading, or as cash flow hedges.

Interest rate transactions designated as cash flow hedges concern caps and swaps involving fixed-rate borrowing and floating-rate lending. The purpose of these hedges is to fix the interest rate on a portion of the floating-rate debt taken out to finance assets, and thus secure future "financial" income.

3.2.4 FOREIGN EXCHANGE RISK

Auchan Holding and its subsidiaries are exposed to foreign exchange risk with:

- purchases of goods (transactional foreign exchange);
- internal and external financing denominated in a currency other than the euro (translation risk);
- the value of subsidiaries' net assets in foreign currencies (net investment hedges).

At 31 December 2020, the main currencies concerned were the US dollar, Polish zloty, Hungarian forint, Russian rouble, Taiwan dollar and Romanian leu.

Foreign exchange transactions that qualify as cash flow hedges consist of foreign exchange swaps and forward foreign exchange purchases or sales. These transactions are used to hedge projected dividends, goods purchasing and rental flows denominated in foreign currencies.

Transactions to hedge translation risk concern foreign currency loans granted to foreign subsidiaries (outside the euro zone).

At 31 December 2020, no derivative instruments were qualified as hedges of a net investment.

3.2.5 FINANCIAL RISKS RELATED TO THE EFFECTS OF CLIMATE CHANGE

Auchan Holding's companies are exposed to the effects of climate change in the majority of countries in which they operate. Their activities, assets and employees may be directly or indirectly impacted. As such, financial consequences are possible. The main risk identified in relation to climate change is the increase in the number of extreme climatic events: drought in areas already subject to water scarcity, storms, flooding and heavy snowfall. Such events can hamper the stores' sales activities and supply operations.

They may also give rise to an increase in raw material prices over the short, medium (poor harvests) or long (fall in farm yields) term. Given this, Auchan Retail is developing avenues and diversifying its sourcing.

Failure to anticipate or take into account legislative measures arising from the incorporation of international commitments on the reduction of greenhouse gas emissions into local legislation could give rise to exceptional unplanned expenditure. Active monitoring of the various technical issues has therefore been organised to anticipate future regulatory developments as much as possible.

Auchan Holding's companies undertake voluntary commitments to help combat global warming. Auchan Retail is a signatory of the French Business Climate Pledge, thereby committing to drastically reduce its carbon emissions and invest in low-carbon technologies to mitigate its impact on global warming. Auchan Retail has already reduced its electricity consumption per square metre by more than 20% between 2014 and 2020, in accordance with the commitment made at COP21.

This energy efficiency drive continues and will enable a significant reduction in the company's carbon footprint in the countries in which it operates where the energy mix is high carbon. It is further supplemented by measures to reduce leakage of refrigerants and the gradual replacement of fluids that have the most harmful climate effects.

Auchan Retail is also helping to limit food waste through the development of a bulk products offering, rigorous monitoring of its inventory markdown rate, and food donations to associations where possible. Auchan Retail also endeavours to give waste from its stores a second life through recycling, methanation or energy recovery.

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3.2.6 OTHER RISKS

Auchan Holding and its subsidiaries do not enter into hedging transactions other than foreign exchange and interest rate derivative transactions.

3.3 INTERNAL CONTROL PROCEDURE

This section covers the internal control and risk management procedures implemented for all of the consolidated companies for the preparation and treatment of accounting and financial information.

3.3.1 PROCEDURES FOR THE PRODUCTION OF FINANCIAL STATEMENTS

3.3.1.1 Management and structure of Auchan Holding's Finance Department

General Management relies on the Treasury, Accounting, Consolidation and Reporting, Legal and Tax Departments of Auchan Retail for the production of the financial statements.

The Finance Department of Auchan Holding (the "Company"), which is made up of the aforementioned departments, sets out a calendar of:

- month-end closures;
- monthly cash flow reports;
- quarterly, half-yearly and annual closures;

- half-yearly pre-closure meetings.

The forecasting operations, including the budget, are managed by the consolidation and reporting team.

The business lines' finance and performance departments produce the analytical information.

The company employs qualified accounting personnel who ensure appropriate accounting practices in line with generally accepted accounting principles. These employees are trained in the accounting systems used.

3.3.1.2 Computerised accounting systems

Accounting operations and events are entered either directly in the standard accounting software applications or via upstream applications (in-house or standard applications). This input generates accounting entries which are automatically or manually entered in the standard accounting applications. These interfaces and entries are subject to automatic or manual controls.

The standard accounting applications are implemented and set up by functional and technical directors, who define the functionalities, the accounting standards and the financial statements that may be created.

3.3.1.3 Accounting standards

Auchan Holding's consolidated financial statements are established in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board and approved by the European Union on 31 December 2020. These statements are prepared based on the information communicated by the business lines' Finance Departments. In this regard, a reporting and consolidation framework (manual of principles and accounting rules, chart of accounts) has been established and distributed to the business lines. It is updated regularly and can now be consulted on the intranet, including by the Statutory Auditors.

Accounting standards also exist by country. They are linked to the consolidation chart of accounts and featured in the accounting system, and contain mandatory accounting rules. The accounting standards by country are defined, updated and documented by the country or international methodology department.

An international department that reports to Auchan Retail is responsible for the functional administration of the shared accounting application "Oracle Financials" (general ledger and sub-ledger accounting).

3.3.1.4 Procedures for approving the statutory and consolidated financial statements

Auchan Holding and its subsidiaries prepare both quarterly statutory and quarterly consolidated financial statements. The 30 June and 31 December closure dates are subject to a limited review and audit by the Statutory Auditors. They are presented to the Auchan Holding Audit Committee before being published. The statements dated 31 March and 30 September are sent to the members of the Board of Directors, the Audit Committee and the Statutory Auditors, but they do not undergo an audit or limited review.

Since 1 January 2016, specific Audit Committees have been established for Auchan Retail International and Ceetrus. The role of the Audit Committees is to review the accounts and accounting closure options specific to each of the two business lines.

A report of the Statutory Auditors' observations and findings is prepared and distributed to the local Finance Departments initially, and subsequently in a more centralised manner to the General Management of Auchan Holding and to the Audit Committees of Auchan Holding and the two business lines.

The main procedures to be carried out are as follows:

A) Concerning the statutory financial statements

The interim statements are prepared using the same valuation and presentation methods as the annual statements closing on 31 December. All statements are finalised before the end of the month that follows the quarter end.

B) Concerning the consolidated financial statements

The accounts are consolidated using the shared application Hypérion (HFM), which is implemented at all of Auchan Holding's subsidiaries. It uses the shared consolidation chart of accounts, a methodology that is updated every quarter and IFRS-compliant accounting rules and methods. The chart of accounts is defined and documented by Auchan Holding's Consolidation Department, which configures the consolidation tool accordingly.

The subsidiaries transmit their data using a mandatory pre-defined format via the shared consolidation tool Hypérion (HFM), which prepares the financial information for all phases of consolidation, thus ensuring that it is coherent and homogeneous.

The half-yearly and annual consolidation and reporting process incorporates, via the same shared tool, the compilation of information for the notes to Auchan Holding's consolidated financial statements (for instance, the commitments of Auchan Holding and its subsidiaries).

C) Pre-closure meetings

The accounting closure process described above is completed by pre-closure meetings in June (for the 30 June closure), November (for the 31 December closure) and on 30 November for the hard close. The main Finance Department heads of the relevant business lines attend these meetings along with the finance team of the country and business line concerned.

The pre-closure meetings, hard close and interim closures are used to prepare for the annual closure by anticipating the treatment of significant events and specific operations such as acquisitions/disposals, mergers, valuation of the company's assets and investment property, and identification and measurement of risks.

D) Accounts closure meetings

The annual and consolidated financial statements are audited and are presented to the Audit Committee in February.

3.3.2 PROCEDURES HAVING AN IMPACT ON ACCOUNTING AND FINANCIAL INFORMATION

3.3.2.1 Procedures for managing and monitoring inventories

An inventory of "fresh products" is carried out physically at all stores every month, and adjustments are made where necessary.

A full physical inventory is carried out on all other products at least once a year or on a rolling basis, at all stores and warehouses. These inventories, along with the impairment entries, are monitored on a sample basis by the Statutory Auditors and Internal Audit Department.

3.3.2.2 Procedures for monitoring inventories and valuing non-current assets

There is a procedure in place setting out the rules for approving investments for all projects of a significant value. Agreement is given based on the Internal Rate of Return (IRR) and the return on capital employed. An audit of the actual profitability of key projects is requested after three years. It is carried out by the Financial Control Department.

The Financial Control Department of each entity oversees budget monitoring of all major investment projects.

The recoverable value of property, plant and equipment and intangible assets is tested for impairment as soon as there is any indication of a loss of value. This test is carried out once a year for assets with an indefinite life span.

Investment property is valued on an annual basis by experts to establish its fair value. These valuations are exhaustive where Ceetrus is concerned but carried out on a sample basis for each country where Auchan Retail is concerned.

Brand management is centralised at the head office.

3.3.2.3 Procedures for monitoring and documenting benefits granted to employees

The company lists and records all benefits granted to employees. Each core business participates in the setting up of retirement plans for employees in accordance with the laws and practices of each country. The larger plans are assessed each year by independent actuaries and other plans are assessed regularly.

3.3.2.4 Procedures for monitoring cash

A report on Auchan Holding's financial debt and financial income allows to consolidate the actual data as well as the forecast data. This is done using the same software application as that used by Auchan Retail International's Consolidation and Reporting Department (management control). The report enables Auchan Holding's Treasury Department to monitor and respond quickly to changes in the financial debt and financial income in relation to the budget. This report is communicated in the middle of each month to the Board of Directors of Auchan Holding. At the start of 2013, the treasury charter setting out in precise detail the roles and responsibilities of the different entities was reviewed by the Finance Committee and distributed to all subsidiaries. This charter was updated in 2020. The list of authorised products and counterparties is reviewed every year by Auchan Holding's Finance Committee and communicated to the subsidiaries.

Moreover, every month the subsidiaries send Auchan Holding's Treasury Department a standardised treasury report showing details of all credit facilities authorised, used and available, and investments. This data is consolidated and a quarterly liquidity report is prepared and communicated to the Board of Directors of Auchan Holding.

Lastly, a quarterly treasury report is prepared, taking into account all market risks (interest rate, foreign exchange and counterparty). It is sent on D+25 after the end of each quarter to Auchan Holding's General Management.

3

3.3.2.5 Legal and tax policies

The legal and tax policies and key related operations are presented on a regular basis either to the Finance Committee or the Board of Directors.

The validation of legal structures is overseen by the Legal and Tax Department in collaboration with the business lines' Finance Departments, and is updated quarterly.

3.4 DUTY OF CARE PLAN

3.4.1 INTRODUCTION

This duty of care plan was presented to and approved by the Auchan Retail Duty of Care Committee on 4 February 2021.

Auchan Retail is an international retailer committed to a changing world and attentive to consumers who are mindful of their purchases and health. Auchan Retail is a retailer who chooses its products and its producers, who knows its customers.

To this end, the company carries out its own operations such as the design of its food and non-food products with its "own-brands" such as "Auchan", "Filières responsables", "In extenso", "Cosmia", "Qilive", "Garden Star", and "Actuel".

For the production of these products as well as services such as transport or IT services, Auchan Retail uses suppliers or service providers from different sectors.

Auchan Retail is part of a process of continuous social and environmental improvement of its supply chains and the working conditions of all its employees around the world.

The actions taken by Auchan Retail to prevent social, environmental and governance risks related to its operations, the activities of its subsidiaries and its partners are highlighted in the company's duty of care plan. Other social, societal and environmental risks have been identified by Auchan Retail, for which policies have been put in place. Their content and results are described in the company's non-financial performance statement (see Chapter 2 of the Annual Financial Report 2020).

3.4.2 GOVERNANCE AND ORGANISATION

The duty of care plan is subject to shared governance between the various departments involved, from the definition of risks to the implementation of action plans and the measurement of the effectiveness and performance of shares.

In order to manage this, Auchan Retail has set up a Duty of Care Committee. This committee is composed of:

- the CSR Department;
- the Compliance Department;
- the Ethics Department;
- the Risk Department;
- the Internal Audit Department;
- the Legal Department;
- the Non-Commercial Purchasing Department;
- the Non-Food Sourcing and Quality Department;
- the Food Quality Department;
- the Supply Chain Department.

The Ceetrus Compliance Department and the CSR Department are also invited to the committee to discuss cross-cutting issues common to both companies.

3.4.3 RISK ANALYSIS

3.4.3.1 Global risk analysis method

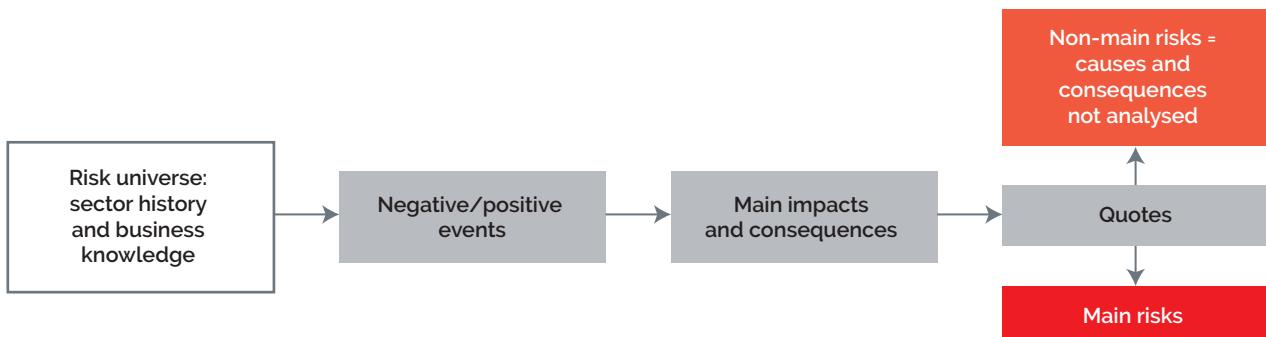
Auchan Retail has implemented a risk management programme based on best practices. It uses a risk analysis method based on the COSO ERM⁽¹⁾. The aim is to ensure that the most significant risks for Auchan Retail are identified, assessed and addressed using the most effective methods. A risk is a potential event, which, if it materialises, could have a

The role of this committee is to:

- ensure the proper implementation of the Act of 27 March 2017 on the duty of care;
- define the methodology and ensure the implementation of the risk mapping related to the activities of the company and its suppliers;
- analyse the results of the risk mapping;
- ensure the existence and implementation of action plans to mitigate risks and prevent serious breaches manage the duty of care measures and measure their effectiveness;
- ensure that a whistle-blowing mechanism is put in place to report any violations;
- carry out regulatory watch;
- share best practices from the two companies and the various departments;
- deal with topical issues related to the duty of care.

This committee met four times in 2020.

positive or negative impact on the achievement of Auchan Retail's objectives. The main objectives of risk management are to reduce the probability and/or impact of the occurrence of the main risks by defining and implementing appropriate actions. The general analysis method is based on the following approach:

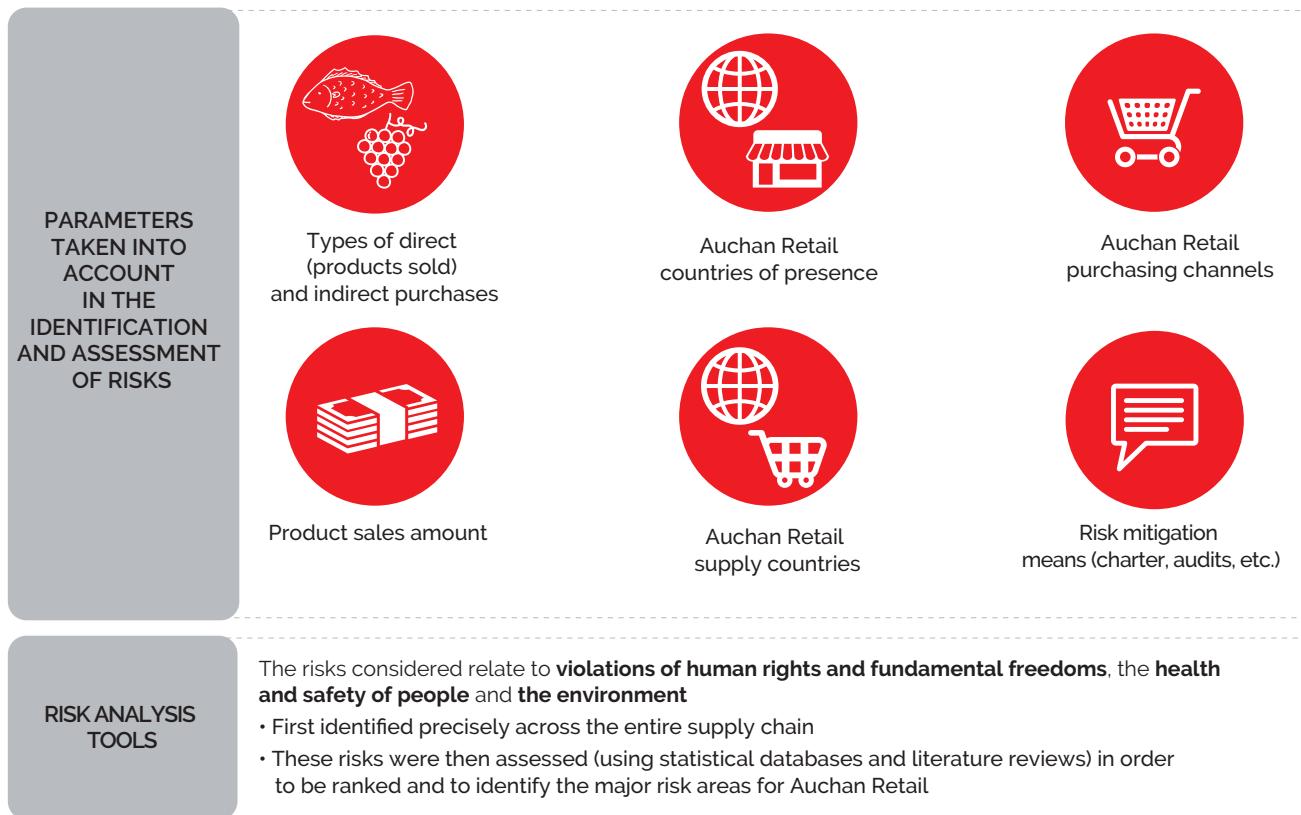


As part of its risk analysis process, Auchan Retail has identified risks relating to human rights, fundamental freedoms, health, safety and the environment, and mitigating actions have been implemented to reduce the impact and likelihood of these

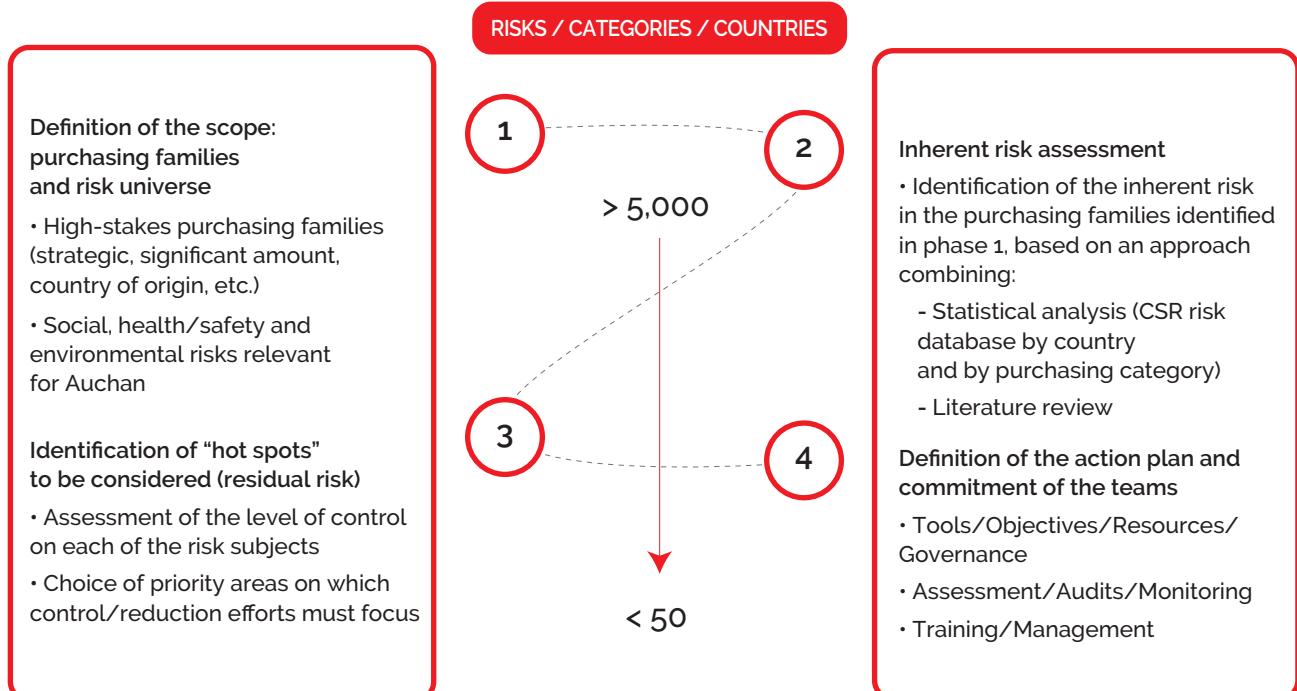
risks. In addition, in 2018, an in-depth analysis was carried out to take into account the specificities of the company. This analysis was based on a top-down approach by integrating exchanges with suppliers.

⁽¹⁾ Internal control framework defined by the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management Framework.

The risk identification method used is described in the following infographics:

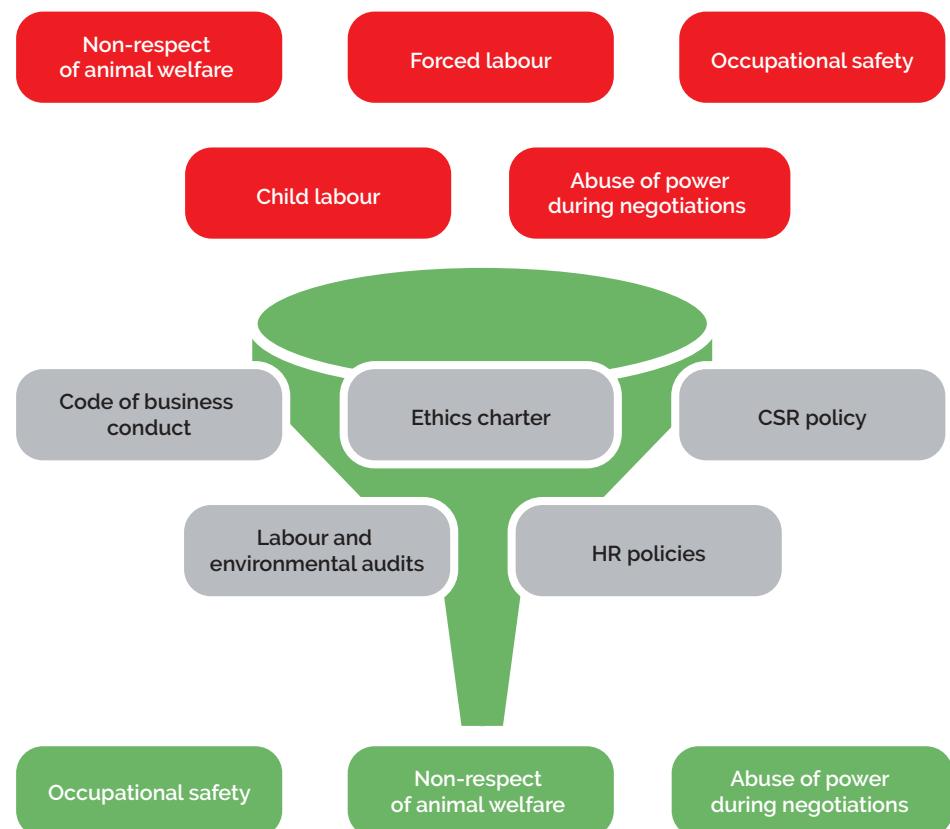


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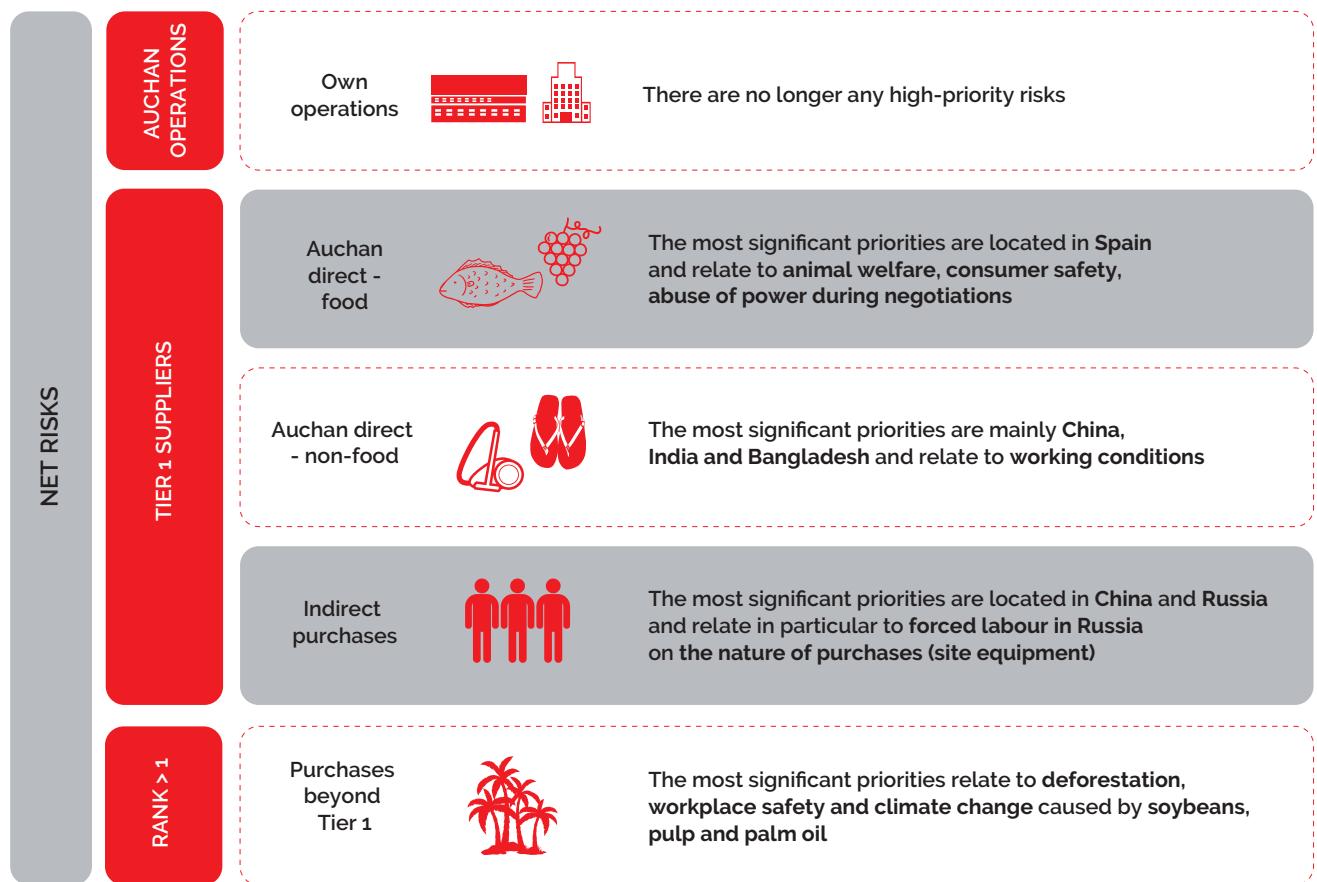


An initial analysis has made it possible to identify more than 5,000 "country - product type - risk" triplets, which have been assessed and ranked in accordance with the principles of Auchan Retail's risk management principles.

COUNTRY OF ORIGIN	RISKS	NATURE OF PRODUCTS
 <ul style="list-style-type: none"> • China • Russia • France • Bangladesh • India • Spain 	 <ul style="list-style-type: none"> • Forced labour • Child labour • Toxic substances at work • Building integrity • Excessive working hours • Unsustainable forest management • Discrimination & non-diversity 	 <ul style="list-style-type: none"> • Consumer electronics and appliances • Toys – childcare • Leisure time • Household • Textiles • Fruit and vegetables • Dairy & egg products • Meat & meat products



Thus, the risk control measures in place were assessed in order to identify the following residual risks:



In 2020, this analysis was supplemented by a bottom-up approach including an assessment of all Auchan Retail entities on the risks identified.

In accordance with Auchan Retail's risk management principles, this assessment was made in terms of gross risk and residual risk. This assessment also took into account the suppliers and subcontractors of each of its entities. The work was carried out jointly by Auchan Retail's CSR and Risk and Internal Control teams with the active participation of internal stakeholders according to their areas of expertise.

