



FNAC DARTY



A decorative background featuring several overlapping, colorful brush strokes in shades of orange, red, pink, and purple. The strokes are set against a light gray background with a hatched pattern of thin, parallel lines.

2020



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Presentation of the Group

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1.1 / Business Model

1.1.1 / COMPANY PROFILE

1.1.1.1 / A European leader in omnichannel retail

Operating in 12 countries, including France, Belgium, Spain, Portugal and Luxembourg, Fnac Darty is a European leader in the retail of entertainment and leisure products, consumer electronics and domestic appliances. More recently, the acquisition in August 2019 of Nature & Découvertes, a leading omnichannel retailer of natural and wellbeing products, enabled the Group to penetrate the Wellbeing and Outdoor Activities sectors and, in doing so, accelerate its diversification.

With some 25,000 employees, Fnac Darty generated revenue of nearly €7.5 billion in 2020, 29% of which was online, up 10 points on 2019. By combining the strengths of Fnac, Darty and Nature & Découvertes, the Group's omnichannel sales accounted for 42% of online orders in 2020, against a backdrop of very strong growth in e-commerce volumes. As a result, momentum remained very strong, with click&collect order processing up 30% on the previous year.

The relevance of the omnichannel model is based on a dense territorial network combined with sustained momentum on digital platforms. As of the end of 2020, the Group has a multi-format network of 908 stores, including 751 in France⁽¹⁾. It is France's second largest e-commerce retailer in terms of audience in France with its three commercial websites: fnac.com, darty.com, and natureetdecouvertes.com. Its position as leader is based, in particular, on its high volume of traffic: 175 million visits to stores across the Group and a cumulative average of over 29 million unique online visitors per month in France⁽²⁾. It should be noted that in-store traffic in 2020 was strongly impacted by the lockdown measures and limits on in-store traffic adopted in response to

the Covid crisis. In contrast, the attraction of digital platforms skyrocketed, experiencing a very sharp rise in traffic thanks to the uptick in digitalization of consumption which the health crisis entailed.

The Group thus operates primarily in Europe via three regions: France and Switzerland, Belgium and Luxembourg, and the Iberian Peninsula. The France and Switzerland region covers the Group's French and Swiss activities and represented close to 83% of sales in 2020. The Belgium-Luxembourg region covers the activities of Fnac and Vanden Borre in Belgium and Luxembourg and represented nearly 9% of sales in 2020. Lastly, the Iberian Peninsula region covers Fnac activities in Spain and Portugal, and represented almost 8% of revenue in 2020. The Group is also developing its franchise business internationally and now has 13 stores in Africa and the Middle East, and 17 stores in French overseas departments and territories.

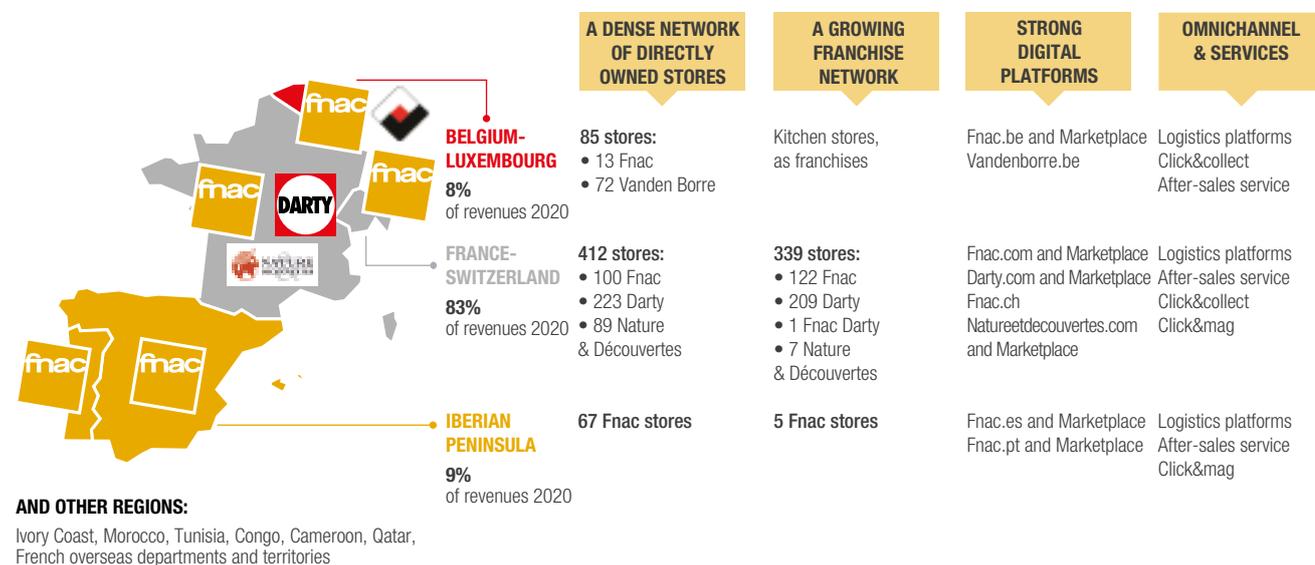
In its geographic regions, the Group reproduces the strategy implemented in France, adjusted to the local context. This is mainly through a strong network of directly owned stores, as well as franchise development. Fnac Darty has solid e-commerce platforms in all its countries, with five main international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

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

(1) Including 16 Fnac Darty/N&D stores in Switzerland and 30 stores abroad.

(2) Fevad, average for 2020.

The Group's omnichannel experience is outlined below.



Store network as of December 31, 2020.

1.1.1.2 / A galaxy of brands orbiting Fnac and Darty

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

Three strong values make up the essence of the Fnac brand: independence, passion and the spirit of discovery. These values are reflected in its salespeople, in its recognized expertise and in its product selections, as well as in the unique place that Fnac occupies in French culture (Fnac Live Paris, the Fnac Livres book fair, the Prix BD Fnac France Inter comic prize in association with French national radio, the Prix Goncourt des lycéens literary prize for senior high school students, and more recently La Claque by Fnac, a digital culture initiative). Fnac is the brand of discovery, of diversity, of open-mindedness: it aims to spark people's curiosity. With a special place in the French retail landscape, this strong brand has made curiosity its mission.

As for Darty, its identity is anchored in three key values: confidence, service and accessibility. Darty, a heritage brand, is the brand for everyone. It is there for its customers at every stage of their lives, from the big moments to the smallest ones. Part of French homes for 60 years, it is a pioneer in terms of service, especially after-sales services.

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



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

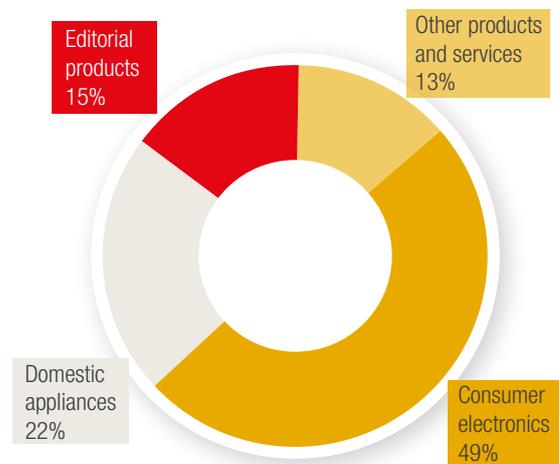
1.1.1.3 / A diverse, balanced range of products and services

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

The Fnac and Darty brands each market consumer electronics (49% of the Group's revenue in 2020), a sector in which growth experiences short innovation cycles. This shared offering is enhanced, on the one hand, by Fnac and Nature & Découvertes' strength in editorial products (15% of the Group's revenue) and, on the other, by Darty's leadership position in the domestic appliances market (around 22% of Group revenue). Moreover, the Group continued to diversify its product and services offering in 2020. The sale of other products and services (some 13% of the Group's revenue) such as Games & Toys, Stationery, Natural and Wellbeing Products, Kitchen, Urban Mobility, After-sales Service, and Warranties are solid levers for growth. The product and services offering is described in section 1.4.3 "A diversified product and services offering" of this Universal Registration Document.

A diverse range of products and services

(as a % of revenue 2020)



1.1.1.4 / A committed group recognized as a responsible player

1.1.1.4.1 / Context

In these times of hyperchoice, consumers are looking for trust and guidance in their everyday lives. The annual study conducted by the Group on consumption in France shows that its inhabitants are increasingly seeking transparency and meaning in the way they consume. They are increasingly seeking to consume “better”. 49% indicated that they were paying more heed to the social and/or environmental impact of their purchases than the previous year and 40% even indicated that they were consuming less than the previous year, 73% of whom cited environmental reasons.

The context of an unprecedented health crisis in the shape of Covid-19 is acting as a trend accelerator: accelerated environmental awareness among consumers, accelerated digitalization of physical stores, and acceleration of online ordering and home delivery.

1.1.1.4.2 / Sustainability at the heart of the Group's *raison d'être* and new strategic plan

Since 2018, the Group has pursued a proactive sustainability policy with the launch of numerous initiatives and innovative services to promote the circular economy and the extension of product life spans. Fnac Darty has been the leading repairer in France for the past 50 years, with over 2 million repairs conducted (at customers' homes, in after-sales service workshops or in stores), 2 million telephone enquiries and 1.7 million products repaired in 2020. The Group is also the biggest collector of WEEE (waste electrical and electronic equipment) with over 49,000 metric tons of products collected every year for recycling and re-use at Group level, including 45,000 metric tons in France alone.

The Group also affirmed its environmental strategy, by setting a quantified objective of reducing its CO₂ emissions in France by 50% by 2030, compared to the 2019 level. In order to integrate this environmental challenge into the Company's strategy, a Climate Committee was set up in 2019 to discuss and validate the roadmaps and action plans undertaken to achieve the stated reduction target.

The Group is the driving force behind several projects, including the creation of a reparability index long before this became mandatory, the implementation of “sustainable choice” signage for products with the highest sustainability score, and the launch of the Darty Max subscription repair service. All these projects are described in Chapter 2.

In 2021, Fnac Darty revised its *raison d'être*, which became “Commit to an educated choice and a sustainable consumption”. This is supported by a mission committee to manage the associated indicators. This *raison d'être* is grounded in a strengthened social and environmental responsibility policy, which is supported by all Group business lines and based on the work of some 25,000 skilled employees, and an HR policy focused on talent management. This *raison d'être* and the implementation of the “Everyday” strategic plan, which places a major focus on sustainability, demonstrate the Group's to position itself as the leader in sustainable consumption in its sector. As a consequence, the Group has set sustainability objectives, set out in paragraph 1.5 “Group strategy and objectives”.

In parallel, Fnac Darty relies on a broad territorial network of 908 stores in 12 countries, whose ambition is to share cultural creation, new technology and innovative services with as many people as possible.

Finally, the acquisition of Nature & Découvertes in 2019 enhances the Group's positioning in terms of responsible business practices and sustainable consumption. For example, Nature & Découvertes puts 10% of its net profits back into the Fondation Nature & Découvertes, which has raised more than €13.5 million for the protection of biodiversity and nature-based education through nearly 2,800 projects.

Nature & Découvertes' commitment to responsibility is set out in greater detail in Chapter 2.

1.1.1.4.3 / Corporate social responsibility policy

With more than 25,000 employees worldwide, 908 stores and millions of loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming itself to meet the challenges of a changing market, while at the same time developing its people and making a positive impact on society.