The objective of this review was to identify the exposure of each entity to the main risks identified as well as all the risk mitigation measures implemented, sometimes locally, in order to share, consolidate or strengthen them.

The results presented in this duty of care plan are those resulting from these two complementary approaches.

This mapping completes the work undertaken for many years on the company's social practices with its employees.

3.4.3.2 Risk mapping related to the duty of care in 2020

The level of risk presented in the table below is a summary that is the result of reworking the net risk. Initially rated on a scale of 1 to 25, the risks have been classified into three categories:

- level 1 risk - major risk - net rating greater than or equal to 16;

- level 2 risk - moderate risk - net rating between 11 and 15;

- level 3 risk - minor risk - net rating less than or equal to 10.

This method makes it easier to understand the risks presented.

Risk category		Net risk level
Health and safety and vigilance of civil society	Failure to respect work-life balance	2
	Inequitable career management	3
	Non-compliance with work organisation provisions	3
	Occupational illnesses	3
	Accidentology	2
	Physical disorders related to working conditions	2
	Arduous work	2
Human rights and fundamental freedoms	Compensation differences	3
	Impediments to cultural diversity-discrimination	3
	Discriminatory treatment related to political or trade union opinions	3
	Forced labour and child labour	2
Environment	Climate risk	2
	Unsustainable agricultural practices or production methods and selection of raw materials	1
	Environmental impact of non-recyclable packaging (plastic in particular) on the market	3
	Poor waste management	3
	Food and non-food waste	3
	Energy over-consumption of sites, stores and warehouses	2
	Lack of traceability of raw materials and ingredients used in the composition of the products distributed	2
	Greenhouse gas emissions	2
	Non-compliance with animal welfare	2
	Depletion of resources	2

3.4.4 REFERENCE FRAMEWORK

Auchan Retail mainly sells food and non-food products. The company offers many products and therefore works with a large number of suppliers with varied profiles, as presented below:

1. Suppliers of national-brand products represent a significant portion of Auchan Retail's revenue. These companies are themselves very often subject to the law on the duty of care;
2. Suppliers of own-brand products (also called private label), who work with Auchan Retail on the basis of specifications defined by the Auchan Food Production teams in all subsidiaries and the Worldwide Products Department and on the development of Auchan's responsible supply chains. These suppliers may be located in the countries where the company operates or in other countries. They are subject to priority mitigation actions in the duty of care plan and are subject to the strict rules of the responsible purchasing policies, which will be the subject of a detailed presentation;

3. The vast majority of local suppliers are SMEs-VSEs, cooperatives and agricultural producers who supply our stores locally, particularly with fresh produce and fruit and vegetables;

4. Non-market purchasing suppliers, which meet the purchases required for the proper functioning of the company's activities (transport purchases, services, etc.).

Auchan Retail is committed to improving working conditions and respecting human rights among all suppliers presented subsequently. To this end, the company has put in place purchasing rules, tools and procedures to control and support its suppliers in their compliance.

3.4.4.1 Membership of international charters and texts

Auchan Retail's action is based on the principles of the Universal Declaration of Human Rights of 1948, the Guidelines of the Organisation for Economic Co-operation and Development, the 1998 Declaration on Fundamental Principles and Rights of the International Labour Organization, as well as the eight fundamental ILO Conventions. The commitments that Auchan Retail respects in its companies are part of the ten principles of the United Nations Global Compact, to which Auchan Retail adheres.

Auchan Retail requires that its partners show the same respect that it does for the elements constituting its ethical principles.

3.4.4.2 Ethical principles

Auchan Retail has grown since its creation in 1961 on the basis of strong convictions and values and a solid commitment to ethics. Ethics is the framework for developing a lasting and trusting relationship with all stakeholders (customers, employees, suppliers, shareholders, etc.). Ethics influence individual behaviour and the behaviour of the company itself, as a legal entity, in its strategy and business conduct.

To place ethics at the heart of its actions, Auchan Retail has created a set of documents and training for employees and stakeholders:

- the ethics charter;
- the daily ethics guide;
- the code of business ethics.

3.4.4.2.1 The Ethics charter

For all Auchan Holding companies, the ethics charter reaffirms all of the ethical principles that guide its relations with stakeholders. It is organised into six chapters:

- relationships with employees;
- relationships with customers;
- relationships with external partners;
- relationships with shareholders;
- relationships with the community;
- implementation of the charter.

It provides the keys and rules of conduct, based on respect, loyalty, sincerity and duty of care, needed to conduct our business with fairness. This charter is that of all employees. Each manager is the bearer of the charter and ensure that the contents are made known to his or her teams so that all employees can commit to this approach and follow its main principles in their daily conduct. Compliance with this charter is everyone's business and a priority for progress and excellence.

3.4.4.2.2 The Daily ethics guide

This document illustrates, through examples, the concepts of the code of ethics, enabling Auchan Retail to conduct its business with integrity and conviction. Through this document, each employee therefore has concrete and real-life situations that illustrate the company's requirement for compliance with ethics principles.

3.4.4.2.3 The Code of business ethics

Through this code of business ethics, Auchan Retail wishes to reiterate its commitment to the main universally recognised principles and to promote compliance with these principles among its suppliers, customers and partners by developing fair and transparent commercial practices.

In this document, Auchan Retail reaffirms its commitment to "fight against corruption, to exercise its duty of care". This document is applicable to all partners: whether they are suppliers, including their subcontractors throughout the production chain regardless of their rank, manufacturers, franchisees, agents and intermediaries, or business contacts of Auchan Retail companies.

The signing of this code is the prerequisite for any commercial relationship. Partners must comply with each point of this code, which states that:

- partners are not authorised under any circumstances to subcontract any part of the supply chain without prior written declaration to its ordering party;
- child labour is unacceptable;
- forced labour is not tolerated in any form, whether it is compulsory, pledged or performed by poorly paid prisoners;
- partners must ensure that any work provided is voluntary work, not performed under duress or threat, whether mental, physical or verbal; any restriction on freedom of movement or retention of personal documents is strictly prohibited;
- partners must comply with applicable laws and regulations regarding compensation, benefits and any other form of employee benefit;
- Auchan Retail refrains from any discrimination and expects its partners to ensure that there is no discrimination whatsoever in its companies, whether in the context of recruitment, hiring, compensation, training, working conditions, assignment, discipline, promotion/advancement, termination of employment or retirement;
- Auchan Retail is committed to protecting the environment and preserving natural resources. Auchan Retail expects its partners to act responsibly in this area. Partners must promote alternatives to harmful manufacturing practices by encouraging the use of products obtained or manufactured by methods that respect the environment: reduction in energy and water use, recycling, prohibition of pollution, respect for biodiversity, etc.

3.4.4.3 Responsible purchasing policies

The responsible purchasing policies govern the quality, social and environmental compliance of purchases of all own-brand food and non-food products as well as all purchases of services. These policies include requirements in the aforementioned areas that are reflected in the Auchan Retail specifications. They are subject to regular checks to verify their proper functioning.

3.4.4.3.1 Responsible quality charter for food products

Auchan Retail's ambition is to offer its millions of daily customers a safe, varied and accessible offer that contributes to a balanced diet, the pleasure of eating and respect for the environment. As such, the company has formalised its main commitments in a responsible quality charter, organised into ten areas, including:

- selecting responsible raw materials and supply chains, traced from farm to fork;
- favouring local producers and reducing the carbon footprint;
- ensuring clear transparency on origin and promoting national origin;
- reducing plastic packaging and demanding recyclability.

3.4.4.3.2 Responsible purchasing policy for Auchan-brand non-food products

For more than 20 years, Auchan Retail has been continuously improving its purchasing practices. Responsible purchasing policies are thus rolled out to all employees concerned in the countries and to Auchan Retail's Worldwide Products Department under the leadership of a dedicated department.

Auchan Retail designed a responsible purchasing training course in 2013. Intended for a wide audience, it has since been rolled out to buyers, product managers, negotiators, and quality engineers in all countries, and to the Worldwide Products Department (including sourcing offices). Its objectives are to:

- help participants identify the main rules applicable to their business line;
- implement the procedure and steps for listing and de-listing suppliers;
- adopt the appropriate stances on CSR issues.

Training in responsible purchasing is not limited to Auchan Retail employees: the teams in the sourcing offices carry out awareness-raising among suppliers.

As of the initial supplier listing, the responsible purchasing approach incorporates quality requirements and social criteria. The suppliers are subject to social and quality audits prior to any listing.

Auchan Retail also monitors production at supplier sites. The people who work in the sourcing offices draw on the findings of each audit to shape improvement strategies with the supplier and their production site(s). There is a zero tolerance threshold regarding certain issues:

- when employment contracts have not been issued;
- discrimination;
- child labour;
- forced labour;

- disciplinary practice(s) (physical punishment, harassment, etc.);
- non-compliance with minimum wage levels or non-payment of wages for two consecutive months;
- evidence of infrastructure failure(s);
- security issues;
- use of sandblasting⁽¹⁾;
- dormitories located in the same building as the production unit or a warehouse;
- Uzbek cotton;
- home-working;
- consecutive refusals to submit to an audit;
- document forgery;
- corruption cases.

Factories cannot be listed if one or more of these elements is identified. Those that are already listed are de-listed.

Traceability improvement on manufacturing sites is a major objective of Auchan Retail's purchasing policy. The company ensures that it can trace its suppliers' production in order to guarantee manufacturing conditions. With the help of a special web portal, each supplier is required to report its production sites and whether it is using a subcontractor, for every order fulfilled. Unannounced checks are carried out to verify compliance. A supplier is immediately de-listed if they are found to have used a subcontractor and not reported it. The purpose of these checks is to verify that the products concerned are manufactured at the factory declared by each supplier.

3.4.4.3.3 CSR policy of the Indirect Purchasing Department

Auchan Retail's Indirect Purchasing Department has developed a comprehensive and consistent responsible purchasing strategy, from (upstream) qualification to (downstream) supplier performance control.

Based on the risk mapping, the business plan and the responsibilities of the Indirect Purchasing Department, four priority objectives have been defined:

- fight climate change by reducing the carbon footprint;
- fight against waste packaging and plastics;
- fight against deforestation (soybeans, wood pulp, palm oil);
- fight for health and safety at work.

To do this, the Indirect Purchasing Department has, together with its partner ECOVADIS set up, a CSR assessment of its suppliers on the basis of 21 criteria, focused on four axes:

- 1. Environment:**
- 2. Social issues and human rights;**
- 3. Ethics;**
- 4. Responsible purchasing.**

(1) Sandblasting is a mechanical process that creates localised abrasion or a colour change on a denim garment. The process consists of projecting an abrasive material in the form of granules and powder at a very high speed and pressure. Sandblasting can expose workers to extreme health risks and may result in the death of workers. Natural sandblasting is particularly problematic as workers inhale crystalline silica dust particles during production, which severely damages the respiratory tract.

3.4.5 DUTY OF CARE RISK ASSESSMENT AND MITIGATION MEASURES

This section describes two types of risk mitigation measures: those that have an impact on serious environmental damage and those relating to serious violations of human rights, health and safety. The presentation of the assessment, prevention and mitigation measures implemented is organised in two stages: at Auchan Retail and at partner sites.

3.4.5.1 Serious harm to the environment

3.4.5.1.1 Harm caused by Auchan Retail's own activities

The measures to prevent and mitigate serious environmental damage within the direct scope of Auchan Retail concern all of its activities. These measures aim to:

- guarantee quality food products with environmentally-friendly raw materials;
- roll out policies to promote animal welfare;
- fight against food waste;
- commit to fight against climate change and for greenhouse gas reduction;
- fight against plastic pollution;
- work on the second life of products;
- optimise operational waste;
- protect biodiversity and natural resources.

The main prevention and mitigation actions implemented to limit Auchan Retail's environmental impact are detailed and quantified in the non-financial performance statement (see Chapter 2 of this document).

The actions taken by the company in this regard were assessed on a voluntary basis by two non-financial rating agencies in 2020:

1. In 2020, Auchan Holding's performance in its fight against climate change was assessed by the independent third party CDP. In 2020, Auchan Holding obtained a score of B following its response to the questionnaire, thus affirming our approach: "Takes coordinated actions on climate issues";
2. In 2020, Auchan Holding obtained a score of 49 from Vigeo Eiris, which corresponds to an increase of 12 points and underlines the progress made by the company in the following areas: environment, social, business ethics and community engagement.

3.4.5.1.2 Harm caused by Auchan Retail's suppliers

a) Suppliers of own-brand food products

As presented in the section on the responsible quality charter for food products. Auchan Retail has defined strict criteria for suppliers of own-brand products, including a blacklist. This includes various undesirable substances and is updated each year with the quality officers of all countries. Among these substances, some have a health dimension and others respond to an environmental concern, such as palm oil, eggs from caged hens, GMOs, etc.

b) Development of responsible agricultural supply chains

Through its responsible agricultural supply chains, Auchan Retail is committed to a sustainable and balanced partnership with producers, breeders and processors in the food and live produce chain. Its ambition is to offer high quality healthy products with exemplary traceability, that are differentiating, respectful of the environment and animal welfare and support the men and women who produce them, in order to preserve know-how and resources for the greatest satisfaction of consumers.

To ensure a common set of requirements, four pillars have been defined:

- customer satisfaction, with guaranteed origin and traceability;
- respect for the environment and animal welfare, with production methods designed to protect our resources;
- societal commitment by adopting an approach that respects the individuals that make up the supply chains (employment, equity, sustainability, regions, etc.); and
- an economic commitment through a profitable and sustainable approach for sourcing channel players with accessible price for consumers.

c) Developing local partnerships

The stores in all Auchan Retail countries are developing the supply of local products, grown and/or manufactured near the stores, via direct partnerships with small producers. They are responding to strong demand from local residents, who want to be able to buy products from their own region, both to support local jobs and to protect the environment through purchases that leave a smaller carbon footprint.

d) Environmental audits

As part of its responsible purchasing policy, the Worldwide Products Department conducts environmental audits of suppliers of own-brand non-food products.

These audits, which are part of a progress approach for the plants concerned, are conducted according to the environmental audit framework of the Initiative for Compliance and Sustainability (ICS). They aim to ensure compliance with certain environmental standards by Auchan Retail suppliers, following their listing. These audits make it possible to check in particular the compliance of the factories with regard to:

- environmental management systems;
- energy consumption;
- water consumption;
- used water treatment and effluents;
- release of emissions into the air;
- waste management;
- pollution prevention and hazardous and potentially hazardous substances;
- emergency response management.

This year, these audits covered integrated factories of textile suppliers, as these were deemed to be more polluting and this decision stemmed logically from the signing of the Fashion Pact. In addition to the environmental audits carried out on tier one sites in 2018 and 2019, the approach was extended to tier two sites in 2020.

3.4.5.2 Serious violations of human rights, health and safety

3.4.5.2.1 For Auchan Retail employees

a) Dialogue with social partners

To enable employee representatives to fully fulfil their roles and prerogatives and continue to become more professional, Auchan Retail relies on two representative bodies for social dialogue: the Group Works Council and the European Works Council.

It should be noted that the European Works Council has two committees dedicated to issues related to duty of care:

1. a CSR Committee tasked with sharing the company's social and environmental progress with the social partners;
2. a Future of Work Committee whose purpose is to consider changes in the skills required by the company in partnership with the representatives in order to give them visibility on future developments.

It should be noted that Auchan Retail has also signed a social and environmental responsibility agreement with UNI. This agreement reminds us that Auchan Retail's ambition is to serve a development model that combines operational performance and behavioural quality for the benefit of all its stakeholders. Auchan Retail recognises the role played by unions in defending and developing the interests of employees. The agreement includes a section on fundamental rights referring to the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the UN Global Compact. The company affirms its desire to:

- refuse any use of forced or compulsory labour;
- refuse any use of child labour or exploitation of children;
- fight against discrimination in employment;
- respect the freedom of association and the principle of collective bargaining.

b) Working conditions

The prevention and protection of employees in the workplace in health and safety terms must be supervised. Thus, Auchan Retail implements actions related to:

- prevention of occupational risks;
- information and training.

Workplace health and safety risks are of a physical, ergonomic and psychosocial nature. In order to protect the health of its employees, Auchan Retail has taken specific measures to deal with the Covid-19 crisis. Throughout the crisis, Auchan Retail scrupulously complied with local health protocols and anticipated government decisions as much as possible

to ensure the protection of its employees and customers: compliance with barrier gestures, making available hundreds of millions of items of equipment (gloves, masks, visors, hydro-alcoholic gel, etc.), adaptation of points of sale: opening hours, filtering, in-store visits, plexiglas protections, equipment disinfection, etc.

Each country and its employees have had to show great adaptability and professionalism to face this global health crisis and pursue the company's mission: to feed people.

Auchan Retail was confronted with this crisis as of January 2020 through its activities (at the time SunArt Retail was still part of the Group's scope) and presence in China (sourcing teams and staff on assignments). The company ensured their safety, by setting guidelines for business travel (restrictions, obligations, etc.), but also by providing advice for employees on site or travelling (useful sites, professional advice, and also advice on private travel). A small, multi-disciplinary crisis unit was set up at the level of Auchan Retail's international central services.

Subsequently, with the spread of the virus and until the global pandemic, each country appointed a "Covid" correspondent and set up a local crisis unit (in addition to the one in China, which has been active since the beginning of the crisis in the country). In addition, IT teams were called upon everywhere to technically prepare for the general switchover of support services to teleworking.

In addition to the actions implemented internally on the management of the Covid-19 crisis, Auchan Retail signed a joint declaration with UNI Global Union and the Carrefour group in April 2020 on the implementation of best business practices. Auchan Retail, Carrefour and UNI then committed to discussing and working together to share the best practices put in place to prevent risks related to Covid-19. The objective is to study the implementation of all useful and appropriate measures, based on best company practices, to prevent, reduce or eliminate the risk of contagion for employees⁽¹⁾.

Quality of life at work

Two priority areas have been defined by Auchan Retail to improve the quality of life of the company's employees:

- take action against irritants: in addition to the aspects of safety and working conditions, the objective is to reduce everything that can make the work of employees difficult on a daily basis;
- develop teleworking in all countries: the objective is to introduce teleworking in a general and simple way in the company as a way of organising working time (and not in connection with the teleworking set up within the framework of the current global health crisis).

Quality of life through work

Two specific actions are targeted:

- inform and raise awareness of quality of life at work via an e-learning tool for all managers in Auchan Retail countries;
- train managers in "benevolent and demanding" management via an e-learning tool to make them more efficient and effective from a managerial standpoint.

(1) See Chapter 2.4.6 "Social dialogue" in the non-financial performance statement for more details.

c) Listening to employees

In 2020, Auchan Retail conducted its third international commitment survey, with a fully digital questionnaire. The results indicate that 81% of employees are committed to the company. This first indicator shows the involvement of employees in implementing the company's strategy, which is a real asset for driving the transformation process under way. At the same time, managerial proximity stands out as a differentiating factor that is appreciated by employees. Customer focus, CSR commitment and the development of day-to-day skills are the three other strengths cited by employees. Employees were also able to express their views on Auchan Retail's management of the health crisis: despite the onset of the crisis, which was perceived as brutal, they stressed the responsiveness in terms of individual and collective protection measures, the mobilisation of teams, and 81% of employees believe that Auchan Retail is attentive to the health and safety of its employees.

Employees have access to the ethics whistle-blowing channel "Whistle B" to report any facts contrary to ethics principles. Each report is processed independently (see the section dedicated to the whistle-blowing mechanism).

d) Diversity at work

The daily needs of all Auchan Retail customers are many and varied. This is why the company relies on employees whose diversity reflects local populations, to best meet the expectations of each customer. Auchan Retail is strongly committed to promoting this diversity and making it a real performance driver.

The International Labour Organization Declaration on Fundamental Principles and Rights at Work obliges all member states to respect and promote a number of principles and rights, classified under the following categories:

- the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of forced or compulsory labour;
- the abolition of child labour;
- the elimination of discrimination in respect of employment and occupation.

Auchan Retail bases its policies and actions on compliance with this declaration.

Auchan Retail meets the legal obligations in the countries where it operates in terms of employing people with disabilities. Some Auchan Retail subsidiaries have committed to a more proactive policy in this area. To facilitate the integration of new employees with disabilities, commitments have been made in terms of:

- partnerships with companies in the sheltered and adapted sector;
- workstation layout (specific signage on the front of checkout lines at deaf or hearing-impaired checkouts, support from specialised organisations for better workplace ergonomics);
- awareness-raising among all employees about the acceptance of others with their differences.

To promote equal opportunities, the company strives to open up as many of its career paths as possible to men and women

from all backgrounds. Hiring policies prohibit any form of discrimination, for example, in relation to gender, age, disability, religion or sexual orientation. The diversity of the teams reflects the diversity of Auchan Holding's business lines, customers and the countries in which it operates. All these principles and rules are defined in codes of ethics, internal regulations, and training courses.

e) Respect for personal information

Due to their various missions, Auchan Retail entities process large amounts of personal data concerning their employees and candidates. Consequently, all entities and their employees involved in the processing of personal data must comply with the strict standards for the protection of personal data as defined by the laws and regulations in this area:

Auchan Retail implements in particular:

- a Personal Data Protection Governance Committee that brings together the various departments concerned within the company;
- a network of the various data protection officers of Auchan Retail subsidiaries abroad, mainly to develop best practices in this area;
- a method of data protection by anticipation and by default, by integrating this subject in calls for tenders;
- a GDPR recommendation plan to be followed automatically when a project contains personal data;
- a procedure for responding to data subjects' requests to exercise their rights;
- awareness-raising and training for employees;
- privacy impact assessments when processing represents a risk to the rights and freedoms of data subjects;
- records of processing activities;
- a Personal Data Protection Policy for employees, the purpose of which is to inform them of the various processing operations carried out by the company.

f) Safety of employees abroad as part of their duties

Auchan Retail has a safety and security directive for international travellers. This directive aims to prepare employees, help them minimise foreseeable risks, and avoid various incidents. It defines the roles and responsibilities of anyone involved in the trip and prepares rules and procedures to ensure the traveller's safety, monitor them and, if necessary, assist them during their trips, whatever means of transport is used.

Each country is awarded a risk level by the Safety & Security Department, which collects opinions from public authorities, specialised service providers, various other bodies and country management teams. This classification is allocated to a country according to several criteria (health, natural, industrial, political, terrorism risk, etc.). It can be consulted on the website of the Safety & Security service provider, "Anticip travel risk management", and is assessed on a scale of 1 to 5 (level 1: insignificant risk, level 5: extreme risk). In the event of a trip planned in a level 4 or level 5 zone, approval must be requested from the Auchan Retail Safety & Security Department.

Employees play an active role in their own safety and must follow the rules issued by the Safety & Security Department. Firstly, they must reserve their trips and hotels via a travel agency or online booking platform approved by Auchan Retail. If the booking cannot be made via the platform or if the travel agency is not connected to the safety tool, they must make a self-declaration in the "Anticip travel risk management" safety tool. Before the employee leaves for the foreign country, the tool generates a "health and safety" file for the destination country. The employee is asked to read it. All French employees must also register on the Ariane website of the Ministry for Europe and Foreign Affairs. This requirement also concerns other employees who must register with their supervising Foreign Ministry whenever possible.

In addition to its internal providers, Auchan Retail uses two assistance providers responsible for providing employees with medical and safety/security information in real-time about every destination (before, during and after the trip) and 24/7 emergency operational assistance throughout the duration of the trip with a single hotline number. All employees benefit from medical assistance with repatriation if necessary.

In addition, Auchan Retail ensures the protection of its employees when political or cultural tensions arise in the countries where there are offices. This was the case in 2020 for employees of the purchasing office in Bangladesh following the reactions of certain populations to the caricatures of the Muslim prophet Muhammad. The company ensured the safety of its employees who, due to their employment by a French company, could have been in difficulty.

3.4.5.2.2 At Auchan Retail suppliers

a) Social audits

As previously presented in the "responsible policies" section, Auchan Retail's partners in charge of producing own-brand products are subject to social audits.

A minimum compliance threshold at a defined frequency is required for listing. In addition, Auchan Retail is a founding member of Social Clause Initiative (SCI) and a member of BSCL. These requirements are included in the specifications for the development of Auchan-brand food products and are regularly checked by the internal audit team.

For the development of non-food own-brand products produced by the Worldwide Products Department, the responsible purchasing approach incorporates social criteria as soon as suppliers are listed. The suppliers are subject to social and quality audits prior to any listing.

b) Development of responsible agricultural supply chains

Pillars 3 and 4 of the development of Auchan Retail products include a strong social dimension with a proactive approach that respects the producers in the supply chains (employment, equity, sustainability, regions, etc.) as well as an economic commitment through a profitable and sustainable approach for sourcing channel players with affordables price for consumers.

c) Due diligence

Finally, the due diligence carried out for economic guarantee purposes contributes to the listing of suppliers by taking into account the various risks identified, including social risks. Work is currently being carried out between the CSR team, the Indirect Purchasing Department and the Economic Security Department to integrate CSR and duty of care criteria into due diligence.

d) Weave Our Future Foundation (WOF) - Contributing to the social progress of the least developed countries

On 13 May 2014, Auchan undertook to create the Weave Our Future Foundation with the Fondation de France for a period of five years with the aim of improving the living conditions of textile workers from the least developed countries with which the brand maintains business relations, victims or not of accidents, as well as their families.

The details of the actions and achievements carried out by the WOF Foundation in 2020 are presented in the non-financial performance statement in Section 2.4.5 "Societal commitment and solidarity".

3.4.6 SYSTEM FOR MONITORING THE MEASURES IMPLEMENTED AND ASSESSING THEIR EFFECTIVENESS

The indicators presented in the non-financial performance statement in the "Summary table of indicators" in Section 2.8 are used to report on the implementation of the actions defined which are monitored and coordinated by the Auchan Retail Duty of Care Committee.

3.4.7 WHISTLE-BLOWING MECHANISM

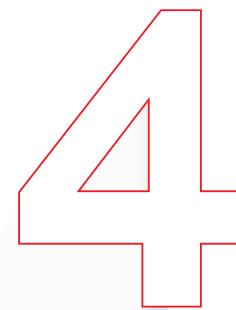
After consultation with the staff representative bodies, Auchan Retail has introduced an ethics early warning system, "Whistle B", in order to reinforce the company's ethics approach. It aims to identify behaviour contrary to the daily ethics guide in order to rapidly end it, sanction the person(s) responsible, if necessary, and avoid repetition of the behaviour.

This system also provides guidance to employees who have questions about how they should behave in specific situations. It is a complementary system offered to employees that is not intended to replace other existing alert channels, in particular line managers, the Human Resources Department, the Compliance director or the employee representative bodies.

This system has been opened up to people outside the company via the company's corporate website. It is also extended to suppliers when they sign contracts.

CONSOLIDATED FINANCIAL STATEMENTS

Financial years ended 31 December 2020 and 2019



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4.1 CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL YEARS ENDED 31 DECEMBER 2020 AND 2019

4.1.1 CONSOLIDATED BALANCE SHEET

Assets (in €m)	Notes	31/12/2020	31/12/2019 ⁽¹⁾
Goodwill	6.1	2,018	3,021
Other intangible assets	6.2	170	1,069
Property, plant and equipment	6.3	6,541	11,856
Investment property	6.4	3,932	5,099
Investments in associates	7	524	485
Other non-current financial assets	10.5	479	565
Non-current derivative financial instruments	10.4	94	124
Deferred tax assets	11.1	356	438
NON-CURRENT ASSETS		14,114	22,656
Inventories	3.5	2,296	4,875
Trade receivables	10.5	442	542
Current tax assets	11.1	132	148
Other current receivables	10.5	1,666	1,957
Current derivative financial instruments	10.4	58	80
Cash and cash equivalents	10.1	4,401	3,674
Assets held for sale	2.6	1	642
CURRENT ASSETS		8,996	11,918
TOTAL ASSETS		23,110	34,574

(1) The Group retrospectively applied the IFRIC application of IFRS 16 - thus the 2019 financial statements were amended - see Note 2.7.

Equity and liabilities (in €m)	Notes	31/12/2020	31/12/2019⁽¹⁾
Share capital	8.1.3	576	578
Share premiums		1,914	1,914
Reserves and net income attributable to owners of the parent		4,029	3,813
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		6,518	6,305
Non-controlling interests	8.1.7	186	3,548
TOTAL EQUITY		6,704	9,853
Provisions	9.1	242	248
Non-current borrowings and other financial liabilities	10.6	5,902	6,390
Non-current derivative financial instruments	10.4	35	18
Other non-current liabilities	10.6	1,658	3,118
Deferred tax liabilities	11.1	113	509
NON-CURRENT LIABILITIES		7,949	10,283
Provisions	9.1	482	415
Current borrowings and other financial liabilities	10.6	840	1,313
Current derivative financial instruments	10.4	37	29
Trade payables	10.6	4,676	7,572
Current tax liabilities	11.1	52	115
Other current liabilities	10.6	2,368	4,965
Liabilities associated with assets classified as held for sale	2.6		28
CURRENT LIABILITIES		8,456	14,438
TOTAL EQUITY AND LIABILITIES		23,110	34,574

(1) The Group retrospectively applied the IFRIC application of IFRS 16 - thus the 2019 financial statements were amended - see note 2.7.