The corporate social responsibility policy aims to address the four major CSR risks that were identified as the result of a risk analysis conducted in 2018:

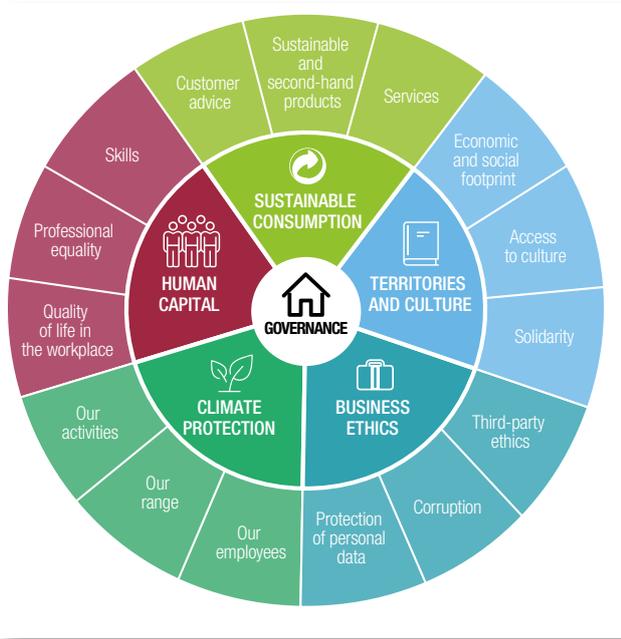
- the development of business lines in a context of digital acceleration;
- the sustainability of our model and new modes of consumption;
- the climate emergency and its consequences for companies;
- ethics for all based on a model of development through partnership.

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

PRESENTATION OF THE GROUP

Business Model

These four main risks and challenges resulted in the following five pillars of the Group's CSR policy:



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

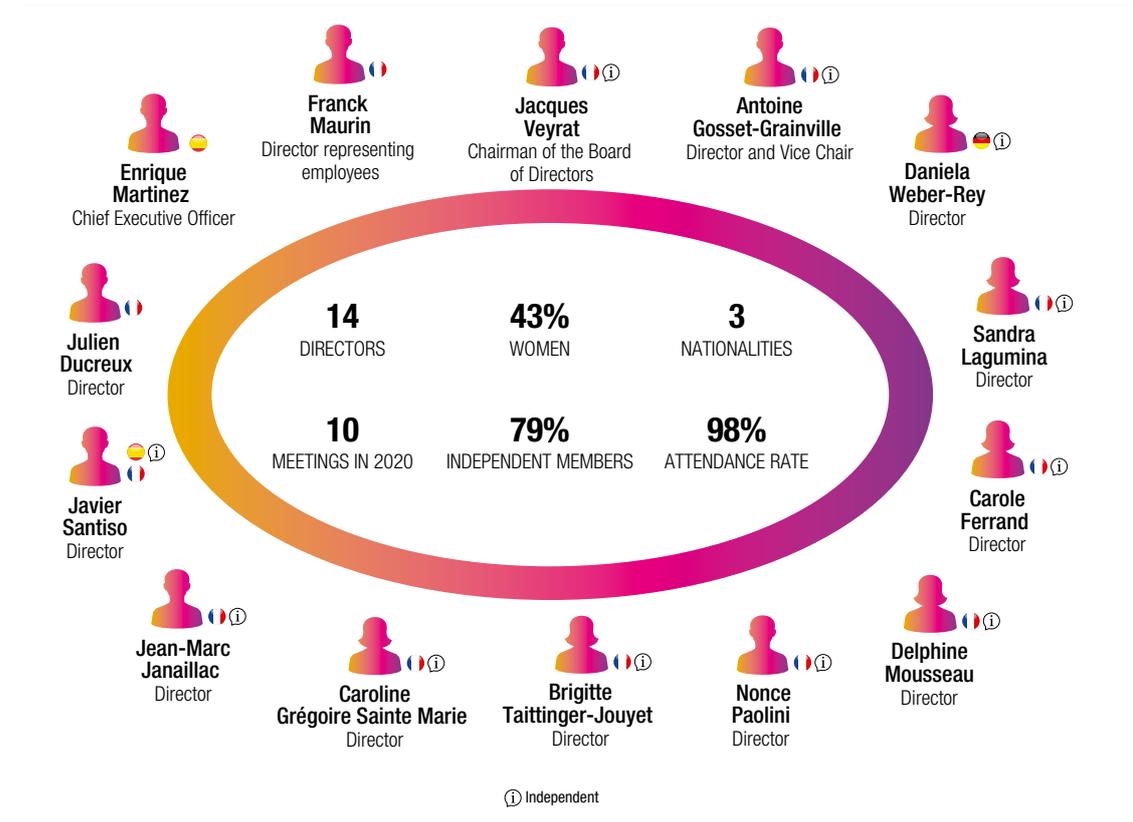
Mindful of the increasing importance of the issues associated with its corporate social responsibility, the Company is adapting its business model, like many new services launched since 2018, in favor of a more circular economy.

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

The strengthening of Fnac Darty's governance and CSR policy was welcomed by the ESG ratings agencies, as detailed in section 1.1.1.4.5.

1.1.1.4.4 / Solid and stable governance

Key figures and composition of the Board of Directors at December 31, 2020



Operation of the Board of Directors

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

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

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

At the end of December 2020, the Board was composed of 14 Directors, 11 of whom were independent.

Four committees were chaired by Independent Directors

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

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

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

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

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

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

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





The duties of the various committees are set out in Chapter 2.

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

Finally, the Group has set an objective to increase the number of women in the Group's top 200 managers by 11 points to achieve a level of 35% by 2025.

1.1.1.4.5 / Fnac Darty recognized as a responsible retailer by ESG rating agencies

Fnac Darty's approach to corporate social responsibility is regularly assessed by ESG rating agencies and awarded a rating. In 2020, Fnac Darty requested a solicited sustainability rating from Vigeo Eiris (www.vigeo-eiris.com). Based on its analysis of three main criteria – environment (business ethics, environmental policy), social aspects (community engagement, respect for human rights and human resources) and governance (corporate governance) – for the second year running, Vigeo Eiris awarded Fnac Darty a rating of A2, with a score of 48/100, up four points compared to 2019 and well above the average rating of 32/100 for the sector. This performance reflects Fnac Darty's environmental, ethical,

social and governance commitments. The Group confirmed its position in the Top 20 companies rated by Vigeo Eiris worldwide, and ranks ninth among the 73 European companies in its sector⁽¹⁾, a climb of two places in one year.