4.1.2 CONSOLIDATED INCOME STATEMENT

(in €m)	Notes	31/12/2020	31/12/2019 ⁽¹⁾
Revenue	3.1	32,117	33,984
Cost of sales	3.1	(24,239)	(26,023)
Gross margin		7,878	7,961
Payroll expenses	5.1	(4,218)	(4,453)
External expenses		(1,730)	(1,736)
Amortisation, depreciation, provisions and impairment	3.3	(1,217)	(1,252)
Other recurring income and expenses	3.3	(4)	33
RECURRING OPERATING INCOME		708	554
Non-recurring income and expenses	3.4	(618)	(129)
OPERATING INCOME		89	424
Income from cash and cash equivalents		6	9
Gross cost of financial debt		(193)	(128)
Net cost of financial debt	10.2	(186)	(118)
Other financial income	10.3	52	77
Other financial expenses	10.3	(276)	(283)
INCOME BEFORE TAX		(321)	100
Share of net income of associates	7	19	(20)
Income tax expense	11.2	(48)	(105)
NET INCOME FROM CONTINUING OPERATIONS		(350)	(24)
Net income from assets held for sale and discontinued operations ⁽²⁾	2.6	1,257	(1,231)
NET INCOME FOR THE PERIOD		907	(1,255)
of which net income attributable to owners of the parent		678	(1,463)
of which net income attributable to non-controlling interests		230	208
EARNINGS PER SHARE FROM CONTINUING OPERATIONS, ATTRIBUTABLE TO OWNERS OF THE PARENT			
• basic	8.2	(20.33)	(7.96)
• diluted	8.2	(20.33)	(7.96)
NET EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT			
• basic	8.2	23.76	(50.19)
• diluted	8.2	23.76	(50.19)
EBITDA	3.2	1,949	1,739

(1) Contribution of Retail China and Retail Italy in 2019 and in 2020, Retail Vietnam in 2019 - see Note 2.6 to the consolidated financial statements.

(2) Compared to the data published at 31 December 2019, the contribution of Retail China was reclassified under net income from assets held for sale and discontinued operations.

4.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in €m)	31/12/2020			31/12/2019		
	Gross Amount	Income tax	Net	Gross Amount	Income tax	Net
Net income for the period			907			(1,255)
Change in equity instruments at fair value through other comprehensive income	(30)	5	(25)	(1)		(1)
Revaluation of net liabilities in respect of defined benefits	13	(2)	11	(25)	7	(18)
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME	(17)	3	(14)	(26)	7	(19)
Exchange differences on translating foreign operations ⁽¹⁾	(494)		(494)	139		139
<i>Change in fair value</i>						
• of cash-flow and forex hedges	(42)	14	(29)	(28)	5	(23)
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME	(536)	14	(522)	111	5	116
OTHER COMPREHENSIVE INCOME	(553)	17	(536)	85	12	97
Total comprehensive income			371			(1,159)
<i>Attributable to:</i>						
• owners of the parent			209			(1,391)
• non-controlling interests			162			233

(1) Of which €(172) million reclassified to net income as part of the disposal of the Retail activities in China.

4.1.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	Notes	31/12/2020	31/12/2019
Consolidated net income for the period (including non-controlling interests)		907	(1,255)
Share of net income of associates		(19)	22
Dividends received (non-consolidated investments)		(2)	(5)
Net cost of financial debt and lease interest		327	318
Income tax expense (including deferred taxes)		198	256
Net amortisation, depreciation, provisions and impairment expenses (other than on current assets)		2,127	2,336
Income and expenses on share-based payment plans		1	1
Other non-cash items			
Capital gains/losses net of tax and badwill		(862)	1,133
Cash flows from operations before net cost of financial debt, leasing interest and tax		2,678	2,806
Income tax paid		(264)	(326)
Interest paid and lease interest		(380)	(427)
Other financial items		53	109
Cash flows from operations after net cost of financial debt and tax		2,087	2,161
Changes in working capital requirement	12	289	(452)
Changes in items relating to the credit activity	12		114
Net cash from (used in) operating activities		2,375	1,824
Acquisition of property, plant and equipment, intangible assets and investment property		(685)	(1,181)
Proceeds from disposals of property, plant and equipment, intangible assets and investment property		93	218
Acquisition of shares in non-consolidated companies including associates accounted for by the equity method		(17)	(54)
Proceeds from sales of shares in non-consolidated companies including associates accounted for by the equity method ⁽¹⁾		4	352
Disbursements linked to business combinations net of cash acquired			(7)
Cash flow from discontinued operations ⁽²⁾		2,109	(262)
Dividends received (non-consolidated investments)		4	11
Changes in loans and advances granted	12	(134)	(213)
Net cash from (used in) investing activities		1,375	(1,136)
Purchases and sales of treasury shares ⁽³⁾		(47)	(196)
Dividends paid during the period	12	(121)	(120)
Acquisitions and disposals of interests without change in control	12	(15)	(67)
Payment of lease liabilities		(435)	(472)
Changes in net financial debt	12	(2,578)	790

(in €m)	Notes	31/12/2020	31/12/2019
Net cash from (used in) financing activities		(3,195)	(65)
Effect of changes in foreign exchange rates ⁽⁴⁾		140	(40)
Net increase (decrease) in cash and cash equivalents		696	582
Cash and cash equivalents at beginning of period	12	3,569	2,987
Cash and cash equivalents at end of period	12	4,265	3,569
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		696	582

(1) In 2019, mainly relates to the disposal of shares in Oney Bank (equity method) by Auchan Holding.

(2) Mainly relates to the impact of the disposal of China in 2020 (see Note 2.3).

(3) Mainly relates to the reduction in the capital of Auchan Holding through the cancellation of shares as part of the management of the employee share ownership plan.

(4) Mainly impact of the rouble for €118 million.

4.1.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (BEFORE APPROPRIATION OF NET INCOME)

(in €m)	Share capital	Share premiums ⁽¹⁾	Treasury shares ⁽²⁾	Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses ⁽³⁾	Consolidated reserves and profit for the period	Equity		
						Attributable to owners of the parent	Non-controlling interests	Total
At 1 January 2019	591	1,673	(153)	(805)	6,633	7,939	3,509	11,448
First application of IFRS 16					(112)	(112)	(3)	(116)
Adjusted equity at 1 January 2019	591	1,673	(153)	(805)	6,521	7,827	3,506	11,332
<i>Net income for the period</i>					(1,463)	(1,463)	208	(1 255)
<i>Other comprehensive income</i>				72		72	25	97
Total comprehensive income				72	(1,463)	(1,392)	233	(1,159)
Capital reduction	(13)				(197)	(210)		(210)
Treasury shares			17			17		17
Dividend distributions							(120)	(120)
Changes in consolidation scope					(25)	(25)	(75)	(100)
Changes in put options granted to non-controlling interests					86	86		87
Other	241				(238)	2	4	7
AT 31 DECEMBER 2019	578	1,914	(136)	(733)	4,683	6,305	3,548	9,853
At 1 January 2020	578	1,914	(136)	(733)	4,683	6,305	3,548	9,853
<i>Net income for the period</i>					678	678	230	907
<i>Other comprehensive income</i>				(469)		(469)	(67)	(536)
Total comprehensive income				(469)	678	209	162	371
Capital reduction	(2)				(36)	(39)		(39)
Treasury shares			(7)			(7)		(7)
Dividend distributions							(121)	(121)
Changes in consolidation scope					(2)	(2)	(3,405)	(3,407)
<i>Changes in put options granted to non-controlling interests and repurchase commitments⁽⁴⁾</i>					53	53	2	55
Other			125		(126)	(1)		(1)
AT 31 DECEMBER 2020	576	1,914	(143)	(1,077)	5,249	6,518	186	6,704

(1) Share premiums include premiums paid for stock issued, mergers and other capital contributions.

(2) see Note 8.1.4.

(3) see Note 8.1.6.

(4) see Note 8.1.2.

4.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 GENERAL DESCRIPTION OF THE CONSOLIDATION SCOPE AND SIGNIFICANT EVENTS

1.1 SUMMARY DESCRIPTION OF THE CONSOLIDATION SCOPE

Auchan Holding SA, the holding company of the consolidated entities, is a French company with its registered office at 40, Avenue de Flandre, Croix, France.

Auchan Holding, through the companies included in the consolidation scope, operates in 14 countries and employs 160,606 people.

At the end of 2020, Auchan Holding and its subsidiaries had two business lines:

- Auchan Retail, a food retailer which fully consolidates 431 hypermarkets, 570 supermarkets, 514 convenience stores and 200 integrated digital points of sale as well as e-commerce (Auchan.fr mainly in France) and drive-throughs (Chronodrive and Auchan Drive);
- the operation of commercial real estate by Ceetrus and its subsidiaries (297 shopping centres with shopping malls and retail parks managed by Ceetrus).

Furthermore, Auchan Holding holds a 49.4% equity stake in Oney Bank. Oney Bank specialises in payment, financing and digital identification solutions.

In 2020, all the entities in the consolidation scope generated revenue excluding tax of €32.1 billion, 47.3% of which was generated outside France and 98.5% of which was generated by Auchan Retail.

1.2 SIGNIFICANT EVENTS OF THE YEAR 2020 AND MAIN CHANGES IN CONSOLIDATION SCOPE

Change in the consolidation scope

The consolidation scope changed as follows during 2020:

Sun Art Retail Group - Disposal of stake to Alibaba Group

On 18 October 2020, Auchan Retail International concluded the sale to the Alibaba Group of the stakes held by Auchan Retail International and its subsidiary Monicole in the company A-RT Retail Holdings Limited, a company based in Hong Kong and parent company of the Sun Art Retail distribution group (hereinafter "the scope sold").

As the sale of A-RT Retail Holdings Limited shares was completed on 18 October 2020, the activities in the divested scope were removed from the scope of consolidation on that date.

The scope sold meets the definition of a discontinued operation according to the criteria set out in IFRS 5. As a result, the contribution of the scope sold to the income statement has been reclassified under "Net income from assets held for sale and discontinued operations" in Auchan Holding's consolidated financial statements at 31 December 2019 and 31 December 2020.

The sale transaction resulted in a net capital gain recognised on the same line of the income statement (see Note 2.6.1 to the consolidated financial statements of Auchan Holding).

Auchan Retail - Disposal of Lillapois (IDS)

On 16 July 2020, Auchan Retail entered into an agreement for the sale of 100% of the shares of IDS International Drugstore Italia SRF (IDS), a company incorporated under Italian law, to the Italian company DMO. The sale became effective on 31 July 2020.

Since 2019, the IFRS 5 criteria being met, the contributions of IDS to the consolidated income statement have been reclassified under the heading "Net income from assets held for sale and discontinued operations", "Assets held for sale" and "Liabilities associated with assets classified as held for sale" in Auchan Holding's consolidated financial statements.

Auchan Retail Luxembourg and Ceetrus Luxembourg – Proposed disposal of real estate assets

As the criteria of IFRS 5 had been met (an active programme to locate a buyer had been initiated and the sale was highly likely within 12 months), as of 31 December 2019 the relevant assets of Auchan Retail Luxembourg and Ceetrus Luxembourg were reclassified under "Assets held for sale" in Auchan Holding's consolidated balance sheet.

However, the Covid-19 pandemic and its consequences on the commercial real estate market required a complete revision of the disposal scope and schedule. As a result, all assets previously recognised under "Assets held for sale" have been reclassified as "Non-current assets".

Other significant events

2020 was marked by the following other significant events:

Auchan Retail – Changes in the store network

The number of points of sale operated by Auchan Retail changed as follows in 2020:

- in Western Europe, the number of points of sale decreased by a net 5 units (of which, net, 7 in Spain);
- in Central and Eastern Europe, the number of points of sale increased by a net 389 units (of which +413 in Romania linked to the development of the partnership with the oil company Petrom and (22) in Russia);
- in Asia and Africa, the number of stores decreased by a net 686 unit (of which (684) related to the disposal of the activities in China).

Change in governance of Auchan Holding

On 13 February 2020, the Combined General Meeting of Auchan Holding SA decided to modify the company's governance by adopting the management structure of a public limited company (société anonyme) with a Board of Directors. On the same date, the Board of Directors appointed Mr Barthélémy Guislain as Chairman of the Board of Directors and Mr Edgard Bonte as General Manager of the company.

Reduction in the capital of Auchan Holding

On 5 March 2020, the Board of Directors of Auchan Holding authorised a capital reduction carried out on the same day. 30,000 shares with a nominal value of €20 were cancelled, taking the share capital of Auchan Holding to €577,690,980.

The Extraordinary General Meeting of Auchan Holding held on 7 December 2020 authorised a capital reduction to be carried out on the same day. 85,237 shares with a nominal value of €20 were cancelled, taking the share capital of Auchan Holding to €575,986,240.

Financing transactions

In April 2020, Auchan Holding issued another bond under its EMTN programme with a nominal value of €1 billion, maturing in January 2026 at a fixed rate of 2.875%.

In June 2020, Auchan Holding exercised its redemption option (Make whole call) on the USPP bond issue of USD 200 million maturing in June 2022.

Auchan Holding carried out a number of financing transactions in July 2020:

- conclusion of a Schultschein on 6 July 2020 for a nominal amount of €256.5 million in three tranches, maturing in 2023 (€202.5 million), 2025 (€36 million) and 2027 (€18 million), supplemented in October 2020 with a €35 million tranche maturing in 2030;
- signature of an amendment relating to a undrawn €1-billion back-up line of credit with an initial maturity of June 2021, to postpone its maturity until June 2022, with an option to extend to June 2023 exercisable by the lending institutions;
- on 23 July 2020, completion of a Liability Management transaction: buyback of bonds maturing in April 2021, December 2022 and April 2023 for a total amount of €535.4 million. A €750-million bond maturing in 2027, with a 3.25% coupon, was issued at the same time.

Following the disposal of the stake held in A-RT Retail Holdings Limited, a second Liability Management transaction was completed in November 2020, leading to the buyback of bonds maturing in April 2021, December 2022, April 2023, January 2024 and April 2025 for a total amount of €991 million.

In December 2020, Auchan Holding exercised its redemption option (Make-whole call) on the bond of €600 million maturing in February 2022.

Adapting the organisation – Auchan Retail

Voluntary departure plan

On 14 January 2020, Auchan Retail announced its "Auchan 2022" corporate project with the aim of adapting its model, its offer and its organisation to the new expectations of consumers and citizens.

In this context, a voluntary departure plan for the "head office" and "products" functions at both Auchan Retail International and Auchan Retail France, and the support services for the regional sales organisation for the French businesses was drawn up and presented to the staff representative bodies. The plan led to a net reduction of 517 positions (677 positions cut, of which 652 were held on the day of the announcement, and 135 positions created).

The voluntary departure plan was approved by the Regional Labour Office (DIRECCTE) on 29 May and was implemented with effect from 2 June for eligible employees.

The costs relating to this departure plan are recognised in the "Non-recurring income and expenses" line in the consolidated income statement.

Employment protection plan

In September 2020, as part of the Auchan 2022 plan and the Renaissance approach, Auchan Retail France announced an Employment Protection Plan (EMP). This plan was approved by DIRECCTE on 4 January 2021.

The proposed plan would result in the net loss of 1,088 positions currently occupied (1,465 positions would be cut, including ten vacant positions, and 377 positions would be created). It is also based on the activation of a major strategic development axis around digital proximity, which could lead to the creation of some 600 positions.

The estimated costs of this departure plan are recognised in the line "Non-recurring income and expenses" in the consolidated income statement.

Covid-19 pandemic

Following its outbreak in China, the Covid-19 (coronavirus) pandemic has gradually spread out to all corners of the globe including all countries in which Auchan Retail and Ceetrus operate. The consequences of the pandemic have been different for each of the Group's two business lines.

With regard to Auchan Retail, the vast majority of stores have remained open, however business has been severely impacted. Distribution of activity between the different store formats has changed in favour of convenience stores, drive-throughs and e-commerce. Consolidated revenue has also been strongly affected by the decrease in sales of fuel. With regard to current expenses, store operating conditions have been heavily disrupted by the pandemic, notably due to the increase in absenteeism which has affected payroll expenses and the health and safety measures introduced for all stores, contributing to an increase in external expenses.

The property management business has been hit hard by the Covid-19 pandemic, given that the majority of shopping mall lessees were forced to suspend their activities for a number of weeks at the height of the pandemic. In this context, rents received from tenants were sometimes postponed or cancelled.

The measurable financial impacts on the consolidated financial statements directly linked to the pandemic are detailed in Note 2.8 of the notes to the consolidated financial statements.

1.3 SUBSEQUENT EVENTS

None.

NOTE 2 GENERAL ACCOUNTING PRINCIPLES AND CONSOLIDATION SCOPE

2.1 BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

Auchan Holding's consolidated financial statements were approved by the Board of Directors on 3 March 2021. They will not be finalised until they have been approved by the Ordinary General Meeting of Shareholders scheduled for 21 May 2021.

The consolidated financial statements are presented in euros and are rounded up or down to the nearest million.

2.1.1 Statement of compliance

Auchan Holding's consolidated financial statements have been prepared in compliance with international accounting standards, comprising IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) and interpretations thereof issued by the IASB (International Accounting Standards Board) and by the IFRIC (International Financial Reporting Standards Interpretations Committee), as approved by the European Union at 31 December 2020.

2.1.2 Standards applied

The accounting methods applied by Auchan Holding and its subsidiaries for the consolidated financial statements at 31 December 2020 are identical to those used for the consolidated financial statements at 31 December 2019 with the exception of the changes in standards, amendments and interpretations with mandatory application as of 1 January 2020. These texts are as follows:

IASB Interpretations Committee (IFRIC) Agenda Decision of 26 November 2019

The analysis of the consequences of the agenda decision of the IASB Interpretation committee (IFRIC) of 26 November 2019 was finalised in the second half of 2020 and has therefore been included in the consolidated financial statements at 31 December 2020.

This IFRIC decision modified the application of IFRS 16 because it specifies:

- on the one hand, that consistency must be ensured between the lease terms selected as part of IFRS 16 and the depreciation of fittings on the sites in question;
- on the other hand, that the enforceable term of the leases must be examined from an economic viewpoint rather than a strictly legal one.

The methods of application of IFRS 16 adopted by Auchan Holding and its subsidiaries have been modified accordingly.

On the one hand, the lease end date of contracts with tacit renewal were reviewed to take into consideration that there is an economic interest for each of the two parties (lessor and tenant) in the situation continuing and, consequently, that the termination date to be taken into consideration is not limited to the period of notice.

On the other hand, an analysis of the leased properties showed that certain sites were subject to irremovable investments. According to the aforementioned IFRIC agenda decision, the end of the lease should be assessed by considering that these investments, which are sometimes recent, are both an indicator of the tenant's willingness to continue with the lease and a barrier to the termination of the lease. In light of these analyses, the Group was led to extend the estimated end date of the lease.

The consequences of this new assessment of the lease end date have been included in the balance sheet prepared at 1 January 2019, date of entry into force of IFRS 16 (see Note 2.7 to the consolidated financial statements).

Other standards, amendments and interpretations with mandatory application at 1 January 2020

- Amendments to IAS 1 and IAS 8 - Definition of "material";
- Amendments to IFRS 3 - Definition of a business;
- Amendments to the references to the Conceptual Framework for IFRS.

These texts had no impact on the Group's financial statements:

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Reform of benchmark rates "Phase 1".

These amendments allow the Group to ignore uncertainties about the future of reference rates in assessing the effectiveness of hedging transactions and/or in the assessment of the highly probable covered flows, thus making it possible to maintain existing and future hedgings until the implementation of these new reference rates.

They make it possible to maintain hedge accounting for instruments indexed in particular to Euribor. Interest rate derivatives affected by the amendment are derivatives qualified as cash flow hedges and are communicated in the notes to the consolidated financial statements of the Group at 31 December 2020.

The amendments relating to "Phase 2" are applicable from 1 January 2021. The Group believes that future impacts of these changes will not be material and did not apply the phase 2 amendments by anticipation at 31 December 2020.

2.1.3 Use of estimates

The preparation of consolidated financial statements requires management to make judgements and estimates and use assumptions that could affect the carrying amounts of certain assets and liabilities and revenue and expenses as well as the information provided in the notes to the financial statements.

In preparing the consolidated financial statements, the following items were the subject of significant judgements and estimates made by management in applying Auchan Holding's accounting methods:

- the period over which non-current assets are depreciated (see Note 6.3);
- the term of leases covered by the application of IFRS 16 (see Note 2.7);
- the measurement of provisions and amounts due from suppliers (see Notes 9 and 3.1);
- the measurement of retirement benefit obligations (see Note 5.2);
- the values used for testing impairment of property, plant and equipment, intangible assets and goodwill, (see Note 6.6);
- the measurement of total deferred tax assets (including those relating to tax losses carried forward) (see Note 11.1);
- the fair value measurement of identifiable assets and liabilities in the context of business combinations (see Note 2.1.5);
- the information on the fair value of investment property provided in the notes to the financial statements (see Note 6.4).

These estimates assume the business is a going concern and are based on past experience and other factors considered reasonable in the circumstances and using the information available at the time. These estimates may be revised if the circumstances on which they were based change or as the result of new information. The actual values may be different from the estimated amounts.

The COVID-19 pandemic effects on these estimates are detailed in Note 2.8.

2.1.4 Consolidation scope and methods

The financial statements of companies directly or indirectly controlled by Auchan Holding are consolidated using the full consolidation method. Control is considered to exist when Auchan Holding has the power to govern, directly or indirectly, the company's strategy and operating and financial policies so as to obtain a benefit from its assets. The existence and effect of potential voting rights that are substantively exercisable or convertible are taken into account for determining control.

The companies over which Auchan Holding directly, indirectly or jointly exercises significant influence on management and financial policies, without exercising control, are accounted for using the equity method. Auchan Holding's share of the net income of associates is recognised in the income statement under the heading "Share of net income of associates". The share of other comprehensive income from associates is recorded on a separate line in the consolidated statement of comprehensive income. If Auchan Holding's share of the losses of an associate is equal to or exceeds its shareholding, in its consolidated financial statements, Auchan Holding ceases to recognise its share of the losses unless it has a legal or implicit obligation to do so, or must make payments on behalf of the associate.

Consolidation is based on the financial statements for the year ended 31 December for all the entities included in the consolidation scope. The consolidated balance sheet includes the financial statements of acquired companies from the date on which control is transferred to Auchan Holding. Companies that are sold are consolidated up to the date control ceases.

Transactions and balances between companies that are included within the consolidation scope are eliminated.

2.1.5 Business combinations

In accordance with the provisions of the revised IFRS 3 Business Combinations, Auchan Holding applies the acquisition method for business combinations completed after 1 January 2010 in its consolidated financial statements.

Under this method, all identifiable assets acquired, all liabilities and contingently assumed liabilities are measured and recognised at their fair value on the date control is acquired. The consideration transferred (purchase cost) is measured at the fair value of the assets, equity and liabilities at the acquisition date. The costs arising directly from the business combination are recorded as an expense for the period.

The excess of the consideration transferred over Auchan Holding's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquired entity are recognised as an asset under goodwill on the balance sheet. At the date of acquisition of control and for each business combination, Auchan Holding can opt to record either partial goodwill (corresponding to the share acquired by Auchan Holding and its subsidiaries) or full goodwill in its consolidated financial statements. In the latter case, the non-controlling interests are

measured at fair value and Auchan Holding records goodwill on the totality of the identifiable assets and liabilities in its consolidated financial statements.

Goodwill is measured on the date control is acquired and is not adjusted after the end of the valuation period. Subsequent changes in percentage interests in a subsidiary without change in control are recorded directly in Group equity.

In the case of step acquisitions, the share previously held by Auchan Holding and its subsidiaries is re-measured at fair value. The difference between the fair value and the net carrying amount of the interest is recognised in the income statement when a step results in the acquisition of control. If control is already established, the difference is recognised as the net difference. In the case of loss of control of an entity, any interest retained directly or indirectly by Auchan Holding is measured at fair value as a counter-entry in the income statement.

Goodwill relating to an associate accounted for using the equity method is recorded under "Investments in associates".

Any negative goodwill is recognised immediately in the income statement.

In its consolidated financial statements, Auchan Holding has a period of one year from the date of acquisition of control to finalise the initial assessment of identifiable assets, liabilities and contingent liabilities, the consideration transferred and non-controlling interests on condition that the elements used to adjust these amounts correspond to new information that has come to the acquiring company's knowledge but arising from events and circumstances prior to the acquisition date.

Earn-outs are included in the acquisition cost at their fair value at the date of acquisition of control, even if they are of a conditional nature, and charged against equity or debt (depending on the payment method). During the valuation period, subsequent adjustments to these additional payments are recognised in goodwill when they relate to events and circumstances prior to the acquisition date; otherwise they are recognised in the income statement unless they had an equity instrument as a counter-entry.

Any deferred tax assets of the acquired entity not recognised at the date control was acquired or during the assessment period are subsequently recognised in the income statement without any goodwill adjustment.

2.1.6 Foreign currency transactions

Auchan Holding's functional currency and the currency in which the consolidated financial statements are expressed is the euro.

Translation of the financial statements of foreign subsidiaries

Auchan Holding has no subsidiaries operating in a hyperinflationary economy. The financial statements of all entities whose operating currency is not the euro are therefore translated into euros using the following method:

- balance sheet assets and liabilities, except for equity, which is maintained at the historical exchange rate, are translated at the exchange rate applicable on the accounts closing date;
- income and expense items are translated at the average exchange rate for the period;
- flows are translated at the average exchange rate for the period.

The translation differences resulting from application of this method are recognised under "Exchange differences on translating foreign operations" in other comprehensive income in the consolidated statement of comprehensive income and are recognised in the income statement on disposal of the investment in question.

Goodwill and fair value adjustments resulting from a business combination with an activity whose operating currency is not the euro are considered as part of the subsidiary's assets and liabilities. They are expressed in the operating currency of the acquired entity and translated into euros at the exchange rate applicable on the accounts closing date. Any resulting currency translation differences are recognised under "Exchange differences on translating foreign operations" in the consolidated statement of comprehensive income.

Recognition of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros at the exchange rate on the transaction date.

Monetary assets and liabilities denominated in a foreign currency, whether hedged or not, are translated into euros at the exchange rate at year-end and the resulting exchange differences are recognised in net income for the period.

Foreign currency-denominated non-monetary assets and liabilities valued at historical cost are translated at the exchange rate prevailing on the initial transaction date.

Foreign currency-denominated non-monetary assets and liabilities valued at fair value are translated at the exchange rate prevailing on the date the fair value was determined.

2.1.7 Presentation of financial information

The amounts shown in the consolidated financial statements are rounded up or down to the nearest million and include data which have been rounded up or down individually. As a result, there may be differences between the arithmetical totals and the aggregates or sub-totals shown.

Balance sheet statement

Assets and liabilities involved in the normal cycle of operations are classified as current items. Other assets and liabilities are classified as current or non-current depending on whether their expected date of recovery or payment is within 12 months from the accounts closing date.

Auchan Holding's statement of cash flows is prepared in compliance with IAS 7, using the indirect method, based on the net income of all companies in the consolidation scope, and is broken down into three categories:

- cash flows from operations (including taxes);
- cash flows from investing activities (in particular the purchase and sale of equity investments, and non-current assets);
- cash flows from financing activities (in particular debt issuance and redemptions, treasury share buybacks, dividend payments).

2.2 MAIN CHANGES DURING THE PERIOD

The main change in the period was the application of the IASB Interpretation Committee (IFRIC) Agenda Decision of 26 November 2019 (see Note 2.1.2).

2.3 MAIN CHANGES IN CONSOLIDATION SCOPE

The main changes in the consolidation scope in 2020 were as follows:

- disposal of Sun Art in China and its subsidiaries to Alibaba on 18 October 2020 (see Significant events in Note 1.2);
- disposal of IDS International Drugstore Italia SRL on 31 July 2020 (see Significant events in Note 1.2).

2.4 TRANSACTIONS WITH RELATED PARTIES

Auchan Holding has relations with its subsidiaries (fully consolidated) and with joint ventures and associates (consolidated using the equity method).

Related parties with control over Auchan Holding

Auchan Holding SA granted a loan to its reference shareholder "Aumarché" on 15 December 2020 for an amount of €650 million at a rate of 0%. This loan was repaid in full on 29 December 2020.

No other significant transaction with reference shareholders took place during this financial year.

Compensation of corporate officers

The expense recognised in 2020 in respect of executive compensation (members of the Board of Directors and the Supervisory Board - it should be noted that the Supervisory Board no longer exists since the change in governance structure on 13 February 2020) amounted to €3.3 million and breaks down as follows:

- short-term benefits (including directors' fees) and post-employment benefits: €1.3 million;
- share-based payments: €2.0 million.

Joint ventures/associates

Information on jointly-controlled ventures and associates consolidated using the equity method is provided in Note 7.

Financial transactions with these companies are carried out at arm's length conditions. No significant commitments have been entered into with these companies.

Joint arrangements

No agreements that meet the characteristics of joint arrangements within the meaning of IFRS 11 have been identified.

2.5 OFF-BALANCE SHEET COMMITMENTS RELATED TO THE CONSOLIDATION SCOPE

Off-balance sheet commitments correspond to commitments given or received by entities within the consolidation scope of Auchan Holding which were not recorded in the balance sheet.

At 31 December 2020, Auchan Holding's Finance Department was not aware of any off-balance sheet commitments likely to have a material impact on the financial situation of Auchan Holding's consolidated companies.

Details of off-balance sheet commitments relating to intangible assets and property, plant and equipment are provided in Note 6.7, and those relating to financing are provided in Note 10.7.

2.6 DISCONTINUED OPERATIONS, OPERATIONS BEING SOLD OR ALREADY DISPOSED OF, AND ASSETS HELD FOR SALE

2.6.1 Auchan Retail activities sold during 2020

On 31 July 2020, Auchan Retail sold IDS International Drugstore Italia SRL (IDS) to the Italian company DMO (see Significant events in Note 1.2).

On 18 October 2020, Auchan Retail and its subsidiary Monicole sold their stake in A-RT Retail Holdings Limited (hereafter "A-RT", parent company of the Sun Art Retail Group, a group listed in Hong Kong) to Alibaba (see Significant events in Note 1.2).

In accordance with the criteria determined by IFRS 5, the contributions of IDS and A-RT and its subsidiaries have been classified in the income statement under the heading "Net income from assets held for sale and discontinued operations" in the consolidated financial statements at 31 December 2019 and 31 December 2020.

The impacts of IDS and A-RT and its subsidiaries therefore include the contributions of these entities to Auchan Holding's consolidated income up to the date of their disposal.

The capital gains and losses on the disposal of shares in these entities are recognised on the same line of the income statement.

2.6.3 Impacts on the financial statements

Breakdown of net income in the financial statements for 2020 and 2019 of the discontinued operations

(in €m)	31/12/2020	31/12/2019
Revenue	9,664	14,863
Gross margin	2,503	4,249
RECURRING OPERATING INCOME	447	361
Non-recurring income and expenses	965	1,407
OPERATING INCOME	1,411	1,046
Net cost of financial debt	46	53
Other financial income and expenses	(50)	(86)
INCOME BEFORE TAX	1,407	(1,078)
Income tax expense	(150)	(151)
NET INCOME⁽¹⁾	1,257	(1,231)
EBITDA	904	1,041

(1) In 2020, net income includes a capital gain of €864 million net of tax on the disposal of the Retail business in China.

The impacts of the discontinued operations to the date of loss of control are broken down into the different lines of the income statement presented above:

- net income of IDS until 31 July 2020;
- net income of A-RT and its subsidiaries until 18 October 2020;
- net income from the activities of Oney Bank and its subsidiaries up to 22 October 2019;
- net income of Auchan Italy up to 31 July 2019;
- net income of Auchan Retail in Vietnam up to the disposal dates of the entities in question during the second half of 2019.

The results of the disposal of the various activities are shown in the line "Non-recurring income and expenses" of the income statement presented above. This line also includes the residual impacts of the disposals of Auchan Retail Italy and Auchan Retail Vietnam in 2019. These impacts include in particular the impact of negotiations on earn-outs as well as, where applicable, the cost of guarantees granted to buyers.

The consolidated financial statements of Auchan Holding present a net income from assets held for sale and discontinued operations at 31 December 2020 of €1,257 million and at 31 December 2019 of €(1,231) million.

Breakdown of the assets and liabilities of the discontinued operations of Auchan Retail and Ceetrus at 31 December 2020 and 31 December 2019

(in €m)	31/12/2020	31/12/2019
NON-CURRENT ASSETS		618
<i>of which property, plant and equipment</i>		54
<i>of which investment property</i>		543
CURRENT ASSETS	1	24
<i>of which inventories</i>		13
TOTAL ASSETS	1	642
NON-CURRENT LIABILITIES		8
<i>of which borrowings and lease liabilities</i>		7
CURRENT LIABILITIES		20
<i>of which trade payables</i>		11
TOTAL LIABILITIES		28

The change in the cash position of the sold IDS and Retail China activities included in the Group's statement of cash flows breaks down as follows (excluding consideration received for these disposals):

	31/12/2020	31/12/2019
Net cash from (used in) operating activities	1,223	683
Net cash from (used in) investing activities	(119)	(394)
Net cash from (used in) financing activities	(1,836)	(317)
Effect of changes in foreign exchange rates	(17)	9
Net increase (decrease) in cash and cash equivalents	(749)	(19)

2.7 IMPACTS OF THE IASB INTERPRETATIONS COMMITTEE (IFRIC) AGENDA DECISION OF 26 NOVEMBER 2019 AS REGARDS IFRS 16

The impacts of the application of the IFRIC Agenda Decision of 26 November 2019 (see Section 2.1.2 of the notes to the consolidated financial statements) were applied retrospectively. The impacts of the change of method on the consolidated financial statements at 1 January 2019 and 31 December 2019 are detailed in the tables below. It should be noted that, as the impacts of the retrospective application of the IFRIC decision on the income statement are not material, the income statement for 2019 has not been restated.

Impact on the consolidated balance sheet at 1 January 2019

Assets (in €m)	01/01/2019 before application of IFRIC decision	Application of IFRIC decision	01/01/2019 after application of IFRIC decision
NON-CURRENT ASSETS	24,600	104	24,704
of which "Property, plant and equipment"	14,043	104	14,147
CURRENT ASSETS	14,457		14,457
TOTAL ASSETS	39,057	104	39,161

Liabilities (in €m)	01/01/2019 before application of IFRIC decision	Application of IFRIC decision	01/01/2019 after application of IFRIC decision
TOTAL EQUITY	11,332		11,332
NON-CURRENT LIABILITIES	8,681	94	8,775
of which "Other non-current liabilities"	3,348	94	3,442
CURRENT LIABILITIES	19,045	10	19,055
of which "Other current liabilities"	4,853	10	4,863
TOTAL LIABILITIES	39,057	104	39,161

Impact on the consolidated balance sheet at 31 December 2019

Assets (in €m)	31/12/2019 published	Application of IFRIC decision	31/12/2019 after application of IFRIC decision
NON-CURRENT ASSETS	22,569	88	22,656
of which "Property, plant and equipment"	11,768	88	11,856
CURRENT ASSETS	11,918		11,918
TOTAL ASSETS	34,487	88	34,575

Liabilities (in €m)	31/12/2019 published	Application of IFRIC decision	31/12/2019 after application of IFRIC decision
TOTAL EQUITY	9,853		9,853
NON-CURRENT LIABILITIES	10,206	78	10,283
of which "Other non-current liabilities"	3,041	78	3,118
CURRENT LIABILITIES	14,428	10	14,438
of which "Other current liabilities"	4,955	10	4,965
TOTAL LIABILITIES	34,487	88	34,575

2.8 IMPACTS OF THE COVID-19 PANDEMIC

The Covid-19 pandemic affected the results of Auchan Holding and its subsidiaries throughout 2020. Details of the main impacts of the pandemic on the consolidated financial statements at 31 December 2020 are shown in the notes below. The impacts of the Covid-19 pandemic can be split into two categories:

- the direct impacts of the Covid-19 pandemic which include, for example, the additional costs incurred for the health and safety measures rolled out in stores or the rent reductions/cancellations agreed by Ceetrus and Auchan Retail. These direct impacts were estimated by all Auchan Holding's subsidiaries and summarised in the table in Note 2.8.1;
- the indirect effects of the pandemic, such as the impacts of the crisis on Auchan Retail's revenue or the decrease in expenses associated with the suspension of some of Ceetrus' activities, cannot be measured reliably and so have not been quantified.

With regard to Auchan Retail, business has been severely impacted, and the distribution of activity between the different

store formats in particular has changed in favour of convenience stores, drive-throughs and e-commerce. Consolidated revenue has also been strongly affected by the drop in sales of fuel. In certain countries, access to non-food products has been restricted and business has been crippled due to regulatory provisions (opening hours, restricted movement of people, etc.).

The property management business has been hit hard by the Covid-19 pandemic given that the majority of shopping mall lessees were forced to suspend their activities for a number of weeks at the height of the pandemic. In light of this, Ceetrus and Auchan Retail adopted measures to cancel, reduce, postpone or defer rents from the first half of the year, which had a material impact on the income statement.

In accordance with paragraph 2.1 (b)(i) of IFRS 9, rent concessions granted by the Group applying to the shutdown period, with no other changes to the leases in terms of scope or other features, was immediately recognised on the income statement as counterparty to rent receivables.

2.8.1 Impacts of the Covid-19 pandemic on Auchan Holding's consolidated income statement

Please note that, since Auchan Retail stores have stayed open, it is difficult to quantify the effects of the Covid-19 pandemic on their revenue. Likewise, it is difficult to assess the impacts of Covid-19 on payroll expenses, although absenteeism

increased. This was wholly or partially offset by the use of temporary staff. These impacts, deemed to be indirect impacts, are not mentioned in the table below.

Impact on the operating statement (in €m)	Auchan Retail	Ceetrus	Total
Operating income – Rents ⁽¹⁾	(6)	(109)	(115)
External expenses ⁽²⁾	(43)	(5)	(48)
Non-recurring income and expenses ⁽³⁾	(43)		(43)

(1) Ceetrus and Auchan Retail granted rent reductions or cancellations when their tenants were forced to suspend their activities.

(2) The impacts of Covid-19 on external expenses relate to the purchase of masks, gels and costs incurred due to the health and safety measures implemented to limit the progress of the pandemic.

(3) The impacts of the pandemic recorded under the line "Non-recurring income and expenses" include the non-recurring compensation (bonuses) granted to certain employees for their work at the height of the pandemic (€64 million), offset by the State aid granted in Poland.

The Group applied the same impairment methods to inventories and trade receivables as in previous reporting periods, particularly for non-food inventories.

2.8.2 Impact of the Covid-19 pandemic on impairment tests on non-financial assets

The effects of the Covid-19 pandemic were taken into account when carrying out impairment tests for each of the Group's activities:

- for Auchan Retail, the pandemic led to a drop in some cash generating units' performance, revealing indicators of impairment requiring detailed impairment testing for some stores. However, taking into account the consequences of the pandemic on future cash flows had a limited effect on the value in use of the cash generating units and, consequently, on the impairments recorded;

- for Ceetrus, real estate assets were valued by independent experts on a half-yearly basis. The Covid-19 crisis resulted in a fall in value of certain real estate assets. Where the value of one of these assets was less than its net carrying amount, impairment was recognised.

Details of the methods used to test for impairment are described in Note 6.6 and 6.4.

NOTE 3 OPERATING DATA

3.1 REVENUE/GROSS MARGIN

Accounting principles

Operating income includes "Revenue before tax" and "Other revenue".

Revenue includes sales of goods and services by the stores and gas stations, e-commerce websites, revenue from franchise activities and rental revenues from shopping malls and retail parks.

Other revenue includes franchise fees, lease premiums collected by the shopping malls and retail parks, commissions for the sale of services and warranty extension premiums.

Operating income is assessed on the basis of the contractual price corresponding to the amount of compensation to which the Group expects to be entitled, in exchange for providing goods or services. The cost of the transaction is allocated to each of the performance obligations in the contract, which constitutes the unit of account for recognising revenue. Revenue is recognised when the performance obligation is fulfilled, i.e. when the customer obtains control of the good or service. Revenue can therefore be recognised at a given moment or continuously (i.e. percentage of completion).

The breakdown of the Group's main sources of revenue is as follows:

- sales of goods: in this case, the Group has only one performance obligation, which is the delivery of the good to the customer. Revenue from sales are recognised at the moment where the control of the good has been transferred to the customer, generally at the time of delivery. Given the Group's activities, the transfer of control takes place:
 - when customers go through checkout for in-store sales,
 - when goods are received by franchisees and affiliates,
 - when goods are received by the customer for e-commerce sales;
- the provision of services, such as franchise fees, logistics services, property revenues (rental income, rental management fees): in this case, the Group has only one performance obligation, namely delivery of the service. Revenue from the services is recognised continuously over the period in which the services are provided;

- revenue from real estate development activities: in this case, the Group generally has several performance obligations, some of which may be carried out at a given moment and others continuously according to the percentage of completion method. Completion-based net income is calculated using the projected net income at completion, weighted by the rate of progression determined according to the costs incurred.

The Group offers customers loyalty programmes through which they enjoy reductions or other benefits when they make subsequent purchases. The benefits accumulated by customers from loyalty programmes constitute a performance obligation that is separate from the initial sale. For this reason, a contract liability is recognised in respect of this performance obligation. The revenue from these rights accorded is deferred until the date on which the customers use the benefits.

Cost of sales comprises the cost of purchases net of rebates and commercial cooperation fees received by the Group, changes in inventories net of any impairment loss, logistics costs, cash discounts obtained and exchange gains and losses on the purchase of goods.

Rebates and commercial cooperations, recognised as a deduction from the cost of sales, result from contractual agreements signed by the Group companies with their suppliers. These agreements, which are specific from one supplier to another, include rebates calculated according to the volume of purchases of goods made, as well as rebates for commercial cooperation actions invoiced to suppliers. These commercial cooperation actions are the subject of contractual agreements.

Rebates are obtained when the related performance conditions are met. These performance conditions generally require the Group to meet certain volume thresholds. Rebates under commercial cooperation agreements are recognised during the period of implementation. They are recorded in accordance with the terms and conditions set out in the contractual agreements concluded with the Group's suppliers until their completion.

The gross margin is the difference between the operating income and the cost of sales.

(in €m)	31/12/2020	31/12/2019
Sales ⁽¹⁾	31,884	33,785
Other revenue	233	198
Revenue	32,117	33,984
Purchases net of rebates, commercial cooperation services and ancillary and logistics costs	(23,103)	(26,175)
Change in inventories (net of impairment)	(1,136)	152
Cost of sales	(24,239)	(26,023)
Gross margin	7,878	7,961

(1) Impact related to Covid-19 - see Note 2.8.

3.2 EBITDA

Accounting principles

The EBITDA is the recurring operating income excluding non-recurring income and expenses and excluding depreciation, amortisation and provisions (including those recognised in cost of sales, payroll expenses and other external expenses).

Store pre-opening costs are recognised in operating expenses when they occur.

(in €m)	31/12/2020	31/12/2019
Recurring operating income	708	554
• Other recurring income and expenses	4	(33)
• Amortisation, depreciation and provisions ⁽¹⁾	1,237	1,219
EBITDA	1,949	1,739

(1) Including amounts recognised in cost of sales, payroll expenses and other external expenses for €20 million in 2020 and €(33) million in 2019.

3.3 RECURRING OPERATING INCOME

3.3.1 Other recurring income and expenses

The other recurring income and expenses include capital gains and losses on disposals as well as impairment of assets not reclassified under non-recurring income and expenses due to their individually insignificant amount and their nature falling within the scope of the Group's current activity.

(in €m)	31/12/2020	31/12/2019
Net gains on disposals (including reversal of impairment on assets sold)	(4)	27
Other	(1)	6
TOTAL OTHER RECURRING INCOME AND EXPENSES	(4)	33

3.3.2 Statutory Auditors' fees

As required by regulation No. 2016-09 issued by the French accounting standards authority (Autorité des Normes Comptables), the following table shows the pre-tax amount of fees (excluding disbursements) paid by Auchan Holding and its French subsidiaries in respect of assignments given to the Statutory Auditors:

(in €m)	PricewaterhouseCoopers Audit	KPMG Audit
Auditing service	3.0	2.8
Non-audit services (NAS)	1.1	0.4

Non-audit services include fees for work required by law, in particular the authorisation of awards of bonus shares, capital increases reserved for employees, capital decreases, as well as certificates, comfort letters and agreed procedures and due diligence.

3.3.3 Amortisation, depreciation, provisions and impairment

(in €m)	31/12/2020	31/12/2019
Amortisation and depreciation, net of reversals ⁽¹⁾	1,100	1,172
Provision and impairment expenses, net of reversals of unused provisions	117	81
NET AMOUNT IN INCOME STATEMENT	1,217	1,252

(1) Of which €93 million related to the amortisation of other intangible assets in 2020 (€108 million in 2019) (see Note 6.2).

3.4 NON-RECURRING INCOME AND EXPENSES

Accounting principles

Non-recurring transactions in significant amounts which could distort recurring operating performance are recorded under "Non-recurring income and expenses" in accordance with recommendation No. 2013-R.03 of the French accounting standards authority (Autorité des Normes Comptables).

This item includes in particular significant impairment recognised on goodwill, significant and exceptional impairment losses recognised on property, plant and equipment, and items that are exceptional, unusual and material and which are unrelated to ordinary operations, such as expenses for major restructuring or exceptional indemnities on contract termination.

(in €m)	31/12/2020	31/12/2019
Impairment of non-current assets and store closure costs		
• In 2020: mainly in Russia (€375 million, including impairment of goodwill for €341 million), France €(24) million and Poland €(11) million, including €56 million on investment property, including France (€31 million)	(416)	(145)
• In 2019 ⁽¹⁾ : mainly in Russia €(55) million, Ukraine €(39) million, of which €29 million on investment property.		
Auchan Retail - Restructuring costs	(222)	(30)
Auchan Taiwan - Asset disposal and sublease review	75	
Auchan Retail - Staff bonuses related to Covid-19 ⁽¹⁾	(43)	
Auchan Holding - Share repurchase commitments ⁽²⁾		36
Ceetrus France - Capital gain on disposal of (mainly Canyon and Undecima programme)		33
Auchan Retail International - Provisions for onerous contracts		(17)
Other revenue and expenses	(12)	(6)
TOTAL NON-RECURRING INCOME AND EXPENSES	(618)	(129)

(1) The payroll costs related to Covid-19 include exceptional compensation (bonuses) granted to some employees for their work at the height of the pandemic (€64 million), offset by State aid granted in Poland.

(2) Impact of the decline in value of the Auchan Holding share on the debt related to share repurchase commitments.

3.5 INVENTORIES

Accounting principles

Inventories are measured at the lower of cost and net realisable value. Cost is net of annual rebates and commercial cooperation fees and includes handling and warehousing costs directly attributable to the acquisition of the products, and the transport costs incurred in bringing the products to the stores.

Inventories are valued either on the basis of the last purchase price, a method similar to the FIFO ("First in, First out") used for rapidly moving stocks, or at the weighted average unit cost or at the selling price less the profit margin. Inventories are written down if their net realisable value is below cost.

(in €m)	31/12/2020	31/12/2019
Gross carrying amount	2,373	4,981
Impairment	(78)	(106)
NET CARRYING AMOUNT	2,296	4,875

Change in impairment

(in €m)	31/12/2020	31/12/2019
At 1 January	(106)	(136)
Provisions for impairment, net of reversals	(5)	11
Changes in the consolidation scope and exchange differences	33	18
AT 31 DECEMBER	(78)	(106)

No inventory has been pledged to secure debt.

NOTE 4 OPERATING SEGMENTS

Accounting principles

Pursuant to IFRS 8 - Operating Segments, the operating segments are determined based on the information provided to management for assessing the activities and performances of the Group made up of Auchan Holding and its subsidiaries and those of the various segments it includes. The segments presented are operating segments or groups of similar operating segments.

An operating segment is a component within the consolidation scope that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the same entity.

The measurement of each operating segment's performance, used by the key operational decision-makers, is based on recurring operating income.

Segment assets comprise goodwill, other intangible assets and property, plant and equipment, investment property, investments in associates, inventories, trade receivables and other current receivables.

Segment liabilities comprise provisions, trade payables and other current liabilities.

Segment investments correspond to acquisitions of property, plant and equipment and intangible assets, including goodwill and leases but excluding the impact of deferred payments.

4.1 SEGMENT INFORMATION BY BUSINESS ACTIVITY

Segment data (in €m)	Auchan Retail ⁽⁴⁾		Ceetrus Real Estate		Holding companies, others and eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
External revenue	31,627	33,371	490	612			32,117	33,984
Internal revenue	4	4	4	6	(8)	(10)		
REVENUE	31,631	33,376	494	618	(8)	(10)	32,117	33,984
Recurring operating income	667	302	48	216	(8)	36	708	554
Non-recurring income and expenses							(618)	(129)
Operating income							89	424
Net cost of financial debt							(186)	(118)
Other financial income and expenses							(224)	(206)
Income tax expense							(48)	(105)
Share of net income of associates							19	(20)
Net income from continuing operations							(350)	(24)
Net income from assets held for sale and discontinued operations							1,257	(1,231)
NET INCOME FOR THE PERIOD							907	(1,255)
Segment assets	12,407	13,652	4,800	4,458	381	268	17,588	18,378
Segment liabilities	7,291	7,375	454	525	23	17	7,769	7,918

Other information (in €m)	Auchan Retail ⁽⁴⁾		Ceetrus Real Estate		Holding companies, others and eliminations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Investments (gross) ⁽¹⁾	831	867	197	371		13	1,029	1,250
Depreciation and amortisation	(857)	(957)	(243)	(214)			(1,100)	(1,172)
Impairment, net of reversals ⁽²⁾	(324)	(75)	(53)	1			(377)	(74)
Non-cash non-recurring income and expenses ⁽²⁾⁽³⁾	(306)	(120)	(34)	(5)			(340)	(125)

(1) Including the rights-of-use (IFRS 16).

(2) () = expenses

(3) Significant expenses: provisions/reversals of provisions and impairments other than impairment losses on fixed assets (mainly impairment of current assets and provisions for risks and charges).

(4) The "Retail" business activity does not include the activities in China, Italy and in Vietnam, activities classified as held for sale or discontinued operations.

4.2 SEGMENT INFORMATION BY GEOGRAPHICAL AREA

(in €m)	France		Western Europe excluding France		Central and Eastern Europe		Rest of the world - Asia and Africa		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating income	16,911	17,632	5,877	6,021	8,417	9,463	912	868	32,117	33,984
Non-current segment assets, excluding tax and financial assets	5,343	5,592	3,575	3,028	3,379	4,528	364	427	12,661	13,576

4.3 RECONCILIATION OF SEGMENT ASSETS AND LIABILITIES

Total segment assets are reconciled in the total assets of Auchan Holding and its subsidiaries as follows:

(in €m)	31/12/2020	31/12/2019 ⁽¹⁾
Goodwill	2,018	2,460
Other intangible assets	170	197
Property, plant and equipment	6,541	7,292
Investment property	3,932	3,628
Non-current segment assets excluding tax and financial assets	12,661	13,576
Investments in associates	524	483
Inventories	2,296	2,608
Trade receivables	442	438
Other current receivables	1,666	1,270
Segment assets	17,588	18,378
Other non-current financial assets	479	442
Non-current derivative financial instruments	94	124
Deferred tax assets	356	350
Current tax assets	132	145
Current derivative financial instruments	58	80
Cash and cash equivalents	4,401	1,979
Assets held for sale	1	642
TOTAL ASSETS	23,110	22,140

(in €m)	31/12/2020	31/12/2019 ⁽¹⁾
Non-current provisions	242	248
Current provisions	482	393
Trade payables	4,676	5,083
Other current liabilities	2,368	2,193
Segment liabilities	7,769	7,918
Equity	6,704	3,993
Non-current borrowings and other financial liabilities	5,902	6,384
Non-current derivative financial instruments	35	18
Other non-current liabilities	1,658	2,226
Deferred tax liabilities	113	175
Current borrowings and other financial liabilities	840	1,313
Current derivative financial instruments	37	29
Current tax liabilities	52	57
Liabilities associated with assets classified as held for sale		28
TOTAL EQUITY AND LIABILITIES	23,110	22,140

(1) In 2019, assets and liabilities of the Retail activities in China are excluded.

NOTE 5 PAYROLL EXPENSES AND EMPLOYEE BENEFITS

5.1 PAYROLL EXPENSES

(in €m)	31/12/2020	31/12/2019
Employee compensation including social security costs and external labour	3.930	4.202
Employee incentives and profit-sharing	267	226
Employee benefits and share-based payments ⁽¹⁾	22	25
NET AMOUNT IN INCOME STATEMENT	4,218	4,453

(1) Including expenses booked in 2020 in respect of defined-benefit plans, including a net reversal of provisions for €20 million (€23 million in 2019) and other employee benefits for €2 million (€2 million in 2019).

The average "full-time equivalent" headcount of the consolidated companies was 160,606 in 2020, compared with 308,137 in 2019, of which 141,453 in China.

This change is mainly due to the disposal of the Retail activities in China.

5.2 EMPLOYEE BENEFITS

Accounting principles

As required under IAS 19 "Employee Benefits", all entities in the consolidation scope list and record all benefits granted to employees. Auchan Holding and its subsidiaries have set up retirement plans for employees in accordance with the laws and practices of each country.

Company employees receive long-term or post-employment benefits, based on the rules and practices in each country.

These supplementary benefits take the form of defined-contribution or defined-benefit plans.

Defined-contribution plans

Under defined-contribution plans, regular contributions are made to external bodies that are responsible for the plans' administrative and financial management. Contributions to these plans are expensed as incurred.

Defined contributions amounted to €211 million in 2020 (€363 million in 2019, of which €133 million in China).

Defined-benefit plans

The obligations arising from defined-benefit plans are determined using the projected unit credit method. The larger plans are assessed each year by independent actuaries and other plans are assessed regularly. The actuarial assumptions used to determine the obligations vary according to the specific characteristics of each company (staff turnover rate, wage increases) and the economic conditions in the countries where the plans are operated (discount rate and inflation).

These plans can be funded, in which case their assets are managed separately and independently from those of Auchan Holding and its subsidiaries, or non-funded.

For non-funded defined-benefit plans, the liability recognised in the balance sheet corresponds to the present value of the obligations. Past service costs, i.e. the change in the obligation resulting from changes to or the reduction of a plan, are expensed immediately at the date of these changes.

For funded defined-benefit plans, the deficit or surplus of the fair value of the assets compared with the present value of the obligations is recognised as a liability or asset in the balance sheet. However, a surplus can only be recognised in the balance sheet to the extent that it represents future economic benefits that are actually available to Auchan Holding and/or one of its subsidiaries. If these surplus assets are not available, or do not represent future economic benefits, the amount of assets recognised in the balance sheet is limited.

Revaluations of the net liability in respect of defined benefits comprise actuarial gains and losses, the return on plan assets and any change in the impact of the defined benefit asset limit (excluding amounts included when calculating the net interest on the net liability, where relevant). Auchan Holding recognises them immediately in other comprehensive income, while all other expenses incurred in respect of defined-benefit plans are recognised under employee benefits in the income statement.

The expense recognised in the income statement for defined-benefit plans comprises the current service cost (recognised in payroll expenses), the net interest expense (recognised in other financial income and expenses) and the past service costs for the financial year. In the consolidated financial statements, Auchan Holding and its subsidiaries calculate the net interest expense on the net liability in respect of defined benefits for the period by applying the discount rate used at the beginning of the financial year to calculate the net liability.

In 2020, defined-benefit plans primarily concern retirement indemnities in France (IFC).

In France, the plans are funded and the assets are managed by a French mutual insurance company, AG2R La Mondiale, which has an A- rating. AG2R La Mondiale has implemented a dual system to protect its customers from counterparty risk. On the one hand, by isolating the pension activity in a dedicated insurance subsidiary Arial Assurance and, on the other hand, by granting Arial Assurance the pledge of the securities held in the general assets of La Mondiale up to the level of commitments covered.

The main actuarial assumptions used to estimate the obligations are as follows:

Actuarial assumptions	31/12/2020	31/12/2019
Discount rate at 1 January	1.10%	1.80%
Discount rate at 31 December	0.60%	1.10%
Expected rate of salary increases	2.00%	2.00%
Table of mortality rates	TF oo-02 and TH oo-02	TF oo-02 and TH oo-02

The discount rate is based on rates for leading AA-rated bonds with a duration equivalent to existing commitments on the market.

The assumptions relating to salary increases is equal to the forecast inflation rate plus projected individual salary increases. The assumption for the end of 2020 is an inflation rate of 2%.

Provisions (non-current and current) for employee benefits amounted to €141 million at 31 December 2020 (compared with €133 million at 31 December 2019), of which €13 million for other long-term benefits and €128 million for post-employment benefits.

Sensitivity to assumptions

A 30 basis point decrease in the discount rate would increase the amount of the obligation by 3% (impact on other comprehensive income).

The change in the present value of the obligation in respect of defined-benefit plans is as follows:

Change (in €m)	31/12/2020	31/12/2019
Present value of obligation at 1 January	293	350
Interest expense	3	5
Current service cost	16	14
Past service costs	5	9
Benefits paid	(13)	(1)
Actuarial gains and losses	(5)	(9)
Exchange differences	(1)	14
Reclassifications	5	
Changes in consolidation scope		(89)
PRESENT VALUE OF OBLIGATION AT 31 DECEMBER	304	293

The estimated services to be paid for the 2021 financial year is €13 million.