The Group also achieved a score of 68 out of 100 from ratings agency Sustainalytics (www.sustainalytics.com), which places it thirteenth in its sector and classifies it as an "Outperformer".

MSCI (www.msci.com) confirmed the Group's AA rating in 2020, with a retail industry-adjusted score of 7.9/10. The Group is just short of AAA, the best possible rating. Only 15% of the companies that are rated score between AA and AAA.

In 2020, Fnac Darty received a rating of C for reporting on its climate actions from the Climate Disclosure Project (CDP) (www.cdp.net/en), a non-profit organization that assesses companies based on their actions to protect the environment.

The Group was also recently awarded a score of 74/100 by the Gaïa Rating agency (www.gaia-rating.com/), up from last year.

All of the above demonstrates Fnac Darty's solid foundations. It will continue to strive for ratings that best reflect its actions in terms of corporate social responsibility through the quality and transparency of its data. The Sustainable Development approach is integral to the Company's strategy and the Group's non-financial data is published in most of its communication media.

(1) Specialized retail market as defined by Vigeo.

Change in non-financial ratings

Agency	Rating	Score	Year of publication	Trend
Vigeo Eiris	A2	48/100	2020	↗
Sustainalytics	Average performer	68/100	2020	↗
MSCI	AA	7.9/10	2020	↗
CDP	C		2020	↘
EthiFinance (Gaïa Rating)		74/100	2020	↗

Our contribution to the Sustainable Development Goals (SDGs)

Through its model, strategy and mission, Fnac Darty is focusing its efforts on and contributing to SDGs 4, 11, 12, and 13.



Through its oversight and initiatives, Fnac Darty is also contributing to SDGs, 3, 5, 8 and 16.



Fnac Darty's involvement in these SDGs is detailed in Chapter 2 of this document.

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

Our resources

An ecosystem of renowned and complementary brands

Fnac and Darty, two iconic brands

WeFix, Nature & Découvertes, Billetreduc.com, PC Clinic: strategic acquisitions that are in line with the Group's *raison d'être*

Committed human capital

Nearly 25,000 employees, including:

- more than 75% in direct contact with customers
- more than 3,000 dedicated to repairs (including 2,500 technicians)

A solid financial position

- 2020 revenue up 1.9% based on reported data at €7.5 billion
- Free cash-flow from operations for 2020 ⁽¹⁾ of €192 million, an increase compared to 2019
- Net cash of €114 million at the end of 2020
- A solid liquidity position of €1.9 billion at the end of 2020

An omnichannel, multi-format model

- 908 stores (including 344 franchises)
- 14 main websites
- Second largest player in e-commerce in France in terms of audience ⁽²⁾
- A high level of click&collect

A centralized, in-house logistics network

- 1,000 delivery centers
- 14 warehouses and around 90 physical sales, e-commerce, and after-sales service platforms
- Centralized organization of after-sales service focusing on four major workshops in France and one spare-parts warehouse

Key markets

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

Governance of the highest standard

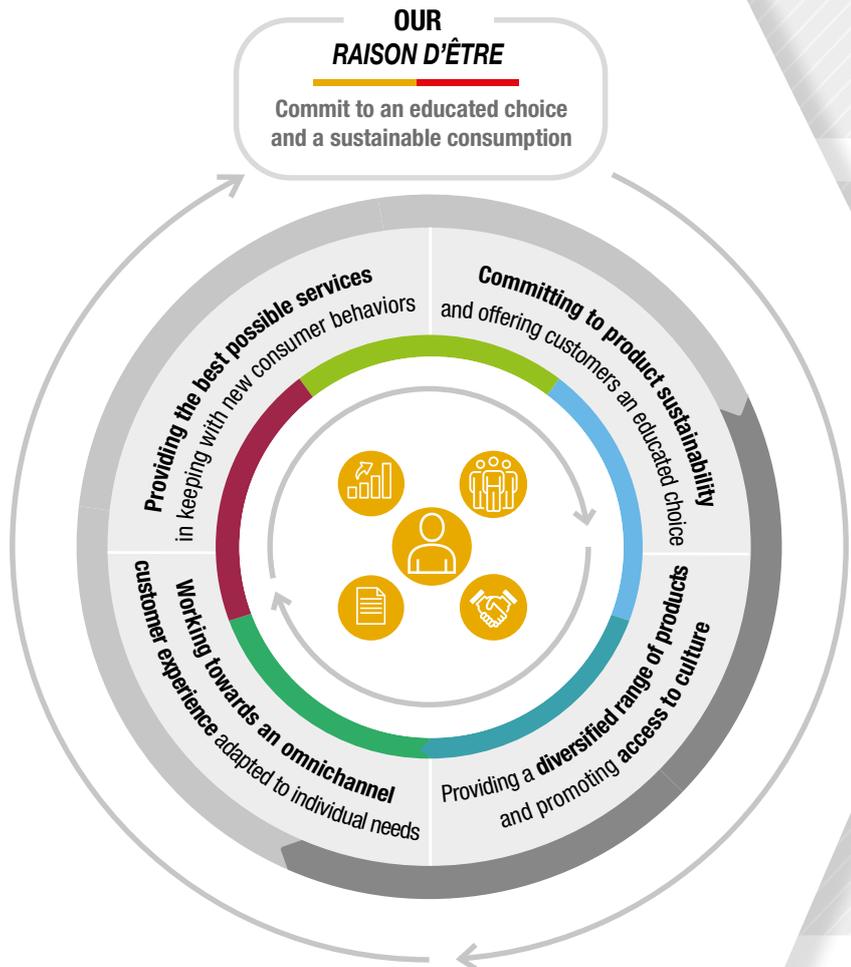
- A diverse range of skills and a significant proportion of women (43%) on the Board of Directors
- An independence rate of 79% and an attendance rate of 98% for Board members
- An Executive Committee compensation system that includes CSR criteria and long-term components

FNAC DARTY

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

OUR RAISON D'ÊTRE

Commit to an educated choice and a sustainable consumption



OUR CSR PILLARS



(1) Excluding IFRS 16.