The change in the fair value of defined-benefit plan assets was as follows:

(in €m)	31/12/2020	31/12/2019
Fair value of assets at 1 January	174	186
Expected return on plan assets	1	2
Benefits paid	(12)	
Actuarial gains and losses	8	(15)
Reclassifications	5	
FAIR VALUE OF ASSETS AT 31 DECEMBER	176	174

The breakdown of defined-benefit plan assets in France by main category was as follows:

	31/12/2020	31/12/2019
Assets in euros	74%	46%
Multi-strategy UCITS	19%	2%
Fonds Club 3	7%	52%

The assets in euros represent nearly 75% of the plan assets. Assets in euros are mainly invested in government or investment grade bonds (83%), international blue chip shares (10%) and office real estate (7%).

As part of the financial management of its end-of-career benefits contract, Auchan Holding and its subsidiaries have adopted a management system backed by assets in euros with

a minimum rate guarantee for general assets and unit-linked accounts measured at fair value. The gross yields allocated in respect of 2020 was set at 2.95% for the euro assets. The gross floor rate expected for the year 2021 is 0.50%.

The remaining portion is invested in six different units of account accounting for nearly 25% of the contract.

Balance sheet data can be reconciled with the actuarial obligation in respect of defined benefit plans as follows:

(in €m)	31/12/2020	31/12/2019
Present value of the obligation	304	293
Fair value of assets	(176)	(174)
Deficit/(surplus)	128	119
NET LIABILITY RECOGNISED IN THE BALANCE SHEET	128	119

The change in the net provision recognised in the balance sheet is as follows:

(in €m)	31/12/2020	31/12/2019
Provision recognised in the balance sheet at 1 January	119	164
Actuarial gains and losses recognised under other comprehensive income	(13)	5
<i>of which actuarial gains and losses on plan liabilities</i>	(5)	(9)
<i>of which actuarial gains and losses on plan assets</i>	(8)	15
Net expenses for the period	23	26
Contributions paid	(0)	(0)
Benefits paid	(1)	(0)
Other	(1)	14
Changes in consolidation scope	(89)	
PROVISION RECOGNISED IN THE BALANCE SHEET AT 31 DECEMBER	128	119

The aggregate amount of actuarial gains and losses recognised in other comprehensive income at 31 December 2020 amounted to €11 million net of tax compared with €(18) million at 31 December 2019.

The expenses recorded in respect of defined-benefit plans breaks down as follows:

(in €m)	31/12/2020	31/12/2019
Current service cost	16	14
Interest expense	2	3
Past service costs	5	9
Curtailments and settlements		
EXPENSES RECOGNISED	23	26
<i>of which recognised in payroll expenses</i>	21	20
<i>of which other financial income and expenses</i>	2	6

5.3 SHARE-BASED PAYMENT

Accounting principles

In exchange for services provided, Auchan Holding SA awarded some employees stock option purchase plans or long-term bonus plans.

Stock option purchase and bonus share plans

In accordance with IFRS 2 "Share-Based Payment", Auchan Holding recognises a payroll expense in respect of these benefits. This expense is spread over the vesting period for the beneficiary. A corresponding amount is recorded under liabilities (re-estimated at each account closing date with a corresponding amount recorded under income statement) if Auchan Holding SA or one of its subsidiaries has undertaken to repurchase the shares.

This expense is calculated as follows:

- calculation of the options' fair value at the account closing date using a valuation model;
- use of a probability coefficient based on the relevant specific presence conditions.

The fair value of the options corresponds to the fair value of the services rendered by the beneficiary. It is equivalent to the value of a call calculated using the binomial model, with the following inputs:

- option's residual life;
- option's exercise price;
- interest rate (risk-free interest rate);
- annual valuation of the share by a body of independent experts;
- observed historical volatility.

The value of the underlying shares includes the impact of dividends paid.

The Group's bonus share plans are subject to presence and, in some cases, performance conditions. This performance condition depends on the average annualised change in the Auchan Holding share or the Auchan Retail or Ceetrus scopes and whether or not economic criteria are met. The value of the shares of Auchan Holding or of the Auchan Retail or Ceetrus scopes is assessed annually by a body of independent experts.

5.3.1 Bonus share plans of Auchan Holding SA

Change in the number of bonus shares

	2020 Number of shares
Bonus shares at the beginning of the year	4,886
Adjustment of number of bonus shares ⁽¹⁾	
Bonus shares granted during the year	
Bonus shares delivered during the year	
Bonus shares cancelled or lost	3,920
Bonus shares at the end of the year	966

(1) Adjustment of the number of options after transactions impacting equity.

Characteristics of the Auchan Holding bonus share plan

- Inception date of 2018/2021 plan subject to performance conditions: 16 January 2018
- Value of the underlying share: €318.53
- Definitive grant date: 1 July 2021
- End of lock-up period: 1 July 2023.

The bonus share plan is a plan with a presence condition and is also subject to a performance condition.

This performance condition is dependent on the average annualised increase in the Auchan Holding share price. A minimum threshold must first be reached, beyond which eligibility for all or part of the bonus shares is dependent on the crossing of thresholds defined as percentage changes.

5.3.2 Bonus share plans by Auchan Retail International SA

Change in the number of bonus shares

	2020 Number of shares
Bonus shares at the beginning of the year	
Adjustment of number of bonus shares ⁽¹⁾	
Bonus shares granted during the year	333.204
Bonus shares delivered during the year	
Bonus shares cancelled or lost	
Bonus shares at the end of the year	333.204

(1) Adjustment of the number of options after transactions impacting equity.

Characteristics of the bonus share plans

1st bonus share allocation plan

First 2020/2023 plan subject to performance conditions inception date: 30 November 2020
Value of the underlying share: €106.63
Definitive grant date: 21 June 2023
End of retention period: 21 June 2025

2nd bonus share allocation plan

Second 2020/2023 plan subject to performance conditions inception date: 30 November 2020
Value of the underlying share: €106.63
Definitive grant date: 21 June 2023
End of retention period: 21 June 2025

3rd bonus share allocation plan

Third 2020/2023 plan inception date: 30 November 2020
Value of the underlying share: €106.63
Definitive grant date: 21 June 2023
End of retention period: 21 June 2025

4th bonus share allocation plan

Fourth 2020/2023 plan subject to performance conditions inception date: 17 December 2020
Value of the underlying share: €106.63
Definitive grant date: 21 June 2023
End of retention period: 21 June 2025

5th bonus share allocation plan

Fifth 2020/2021 plan inception date: 17 December 2020
Value of the underlying share: €106.63
Definitive grant date: 18 December 2021
End of the retention period: 18 December 2022

The bonus share plans put in place are subject to conditions of presence. Three of the five plans also have a performance condition.

This performance condition is dependent on the average annualised increase in the Auchan Retail International share price. A minimum threshold must firstly achieve a minimum performance threshold. After this, they must reach a series of percentage levels in order to be eligible for some or all of the bonus shares.

5.3.3 Long-term incentive plans

Since 2012, the share-based plans have mainly involved long-term bonus plans paid in cash and no longer in shares.

As from 2015, bonus plans with presence conditions have been replaced by "value creation compensation" (RCV) plans, the features of which are described below.

No plans were issued in 2019, nor in 2020.

Bonus plans

Plan name	Condition	Plan	Inception date	Underlying	Grant date	Duration
RCV*	Presence	2017/2021	01/10/2017	Value of each reference scope established by a body of independent experts	30/04/2021	43 months
RCV*	Presence	2018/2022	10/01/2018	Value of each reference scope established by a body of independent experts	30/04/2022	43 months

* RCV: rémunération création de valeur (value creation compensation).

The performance conditions depend on the annualised increase in the scope in respect of which each beneficiary's bonus is determined. A "minimum" and "maximum" bonus is defined.

Impact of share-based payment on liabilities (other liabilities) and on the income statement (payroll expenses)

For bonus share plans granted by Auchan Holding SA and Auchan Retail International SA:

- the liability (including repurchase commitments to beneficiaries of stock option or bonus share plans) came to €1 million at 31 December 2020 compared with €1 million at 31 December 2019;
- the total impact of plans recorded in the income statement amounted to €1 million in 2020 (€0.7 million in 2019).

For long-term bonus (RCV - value creation compensation) plans:

- the liability at 31 December 2020 amounted to €2 million (excluding social security charges);
- the impacts of the above plans on the consolidated income statement represented an expense of €2 million in 2020 (excluding social security charges) (income of €1.9 million in 2019).

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NOTE 6 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

6.1 GOODWILL

Accounting principles

The accounting principles for goodwill are described in Note 2.1.5.

Goodwill is tested for impairment at each year-end and more often if events or circumstances indicate that it may be impaired. Such events or circumstances relate to significant, adverse and lasting changes with an impact on economic conditions or on the assumptions and objectives adopted at the acquisition date.

Any significant impairment loss is recognised in the income statement under "Non-recurring income and expenses".

The methods used to test for impairment are described in Note 6.6.

(in €m)	2020	2019
Goodwill value at 1 January	3,021	2,992
Disposals	(4)	(16)
Changes in consolidation scope ⁽¹⁾	(558)	(11)
Impairment losses ⁽²⁾	(344)	
Other movements and transfers	(2)	(8)
Exchange differences ⁽³⁾	(96)	65
GOODWILL VALUE AT 31 DECEMBER	2,018	3,021

(1) The changes in consolidation scope consist of the disposal of the goodwill of Auchan Retail in Italy and in Vietnam in 2019 and the goodwill in China in 2020.

(2) In 2020, the impairment losses were mainly related to the impairment of the goodwill of Auchan Retail in Russia (€341 million).

(3) In 2020, exchange differences mainly in the Russian rouble for €(62) million, the Polish zloty for €(18) million and the Ukrainian hryvnia for €(9) million.

Information on the sensitivity analysis of goodwill impairment tests is provided in Note 6.6.

The goodwill by country/business line was as follows:

(in €m)	31/12/2020	31/12/2019
Retail France	1,146	1,147
Retail Spain	156	159
Retail Portugal	178	178
Retail Poland	259	277
Retail Russia ⁽¹⁾		404
Retail China ⁽¹⁾		561
Retail Taiwan	89	91
Other Retail	109	120
Ceetrus France	13	14
Ceetrus Italy	19	19
Ceetrus other	46	46
Other	2	2
TOTAL	2,018	3,021

(1) Disposal of Retail activities in China and total impairment of the goodwill in Russia.

6.2 OTHER INTANGIBLE ASSETS

Accounting principles

Other intangible assets mainly include software applications acquired or developed internally, and acquired leasehold rights and brands. Intangible assets acquired separately by consolidated companies are recognised at their cost price and those acquired through business combinations are recognised at their fair value. Brands that are created and developed internally are not recognised in the balance sheet.

Intangible assets with an indefinite life (mainly leasehold rights in France and acquired brands) are therefore not amortised and are tested for impairment when events suggest a risk of impairment and in all cases at least once a year. When their recoverable amount based on criteria applied at the time of acquisition falls below their net carrying amount, an impairment loss is recognised (see Note 6.6).

Other intangible assets with a defined useful life are amortised using the straight-line method over their expected useful lives.

Accordingly, acquired software and licences and internally developed software that meet all the criteria set out in IAS 38 are capitalised and amortised over a useful life of three years. As an exception, ERP software is amortised over five years as it has a highly structuring role for the business and a functional and technical architecture with a longer probable useful life.

Change in gross carrying amount

(in €m)	Licences, brands and leaseholds rights	Software and IT development costs	Total
GROSS CARRYING AMOUNT AT 1 JANUARY 2019	1,253	316	1,570
Acquisitions and internal developments	23	91	113
Assets sold or scrapped	(15)	(16)	(30)
Changes in consolidation scope ⁽²⁾	(75)		(75)
Exchange differences	8		8
Other movements and transfers	(3)	11	8
GROSS CARRYING AMOUNT AT 31 DECEMBER 2019	1,192	402	1,594
Acquisitions and internal developments	23	42	65
Assets sold or scrapped	(39)	(4)	(43)
Changes in consolidation scope ⁽²⁾	(890)		(890)
Exchange differences	(11)	(2)	(13)
Other movements and transfers	6	9	15
GROSS CARRYING AMOUNT AT 31 DECEMBER 2020	281	447	728

(1) Mainly fixed assets for Auchan Retail Italy for €71 million and Auchan Retail Vietnam for €2 million sold in 2019.

(2) Retail China fixed assets sold during the 2020 financial year, in particular the RT-Mart brand.

Change in amortisation and impairment

(in €m)	Licences, brands and leaseholds rights	Software and IT development costs	Total
AMORTISATION AND IMPAIRMENT AT 1 JANUARY 2019	318	216	534
Amortisation for the year	42	66	108
Impairment	9		9
Reversals of impairment	(17)	(8)	(25)
Assets sold or scrapped	(11)	(15)	(26)
Changes in consolidation scope ⁽¹⁾	(62)		(62)
Exchange differences	1		1
Other movements and transfers	(11)	(2)	(14)
AMORTISATION AND IMPAIRMENT AT 31 DECEMBER 2019	268	257	525
Amortisation for the year	28	64	93
Impairment	27		27
Assets sold or scrapped	(37)	(4)	(41)
Changes in consolidation scope ⁽²⁾	(22)		(22)
Exchange differences	(4)	(2)	(6)
Other movements and transfers	(22)	4	(18)
AMORTISATION AND IMPAIRMENT AT 31 DECEMBER 2020	239	320	559

(1) Mainly fixed assets for Auchan Retail Italy (€58 million) and Auchan Retail Vietnam (€1 million) sold in 2019.

(2) Retail China fixed assets sold during the 2020 financial year.

Net carrying amount

(in €m)	Licenses, brands and leaseholds rights	Software and IT development costs	Total
At 1 January 2019	935	100	1,036
At 31 December 2019	924	145	1,069
AT 31 DECEMBER 2020⁽¹⁾	42	128	170

(1) Decrease in the net carrying amount of other intangible assets in 2020 for €869 million related to the disposal of the Retail activities in China.

No intangible assets have been assigned as a guarantee for debt.

6.3 PROPERTY, PLANT AND EQUIPMENT

Accounting principles

Property, plant and equipment acquired under a business combination are recorded at fair value (see Note 2.1.5).

Property, plant and equipment acquired separately are recorded at cost less cumulative depreciation and any cumulative impairment loss. Land is stated at cost less any impairment loss. The various components of an item of property, plant or equipment are recognised separately when their estimated useful lives, and thus their depreciation periods, are significantly different. The cost of a fixed asset includes all expenditure directly attributable to the acquisition of this asset. When relevant this will include borrowing costs (see Note 11.3).

Subsequent costs are included in the carrying amount of an item of property, plant or equipment or recognised as a separate component, if appropriate, when it is probable that Auchan Holding or one of its consolidated companies will receive the future economic benefits linked to the asset and if the cost of the asset can be measured reliably. All other maintenance costs are recognised as expenses for the period in which they incurred.

With the exception of land, property, plant and equipment are depreciated over their useful lives using the straight-line method, on a components basis, from the date on which they are brought into service, generally with no residual value.

Depreciation is calculated based on the following useful lives:

- Buildings (structure)
-30 years
- Roof waterproofing, drainage and floor covering
-20 years
- Fixtures and fittings
-6 2/3 years and 8 years
- Technical facilities, machinery and equipment
-3 to 10 years
- Other property, plant and equipment
-3 to 5 years

Auchan Holding only records residual value – which is generally non-existent – where specific local characteristics so require.

Land use rights are recognised as assets under property, plant and equipment (or investment properties if they relate to assets that meet this qualification, see Note 6.4) and are amortised over their useful lives.

Change in gross carrying amount

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Property, plant and equipment under construction ⁽¹⁾	Right of use of leased assets ⁽²⁾	Total
Gross carrying amount at 1 January 2019	16,856	6,164	734	3,361	27,115
Other acquisitions	277	205	126	172	780
Assets sold or scrapped	(367)	(277)	(7)	(29)	(680)
Exchange differences	190	94	17	70	371
Transfers to investment property ⁽³⁾	357	6	(329)	(1)	33
Other movements and transfers	(168)	(31)	58	(205)	(346)
Changes in consolidation scope - disposal of Italy	(2,042)	(664)	(4)	(293)	(3,002)
Non-current assets held for sale and discontinued operations ⁽⁴⁾	(91)	(15)		(12)	(118)
GROSS CARRYING AMOUNT AT 31 DECEMBER 2019	15,012	5,482	595	3,063	24,152
Other acquisitions	143	117	194	484	938
Assets sold or scrapped	(202)	(206)	(5)	(7)	(419)
Exchange differences	(450)	(200)	(35)	(140)	(826)
Transfers to investment property ⁽³⁾	113	(2)	(137)		(26)
Other movements and transfers	6	82	4	(415)	(323)
Changes in consolidation scope - disposal of China	(3,262)	(2,294)	(193)	(1,140)	(6,889)
Non-current assets held for sale and discontinued operations ⁽⁴⁾	39				39
GROSS CARRYING AMOUNT AT 31 DECEMBER 2020	11,398	2,978	422	1,844	16,643

(1) Property, plant and equipment under construction mainly concern the Retail activity for €394 million at 31 December 2020 and €552 million at 31 December 2019.

(2) Restated following application of IFRIC, see Note 2.7.

(3) Reclassification of assets meeting the definition of investment property.

(4) In 2019, the fixed assets of Retail Italy, Retail Luxembourg and Ceetrus Luxembourg were reclassified to "Non-current assets held for sale and discontinued operations" on the balance sheet.

Change in amortisation and impairment

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Property, plant and equipment under construction	Right of use of leased assets	Total
Amortisation and impairment					
at 1 January 2019	8,828	3,957	28	154	12,967
Amortisation for the year	581	538		524	1,644
Amortisation and impairment through business combinations	50	13			63
Impairment losses ⁽¹⁾	133	19	12	84	248
Reversals of impairment	(154)	(2)	(2)		(158)
Assets sold or scrapped	(272)	(243)		(29)	(544)
Exchange differences	90	54	4	7	156
Transfers to investment property	16	3		(1)	18
Other movements and transfers	(119)	(26)	(2)	(18)	(166)
Changes in consolidation scope - disposal of Italy	(1,261)	(569)		(37)	(1,867)
Non-current assets held for sale and discontinued operations	(50)	(13)		(2)	(64)
AMORTISATION AND IMPAIRMENT					
AT 31 DECEMBER 2019	7,842	3,731	41	683	12,297
Amortisation for the year	457	436		383	1,275
Impairment losses ⁽¹⁾	53	24	1	29	107
Reversals of impairment ⁽²⁾	(63)	(61)	(4)	(27)	(156)
Assets sold or scrapped	(150)	(194)			(344)
Exchange differences	(234)	(145)	(7)	(49)	(435)
Transfers to investment property	(37)	(1)			(38)
Other movements and transfers	50	86	(6)	(111)	19
Changes in consolidation scope - disposal of China	(991)	(1,355)		(278)	(2,624)
AMORTISATION AND IMPAIRMENT					
AT 31 DECEMBER 2020	6,926	2,520	25	630	10,103

(1) In 2020, all impairment losses were recognised under "Non-recurring income and expenses". In 2019, €145 million was recognised in "Non-recurring income and expenses" and €54 million in "Amortisation, depreciation, provisions and impairment" (see Notes 3.4 and 6.6).

(2) In 2020, the reversals of impairment losses mainly consisted of reversals for Retail France for €48 million, reversals for Retail Poland for €39 million, and reversals for Retail Russia for €35 million.

Net carrying amount

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Property, plant and equipment under construction ⁽¹⁾	Right of use of leased assets	Total
At 1 January 2019	8,028	2,207	706	3,207	14,148
At 31 December 2019	7,170	1,751	554	2,380	11,856
AT 31 DECEMBER 2020⁽²⁾	4,472	457	396	1,214	6,539

(1) At 31 December 2020, net property, plant and equipment under construction mainly concerned the Retail activity for €380 million.

(2) Decrease in the net carrying amount of property, plant and equipment in 2020 for €4,266 million related to the disposal of the Retail activities in China.

6.4 INVESTMENT PROPERTIES

Accounting principles

Investment property is property held as a source of rental revenue or appreciation of capital or both. Investment property is recorded, from the outset, on a separate line on the asset side of the balance sheet.

Shopping malls, retail parks and undeveloped land are recognised as investment property based on the cost model. It measures investment property at cost less accumulated depreciation and any impairment loss, in the same way as property, plant and equipment.

In accordance with IAS 40, a property valuation process has been put in place to estimate the fair value of investment property. The fair value measurements correspond to a level 3 hierarchy as defined in Note 10.4.7. Two independent real estate experts intervene, dividing the work on the valuation of investment property in the whole group. For all assets, the fair value is determined by reference to external valuations based on the 10-year cash flow method ("DCF method") for shopping malls and retail parks and on the sales comparison approach or promoter's balance sheet method according to ongoing development projects for undeveloped land.

This estimation exercise requires significant judgements to determine the appropriate assumptions, in particular the discount rates, the market rental values, estimates of works to be carried out and the estimated date of completion (in particular for assets in the development phase) and any supporting measures by benefits to be granted to lessees. Specific information such as the type and/or location of the

property is also taken into account. Given the estimated nature of this type of valuation, the gain or loss on disposal of certain real estate assets may differ from the valuation performed.

All investment properties have been valued as at 31 December 2020 in the context of the Covid-19 pandemic. To reflect the impact of Covid-19 on the appraisals values, the appraisers have included a "material valuation uncertainty clause" in their reports. The inclusion of the material valuation uncertainty clause does not mean their valuation cannot be relied upon. The Group considers that fair value estimated by appraisers reflect reasonably the fair value of the property portfolio. The methodology applied remains unchanged. However the assumptions have changed in order to take into account the increase of discount rates and exit yields, the decrease of indexation rates and estimated rental values, as well as the possibility of longer lease renewal periods.

Recognition of eviction indemnities paid to shopping mall and retail park lessees

If the lessor cancels a running lease, it must pay an eviction indemnity to the lessee concerned. This indemnity is recognised in the cost of the asset if the payment leads to a change in the asset's performance (new lease on better financial conditions following recovery of the premises for extension works or the transfer of the former lessees to a new site). In all other cases, eviction indemnities are recognised as prepaid expenses spread over the term of the leases.

Change

(in €m)	Gross amount	Depreciation and impairment	Net carrying amount
At 1 January 2019	8,234	2,849	5,385
Other acquisitions	341		341
Assets sold or scrapped	(157)	(55)	(102)
Depreciation for the year		246	(246)
Impairment losses ⁽¹⁾		50	(50)
Reversals of impairment provisions		(54)	54
Exchange differences	57	24	33
Transfer from "Property, plant and equipment"	34	19	16
Changes in consolidation scope - disposal of Italy	(132)	(104)	(27)
Right of use of leased assets	301	61	239
Non-current assets held for sale and discontinued operations ⁽²⁾	(564)	(21)	(543)
AT 31 DECEMBER 2019	8,114	3,014	5,100

(in €m)	Gross amount	Depreciation and impairment	Net carrying amount
AT 1 JANUARY 2020	8,114	3,014	5,100
Other acquisitions	144		144
Assets sold or scrapped	(33)	(4)	(29)
Depreciation for the year		244	(244)
Impairment losses ⁽¹⁾		56	(56)
Reversals of impairment		(6)	6
Exchange differences	(192)	(91)	(100)
Transfer from "Property, plant and equipment"	(26)	(38)	13
Other movements and transfers	2	21	(19)
Changes in consolidation scope - disposal of China	(1,875)	(475)	(1,400)
Right of use of leased assets	(2)	41	(44)
Non-current assets held for sale and discontinued operations ⁽²⁾	562		562
AT 31 DECEMBER 2020	6,693	2,762	3,932

(1) The impairment losses for the financial year are recognised in "Non-recurring income and expenses" (see Note 3.4).

(2) In 2019, the fixed assets of Retail Italy, Auchan Retail Luxembourg and Ceetrus Luxembourg were reclassified to the line item "Non-current assets held for sale and discontinued operations".

Investment properties generated rental income in 2020 for €498 million (€803 million in 2019) and direct operating expenses for €431 million (of which €46 million generated no rental income). In 2019, these direct operating costs represented €410 million of which €68 million generated no rental income.

At 31 December 2020, investment properties had a fair value (excluding transfer taxes) estimated at €7,518 million for a net carrying amount recorded in the balance sheet of €3,932 million (respectively €10,512 million and €5,100 million in 2019) of which €1,998 million and €1,400 million related to Retail's activities in China sold during the 2020 financial year.

6.5 IFRS 16 – LEASES

Accounting principles

The Group is mainly the lessee of property intended for its distribution and warehousing. Incidentally, IFRS 16 leases also cover equipment and car leases.

At the start of a contract, the Group determines whether a contract is or contains a lease. The contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

To determine whether a contract conveys the right to control an identified asset throughout the period of use of the asset, the Group assesses whether:

- the contract involves the use of an identified asset - this can be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights most relevant to changing how and for what purpose the asset is used.

The term of the lease is defined contract by contract. In regard to real estate properties, lease terms have been determined based on the format and performance of each point of sale, and taking into consideration the lease termination and

renewal options that the Group is reasonably certain to exercise. The depreciation period and the value of non-removable fixtures, as well as economic incentives, are also taken into account in determining the lease term.

The duration of tacitly renewed contracts is assessed on the basis of the economic interest of each of the parties in renewing the contract.

The Group recognises a right-of-use asset and a lease liability at the beginning of the lease.

The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any marginal direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date until the estimated lease expiration date. In addition, the value of the right-of-use asset is adjusted to take into account certain revaluations of the lease liability and, where applicable, reduced in the event of impairment losses, in accordance with IAS 36.

The lease liability is initially measured at the present value of the lease payments that are not paid as of the lease commencement date, discounted using the lessee's incremental borrowing rate that would be obtained for a term equivalent to that of the estimated lease term.

The measurement of the lease liability includes the following types of lease payments:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as of the commencement date;
- rents during an optional renewal period if the Group is reasonably certain to exercise a renewal option.

The lease liability is remeasured in the event of a change in future rents following a change in an index or rate or if the Group reassesses the lease term in the case of a significant event, as provided by IFRS 16.

If the lease liability is remeasured, an adjustment is made to the carrying amount of the right-of-use asset or is recognised in income statement if the amount of the right-of-use asset was reduced to zero.

Short-term leases and leases of low value assets

The Group has chosen not to recognise right-of-use assets and lease liabilities for short-term leases of 12 months or less and leases of low value assets. The Group recognises rents related to these leases as expenses.

Discount rates

The discount rates applied are based on Auchan Holding's marginal borrowing rate plus a spread to take into account the subsidiary's debt profile and the economic environments specific to each country and each activity. Discount rates are updated every quarter so that they can be used for any new lease having undergone the following changes:

- revised estimate of the term upon remeasurement of the exercise of extension or the non-exercise of a termination option (which then becomes reasonably certain);
- change in the estimate of the exercise of a purchase option, which then becomes reasonably certain;
- contractual lengthening or shortening of the term or contractual amendment of the rents;
- addition or deletion of one or more assets.

Change in gross carrying amount

(in €m)	Land, buildings and facilities ⁽¹⁾	Materials and other property, plant and equipment	Investment property	Total
Gross carrying amount at 1 January 2019	3,281	80	120	3,481
Other acquisitions	143	29	304	477
Assets sold or scrapped	(23)	(6)		(29)
Exchange differences	70		(3)	67
Transfers to investment property ⁽²⁾	(1)		1	
Other movements and transfers	(186)	(19)	(2)	(207)
Changes in consolidation scope - disposal of Italy	(281)	(12)		(293)
Non-current assets held for sale and discontinued operations	(12)			(12)
GROSS CARRYING AMOUNT AT 31 DECEMBER 2019	2,990	73	421	3,484
GROSS CARRYING AMOUNT AT 1 JANUARY 2020	2,990	73	421	3,484
Other acquisitions	458	26	26	510
Assets sold or scrapped	(7)			(7)
Exchange differences	(138)	(2)	(3)	(144)
Other movements and transfers	(397)	(18)	(25)	(440)
Changes in consolidation scope - disposal of China	(1,140)		(289)	(1,430)
GROSS CARRYING AMOUNT AT 31 DECEMBER 2020	1,765	79	129	1,974

(1) Restated following application of IFRIC, see Note 2.7.

(2) Reclassification of assets meeting the definition of investment property.

Change in depreciation and impairment

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Investment property	Total
Depreciation and impairment at 1 January 2019	154			154
Depreciation for the year	492	33	56	581
Impairment losses	84		6	90
Assets sold or scrapped	(23)	(6)		(29)
Exchange differences	7		(1)	7
Transfers to investment property	(1)			(1)
Other movements and transfers	(18)			(18)
Changes in consolidation scope - Disposal of Italy	(35)	(2)		(37)
Non-current assets held for sale and discontinued operations	(2)			(2)
DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2019	658	24	61	744
Depreciation and impairment at 1 January 2020	658	24	61	744
Depreciation for the year	363	21	44	428
Impairment losses	29		2	30
Reversals of impairment	(27)			(27)
Exchange differences	(48)	(1)		(49)
Other movements and transfers	(104)	(6)	(4)	(115)
Changes in consolidation scope - Disposal of China	(278)		(73)	(351)
DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2020	592	39	30	660

Change in net carrying amount

(in €m)	Land, buildings and facilities	Materials and other property, plant and equipment	Investment property	Total
Net carrying amount at 1 January 2019	3,127	80	120	3,327
Net carrying amount at 31 December 2019	2,332	48	359	2,740
NET CARRYING AMOUNT AT 31 DECEMBER 2020⁽¹⁾	1,173	41	100	1,313

(1) Decrease in the net carrying amount of leases in 2020 for €1,183 million related to the disposal of Retail's activities in China.

Analysis of expiration of lease liabilities

(in €m)	< 1 year	From 1 to 3 years	From 3 to 5 years	More than five years	Total
Lease liabilities	294	398	341	648	1,681

Amounts recognised in the income statement – Other lease expenses

The table below shows the rents arising from leases and service agreements:

(in €m)	
Variable lease payments not included in the measurement of lease liabilities	20
Expenses related to short-term leases	9
Expenses related to leases of low-value assets, excluding short-term leases with a low-value assets	15
Other	11
TOTAL	55

Operating leases as lessor

Auchan Holding's consolidated entities lease out part of their investment property (owned or leased by them) under operating leases.

Minimum future lease payments to be received under non-cancellable leases

(in €m)	31/12/2020	31/12/2019
< 1 year	363	459
1 to 5 years	1,076	1,175
5 years	745	906
TOTAL	2,184	2,540

Conditional rent included in net income for the year came to €54 million (€78 million in 2019).

Assets received as guarantees

Auchan Holding's consolidated entities receive security deposits for investment property that they lease out. The historical value is a good estimate of fair value for guarantee deposits.

The total amount received in guarantee deposits at 31 December 2020 is €64 million against €94 million at 31 December 2019.

The conditions of use are generally as follows:

A guarantee deposit corresponds to three months of rent. This amount is reviewed annually. The deposit is held by the lessor until the lessee departs, and is reimbursed in full subject to payment of the amounts due.

6.6 IMPAIRMENT OF NON-CURRENT ASSETS

Accounting principles

IAS 36 - Impairment of Assets defines the procedures that a company must apply to ensure that the net carrying amount of its property, plant and equipment including right-of-use assets and its intangible assets including goodwill does not exceed their recoverable amount, i.e. the amount that will be recovered through their use or sale.

The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtained from the sale of an asset in an orderly transaction between market participants at the measurement date, less the costs of disposal. Value in use is defined as the present value of the future cash flows expected to be derived from continuing use of an asset and from its ultimate disposal.

The recoverable amount of property, plant and equipment (including right-of-use assets) and intangible assets (including goodwill) is tested for impairment as soon as there is any indication of a loss of value. This test is also performed annually (in practice at 31 December given the seasonal nature of the business) for assets with an indefinite life.

Cash flows after income tax are estimated based on 3-year forecasts updated for the past year. Cash flows beyond this period are extrapolated for six years by applying a constant growth rate over a period corresponding to the asset's estimated useful life. To test the impairment of assets in a given country (including goodwill), cash flows are estimated over a period of nine years, taking into account a terminal value calculated by discounting year-9 data to infinity. The growth rate to infinity is determined based on International Monetary Fund data.

Cash flows are discounted using the weighted average cost of capital after tax, plus a risk premium specific to each country.

Assets to be tested for impairment are grouped within cash generating units (CGUs). The CGU is a group of assets whose continuing use generates cash inflows that are largely independent of the cash flows from other groups of assets. Auchan Holding has defined stores for Retail and shopping malls for the property management business (excluding Taiwan where the Retail CGU includes the property management business) as CGUs. An impairment loss is recognised when the carrying amount of an asset, or of the CGU to which it belongs, exceeds the recoverable amount. Goodwill is tested by country and business, and the CGU assets then include property, plant and equipment, intangible assets and goodwill allocated to the country and to the business, and its working capital requirements.

Any impairment loss is generally allocated in priority to goodwill. Impairment losses on goodwill cannot be reversed. Impairment losses recognised for other assets are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The increased carrying amount of an asset attributable to a reversal of impairment loss may not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised.

(in €m)	Goodwill	Other intangible assets	Property, plant and equipment	Investment property	31/12/2020	31/12/2019
Impairment:						
• allocation ⁽¹⁾	344	27	107	58	536	304
• reversal			(156)	(6)	(162)	(229)
• net	344	27	(49)	52	374	76
Reversal of impairment on sold assets		(3)	(6)		(9)	(97)
TOTAL	344	24	(55)	52	365	(21)

(1) Exclusively classified under "Non-recurring income and expenses" in 2020 compared with €224 million in 2019 (see Note 3.4) and €80 million in impairment classified under "Amortisation, depreciation, provisions and impairment" in 2020.

Depending on the CGU the Group of CGUs, the recoverable amount of assets applied by Auchan Holding is either the value in use or the market value, according to the comparable data available on the market.

The impact of the Covid-19 pandemic on the impairment tests on the non-financial assets is described in Note 2.8.2.

The 2020 impairment tests led to the recognition of impairments (excluding goodwill) of €134 million on the assets of Auchan Retail and €58 million on the assets of Ceetrus (compared with €200 million and €24 million in 2019). Their results take into account a decline in the growth prospects of stores (CGU) particularly in Russia and shopping malls in France and Poland.

Indeed, Auchan operates in Russia in a highly competitive market and more generally in an economy that has been experiencing particular difficulties since 2020. In light of these factors and the current deterioration of store performances, Auchan reassessed its financial outlook for this region and also recognised an impairment of the value of the goodwill associated with this activity for an amount of €341 million.

Impairment was reported on the line "Non-recurring income and expenses" for a better readability of the income statement (see Note 3.4).

In 2020, Auchan Holding determined different discount rates by country for its main activity: Retail. The long-term growth rate has been set up to 1%.

As in 2019, the discount rates used in 2020 by Ceetrus were those used for the appraisals of the entire property portfolio and broken down by category of assets within the countries.

For Retail, the rates are as follows:

	31/12/2020	31/12/2019
	Retail	Retail
France	5.20%	5.20%
Luxembourg	5.20%	4.90%
Spain	5.95%	5.93%
Portugal	6.82%	7.44%
Poland	5.76%	5.66%
Hungary	6.91%	7.13%
Romania	6.81%	7.05%
Ukraine	10.51%	10.09%
Russia	7.33%	7.33%
China		5.58%
Taiwan	6.06%	5.54%
Tunisia	9.06%	8.31%
Senegal	8.01%	8.26%

The sensitivity analyses carried out on the main assets tested and on the discount rates (+50 bps) and the long-term growth rate (-50 bps) did not show any additional risk of impairment.

6.7 OFF-BALANCE SHEET COMMITMENTS RELATING TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Collateral

No property, plant and equipment have been used to secure debt.

Commitments

(in €m)	31/12/2020	31/12/2019
	Total	Total
Land and property purchase options ⁽¹⁾	19	32
of which on investment property	14	7
Conditional purchases of future non-current assets ⁽²⁾	14	255

(1) Option commitments on land decreased by €21 million, while those on buildings increased by €8 million.

(2) Conditional commitments to purchase future non-current assets decreased by €241 million, mainly due to the disposal of the activities in China.

NOTE 7 INVESTMENTS IN ASSOCIATES

7.1 BREAKDOWN OF INVESTMENTS IN ASSOCIATES (in €m)

Accounting principles and methods: see point 2.1.3 "Consolidation scope and methods".

Division/business line	Company	Country	% interest		Equity value	
			31/12/2020	31/12/2019	31/12/2020	31/12/2019
Auchan Retail	mainly including:				28	24
	ARMA Inv	Poland	50%	25%	12	5
	SMG ⁽¹⁾	Tunisia	10%	10%	7	8
Ceetrus	mainly including:				236	215
	IMMAUCOM, SPPICAV	France	20%	20%	33	32
	C.C. ZENIA, SL	Spain	50%	50%	18	17
	ALEGRO ALGRAGIDE	Portugal	50%	50%	17	18
	ALEGRO SETUBAL	Portugal	50%	50%	11	13
	GALLERIA CINISELLO	Italy	50%	50%	72	71
	PATRIMONIO REAL ESTATE	Italy	50%	50%	22	21
	GALERIE COMMERCIALE DE KIRCHBERG SA	Luxembourg	20%	20%	17	
	IMMO LODGIA, SRL	Romania	50%	50%	8	6
Auchan Holding	mainly including:				259	245
	Oney Bank	France	49%	49%	259	240
TOTAL INVESTMENTS IN ASSOCIATES					524	485

(1) Although Auchan Retail International holds only 10% of the capital and voting rights of SMG, on the basis of the shareholders' agreement signed in October 2012 it has significant influence owing to its representation on the Board of Directors and its participation in the definition of the company's policies, particularly its sales and marketing and strategic policies.

7.2 MAIN FINANCIAL DATA OF ASSOCIATES (at 100% and in €m)

	31/12/2020			31/12/2019		
	Oney Bank*	Auchan Retail	Ceetrus	Oney Bank*	Auchan Retail	Ceetrus
Non-current assets		133	1,270		165	1183
Current assets	3,603	343	548	3,116	307	521
TOTAL ASSETS	3,603	476	1,818	3,116	471	1,704
Equity attributable to owners of the parent	486	46	674	450	59	670
Non-current liabilities		60	705		70	600
Current liabilities	3,116	370	439	2,666	343	434
TOTAL LIABILITIES	3,603	476	1,818	3,116	471	1,704
Revenue	434	378	115	508	452	152
Operating income	56	17	28	27	15	25
NET INCOME	40	(2)	6	(15)	3	5

* The main equity method-accounted investment in Auchan Holding is the 49.4% stake in Oney Bank.

In the Oney Bank balance sheet, assets and liabilities are not categorised between current and non-current items.

Change

(in €m)	31/12/2020	31/12/2019
At 1 January	485	219
Results for the period (share of net income and impairment)	19	(22)
Dividend and capital repayment ⁽¹⁾	(4)	(5)
Acquisition of equity interests ⁽²⁾	9	266
Acquisitions and increases in capital ⁽³⁾	7	49
Disposals (including decrease in percentage of capital held)	(8)	(31)
Exchange differences and other changes	16	9
AT 31 DECEMBER	524	485

(1) Dividend distribution by the Ceetrus division.

(2) In 2020, acquisition of an additional 25% of Arma Invest by Auchan Poland. In 2019, Oney Bank accounted for under the equity method (49.26%) after the sale of control to Groupe BPCE.

(3) Mainly: Capital increases by Ceetrus Italy in Gallerie Cinisello for €24 million in 2019 and €9 million in 2020.

NOTE 8 EQUITY AND EARNINGS PER SHARE

8.1 EQUITY

8.1.1 Capital management

Auchan Holding's policy is to maintain a solid capital base that inspires the confidence of its investors and creditors and allows it to contribute to the development of its activities.

8.1.2 Shareholders

At 31 December 2020, the majority of Auchan Holding's capital was owned by Aumarché.

Employees owned nearly 2% of the company's capital via the Valauchan and Valfrance mutual funds and via the companies included in the employee share ownership plans outside of France (Valauchan Sopaneer International, Valauchanrus Sopaneer SCA, Valespaña SCA, Valpoland SCA, Valhungary International SCA, Valportugal SCA and Valrussie SCA set out the terms and conditions governing share ownership. Shares in these companies are purchased and sold by affiliates throughout the year, based on a price that is calculated annually according to a financial valuation method defined by a recognised body of valuation experts and which is used consistently over time.

International SCA, Valportugal SCA and Valrussie SCA). Only the companies included in the employee share ownership plans outside of France are fully consolidated.

The Articles of Association of Valauchan Sopaneer International, Valauchanrus Sopaneer SCA, Valespaña SCA, Valpoland SCA, Valhungary International SCA, Valportugal SCA and Valrussie SCA set out the terms and conditions governing share ownership. Shares in these companies are purchased and sold by affiliates throughout the year, based on a price that is calculated annually according to a financial valuation method defined by a recognised body of valuation experts and which is used consistently over time.

8.1.3 Number of shares comprising the share capital

	31/12/2020	31/12/2019
At 1 January		28,914,549
Issue of new shares for cash		29,565,168
Capital reduction	(115,237)	(650,619)
AT 31 DECEMBER	28,799,312	28,914,549

At 31 December 2020, the share capital amounted to €575,986,240. It was split into 28,799,312 fully paid-up shares with a par value of €20 each. The share capital amounted to €578,290,980 at 31 December 2019, split into 28,914,549 shares with a par value of €20 each.

8.1.4 Treasury shares

All treasury shares held by Auchan Holding and the other companies within the consolidation scope are deducted from equity at cost. The gain or loss, net of tax, from any sale of treasury shares is recognised directly in equity, so that any gains or losses on disposal have no impact on net income for the period.

At 31 December 2020, Auchan Holding had purchased 203,806 treasury shares mainly from the Valauchan and Valfrance mutual funds, of which it cancelled 115,237. At 31 December 2020, the total number of treasury shares owned by Auchan Holding SA and its subsidiaries stood at 412,583

(compared with 376,919 shares at the end of 2019). Auchan Holding SA owns 176,591 Auchan Holding SA shares for a transaction cost of €55 million, while 235,992 shares are owned by Valauchan Sopaneer International, Valauchanrus Sopaneer SCA, Valportugal SCA, Valpoland SCA, Valhungary International SCA, Valespaña SCA and Valrussie SCA at an acquisition cost of €88 million, under the employee share ownership plans.

At 31 December 2020, the treasury shares owned by Auchan Holding SA represented 0.6% of its capital.

8.1.5 Legal reserve

Auchan Holding SA's legal reserve amounted to €61 million at 31 December 2020, unchanged from 31 December 2019.

8.1.6 Currency translation reserves, financial instrument revaluation reserves and actuarial gains and losses (attributable to owners of the parent)

(in €m)	Currency translation reserve	Available-for-sale financial assets revaluation reserve	Cash flow hedge reserve	Net foreign investment hedge reserve	Actuarial differences on defined-benefit plans	Total
At 1 January 2019	(763)	(33)	11	2	(22)	(805)
Change	114	(1)	(22)		(18)	72
AT 31 DECEMBER 2019	(649)	(34)	(11)	2	(40)	(733)
At 1 January 2020	(649)	(34)	(11)	2	(40)	(733)
Change	(301)	(25)	(29)		11	(344)
AT 31 DECEMBER 2020	(950)	(59)	(40)	2	(29)	(1,077)

The currency translation reserve (attributable to owners of the parent) breaks down as follows by country:

	31/12/2020	31/12/2019
Poland		(34)
Hungary		(66)
Mainland China		215
Taiwan		21
Russia		(676)
Ukraine		(149)
Hong Kong		(125)
Romania		(41)
Tunisia		(5)
Vietnam		(1)
TOTAL	(950)	(649)

8.1.7 Non-controlling interests

Non-controlling interests of €186 million mainly include interests in the capital of Valauchan Sopaneer International, Valauchanrus Sopaneer SCA, Val Portugal SCA, Valpoland SCA, Valhungary International SCA, Valespaña SCA and Valrussie SCA in the amount of €131 million and the subsidiary in Taiwan for €33 million.

8.2 EARNINGS PER SHARE

Accounting principles

In its consolidated financial statements, Auchan Holding presents basic earnings per share and diluted earnings per share, calculated based on net income from continuing operations. This information is also presented based on net income.

Basic earnings per share are calculated by dividing net income attributable to owners of the parent for the year by the weighted average number of capital shares outstanding during the year, less treasury shares. The average number of shares outstanding during the year is the number of outstanding shares at the beginning of the year adjusted by the number of shares issued during the year.

8.2.1 Calculation of the weighted average number of shares

	31/12/2020	31/12/2019
Number of outstanding shares at 1 January	28,914,549	29,565,168
Number of treasury shares at 1 January	(376,919)	(434,272)
Weighted average number of treasury shares acquired	(53,223)	(396,924)
Weighted average number of treasury shares sold or cancelled	35,107	414,370
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES (EXCLUDING TREASURY SHARES) USED FOR THE CALCULATION OF BASIC EARNINGS PER SHARE	28,519,514	29,148,342
Potentially dilutive shares to be created (share purchase or subscription options, allocation of bonus shares)	5,884	
WEIGHTED AVERAGE NUMBER OF OUTSTANDING SHARES (EXCLUDING TREASURY SHARES) USED FOR THE CALCULATION OF DILUTED EARNINGS PER SHARE	28,519,514	29,154,226

8.2.2 Calculation of earnings per share

	31/12/2020	31/12/2019
Basic earnings per share		
Weighted average number of outstanding shares	28,519,514	29,148,342
Net income attributable to owners of the parent (in €m)	678	(1,463)
Per share (in €)	23.76	(50.19)
Net income from discontinued operations or activities held for sale attributable to owners of the parent (in €m)	1,257	(1,231)
Per share (in €)	44.09	(42.23)
Net income from continuing operations attributable to owners of the parent (in €m)	(580)	(232)
Per share (in €)	(20.33)	(7.96)

Diluted earnings per share	31/12/2020	31/12/2019
Weighted average number of diluted outstanding shares	28,519,514	29,154,226
Net income attributable to owners of the parent (in €m)	678	(1,463)
Per share (in €) ⁽¹⁾	23.76	(50.19)
Net income from discontinued operations or activities held for sale attributable to owners of the parent (in €m)	1,257	(1,231)
Per share (in €) ⁽¹⁾	44.09	(42.23)
Net income from continuing operations attributable to owners of the parent (in €m)	(580)	(232)
Per share (in €) ⁽¹⁾	(20.33)	(7.96)

(1) Potentially dilutive shares are not taken into account as their conversion would reduce the loss per share.

NOTE 9 PROVISIONS AND CONTINGENT LIABILITIES

9.1 PROVISIONS

Accounting principles

Provisions are recorded when, at year-end, Auchan Holding SA or one of its subsidiaries has an obligation to a third party as a result of a past event and this obligation is likely or certain to result in an outflow of funds representing economic benefits for the third party, the amount of which can be reliably estimated. The obligation may be legal, regulatory or contractual. Provisions are estimated according to their nature based on the most probable assumptions.

Provisions for restructuring are recognised when a consolidated entity has a detailed formal plan for the restructuring and it has been communicated to the interested parties.

Some consolidated companies offer warranty extension contracts, for which revenue and margin are recognised over the length of the service delivered. Foreseeable expenses relating to the warranty are accrued when the corresponding sales are recorded, based on prior-year expense data.

Provisions linked directly to the normal operating cycle of the business, and the portion of other provisions that matures in less than one year, are classified as current liabilities. Provisions that do not meet these criteria are classified as non-current liabilities.

Non-current provisions

(in €m)	Tax disputes					Total
	Excluding income tax	Income tax	Other disputes	Employee benefits	Miscellaneous	
At 31 December 2019	2	39		132	75	248
Provision expenses ⁽¹⁾		15		24	11	50
Reversals of used provisions		(2)		(2)	(20)	(25)
Reversals of unused provisions				(1)		(1)
Actuarial gains and losses recognised under other comprehensive income ⁽²⁾				(12)		(12)
Reclassifications and other movements ⁽³⁾	(1)	1			(19)	(19)
AT 31 DECEMBER 2020	1	52		141	47	242

(1) Non-current provision expenses mainly relate to Auchan Retail France employee benefits for €19 million and additional tax assessment in Spain for €12 million.

(2) These €(12) million relate to actuarial losses on employee benefits (of which mainly €(9) million for Auchan Retail France).

(3) Mainly concerns reclassifications of non-current provisions for restructuring for Auchan Retail France to current provisions €(15) million.

Current provisions

(in €m)	Tax disputes	Other disputes	Provisions for guarantees	Employee benefits	Miscellaneous	Total
At 31 December 2019	8	62	9		337	415
Provision expenses ⁽¹⁾		36	10		270	316
Reversals of used provisions ⁽²⁾		(23)			(120)	(143)
Reversals of unused provisions		(10)	(8)		(86)	(106)
Actuarial gains and losses recognised under other comprehensive income						
Reclassification and other movements ⁽³⁾		1	1		(6)	(5)
AT 31 DECEMBER 2020	8	68	10		396	482

(1) The provision expenses mainly include the redundancy plan provision for Auchan Retail France (€178 million).

(2) Reversals of miscellaneous provisions used (€120 million) are mainly the reversal of the Renaissance provision for Auchan Retail France for €28 million, €45 million for the Auchan Spa disposal and €16 million for Auchan Retail Poland.

(3) Partly relates to the reclassification of non-current provisions to current provisions for restructuring €(15) million, a reclassification of Griffin provisions towards the IFRS 16 debts on Auchan Retail Poland €(9) million and translation adjustments related to the opening €(11) million.

The provision for guarantees is fully reversed at each closing date and the expense is mainly recognised in "External expenses".

9.2 CONTINGENT LIABILITIES

Consolidated companies are involved in a certain number of lawsuits or disputes in the normal course of their business, including disputes with the tax authorities. Provisions have been set up for the resulting expenses considered probable by Auchan Holding and/or its subsidiaries as well as their external advisers.

To the best of the knowledge of Auchan Holding and its subsidiaries, there are no other exceptional events or litigation that could substantially affect the activity, results, assets or financial situation of Auchan Holding and/or its subsidiaries, which are not adequately covered by provisions at year-end.

NOTE 10 FINANCING AND FINANCIAL INSTRUMENTS

10.1 NET FINANCIAL DEBT

Accounting principles

Net financial debt consists of current and non-current borrowings and other financial liabilities, the fair value of derivatives that qualify as hedging instruments for an item of net financial debt, plus related accrued interest and minus net cash and cash equivalents and positive margin calls on derivatives that qualify as hedging instruments for an item of net financial debt. Negative margin calls (which correspond to the margins received from counterparties) are included in current borrowings and other financial liabilities.

Auchan Holding defines net financial debt as net financial indebtedness plus the fair value of derivatives that do not qualify as hedging instruments for an item of financial debt. It also includes the margin calls on derivatives that do not qualify as hedging instruments and short-term cash investments not covered by the definition of "Cash and cash equivalents".

10.1.1 Net financial debt

(in €m)	31/12/2020	31/12/2019
Borrowings and other financial liabilities ⁽¹⁾	6,741	7,703
• Non-current	5,902	6,390
• Current	840	1,313
Cash and cash equivalents	(4,401)	(3,674)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	(94)	(124)
Margin call assets on derivatives qualifying as hedging instruments ⁽¹⁾	(2)	
Net financial debt	2,244	3,904
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt	14	(33)
Other short-term investment assets	(100)	(2)
NET FINANCIAL DEBT	2,158	3,870

(1) A number of margin call agreements have been implemented to reduce counterparty risk. Amounts relating to margin calls received (liabilities) or paid (assets) are included in net financial debt. As of 31 December 2020, it represents a liability of € 39,2 million booked under "Borrowings and other financial liabilities"

10.1.2 Change in net financial debt

(in €m)	31/12/2019	Increase (decrease) in cash and cash equivalents	Effects of exchange rate variations	Changes in consolidation scope	Reclassifications and other	31/12/2020
Borrowings and other financial liabilities	7,703	(896)	(50)	(15)	(1)	6,741
• Non-current	6,390	42	(4)	169	(697)	5,902
• Current	1,313	(939)	(46)	(185)	696	840
Cash and cash equivalents	(3,674)	(1,740)	44	969		(4,401)
Derivative assets and liabilities qualifying as hedging instruments for an item of net financial debt	(124)	28		2		(94)
Margin call assets on derivatives qualifying as hedging instruments		(2)				(2)
Net financial debt	3,904	(2,611)	(5)	953	2	2,244
Derivative assets and liabilities not qualifying as hedging instruments for an item of net financial debt	(33)	51	(1)		(2)	14
Other short-term investment assets	(2)	(1,677)		1,579		(100)
NET FINANCIAL DEBT	3,870	(4,238)	(7)	2,533	(1)	2,158

10.2 NET COST OF FINANCIAL DEBT

The net cost of financial debt includes:

- the gross cost of financial debt, which includes interest expenses and gains and losses on interest rate and foreign exchange hedges covering the debt;
- income from "Cash and cash equivalents", which includes income from short-term cash investments.

(in €m)	2020	2019
Income from cash and cash equivalents	6	9
Gross cost of financial debt:	(193)	(128)
• Interest expenses	(279)	(167)
• Hedging results	86	39
NET COST OF FINANCIAL DEBT	(186)	(119)

The net cost of financial debt amounted to €186 million (against €119 million in 2019). This change is mainly due to the expenses related to the early buybacks of bonds and the cancellation of the associated hedges.

10.3 OTHER FINANCIAL INCOME AND EXPENSES

It includes financial revenue and expenses that are not part of the net cost of financial debt. It consists mainly of dividends from non-consolidated companies, gains and losses arising from the measurement at fair value of financial assets other than cash and cash equivalents, gains and losses on the disposal of financial assets other than cash and cash

equivalents, the impact of discounting adjustments and exchange gains and losses on items not included in net financial debt and cost of sales, and the impacts on income of derivative instruments that do not qualify as hedging instruments for an item of net financial debt.

(in €m)	2020			2019		
	Revenue	Expense	Total	Revenue	Expense	Total
Disposals of other non-current financial assets	4	(8)	(3)	4	(2)	2
Gains and losses on financial transactions not eligible for hedge accounting ⁽¹⁾	17	(60)	(43)	18	(75)	(57)
Provisions and impairment, net of reversals:		(1)	(1)	2	(9)	(7)
• <i>Reversal of provisions for impairment of other financial assets</i>				2		2
• <i>Provision for impairment of other financial assets</i>		(1)	(1)		(9)	(9)
• <i>Other provisions, net of reversals</i>						
Cost of discounting retirement obligations net of the expected yield on plan assets	1	(3)	(2)	2	(5)	(3)
Income from equity interests				5		5
Other ⁽²⁾	29	(204)	(175)	46	(193)	(147)
OTHER FINANCIAL INCOME AND EXPENSES	52	(276)	(224)	77	(283)	(206)

(1) Gains and losses on financial transactions not eligible for hedge accounting include in particular foreign exchange and other gains and losses on derivative instruments used to hedge foreign exchange and/or interest rate risks on intragroup loans, or to guarantee a given interest rate level for the global debt of Auchan Holding and the consolidated companies (macro-hedging swaps).

(2) In 2020, it mainly includes the financial costs related to IFRS 16 for €(131) million and the exchange differences related to IFRS 16 for €(39) million.

10.4 FINANCIAL RISK MANAGEMENT AND DERIVATIVE INSTRUMENTS

10.4.1 Accounting principles

The Group has decided to adopt the new IFRS 9 hedge accounting model, under which its hedging relationships must be consistent with its objectives and risk management strategy, and which requires a more qualitative assessment of its hedges.

Derivative instruments are measured and recognised at fair value on the balance sheet and their changes are always recorded in net income, except for future cash flow hedging relationships and net investments.

Hedging accounting applies only if three criteria are met:

1. The hedging relationship consists only of eligible hedging instruments and eligible hedged items;
2. At the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
3. The hedging relationship meets all the following hedge effectiveness requirements:
 - there is an economic relationship between the hedged item and the hedging instrument,
 - the effect of credit risk does not dominate the value changes that result from that economic relationship, and
 - the hedge ratio between the hedged item and the hedging instrument is suitable.

Most of the derivatives used by Auchan Holding are eligible for hedge accounting.

For derivatives eligible for hedge accounting, recognition as hedging instruments allows to reduce earnings volatility linked to changes in the value of the derivatives concerned.

There are three hedge accounting models under IFRS 9: fair value hedge, cash flow hedge, and hedge of a net investment in a foreign operation:

- for derivatives documented as hedges of assets or liabilities recognised in the balance sheet (fair value hedges), hedge accounting allows to recognise changes in the fair value of the derivatives through the income statement. These two values offset each other on the same line in the income statement and cancel each other out if the hedge is completely effective;
- for derivative instruments documented as hedges of highly probable future cash flows, changes in the value of the derivative are recognised in "Other comprehensive income" (cash flow hedge reserve) for the effective portion of the hedge. These reserves are recycled in net income when the hedged transaction impacts the net income or are incorporated into non-financial assets or liabilities when the latter are recognised in the balance sheet. The changes in the value of the ineffective portion are recognised in net income;

- for derivatives documented as hedges of net investments in foreign operations, the change in the value of the hedging instrument is recognised under other comprehensive income. The purpose of these hedges is to neutralise the change in value in euros of part of the net assets of foreign subsidiaries.

For derivatives that are not documented as hedging instruments, any change in the fair value is recognised in other financial income and expenses in the case of interest rate derivatives, or in operating income in the case of currency options used as an economic hedge of future gross margin.

The Group has prospectively classified floating-rate receiver, fixed-rate payer swaps as cash flow hedges, covering aggregated exposures of fixed-rate debt and fixed-rate receiver, floating-rate payer swaps. The effective portion of the change in value of these instruments newly qualified as hedges has been recognised in the cash flow hedge reserve since 1 January 2018.