(2) Source FEVAD, average for 2020.

Added value for



Customers

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

- > Approximately **200,000 subscribers to Darty Max**, the subscription-based repair service, **with a target of more than 2 million subscribers in 2025**
- > **152 "Sustainable Choice by Darty" labeled products**
- > **An increasing sustainability score (105 compared with 95 in 2018), with a target of 135 by 2025**



Employees

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

- > **76% of employees received training in 2020**
- > **Launch of an extensive one-on-one training program to strengthen expertise among salespeople**
- > **24% of women in leadership positions, with a target of 35% in 2025**
- > **A gender equality index score of 90/100⁽³⁾**



Partners

- A sustainable ecosystem of partnerships
- Synergies and cooperation

- > **More than 1/3 of the stores in our network are operated under franchise (344 stores)**
- > **More than 4,000 sellers on Marketplace**
- > **Strategic partnerships, in particular in the urban mobility market (products, repair services)**



Shareholders

- A healthy balance sheet and highly robust liquidity position
- Improved non-financial ratings
- A new strategic plan, which aims to generate recurring free cash-flow from operations and a return to shareholders starting this year

- > **Aggregate free cash-flow from operations⁽⁴⁾ of approximately €500 million over the period 2021-2023 and at least €240 million annually from 2025**
- > **Distribution rate of at least 30% in the medium term⁽⁵⁾**
- > **Proposed ordinary dividend of €1/share for 2020⁽⁶⁾**
- > **Vigeo rating up 4 points; 9th out of 73 companies in its sector**



Company

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

- > **More than 2,000 free cultural events, in-store and online**
- > **Launch of a digital cultural media initiative: La Claque Fnac**
- > **€340,000 in micro-donations and 411,000 books passed on to associations**
- > **Over 300,000 large domestic appliances donated to the SSE**
- > **Work toward an omnichannel customer experience adapted to every need**



Environment

- Extending product life span through repair and Second Life
- Waste collection and recycling
- Actions to reduce CO₂ emissions

- > **More than 1.7 million products repaired, with a target of 2.5 million products repaired in 2025**
- > **Nearly 50,000 metric tons of electronic waste collected**
- > **Transport and energy-related CO₂ emissions down 12%, with a target of -50% by 2030**



Public authorities

- Cooperation with institutions to promote product sustainability
- Fiscal responsibility

- > **An active contribution to the development of the reparability index (AGEC law)**
- > **€122 million in tax and contributions paid**

⁽³⁾ Consolidated Index of Fnac Darty companies in France.

⁽⁴⁾ Excluding IFRS 16.

⁽⁵⁾ Calculated on the net income from continuing operations, Group share.

⁽⁶⁾ Proposal submitted to a vote at the General Meeting on May 27, 2021.

1.1.3 / MARKET CHALLENGES, SOURCES OF OPPORTUNITY

Fnac Darty, a leader in tackling the current challenges Our achievements in 2020

Unprecedented global health and economic crisis

Disrupted supply chains and strained logistics and delivery capabilities

A high-quality relationship with our suppliers, in line with our leading position in the specialized retail market in France

Centralized in-house logistics capabilities providing the ability to adapt quickly and nimbly in times of crisis

Partnerships with key delivery service providers and strong internal delivery capabilities that can be easily mobilized when required

Shifting consumption patterns

A product offering tailored to consumer expectations, with greater focus on home equipment and categories related to remote working and home-based learning

A reliable service offering (delivery, after-sales service), despite the challenging context, to meet the urgent needs of our customers

Purchasing power affected

Short-time working measures applied in the Group's operating countries during the first lockdown

Set guaranteed prices in a context of crisis and shortage of a number of products

Rethinking employee relations

An employer anxious to guarantee the health and safety of its employees – provision, ahead of the curve, of health protection (masks, gel, remote working measures and adjustment of working hours, etc.)

A new, fully safe approach to in-store contact with the implementation of "Welcomers", Plexiglas, and self-service gel. Compliance with capacity limits, and social distancing measures

These health safety measures have made it possible to contain the number of infections and were welcomed by the brands' customers and by the various administrations, whose site inspections have all proved conclusive

Sharp upturn in e-commerce

A highly competitive sector

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

A strong digital presence, representing nearly one-third of the Group's sales in 2020, an increase of 10 pt in one year

Differentiation thanks to our diversified range of products and services

France's leading after-sales service

A demand for immediacy

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

Widespread roll-out of the click&collect offer across all countries and products to offset in-store restrictions and the closure of some or all departments

Consumers faced with hyperchoice

Wide, ever-more diverse range of products available (urban mobility, kitchen, etc.)

A Marketplace featuring more than 30 million product items

Managing high volumes of demand in a short time

Reliability of digital and logistics platforms designed to support very high demand (+60% of parcels delivered at Group level in 2020 compared to 2019)

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

Fnac Darty, a leader in tackling the current challenges Our achievements in 2020**Crisis of confidence and search for meaning****A strong attachment to stores, which are essential to the consumer experience**

Successful store re-openings with a rapid return of consumers post-lockdown
The need for advice and expertise from our salespeople and an ever-present consumer need to see and test the products in-store

Employees and consumers seeking to align their work and buying habits with their values

A responsible employer and retailer that attracts talent and builds consumer loyalty
Continued integration of Nature & Découvertes (B Corp company) to strengthen the Group's offer in the Wellbeing segments, and the committed consumption of natural products

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

An innovative product offering that is always adapting so as to keep abreast of changing consumer habits (urban mobility, remote working, home equipment)
A wide, groundbreaking range of services to facilitate and guarantee product use – continued integration of WeFix (acquired in October 2018) and roll-out of Darty Max, which garnered almost 200,000 subscribers in 2020