The Group has opted to retrospectively classify as a hedging cost the foreign currency basis spread of cross-currency swaps classified as fair value hedges. The impact of the IFRS 9 restatement on the Group's opening shareholders' equity amounts to €1.2 million and represents the fair value of the basis spread of the instruments qualifying retrospectively as hedges at 1 January 2018.

The change in the basis spread fair value cannot be considered as a hedging component. It is recognised in the hedge reserve and is amortised through income statement over the hedging period.

Derivative instruments with an initial maturity of more than one year are recorded in the balance sheet as non-current assets or liabilities. Other derivative instruments are recorded as current assets or liabilities.

The accounting date for derivative instruments is the transaction date.

During the usual course of their business, Auchan Holding and the consolidated companies are exposed to interest rate, foreign exchange, credit and liquidity risks. They use derivative financial instruments to mitigate these risks.

Auchan Holding and the consolidated companies have put in place an organisation that enable centralised management of market risks (liquidity, interest rate and foreign exchange risk).

At 31 December 2020, these derivatives were recorded in the balance sheet at market value in current or non-current assets and liabilities.

Market risk is controlled and monitored by the Finance Committee, which meets at least twice a year. Auchan Holding's general management is represented during those Committee. Their duties include in particular the assessment of counterparty quality, the level of the hedges put in place and their appropriateness with regard to the underlying assets, as well as the liquidity risk.

Recognised in other comprehensive income (after deferred taxes)

(in €m)	31/12/2020	31/12/2019
IFRS 9 category		
Cash flow hedge – effective portion of the change in fair value	(54)	(8)
Cash flow hedge – reclassified in net income	8	(15)
Foreign activities – exchange difference	(494)	139

(in €m)	31/12/2020	31/12/2019
Change in fair value reserve	(25)	
Change in hedge reserve	(29)	(23)
Change in currency translation reserve	(494)	139

10.4.2 Credit risk

Credit risk represents the Group's risk of financial loss in the event that a customer or a counterparty to a financial instrument fails to meet their contractual obligations.

With regard to investments, the policy of Auchan Holding and the consolidated companies, other than in exceptional circumstances, is to invest cash surpluses with counterparties authorised and approved by the Finance Committee based on a rating grid.

Auchan Holding works solely with a list of banks authorised by Auchan Holding's general management for financing and foreign exchange derivatives.

ISDA contracts have been signed with most of the bank counterparties to ensure that financial instrument operating rules are in place. In particular, these contracts set out the procedures for terminating transactions and for netting in the event of a change in the initial contractual balance, including default by the counterparty.

Impairment:

(in €m)	Debt instruments at fair value through other comprehensive income	Financial assets at amortised cost
Balance at 1 January 2019	5	233
Net impairment		3
Changes in consolidation scope ⁽¹⁾	(2)	(89)
Exchange difference		1
BALANCE AT 31 DECEMBER 2019	3	148
Balance at 1 January 2020	3	148
Net impairment		27
Change in consolidation scope		(1)
Exchange difference		(4)
BALANCE AT 31 DECEMBER 2020	4	170

(1) The changes in consolidation scope in 2019 mainly concern the Italy and Vietnam disposals.

10.4.3 Liquidity risk

Auchan Holding's policy is to permanently maintain adequate medium and long-term funding to cover its needs at the bottom of the seasonal cycle and provide it with a safety margin.

Details on the risk of early call on financial debt

The medium and long-term bank financing facilities contain the usual commitments and default clauses for this type of contract, i.e. undertaking to maintain the loan at its initial level of seniority (pari-passu), limits on the collateral provided to other lenders (Negative Pledge), limits on substantial asset sales, and cross-default and material adverse change clauses.

The Auchan Holding SA Euro Medium-Term Note (EMTN) programme, under which bonds are issued, contains an undertaking limiting collateral provided to other bond holders (Negative Pledge) and a cross-default clause.

On 31 December 2020, all of the ratios were in compliance.

None of the financial borrowings includes any commitment or default clause linked to a downgrade of Auchan Holding's ratings.

Exposure to liquidity risk

The residual contractual maturities of financial liabilities break down as follows (including payment of interest):

Transactions at 31 December 2020 (in €m)	Carrying amount	Contractual cash flows			
		Total	< 1 year	1-5 years	> 5 years
Bonds and private placements	5.153	5.153	298	2,763	2,092
Bank borrowings	1,173	1,173	206	835	132
Other financial liabilities	237	237	79	158	
Trade payables	4,676	4,676	4,676		
Other current liabilities	2,368	2,368	2,348	15	5
Other non-current liabilities	1,658	1,658	327	688	643
Current tax liabilities	52	52	52		
Current bank credit facilities	137	137	137		
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	15,454	15,454	8,123	4,459	2,872
Interest rate derivatives not eligible for hedge accounting	2	3	3		
Interest rate derivatives used as hedges	31	33	8	20	5
Forward foreign exchange contracts used as hedges:	23				
• Cash outflow		362	342	19	
• Cash inflow		(338)	(320)	(19)	
Other forward foreign exchange contracts:	1				
• Cash outflow		32	32		
• Cash inflow		(31)	(31)		
TOTAL DERIVATIVE FINANCIAL LIABILITIES	58	61	35	20	5

The carrying amount of derivative financial liabilities corresponds to the value excluding accrued interest not due yet, and the cash flows expected from these liabilities correspond to contractual cash flows (no early repayment anticipated).

Transactions at 31 December 2020 (in €m)	Carrying amount	Expected cash flows		
		Total	< 1 year	1-5 years
Bonds and private placements	5,810	6,093	456	4,255
Bank borrowings	1,416	1,416	307	975
Other financial liabilities	315	319	302	16
Trade payables	7,572	7,572	7,490	82
Other current liabilities	4,965	4,965	4,913	45
Other non-current liabilities	3,118	3,118	103	1,793
Current tax liabilities	115	115	115	
Current bank credit facilities	105	105	105	
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	23,416	23,703	13,791	7,166
Interest rate derivatives not eligible for hedge accounting	6	228	199	28
Interest rate derivatives used as hedges	18	36	9	28
Forward foreign exchange contracts used as hedges:				(1)
• Cash outflow		15	15	
• Cash inflow		(1)	(1)	
Other forward foreign exchange contracts:	4			
• Cash outflow		10	10	
• Cash inflow				
TOTAL DERIVATIVE FINANCIAL LIABILITIES	41	264	208	57
				(1)

The carrying amount of derivative financial liabilities corresponds to the value excluding accrued interest not yet due, and the cash flows expected from these liabilities correspond to contractual cash flows (no early repayment anticipated).

10.4.4 Interest rate risk

Auchan Holding uses interest rate derivatives with the sole aim of reducing its exposure to the impact of changes in interest rates on its debt. Transactions on the derivative markets are undertaken solely for hedging purposes. However, some macro-hedging transactions used to hedge interest rate risk do not qualify for hedge accounting. These instruments are therefore recognised in "Financial assets held for trading".

10.4.4.1 Interest rate hedging

The Group's policy is to ensure that its exposure to interest rate risk is on variable rate borrowings by contracting either variable rate instruments, or fixed rate instruments that are subject to interest rate swaps which transform the fixed rates.

The Group then reprices its debt at variable rates with shorter maturities than the underlying borrowing. The repricing policy is according to the currency in question and the term. For example, for the current year, for the currencies PLN, HUF, RUB and RON, the hedging target is respectively around 70%, 70%, 70% and 80% in year N then at 50%, 50%, 50% and 30% in year N+1. There is currently no macro-hedging planned for the EUR in 2021.

The Group determines that there is an economic relationship between the hedging instrument and the hedged instrument in accordance with reference interest rates, the periods for which they are established, determination dates, maturity and notional or nominal amounts. **It uses a hypothetical derivative to determine whether it is expected that the designated derivative in each hedging relationship is effective in offsetting the changes in cash flows from the item being hedged.**

Fair value hedges

Interest rate transactions designated as fair value hedges concern transactions designed to change bond debt into floating rate debt. The currencies of these transactions are the euro and the Swiss franc. The net fair value (excluding accrued interest not yet due) of these instruments in the balance sheet was €68.8 million at 31 December 2020.

Macro-hedging transactions recorded as hedges of future cash flows

These transactions are aimed at protecting earnings against a possible rise in interest rates on the Group's variable rate debt. They consist of euro swaps in which Auchan is a fixed-rate borrower and a floating-rate lender. These transactions were prospectively designated as cash-flow hedges at 1 January 2018, to hedge aggregate fixed-rate debt and fixed-rate payer/variable-rate receiver swap exposures, in accordance with IFRS 9. **Auchan Holding had no outstanding transactions at 31 December 2020. On the other hand, Ceetrus and its subsidiaries have qualified transactions for a market value of €(30.1) million to cover its external financing.**

Other "macro-hedging" transactions recognised at fair value through net income

These transactions are aimed at protecting earnings against a possible rise in interest rates. They consist of swaps in which Auchan is a fixed-rate borrower and a floating-rate lender, or of caps or swaptions. These transactions are carried out in HUF, PLN, RUB and RON. **The fair value of these instruments was €(1.3) million at 31 December 2020 compared to €(1.3) million at 31 December 2019.**

10.4.4.2 Exposure to interest rate risk (after management)⁽¹⁾

(in €m)	31/12/2020	31/12/2019
Fixed-rate financial assets		-
Fixed-rate financial liabilities	2,782	4,279
Floating-rate financial assets	4,116	4,116
Floating-rate financial liabilities	3,960	3,425

(1) Excluding operating debts and receivables.

10.4.4.3 Sensitivity analysis

The analysis of the sensitivity of cash flows on floating-rate instruments takes into account all the variable-income flows on derivative and non-derivative instruments. The analysis is carried out based on the assumption that the amount of debt and derivatives at 31 December remains constant over one year. For the purpose of this analysis, all other variables, notably foreign exchange rates, are assumed to remain unchanged. Auchan Holding has stressed the curves for the euro and other currencies at -0.5%/+0.5%.

Impact on the income statement and equity

A 0.5% increase in the interest rate curve would result in:

- a €21.2 million increase in the cost of financial debt, of which €6.6 million relates to 2021. This would also have a positive impact on equity for €29.5 million. It represented an increase for €93 million at 31 December 2019, of which €17 million related to 2020.

A 0.5% decrease in the interest rate curve would result in:

- a €12.4 million decrease in the cost of financial debt, of which €5 million relates to 2021. This would have a negative impact on equity for €26.3 million. It represented an increase for €72 million at 31 December 2019, of which €13 million related to 2020.

Short-term financial assets and liabilities are not included in the scope of this analysis.

10.4.5 Foreign exchange risk

Auchan Holding is exposed to foreign exchange risk on:

- purchases of goods (transactional foreign exchange);
- internal and external financing denominated in a currency other than the euro (translation risk);
- the value of subsidiaries' net assets in foreign currencies (net investment hedges).

At 31 December 2020, the main currencies concerned were the US dollar, Polish złoty, Hungarian forint, Russian rouble, and Romanian leu.

The Group's risk management policy is at all times to hedge all of its estimated exposure to foreign exchange rate risk in respect of forecast sales and purchases for at most the next 18 months. The Group uses over-the-counter forward contracts to hedge its foreign exchange risk together with option strategies, in particular to provide volume flexibility. At the accounts closing date, the majority of future contracts have maturities of more than one year. These contracts are generally designated as cash flow hedges. The Group's policy prohibits outright option sales, barrier option strategies and asymmetric option strategies.

The Group designates the spot price for a forward foreign exchange contract to hedge its exchange rate risk and applies a 1:1 hedging ratio.

The swap elements of forward foreign exchange contracts are not designated as hedging instruments and are recognised separately as "hedging costs" in the equity hedging expenses reserve. The Group's policy is aligning the basic terms and conditions of forward foreign exchange contracts with those of the hedged item.

The Group determines that there is an economic relationship between the hedging instrument and the hedged instrument according to the currency, the amount and the schedule of their respective cash flows.

The principal sources of ineffectiveness in these hedging relationships are:

- the impact of the counterparty's and of the Group's credit risks on the fair value of the swaps, which is not reflected in the change in the fair value of cash flows attributable to interest rate changes; and
- the to the schedule of hedged transactions.

10.4.5.1 Foreign exchange hedges

Derivative foreign exchange instruments are used to limit the impact of fluctuations in exchange rates on Auchan Holding's currency requirements and on the value of the net assets of some of its subsidiaries.

Transactions on the derivative markets are undertaken solely for hedging purposes.

Foreign exchange transactions concern only the currencies indicated in the table below.

Fair value hedges

Foreign exchange hedges recognised as fair value hedges relate to purchases invoiced in foreign currencies but not yet paid. The impact on the income statement of these derivative instruments is naturally offset by the impact of the revaluation of trade payables in foreign currencies.

Cash flow hedges

Foreign exchange transactions that qualify as cash flow hedges consist of foreign exchange swaps and forward foreign exchange purchases or sales. These transactions are used to hedge forecast purchasing outflows denominated in foreign currencies.

The risk hedged by these transactions is principally EUR/USD exchange risk.

At 31 December 2020 (in €m)	Carrying amount	Contractual cash flows		
		Total	< 1 year	1-5 years
Foreign exchange swaps:	(8)			
• Cash inflow		157	139	18
• Cash outflow		(164)	(146)	(18)
Forward foreign exchange swaps:	(23)			
• Cash inflow		341	320	22
• Cash outflow		(364)	(342)	(22)

At 31 December 2019 (in €m)	Carrying amount	Contractual cash flows		
		Total	< 1 year	1-5 years
Foreign exchange swaps:	4			
• Cash inflow	7	8	8	-
• Cash outflow	(3)	(3)	(3)	-
Forward foreign exchange swaps:	1			
• Cash inflow	10	16	16	-
• Cash outflow	(9)	(11)	(11)	-

The following table shows Auchan Holding's exposure at 31 December 2020:

At 31 December 2020 (in €m)	USD
Trade payables	38
Estimated forecast purchases ⁽¹⁾	592
GROSS EXPOSURE	630
Foreign exchange swaps	(570)
Currency options ⁽²⁾	(96)
NET EXPOSURE	(35)

(1) Expected purchases for the 2021 financial year.

(2) Transactions not qualified for hedge accounting.

Balance sheet risk

Hedging transactions for balance sheet risk concern foreign currency loans granted to foreign subsidiaries. The currencies hedged are the Hungarian forint, Polish zloty, Romanian leu, US dollar and Russian rouble. Although these transactions are

carried out for hedging purposes, they are not documented for hedge accounting purposes as they are naturally symmetrically offset in the income statement by the change in value of the derivatives and intragroup financing.

At 31 December 2020 (in €m)	USD	PLN	HUF	RUB	RON
Intragroup financing	20	178	102	489	201
Gross exposure	20	178	102	489	201
Foreign exchange swaps	20	178	102	489	201
NET EXPOSURE					

At 31 December 2019 (in €m)	USD	PLN	HUF	RUB	RON
Intragroup financing	31	315	195	451	320
Gross exposure	31	315	195	451	320
Foreign exchange swaps	31	315	195	451	320
NET EXPOSURE					

Net investment hedge

No hedges were implemented in 2020 or 2019.

10.4.5.2 Sensitivity analysis (excluding translation reserves)

This sensitivity analysis assumes that variables other than exchange rates (notably interest rates) remain constant.

A rise of 10% in the euro exchange rate against other currencies, based on the financial situation at 31 December 2020, would result in a fall in income and equity in the amounts indicated below. The impact on equity corresponds to cash flow hedges on estimated forecast purchases.

A fall of 10% in the euro exchange rate against other currencies, based on the financial situation at 31 December 2020, would result in a rise in income and equity in the amounts indicated below. The impact on equity corresponds to cash flow hedges on estimated forecast purchases.

Impact (in €m)	Equity	Gains or losses
USD	(39)	(3)

10.4.6 Other risks

Auchan Holding and the other consolidated companies enter into hedging transactions other than foreign exchange and interest rate derivative transactions, namely hedges on raw material prices, for non-material amounts.

Effects of hedge accounting on the balance sheet and performance

Operations treated as net investment hedges did not lead to a revaluation in 2020. They are therefore not included in the following assessments.

Hedging instruments

The amounts for items designated as hedging instruments and for hedge ineffectiveness are as follows:

At 31 December 2020 (in €m)	Type of hedging instrument	Notional amount of hedging instruments	Carrying amount of the hedging instrument		Item in the balance sheet in which the hedging instrument is included	Change in fair value of the financial instrument used	Change in OCI reserves					
			Assets	Liabilities								
FAIR VALUE HEDGE												
Interest rate risk												
Bonds in EUR	Rate swaps	2,705	51	1		(48)						
Bonds in CHF	Cross currency swaps	98	19				(1)					
Bonds in USD	Rate swaps											
CASH FLOW HEDGE												
Interest rate risk												
Variable rates of bank borrowings	EUR rate swaps	1,934		30			(14.5)					
	Swaptions											
	EUR Cap	400	0.1			(0.5)	0.5					
Macro-hedge												
Foreign exchange risk												
Currency hedges of future sales	Forward foreign exchange contracts and swaps	481		31		(5)	(39)					

Hedged items

At the closing date, amounts for items designated as hedging effectiveness are as follows:

At 31 December 2020 (in €m)	Carrying amount of the hedged item		Accumulated FVH adjustments included in the carrying amount of the hedged item		Item in the balance sheet in which the hedging instrument is included	Change in fair value of the financial instrument used	Change in OCI reserves			
	Assets	Liabilities	Assets	Liabilities						
FAIR VALUE HEDGE										
Interest rate risk										
Fixed rate bonds denominated in EUR			2,757	66	Borrowings and other financial liabilities	48				
Fixed rate bonds denominated in CHF			119	19						
Fixed rate bonds denominated in USD						16				
CASH FLOW HEDGE										
Interest rate risk										
Variable rates of bank borrowings			2,334		Borrowings and other financial liabilities					
Foreign exchange risk										
Currency hedges of future sales	NA	NA	NA	NA	NA	NA	NA			

Effectiveness and hedging result

The table below reconciles, according to risk category, equity items and the analysis of other comprehensive income from hedge accounting

At 31 December 2020 (in €m)	Ineffectiveness recognised in P&L	Heading that includes ineffectiveness of hedging
FAIR VALUE HEDGE		
Interest rate risk	17	Net cost of financial debt

At 31 December 2020 (in €m)	Change in fair value of hedging instruments in OCI	Ineffectiveness recognised in P&L	Heading that includes ineffectiveness of hedging	Amount transferred from CFH reserve to PL	Heading of PL affected by the reclassification
CASH FLOW HEDGE					
Interest rate risk	(14)	(1)	Net cost of financial debt		
Foreign exchange risk	(39)	(5)	Other recurring expenses	2	

10.4.7 Market values of financial instruments

Financial assets and liabilities are stated in the financial statements in accordance with IFRS 9, IAS 32, IFRS 7 and IFRS 13.

IFRS 13 introduced a 3-level hierarchy for fair value measurement disclosures.

Level 1: Fair value measured with reference to unadjusted quoted prices observed in active markets for identical assets or liabilities.

Level 2: Fair value measured with reference to inputs other than the quoted prices included in Level 1 that are observable for the asset or liability in question, either directly (in the form of a price) or indirectly (calculated based on a price).

Level 3: Fair value measured with reference to inputs that are not based on observable market data (unobservable inputs).

IFRS 9 category (in €m)	31/12/2020			31/12/2019		
	Market value			Carrying amount	Market value	
	Level 1	Level 2	Level 3		Level 1	Level 3
Assets at fair value through net income	4,436		4,436		3,823	3,823
• Other financial assets measured at fair value		34	34		149	149
• Cash and cash equivalents		4,401	4,401		3,674	3,674
Equity instruments at fair value through other comprehensive income	123		123		153	153
• Equity investments		123	123		153	153
Financial assets at amortised cost	2,371		2,371		2,752	2,752
• Other non-current financial assets (excluding equity investments)		264	264		253	253
• Trade receivables		442	442		542	542
• Other current financial assets		1,666	1,666		1,957	1,957
Liabilities measured at fair value	4,765	10,679	15,444	5,536	17,790	23,362
• Bonds and private placements	4,765	352	5,153	5,536	238	5,810
• Bank borrowings and other financial liabilities, various other financial liabilities including bank overdrafts		1,588	1,588		1,897	1,897
• Other non-current liabilities		1,658	1,658		3,118	3,118
• Trade payables		4,676	4,676		7,572	7,572
• Other current liabilities		2,368	2,368		4,965	4,965
Derivative instruments, of which:	80		80		157	157
• Derivative financial instruments (assets)		152	152		203	203
• Derivative financial instruments (liabilities)		72	72		47	47

Bonds and cash open-ended funds (SICAV) are valued using quoted market prices. These securities are now considered as Level-1 financial assets and liabilities.

Auchan Holding calculated the fair value of finance lease debts and bank loans by discounting contractual flows using market interest rates, which are observable data.

Derivatives are valued using commonly accepted valuation techniques based on observable interest rate and currency market data.

Derivative positions not subject to offsetting

Auchan Holding enters into international swap and derivatives agreements (ISDA) as part of its trading activities. The ISDA contracts do not meet the same offsetting conditions as derivative positions in the balance sheet. The table below shows the recognised amounts that are subject to these agreements, solely for derivatives qualifying as interest rate and currency hedges:

	2020			2019		
	Financial instruments in the financial statements	Related non-cleared financial instruments	Net amount	Financial instruments in the financial statements	Related non-cleared financial instruments	Net amount
Financial assets						
Derivative instruments	70	30	40	186	56	130
TOTAL	70	30	40	186	56	130
Financial liabilities						
Derivative instruments	60	4	56	4	4	4
TOTAL	60	4	56	4	4	4

10.5 FINANCIAL ASSETS

Accounting principles

A financial asset is measured at amortised cost if the following two conditions are met and if it is not designated at fair value through net income:

- it is held with the framework of a financial model whose objective is to hold assets in order to collect the contractual cash flows; and
- its contractual terms give rise to cash flows, on specific dates, that correspond solely to repayments of principal and interest payments on the principal outstanding.

A debt instrument is measured at fair value through other comprehensive income if both of the following conditions are met and if it is not designated at fair value through net income:

- it is held with the framework of a financial model whose objective is to collect the contractual cash flows and the sale of financial assets; and
- its contractual terms give rise to cash flows, on specific dates, that correspond solely to repayments of principal and interest payments on the principal outstanding.

When initially recognising an equity security that is not held for trading, the Group may make the irrevocable election to present in other comprehensive income any subsequent changes in the fair value of the security. This choice applies for every investment.

All financial assets that are not classified at amortised cost or at fair value through other comprehensive income as previously described are measured at fair value through net income.

This is notably the case for all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that would otherwise qualify to be measured at amortised cost or at fair value through other comprehensive income at fair value through net income, if this designation eliminates or significantly reduces an accounting mismatch that otherwise would have occurred.

Assessment of the financial model

The Group assesses the business model objective of holding a financial asset at the portfolio level because this best reflects the way in which the performance of the portfolio is evaluated and communicated to the Group's management. The information taken into account is the following:

- the methods and objectives defined for the portfolio and their implementation. These include whether the management's strategy focuses on obtaining contractual interest income, maintaining a specific interest rate profile, matching the period for which they are held with the liabilities that finance them or the contractual cash flows, or the obtaining of cash flow by selling these assets;
- the way in which the performance of the portfolio is evaluated and communicated to the Group's management;
- the risks that affect the financial model (and the financial assets held within this financial model) and the way in which these risks are managed;
- the way in which executives are compensated (for example, whether the compensation is based on the fair value of the assets under management or on the contractual cash flows received); and
- the frequency, value and timing of sales of financial assets in prior periods, the reasons for these sales and expectations of future sales.

Transfers of financial assets to third parties within the context of transactions that do not meet the conditions for de-recognition are not considered as sales for these purposes, in accordance with the Group's accounting policy for the recognition of these assets.

Financial assets held for trading or whose management and performance measurement are made on a fair value basis are measured at fair value through net income.

Assessment when the contractual cash flows correspond solely to repayments of principal and interest payments on the outstanding principal

For the purpose of this assessment, the term "principal" refers to the fair value of the financial asset upon initial recognition. "Interest" refers to the counterparty for the time value of the money, the credit risk associated with the principal outstanding for a given period of time, and the other risks and charges that are attached to a basic loan (e.g. risk liquidity and administrative charges), as well as a margin.

When determining whether a contractual cash flow corresponds solely to repayments of principal and interest payments on the outstanding principal, the Group takes into consideration the contractual terms of the financial instrument. In particular, it must assess whether the financial asset includes a contractual term that may change the schedule or the amount of the contractual cash flows so that it no longer satisfies this condition. When making this assessment, the Group takes into account the following factors:

- contingencies that could affect the amount or schedule of cash flows;
- the conditions that may adjust the contractual coupon rate, including variable rate features;
- early repayment and extension clauses;
- the conditions limiting the Group's recourse to obtain cash flows from certain assets (for example, in the case of a financial asset secured only by a security interest).

An early payment clause may be consistent with the "SPPI" criterion if the amount of the prepayment is essentially the principal amount outstanding and the interest thereon. It may also include a reasonable additional amount to pay for early termination of the contract. In addition, for a financial asset acquired with a discount or a premium over its contractual par value, a clause allowing or requiring early repayment for an amount essentially representing the contractual par value and the accumulated (but unpaid) contractual interest, (which may

include a reasonable supplement to compensate for the early termination of the contract) does not contradict the "SPPI" criterion, if the fair value of the prepayment clause is not significant upon initial recognition. An early payment clause may be consistent with the "SPPI" criterion if the amount of the early repayment is immaterial at the time of initial recognition.

Subsequent valuation of profits and losses

Financial assets at fair value through net income

These assets are measured subsequently at fair value. Net gains and losses, including interest or dividends received, are recognised in net income.

Financial assets at amortised cost

These assets are measured subsequently at amortised cost using the effective interest rate method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in net income. Gains and losses resulting from de-recognition are recognised in net income.

Debt instruments at fair value through other comprehensive income

These assets are measured subsequently at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment losses are recognised in net income. Other net gains and losses are recorded in other comprehensive income. Upon de-recognition, gains and losses accumulated in other comprehensive income are reclassified to net income.

Equity instruments at fair value through other comprehensive income

These assets are measured subsequently at fair value. Dividends are recognised as revenue in the income statement, unless they clearly represent the recovery of a portion of the cost of the investment. Other gains and losses are recognised under other comprehensive income and are never reclassified to income.

Classification of financial assets by category (net carrying amount)

(in €m)		31/12/2020		31/12/2019	
Asset balance sheet item	IFRS 9 category	Non-current	Current	Non-current	Current
Other non-current financial assets	Fair value assets through net income ⁽¹⁾	34		149	
	Debt instrument at fair value through other comprehensive income ⁽²⁾	129		161	
	Financial assets at amortised cost ⁽⁴⁾	317		257	
Cash and cash equivalents	Fair value assets through net income ⁽¹⁾		4,441		3,674
Trade receivables	Financial assets at amortised cost ⁽³⁾		442		542
Other current receivables	Financial assets at amortised cost ⁽⁴⁾⁽⁵⁾⁽⁶⁾		1,666		1,957
OTHER FINANCIAL ASSETS (NET CARRYING AMOUNT)		479	6,549	566	6,173
Impairment of other financial assets		(6)		(5)	
Impairment of other current assets			(54)		(55)
of which cumulative impairment (excluding trade receivables)		(6)	(54)	(5)	(55)

(1) Financial assets held for trading correspond to:

- for the non-current part, investments that are subject to restrictions on use by Auchan Holding for prudential or contractual reasons;
- for the current part, investments that are defined as cash and are included under "Cash and cash equivalents".

(2) Available-for-sale financial assets comprise mainly shares in companies that are neither controlled nor under significant influence.

(3) Trade receivables include mainly receivables relating to franchise arrangements, and rent outstanding for the Property Management business line.

(4) Financial receivables include mainly security deposits.

(5) For the non-current part, interest-bearing or discounted receivables.

(6) Other current receivables include mainly tax and social security receivables and accrued revenue from suppliers.

10.6 FINANCIAL LIABILITIES**10.6.1 Borrowings and other financial liabilities****Accounting principles**

Financial liabilities consist mainly of bonds, bank borrowings and bank overdrafts. Borrowings that bear interest are recognised from the outset at their fair value less direct transaction costs. After initial recognition:

- borrowings and other financial liabilities at floating rates are measured at amortised cost based on straight-line amortisation of issuance costs over the term of the borrowing, insofar as this has no material impact by comparison with the yield-to-maturity method;

- two methods are used for fixed-rate borrowings:

- fixed-rate borrowings qualified as hedged items as part of fair value hedging relationships are recognised at amortised cost adjusted for the change in fair value corresponding to the hedged risk. The fair value is determined on the basis of future cash flows discounted using the zero-coupon curves at the financial year-end, and integrating a spread equal to the spread when the financing was put in place;
- other fixed-rate borrowings are recognised at amortised cost using the effective interest rate method, which incorporates an actuarial amortisation of issuance costs and premiums.

10.6.1.1 Breakdown of borrowings and other financial liabilities

(in €m)	31/12/2020		31/12/2019	
	Non-current	Current	Non-current	Current
Bonds and private placements	4,855	298	5,395	415
Bank borrowings and other financial liabilities	1,024	149	970	445
Other financial liabilities	23	215	25	290
Margin call - Liability		41		58
Bank overdrafts		137		105
TOTAL	5,902	840	6,390	1,313

Accrued interest is recognised under "Current borrowings and other financial liabilities".

Main characteristics of borrowings and other financial liabilities

10.6.1.2 Bonds and private placements

These are bonds issued in Luxembourg under the Euro Medium-Term Note (EMTN) programme.

In 2020, Auchan Holding issued two bonds in Luxembourg through the EMTN programme as well as various Schuldscheine.

In parallel, several debt buybacks were carried out.

(in €m) Issuing company	Nominal interest rate	Issue date	Maturity	31/12/2020		31/12/2019	
				Nominal value	Carrying amount	Nominal value	Carrying amount
Auchan Holding SA	2.375%	12/12/2012	12/12/2022	477	496	750	790
Auchan Holding SA	2.250%	08/04/2013	06/04/2023	267	279	500	528
Auchan Holding SA	2.250%	08/04/2013	06/04/2023	100	105	200	212
Auchan Holding SA	1.750%	24/04/2014	23/04/2021	224	225	600	611
Auchan Holding SA	1.510%	03/06/2014	03/06/2024	111	118	108 ⁽¹⁾	119
Auchan Holding SA	2.625%	30/01/2019	30/01/2024	747	761	1,000	1,013
Auchan Holding SA	2.375%	25/04/2019	25/04/2025	709	726	1,000	1,011
Auchan Holding SA	2.875%	29/04/2020	29/01/2026	1,000	1,006		
Auchan Holding SA	EUR6M + 2%	10/07/2020	10/07/2023	153	153		
Auchan Holding SA	EUR6M + 2.4%	10/07/2020	10/07/2025	36	36		
Auchan Holding SA	EUR6M + 2.9%	10/07/2020	09/07/2027	18	18		
Auchan Holding SA	3.250%	23/07/2020	23/07/2027	750	750		
Auchan Holding SA	2.000%	30/07/2020	10/07/2023	50	50		
Auchan Holding SA	EUR6M + 3.3%	07/10/2020	10/07/2030	35	35		
Ceetrus SA	3.000%	12/12/.2018	11/12/2025	60	60	60	60
Ceetrus SA	2.750%	24/11/2019	26/11/2026	300	300	300	297

(1) Hedging value; loan issued initially for 120 million Swiss francs.

Bank borrowings and other financial liabilities

(in €m) Issuing company	Nominal interest rate	Issue date	Maturity	31/12/2020		31/12/2019	
				Nominal value	Carrying amount	Nominal value	Carrying amount
La cloche d'Or	EUR3M + 1.7%	09/11/2018	09/11/2026	166	166	167	167
Ceetrus SA	EUR3M + 1.1%	20/07/2018	20/07/2023	500	500	500	500
Ceetrus SA	EUR3M + 1.1%	27/06/2019	27/06/2022	80	80	80	80
Glorirequinte, Brafero, Multi 25, Forum Montijo	2.3500 %	21/12/2018	21/12/2025	135	135	135	135
Gallerie Commerciali Sardegna	EUR6M + 2.5%	26/12/2016	16/12/2021	97	97	103	103

Other borrowings and credit lines exist with unit amounts of less than €50 million.

Other financial liabilities

This heading mainly includes the commitments to repurchase shares from employees of Auchan Holding and its subsidiaries for €1.3 million (see Note 8.1.4) and the liabilities linked to employee profit-sharing for €19 million.

This heading also includes commercial paper, the main issues being as follows:

(in €m) Issuing company	Maturity	31/12/2020		31/12/2019	
		Nominal value	Carrying amount	Nominal value	Carrying amount
Auchan Holding SA	less than one month				
Auchan Holding SA	1 to 3 months			233	233
Auchan Holding SA	3 to 6 months				
Auchan Holding SA	6 months and over	210	210	52	52

10.6.2 Other current and non-current liabilities**Accounting principles**

These current financial liabilities are valued at their nominal value to the extent that they constitute a reasonable estimate of their market value given their short-term nature.

Auchan Holding and the consolidated companies have given commitments to the non-controlling shareholders of some fully consolidated subsidiaries to buy out their interests. These commitments' exercise price may be fixed, based on an expert opinion, or based on a pre-defined calculation formula, depending on any contractual provisions setting the option valuation methods. These options may be exercised at any time or on a pre-determined date.

In application of IFRS 10, transactions with non-controlling shareholders that do not change the nature of the direct or indirect control exercised by Auchan Holding should be recognised directly in equity. Accordingly, the impact of the repurchase commitments issued after the first application date must also be recognised in equity.

On first recognition, Auchan Holding recognises a liability in its consolidated financial statements in respect of the repurchase commitments given to non-controlling shareholders at the present value of the exercise price. The difference between the debt recognised in respect of the repurchase commitments and the carrying amount of the non-controlling interests is recorded as a charge against equity. The liability is remeasured each year and any changes are recognised in equity (including discounting effect).

If the repurchase commitment was not granted in the context of a business combination (excluding creation of new activities), subsequent changes in the liability are recognised in financial income.

(in €m)	31/12/2020		31/12/2019	
	Non-current	Current	Non-current	Current
Trade payables⁽¹⁾		4,676		7,572
Trade payables, goods		3,731		6,524
Trade payables, general expenses		950		1,054
IFRS 16 trade payables, general expenses		(4)		(6)
Other liabilities, including:	1,658	2,368	3,118	4,965
Liabilities linked to put options granted to non-controlling interests ⁽²⁾	152		214	
Fixed assets liabilities	53	275	53	453
Tax and social liabilities		1,289		1,530
Deferred income	2	87		122
Other liabilities	63	423	163	832
IFRS 16 lease liabilities ⁽³⁾	1,387	294	2,688	490
Prepaid cards ⁽⁴⁾				1,538
TOTAL	1,658	7,045	3,118	12,537

(1) Auchan Holding has set up several reverse factoring programmes in the main countries where it operates. These programmes consist of enabling its suppliers to benefit from early payment options. In the case in point, these programmes are transactions for the sale of trade receivables to a financial institution, a partner bank. More specifically, relations between the parties are governed by the signing of two completely independent contracts:

- Auchan Holding signs a framework contract with the partner bank under which it agrees to pay, on the due date set, the pre-approved invoices sold by its suppliers to the partner bank. Individual suppliers are free to decide whether or not to sell any one of their invoices;
- Auchan Holding suppliers may, if they wish, sign a framework contract with the partner bank under which they have the option to sell their invoices, before the due date, under terms that take into consideration Auchan Holding's credit risk;
- Receivables amounting to €720 million were sold by Auchan Holding suppliers in 2020 under these reverse factoring programmes. Outstandings at closing stood at €92 million.

(2) Commitments to purchase shares made by Auchan Holding and the other consolidated companies to the non-controlling shareholders of certain subsidiaries that are fully consolidated or to the Valauchan, Valfrance and Oneyval mutual funds under rules that govern the operation of those funds (see Note 8.12).

(3) See Note 6.5 on leases (IFRS 16).

(4) Prepaid cards mainly comprise the "gift" cards issued in China. These prepayments are held under liabilities in the balance sheet until they are used by customers in our stores. In China, these cards may be used in the Group stores without any time restriction. At 31 December 2020, the related liability was extinguished, whereas it amounted to €1,538 million at 31 December 2019.

10.7 OFF-BALANCE SHEET COMMITMENTS

Commitments received

Breakdown of long and medium-term credit lines, granted and confirmed by the banks but unused.

At 31 December 2020

(in €m)	31/12/2020	31/12/2019
Less than one year	665	833
1 year-5 years	1,900	2,667
More than five years		
TOTAL	2,565	3,500

Certain medium and long-term bank financing facilities (confirmed credit lines not used at 31 December 2020) contain an early "callability" clause in the event of non-compliance with the following ratio at the closing date: consolidated net financial debt/consolidated EBITDA < 3.5. In the context of its own financing, other ratios must be respected by Ceetrus. At 31 December 2020, these ratios were in compliance. After taking into undrawn confirmed credit lines and available cash, Auchan Holding considers that projected cash flows from operations are sufficient to cover debt repayments and dividends.

Commitments given

(in €m)	31/12/2020	21/12/2019
	Total	Total
Guarantees given	22	22
Other commitments given	306	26

Secured liabilities

(in €m)	31/12/2020	31/12/2019
	Total	Total
Guaranteed debts	455	554
Debts guaranteed by security interests	323	323
Import documentary credits	64	83

Details of off-balance sheet commitments relating to intangible assets and property, plant and equipment are provided in Note 6.7.

10.7.1 Commitments given

Guarantees given remained stable between 2019 and 2020 (€22 million).

Other commitments given were up by €280 million compared to 31 December 2019.

As part of the sale of Auchan's stake in Sun-Art, Auchan Retail International provided a bank guarantee to the Alibaba Group in connection with compensation commitments event granted to the buyer. This guarantee amounted to USD 360 million as at 31 December 2020 (€293 million) and will expire on 9 November 2022.

Furthermore, as part of the disposal of Auchan Spa (parent entity of the distribution activities in Italy) and its subsidiaries, Auchan Retail International, a wholly-owned subsidiary of Auchan Holding, granted a liability guarantee.

Where applicable, a provision is recorded in Auchan Holding's financial statements, depending on the assessment of the risks relating to the activation of the liability guarantee.

10.7.2 Secured liabilities

Debts guaranteed by collateral remained stable between 2019 and 2020 (€323 million).

Liabilities secured by guarantees declined by €99 million compared to 31 December 2019.

10.7.3 Put and call share options

Ceetrus has call options on shares linked to the minority holdings of certain of its subsidiaries. They amounted to €16 million at 31 December 2020 compared to €17 million at 31 December 2019.

NOTE 11 INCOME TAX

11.1 TAX ASSETS AND LIABILITIES

Accounting principles

Deferred taxes are recorded on all temporary differences between the tax basis of assets and liabilities and their carrying amounts, with the exception of goodwill not deductible for tax purposes and temporary differences relating to investments in joint ventures or affiliates to the extent that they will not be reversed in the foreseeable future.

Deferred taxes are calculated on the tax rate that applies on the balance sheet date, using the liability method. The effect of any change in the tax rate is recognised in the income statement, apart from changes relating to items initially recognised directly in equity.

Income tax, both current and deferred, is recognised directly in equity when it relates to an item initially recognised in equity.

Deferred tax assets and liabilities are offset when offsetting is legally allowed and the same tax authority is involved. They are not discounted and are recorded in the balance sheet under non-current assets and liabilities.

Tax losses and other temporary differences only give rise to deferred tax assets when they are likely to be used against future taxable income within a reasonable period of time or when they can be offset against deferred tax liabilities.

French business taxes

In France, two taxes, the CVAE (Contribution sur la Valeur Ajoutée des Entreprises) and the CFE (Contribution Foncière des Entreprises) replaced the former French business tax (taxe professionnelle) with effect from 2010.

A review of the accounting treatment of this tax in France in the light of IFRS has resulted in adopting separated accounting methods for each of these two taxes:

- the CFE, which is based on property rental values, is recognised in operating expenses;
- the CVAE, which according to Auchan Holding's analysis, can be considered as an income tax as defined in IAS 12.2 ("Taxes based on taxable incomes"). As provided for under IAS 12, classification of the CVAE as income tax results in the recognition of a deferred tax liability arising from temporary differences. This deferred tax expense is presented under "Income tax expenses". Moreover, the full amount of current and deferred taxes relating to the CVAE is presented under this heading.

A deferred tax liability is recognised based on the net carrying amount of the depreciable non-current assets of the entities liable to CVAE, as provisions for depreciation are not deductible from the added value that serves as the base for the CVAE. Acquisitions of assets outside business combinations benefit, from 2010, from the exemption provided for in IAS 12 for first-time recognition of an asset or liability. In addition, a deferred tax asset is recognised on impairment losses.

Breakdown of current tax assets and liabilities

(in €m)		31/12/2020	31/12/2019
Gross carrying amount		137	153
Impairment		(5)	(4)
CURRENT TAX ASSETS – NET CARRYING AMOUNT		132	148
Current tax liabilities		52	115

Breakdown of recognised deferred tax assets and liabilities

(in €m)	31/12/2020			31/12/2019		
	Assets	Liabilities	Net	Assets	Liabilities	Net
On temporary differences	279	173	105	358	562	(204)
Non-deductible provisions	79	(115)	194	66	(78)	144
Fixed assets and amortisation	96	122	(26)	114	419	(305)
Investment property and depreciation	43	115	(72)	42	123	(81)
Finance leases	3	13	(10)	7	13	(6)
Inventories	6	7	(2)	28	8	20
Employee benefits	4	(35)	39	3	(32)	35
Regulated provisions	3	110	(107)	2	114	(112)
IFRS 16	27	(7)	35	52	(8)	60
Other	19	(36)	55	44	3	41
On tax losses carried forward	78	(60)	138	80	(53)	133
DEFERRED TAX ASSETS AND LIABILITIES	356	113	243	438	509	(71)

Deferred tax not recognised

Deferred tax assets amounting to €174 million (€360 million at 31 December 2019, change mainly due to the disposal of China) relating to tax losses carried forward, tax credits and other temporary differences were not recognised as their recovery is considered unlikely within the meaning of IAS 12.

Unrecognised deferred tax assets maturity dates break down as follows:

(in €m)	31/12/2020
Between 2020 and 2024	91
Between 2025 and 2029	40
After 2029	299
Carried forward indefinitely or without maturity date	43
TOTAL UNRECOGNISED DEFERRED TAX ASSETS	473

Change in deferred tax assets and liabilities (+: asset or income, (-): liability or expense)

(in €m)	01/01/2020	Recognised in income	Recognised in other comprehensive income	Reclassifications	Changes in consolidation scope	Exchange differences	31/12/2020
On temporary differences	(204)	79	17	(14)	250	(23)	105
Non-deductible provisions	144	63		(1)	(4)	(9)	194
Fixed assets and amortisation	(305)	13		5	264	(2)	(26)
Investment property and depreciation	(81)	9	1	2	0	(3)	(72)
Finance leases	(6)	(4)					(10)
Inventories	20	(16)			(3)	(4)	(2)
Employee benefits	35	6	(2)			(1)	39
Regulated provisions	(112)	5					(107)
IFRS 16	60	3			(25)	(3)	35
Other	41	(2)	19	(20)	18	(1)	55
On tax losses carried forward	133	(1)		16	(9)	(1)	138
DEFERRED TAX ASSETS AND LIABILITIES	(71)	78	17	2	241	(24)	243

11.2 TAX EXPENSE

Analysis of net tax expenses

(in €m)	31/12/2020	31/12/2019
Expenses/Income		
Current income tax payable	112	125
Tax adjustments relating to previous years	13	4
Current income tax payable	125	129
Current income tax payable on "Non-recurring income and expenses"⁽¹⁾	(4)	8
Change in temporary differences	9	(1)
Impact of changes in tax rates	2	2
On tax losses carried forward	1	(1)
Total deferred tax	12	
Total deferred tax on "Non-recurring income and expenses"	(85)	(32)
INCOME TAX EXPENSE	48	105

(1) Tax relating to items classified in "Non-recurring income and expenses" (see Note 3.4).

Effective tax rate (ETR)

The difference between the tax calculated using the theoretical rate in France and the tax expenses effectively recognised for the year can be analysed as follows:

(in €m)	31/12/2020	ETR 2020	31/12/2019	ETR 2019
Income before tax	(321)		100	
Theoretical tax rate (French standard rate)		32.02%		34.43%
Theoretical tax expense	(103)		35	
Difference in tax rates for foreign companies	18	(5.7%)	11	11.3%
Tax rate difference on deferred tax balance at the start of the period	14	(4.4%)	3	2.7%
Tax relief, tax credits and reduced rate taxation	3	(1.0%)		(0.4%)
Unrecognised tax losses for the period	16	(5.0%)	31	30.5%
Use of previously unrecognised tax losses carried forward	(10)	3.1%	(24)	(24.3%)
Recognition of prior period tax losses	(20)	6.2%	9	9.2%
Tax adjustments related to previous periods	11	(3.5%)	(11)	(10.5%)
CVAE tax	35	(10.8%)	35	34.8%
Items recognised under "Non-recurring income and expenses"	60	(18.7%)	(4)	(4.4%)
Permanent differences/Deferred tax not recognised	23	(7.1%)	22	21.7%
Actual tax expense	48		105	
EFFECTIVE TAX RATE (ETR)		(14.9%)		104.9%

NOTE 12 DETAILS OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	31/12/2020	31/12/2019
Changes in working capital requirement:	289	(452)
• Inventories	1,136	(269)
• Trade receivables		(78)
• Trade payables	(778)	(357)
• Other assets and liabilities	(69)	253
Changes in items relating to the credit activity:		114
• Customer loans - Credit activity		216
• Debts financing the credit activity		(102)
Changes in loans and advances granted:	(134)	(213)
• Increase in loans and advances granted ⁽¹⁾	(141)	(246)
• Decrease in loans and advances granted	7	34
Dividends paid during the period:	(121)	(120)
• Dividends paid to shareholders of the parent company		
• Dividends paid to non-controlling interests of consolidated companies	(121)	(120)
Acquisitions and disposals of interests without change in control⁽²⁾	(15)	(67)
• Acquisitions	(28)	(109)
• Disposals	14	42
Net financial debt:	(2,578)	790
• Loans issued	12,528	6,747
• Repayments of loans (including finance leases)	(15,106)	(5,957)
Net cash and cash equivalents:	4,265	3,569
• Marketable securities with a maturity of less than 3 months	2,879	1,393
• Cash	1,522	2,282
• Bank overdrafts (see Note 10.6)	(137)	(105)

(1) In 2019, including €98 million in cash reclassified as restricted cash balances – new regulation on prepaid cards in China.

(2) Acquisitions and disposals of interests without any gain or loss of control mainly include the purchase of securities from employees by Auchan Holding and its subsidiaries for €26 million in 2020 and €102 million in 2019, offset by disposals for €33 million.

NOTE 13 LIST OF CONSOLIDATED COMPANIES

List of the main companies consolidated using the **full consolidation** method at 31 December 2020.

Country	Division/activity	Company	% interest	
			2020	2019
France	Holding	Auchan Holding SA	100	100
	Retail	Aripay	100	100
		Auchan Retail International	100	100
		Auchan Retail France	99	98
		Auchan Hypermarché and its subsidiaries	99	98
		Auchan E-commerce France	99	98
		Auchan Carburant	99	98
		Eurauchan	94	94
		Auchan Retail Agro	99	98
		Auchan International Technologie	100	100
		Organisation Internationale des Achats	100	100
		Auchan Supermarché and its subsidiaries	99	98
Belgium		Chronodrive	99	98
	Ceetrus	Ceetrus	100	100
		Ceetrus France and its subsidiaries	99	98
Mainland China		Ceetrus Finance	100	100
	Retail and Real Estate	A-Rt Retail Holding	-	71
Spain		Sun Art Retail Group	-	36
	Retail	Auchan Retail Spain (merged into Alcampo)	-	98
		Alcampo and its subsidiaries	97	98
		Valespaña	3	11
		Zenalco	100	100
		Sabeco and its subsidiaries	97	98
		Ceetrus Urban Play Spain and its subsidiaries	97	98
	Ceetrus	International DrugStore	-	100
	Retail	Ceetrus Italy and its subsidiaries	100	100
		Auchan Luxembourg	100	100
Luxembourg	Retail	Auchan International	100	100
		Patinvest	100	100
Italy		Christal	100	100
	Ceetrus	Ceetrus Luxembourg and its subsidiaries	100	100
	Retail	International DrugStore	-	100
Hungary		Ceetrus Italy and its subsidiaries	100	100
	Retail	Auchan Magyarország and its subsidiaries	100	100
Poland		Valhungary International	83	84
	Ceetrus	Ceetrus Hungary and its subsidiaries	100	100
	Retail	Auchan Polska and its subsidiaries	100	100
Portugal		Valpoland	31	31
	Ceetrus	Ceetrus Polska and its subsidiaries	100	100
	Retail	Auchan Portugal and its subsidiaries	99	99
Romania		Valportugal	28	21
	Ceetrus	Ceetrus Portugal and its subsidiaries	99	99
Romania	Retail	Auchan Romania	100	100
	Ceetrus	Ceetrus Romania and its subsidiaries	100	100

Country	Division/activity	Company	% interest	
			2020	2019
Russia	Retail	Auchan Russie OIIAH and its subsidiaries	99	99
		Valauchan Russie	66	19
		Valrussie	23	49
		Atak and its subsidiaries	99	99
		Ceetrus	99	99
Senegal	Retail	Senas	100	100
Taiwan	Retail and Real Estate	RT Mart International	65	65
Ukraine	Retail	FCAU	100	100
	Ceetrus	Ceetrus Ukraine	100	100
Vietnam	Retail	International Simply Mart	100	100

4.3 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(For the year ended December 31, 2020)

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

OPINION

In compliance with the engagement entrusted to us by your Shareholders Meeting, we have audited the accompanying consolidated financial statements of AUCHAN HOLDING for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Emphasis of Matter

We draw attention to the following matter described in Note 2.7 to the consolidated financial statements relating to the consequences of the agenda paper related to the Lease Term and Useful Life of Leasehold Improvements (IFRS 16 Leases and IAS 16 Property, Plant and Equipment). Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment test of non-current assets (excluding investment property)

(Note 6.6 to the consolidated financial statements)

Description of risk

At as December 31, 2020, the carrying amounts of goodwill, other intangible assets and property, plant and equipment ("Non-current Assets") of the Group totaled €8,7 billion (38% of the total balance sheet). These Non-current Assets are detailed in Notes 6.1 to 6.3 and 6.5 of the consolidated financial statements.

These Non-current Assets are tested for impairment as soon as there is any indication of a loss of value. This test is performed once a year on a mandatory basis for assets with indefinite useful life. The recoverable value of an asset is defined in Note 6.6 to the consolidated financial statements.

For the purposes of these impairment tests, these Non-current Assets (excluding goodwill and intangible assets with indefinite useful life) are grouped into Cash Generating Units (CGUs). The Group has defined the store as the CGU for Retail (excluding Taiwan where Retail CGU includes the real estate activity).

Goodwill and intangible assets with indefinite useful life are tested by country and by activity. The CGU group created for the purposes of this test includes the plant and equipment, intangible assets and goodwill allocated to the country and the business as well as its working capital requirements.

We deemed the measurement of the recoverable amount of these Non-current Assets to be a key audit matter given their materiality in the consolidated financial statements and because the determination of their recoverable amount, generally based on discounted future cash flow forecasts, requires the use of assumptions and estimates that are largely based on the judgement of management. As described in note 2.8.2, the effects of the Covid-19 pandemic were considered when carrying out the impairment tests.

The impairment expense recognized for the 2019 financial year amounts to €478 million, as indicated in Note 6.6. It mainly concerns the goodwill and stores of the Retail activities in Russia, where the competitive environment and store performance deteriorated in 2020.

How our audit addressed this risk

Our audit work consisted in:

- analyzing the methods of performing these impairment tests, assessing the identification of impairment indicators as well as the relevance of the calculation models used;
- assessing the relevance of the approach adopted by management to determine the CGUs or groups of CGUs at which goodwill and other assets are tested by the Group;
- analyzing the consistency of cash flow projections and their evolution regarding the economic environments in which the Group operates, including the consequences of the health crisis related to the Covid-19 pandemic projected by Management;
- assessing the reasonableness of the discount rates applied to the estimated cash flows by examining in particular whether the various parameters making up the weighted average cost of capital of each CGU or group of CGUs are consistent with the rates used for companies considered to be comparable, based on market participants for similar activities;
- assessing the results of sensitivity analyzes on discount rates and perpetual growth rates prepared by management and their impact on the impairment charge for the year;
- and verifying the accuracy of the information given in this regard in Note 6.6.

Measurement of rebates and commercial cooperation

(Note 4 to the consolidated financial statements)

Description of risk

Rebates and commercial cooperation received by the Group from its suppliers are recognized as a reduction in cost of sales and result from contractual agreements signed by Group companies with their suppliers.

These agreements, which are specific from one supplier to another, include rebates calculated according to the volume of purchases of goods made as well as discounts for commercial cooperation actions invoiced to suppliers.

Rebates are obtained when the associated performance conditions are met. These performance conditions generally require the Group to comply with certain volume thresholds.

Discounts under commercial cooperation agreements are recognized during their period of realization. They are recorded in accordance with the terms and conditions provided for in the contractual agreements concluded with the Group's suppliers until their expiry.

The evaluation of rebates and commercial cooperation is a key audit matter because of the large number of supplier contracts, their specificities, the amounts involved and the estimates on which this evaluation is based.

How our audit addressed this risk

Our audit work consisted in:

- understanding the controls (including general IT controls) relating to the conclusion of contracts and the measurement of rebates and commercial cooperation;
- assessing the compliance and the consistency of the accounting methods applied, as described in note 3.1 of the consolidated financial statements with International Financial Reporting Standards (IFRS) as adopted by the EU;
- testing, on a sampling basis, the data entered in the information systems used to calculate rebates and commercial cooperation. These tests include the verification and consistency of (i) terms and conditions with contractual agreements, (ii) volumes and amounts of goods purchased with the Group's purchasing data and (iii) calculation of rebates and commercial cooperation;
- verifying, on a sampling basis, the recoverability of receivables from suppliers, in particular through the ageing analysis of these receivables;
- comparing the rebates and commercial cooperation received by the Group during the year with the accruals recorded at the end of the previous year in order to assess the reliability of Management's estimates,
- verifying that discounts and commercial cooperation are correctly taken into account in the valuation of inventory.

Valuation of investment properties

(Note 6.4 of the consolidated financial statements)

Description of risk

As of December 31, 2020, the value of investment properties, recognized according to the cost model on the Group's balance sheet in accordance with IAS 40 Investment property, amounted to €3.9 billion. Their fair value (net of transaction costs), disclosed in note 6.4 of the consolidated financial statements, represents an amount of €7.5 billion. Depreciation was recorded at December 31, 2020 for an amount of €58 million, mainly corresponding to the shopping malls in France and Poland.

Management has implemented a process for valuing real estate assets to estimate the fair value of these assets by reference to external valuations carried out by independent experts.

The valuation of investment properties requires significant judgment and estimation on the part of management and independent experts. These experts consider:

- information specific to each asset such as location, rental income, return on investment, investment expenses
- recent market comparable transactions.

As indicated in note 6.4, fair value measurements are used to determine the recoverable amount of real estate assets, of which the Cash Generating Unit (CGU) has been defined as the shopping mall.

The valuation of investment properties is considered to be a key audit matter because of the significant importance of these assets on the balance sheet, the fair value of which (net of transaction costs) is indicated in note 6.4 to the consolidated financial statements, of the significant judgment relating to the determination of the main assumptions used and the potentially significant nature of the sensitivity of the fair value of real estate assets to the assumptions used, this being used to assess the recoverable amount of investment properties.

How our audit addressed this risk

Our audit work consisted in:

- obtaining the engagement letters signed with the real estate experts, understanding the nature and extent of their due diligence;
- assessing the competence, independence and integrity of the independent experts appointed by the company;
- understanding the process implemented by Management for the transmission of data to real estate experts and for its critical review of the appraisal values established by the latter;
- meeting with the Management and the property experts in order to assess whether the overall valuation of the assets and the appraisal values of the assets showing the most significant or atypical variations are consistent with our knowledge of the market;
- obtaining real estate appraisal reports, assess the consistency of the parameters (return on investment, discount rate and market rental values) selected with observable market data available in the context of the global crisis related to Covid- 19 and assessing the consistency of the assumptions specific to certain assets (in particular for renovation / extension projects) with our knowledge;
- reconciling, on a sampling basis, the information provided by Management to independent experts and used by them in their evaluations with the appropriate documentation, such as rental contracts;
- comparing the final values of real estate appraisals with the values retained in the consolidated financial statements;
- assessing the impact of the health crisis on valuation assumptions (rates, NOI)
- assessing the appropriateness of the information provided in note 6.4 of the consolidated financial statements, in particular the information on fair value and note 6.6 concerning impairment of assets at historical cost.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce), is included in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein and this information must be reported by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of AUCHAN HOLDING by the annual general meetings held on May 21, 2013 for PricewaterhouseCoopers Audit and on August 30, 1961 for KPMG Audit.

As at December 31, 2020, PricewaterhouseCoopers Audit and KPMG Audit were in the 8th year and 60th year of total uninterrupted engagement, which are the 8th year and 18th year since securities of the Company were admitted to trading on a regulated market, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit

And furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit

evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris la Défense,

March 4, 2021

The statutory auditors

PricewaterhouseCoopers Audit

François Jaumain

KPMG Audit

Département of KPMG SA

Hervé Chopin

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