Increased growth in sustainable and responsible consumption**Increasing consumer interest in the provenance and composition of consumer goods**

New innovations in terms of customer information regarding product composition and reparability (Labo Fnac, After-Sales Service Barometer)

Consumer awareness of the ecological footprint of products and their lifespan

Initiatives that contribute to extending product life spans: increasing product lifespans (leading after-sales service – Darty Max – sustainable choice label – reparability index); recycling (leading WEEE collector – clean recycling center since 1994 – 2 for 1 collection system) and promotion of second life (Fnac Occasion and Darty Occasion – partnership with “Envie”)

Increasing expertise of consumers

Support thanks to the genuine expertise of our 12,000 salespeople (33% of employees trained in France in face-to-face sessions, and 77% via e-learning) and more than 3,000 employees dedicated to repairs

Growing climate and environmental challenges**Growing awareness**

A commitment by the Group to reduce its CO₂ emissions by 50% by 2030 compared to 2019, primarily by tackling energy consumption and transport
A Climate Committee set up in 2019 for regular monitoring of progress and action undertaken in this area, and meet this target

Increasing regulation

A reparability index established by Darty as early as 2018, ahead of the French government's implementation of the reparability index as of January 1, 2021

Innovation to foster a more circular economy

Recognition for the Group's initiatives pertaining to the circular economy: Fnac Darty has received the commendation of the French Ministry for Ecological and Inclusive Transition and, in 2018, was awarded the “Entreprises et Environnement” (businesses and environment) prize by Ademe, in the Circular Economy category

Groundbreaking initiatives to foster a more circular economy: customer information and independent advice (Labo Fnac since 1972 – After-sales service barometer) – increasing product lifespans (leading after-sales service – launch of Darty Max service in late 2019 – sustainable choice label – reparability index since 2018); recycling (leading WEEE collector – clean recycling center since 1994 – 2 for 1 collection system) and promotion of second life (Fnac Occasion and Darty Occasion – partnership with “Envie”)

1.2 / History

1.2.1 / HISTORY OF FNAC

1954 Since its founding by André Essel and Max Théret in 1954, Fnac has had a remarkable history built on passion, boldness and adaptation to changing consumer patterns.

From the outset, the two founders wanted to break the mold of traditional business, so they based their enterprise on the idea of consumer protection. When it was created, “Fnac” was an acronym for the Fédération Nationale d’Achats des Cadres (National Federation for Purchases by Executives). At that time, it was set up to enable executives to buy photographic and cinematographic equipment at attractive prices. Fnac subsequently opened up to a wider customer base by introducing new product categories such as books and music.

1957 Fnac opened its first store, which specialized in photography and sound equipment, on Boulevard Sébastopol in the fourth arrondissement in Paris. A few years later, this store was expanded with the introduction of a section dedicated to records.

1960 Fnac’s first laboratory tests comparing various consumer electronics were published in *Contact* magazine. The introduction of a testing laboratory forged Fnac’s enduring image as a specialist in consumer electronics.

1965 The Group created a cultural association called Alpha (Arts et Loisirs Pour l’Homme d’Aujourd’hui or Arts and Leisure for Today’s Man), which became the first ticketing business in France. A year later, Fnac launched its first photo gallery, confirming its intention to invest in the culture sector.

1969 Fnac opened a second store in 1969, on Avenue de Wagram in the seventeenth arrondissement in Paris. The highly innovative design of this store reflected a different retail concept. This was followed three years later by the opening of the first store outside Paris, in Lyon.

1974 This year marked the beginning of book sales, with the opening of the Fnac store at Montparnasse (in Paris) and the creation of the Forums de Rencontre cultural spaces. These areas, inside the stores, are entirely devoted to culture and to interaction with artists, through events like concerts, book signings and discussions with leading figures; this cemented Fnac’s strategy and its identity as a cultural player.

1979 Fnac’s Forum des Halles store opened its doors and quickly became the largest Fnac Group store in terms of both size and revenue.

1980 Fnac stock was first traded on the Paris Stock Exchange. A year later, it began to diversify internationally, opening its first store in Brussels, Belgium. The same year, it also launched its travel business, Fnac Voyages.

1993 After Belgium, Fnac headed south and established itself in Spain, with its first store in Madrid.

1994 The Crédit Lyonnais Group became Fnac’s majority shareholder. Fnac then became part of the Kering Group, and its stock stopped being traded in December 1994.

1998 The brand opened its first store in Lisbon, Portugal.

1999 Fnac began its program of multi-channel development by launching a website (fnac.com) and continued its expansion outside Europe, opening its first store in São Paulo, Brazil.

2000 Fnac accelerated its international expansion by introducing its business to two new countries: Italy and Switzerland.

2006 Fnac began operating in outlying metropolitan areas with a new one-story store format, the first of which was located in Bordeaux Lac.

2011 The Company launched a strategic plan (“Fnac 2015”) based on three objectives: ramping up the omnichannel strategy, developing closer ties with customers, and developing levers for growth, both in terms of new products and new store formats.

2012 The brand disposed of its activities in Italy and accelerated and strengthened its geographical coverage by opening new format stores operated directly or via a franchise.

2013 In keeping with its strategic refocus, Kering launched the Fnac spin-off and listed it for trading on June 20.

2015 The Fnac Group made an offer to acquire Darty in the belief that this merger would be a major strategic and financial opportunity for both groups, with the goal of creating the leading retailer of consumer electronics, entertainment products and domestic appliances in France.

2016 Fnac Group shareholders decided to establish a strategic partnership with Vivendi, which became the shareholder of 15% of the Fnac Group’s capital through a reserved capital increase in the amount of €159 million.

1.2.2 / HISTORY OF DARTY

1957 Creation of the Darty brand.

“A customer is satisfied only when the product he purchases works and performs as expected,” observed the young brothers Natan, Marcel and Bernard Darty as they dealt with customers. This observation would become the basis for their business practices. In the months following the creation of the brand in 1957, they offered customers low prices and rapid delivery and repair. Their formative years were dedicated to learning how to apply the gold standards of business, and to developing the family business in Paris and its suburbs. The Darty brothers, who initially worked in textiles, opened their first commercial space, specializing in radio and television sets, in Montreuil (Seine-Saint-Denis), north-east of Paris.

1965 Opening of the second Darty store, in the Belleville district of Paris.

1968 Opening in Bondy (Seine-Saint-Denis) of the first superstore specializing in domestic appliances in an 800 m² retail space, and launch of the first after-sales service.

1969 Creation of the subsidiary Caprofem, a domestic appliances wholesaler, and establishment of its premises in Pantin (Seine-Saint-Denis).

1973 Launch of the customer promise “A bottle of champagne if you find a cheaper price elsewhere”, to reinforce Article 2 of the Darty Contract of Confidence on refunding the difference. This represents the first time a retailer made a written commitment to its customers guaranteeing prices, choices and services. This contract thus became the Company’s identity, applying to all employees.

1974 Darty had one warehouse, 11 stores and 908 employees. 45 trucks made 400 deliveries per day.

1975 40,000 m²: the surface area of the Darty warehouse in Mity-Mory, the largest in Europe dedicated to domestic appliances.

1976 Listed for trading: the share price was 300 francs. One third of the equity was available to the public. At this time, Darty had 20 stores and 1,845 employees.

1984 Darty founded Dacem, a company to ensure the supply and management of spare parts and accessories for domestic appliances.

Partnership with “Envie”, a charitable aid network for social integration through work in the recovery and repair of devices that were past their useful life.

1988 In April, the management team took the initiative, with the support of the founders, to launch a public tender offer allowing Darty employees to assume ownership of their own company. The operation was a success: 90% of the

6,521 employees participated, taking control of 56% of the capital. It is still the largest MBO (management buyout) in Europe. Acquisition of a 49% stake in the company New Vanden Borre, a specialist retailer in domestic appliances in Belgium.

Darty opened its one-hundredth store.

1989 Darty was the first retailer to sponsor a television show, the weather report. This sponsorship is still in place.

1993 Darty joined the European Kingfisher Group which, after a spin-off in 2003, became Kingfisher Electricals SA (KESA). During this period, Darty adapted its range of services to meet new customer expectations by becoming a retailer of multimedia solutions and developing its darty.com website. It also changed the interior design of its stores.

1996 Darty launched its first website (which would go on to become a retail site three years later). Customers who make purchases on www.darty.com or over the phone enjoy the benefits of the Contract of Confidence.

1999 Darty created a technical helpline for its multimedia customers, which is open seven days a week.

2003 Darty changed the interior layout of its stores to make customers feel more welcome and improve their shopping experience.

2006 With DartyBox, Darty became a service provider (internet, telephony, television).

2007 Successful launch of the Darty card: this customer loyalty card offers customers access on darty.com to all of the products they have purchased, as well as their warranties, instructions and a selection of associated products. Creation of the first purpose-built kitchen space within the new Darty store on Rue de Rivoli in Paris.

2014 Starting with its first franchise store in Challans (Vendée), Darty set out to reach the 30% of the French population that does not have a Darty store nearby.

Launch of the Darty Button to celebrate the fortieth anniversary of the Contract of Confidence. A major innovation, this small connected object allows customers who subscribe to the service to receive telephone support for all home products purchased from Darty or elsewhere, whether under warranty or not. At the simple push of a button, customers receive an immediate callback, 24 hours a day, 7 days a week.

2015 Darty offers in-home repair and same-day delivery for large domestic appliances and televisions. The brand is always at the cutting edge of innovation and is the only brand to offer these services immediately.



2020, a year marked by an unprecedented health crisis

1.2.3 / HISTORY OF FNAC DARTY

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

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

2017 Launch of the Confiance+ strategic plan in December.

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

2019 Several acquisitions expanded the brand portfolio: Billetreduc.com, a leading player in "last-minute" event ticketing in France, and Nature & Découvertes, a leading omnichannel retailer of natural and wellbeing products.

Partnership with CTS Eventim, the European leader in the ticketing sector.

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

2020 In order to refocus on markets where the Group has critical mass, Fnac Darty sold its Dutch subsidiary BCC, which specializes in electronics and household appliances in the Netherlands, to Mirage Retail Group.

1.3 / 2020, a year marked by an unprecedented health crisis

In the context of the unprecedented Covid-19 health crisis, the Group's priority was to guarantee the health and safety of employees and customers by implementing the best protection measures, ahead of legal obligations. Good management of this crisis was therefore based on the adoption of collective, organized measures, which was possible thanks to the quality of social dialog within the Group to ensure business continuity. All the measures taken by the Group, which helped to contain the number of infections, were praised by the customers of the brands, but also by the different administrations whose control inspections were all conclusive. Fnac Darty was able to demonstrate its agility and capacity for rapid adaptation in a changing environment to meet consumers' urgent need to be equipped for working and learning from home.

Despite the atypical context that prevailed in 2020, the Group pursued its initiatives to become a major player in the circular economy, and a promoter for extending the life span of the products. Fnac Darty therefore continued the roll-out of its new subscription repair service, Darty Max, launched in October 2019, and designed to extend the life span of large appliances. This service carries on the Group's longstanding commitment to responsible consumption. At the end of 2020, around 200,000 customers had subscribed to this service, and several thousand appliances had been repaired each month thanks to Darty Max, representing tens of tons of waste prevented.

The Group also pursued its initiatives in supporting its customers toward an educated choice and sustainable consumption with the launch of the third edition of the "after-sales service barometer" in September 2020, which is designed to give the public better information about the life span of 63 product families from the universe of appliances and multimedia, compared with 15 the previous year. This new edition, available to all our customers on our websites and in stores, now features an easily identifiable sustainability score, aggregating both reliability and repairability criteria, an innovation that lets consumers compare all product categories against one another and make comparisons between brands. The Group also used this sustainability score to expand the selection of products referenced by the "sustainable choice by Darty" label, which now covers 152 products, 83 large domestic appliances and 69 small domestic appliances. This innovation, implemented in all Darty stores, is based on two criteria: availability of spare parts for at least 10 years and the product's low breakdown rate within its price category. The Darty Occasion offer has been extended to include cold-category household products, including refrigerators and freezers, in order to give a second life to all types of electronic and household products offered and to strengthen the Group's position in this growing market.

1.3.1 / FNAC DARTY'S UNIQUE AND HIGHLY AGILE OMNICHANNEL MODEL AND SOLID BUSINESS EXECUTION

The year 2020 was marked by the Covid-19 crisis and its spread around the world overwhelmed all business sectors, including retail. While guaranteeing the health and safety of its employees and customers, Fnac Darty then demonstrated its capacity for rapid adaptation and its operational agility in order to continue its service, delivery and after-sale service activities.

Fnac Darty first had to face a supply crisis related to production delays generated by disruption to the industrial bases in China following the arrival of the epidemic on Chinese territory at the beginning of the year. The Group had to adapt its merchandise purchasing policy to deal with production delays and develop a tactical purchasing plan for categories of key products in close collaboration with its suppliers.

Starting in March, the pandemic spread across Europe, leading to the implementation of the first lockdown measures by all governments in the countries in which Fnac Darty does business. These measures led to the closure of almost all the Group's stores, representing 80% of the Group's normal revenues, from March 15 through May 10, resulting in a total shutdown of in-store sales. The centralized organization of the Group's logistics platforms and the strength of its digital platforms meant it was able to quickly adapt its model and meet the very high demand, thanks to the unfailing commitment of its teams and the rapid reassignment of resources to digital capacities and service activities. The Group was also able to rely on its partnership ecosystem of delivery providers and its in-house delivery capabilities, which allowed it to ensure delivery times in line with the highest market standards.

At the same time, another Fnac Darty priority was to protect the Group's profitability and liquidity. 80% of its workforce was furloughed following the closure of the store network during the first lockdown. The Group has adjusted its rent payments, postponed the payment of taxes and social security charges, and put in place merchandise purchasing and inventory target policies. The Group also negotiated longer payment terms with its suppliers in accordance with the French law on economic modernization (known as the "LME"). The investment plan was revised downward while maintaining its priority projects. Finally, Fnac Darty was one of the first issuers in France to receive a €500 million state-guaranteed loan in April.

At the end of the first government-imposed lockdown, the Group began to progressively reopen its stores. Almost all stores in France, Switzerland and Belgium re-opened the week of May 11, while stores in Portugal re-opened on May 15. In Spain, stores reopened very gradually throughout the month with the last ones opening at the end of the first week in June. In line with its commitment to ensure the health and safety of its employees, partners and customers, Fnac Darty implemented all necessary

health measures to ensure the successful reopening of its stores, which was permitted thanks to the advance preparation of employees and their unfailing commitment.

The Group's high-quality supplier relationships and the solid commercial capacity of its teams allowed it to achieve a good level of product availability throughout the year and to meet the high demand in categories of products related to telecommuting, at-home learning, gaming and home equipment.

Faced with the increased spread of the virus in October 2020, new lockdown measures were implemented in France from October 29 to November 28, resulting in the closure of the departments of product categories deemed non-essential by the Government (editorial products including books, large appliances, games & toys). All Fnac and Darty stores remained open in France during this period for the sale of consumer electronics, small household appliances and urban mobility products, which represented more than 60% of normal product sales. For the other categories, online and click&collect sales authorized during this second lockdown recorded high demand. Once again, Fnac Darty had to demonstrate a strong capacity for adaptation by reorganizing its stores and implementing a large number of initiatives to promote click&collect as much as possible during a crucial period of major sales appointments for the Group. The Group's leading position in France, combined with the quality of its relations with its suppliers and its solid business execution allowed Fnac Darty to outperform in sales during the end of year period, Black Friday and Christmas.

The Group thus demonstrated the complementary nature of its stores and its digital platforms, and the relevance of its omnichannel model in an unprecedented health crisis. The strong appeal of the Fnac and Darty brands combined with highly agile operations and business execution allowed the Group to record growth of more than 55% in its e-commerce platforms over the year, with more than 5 million new active online customers identified during the period. In addition, there was continued strong momentum in winning new members this year, which was driven in particular by the revamping of the loyalty program marked by the launch of the new Fnac+ card that is designed to support the digitalization of customers' purchasing behavior and offer them an enhanced cross-brand experience. This card offers a number of promotional offers common to the Fnac and Darty brands: free and unlimited delivery in one business day, a common pool for accumulating loyalty points that can be converted into purchase vouchers for use through both brands, online and in-store. As a result, more than 1.3 new Fnac+ members signed up during the year, bringing the total number of Fnac+ members to nearly 2.2 million at year-end 2020. Fnac Darty boasted a membership base of nearly 10 million members, including 7 million in France at the end of December 2020.



2020, a year marked by an unprecedented health crisis

In 2020, e-commerce represented 29% of the Group's revenues, versus 19% one year earlier. The Group has also seen an acceleration in mobile devices, which account for more than 64% of the traffic on its sites, an increase since the previous year. Marketplaces also posted very strong double-digit growth. Omnichannel, which was impacted by the closure of all or some of the stores and limits on in-store traffic, accounted for 42% of online sales during the year, in a context of very strong growth in the weight of e-commerce. The momentum of click&collect remained very steady, particularly during Q4 when order processing via click&collect rose by 40% compared to Q4 2019.

The Group continued to expand its store network at a slower rate than in the past, with the opening in 2020 of 36 stores, including 27 under franchise. The Group opened 9 directly owned, 3 Fnac, 4 Darty and 2 Nature & Découvertes stores. Fnac opened 13 stores during the year: 10 in France, 1 in Portugal, 1 in Spain and 1 in Belgium. Darty opened 21 stores in France. At year-end 2020, Fnac Darty had a network of 908 stores, including 344 franchises. The momentum of expansion will continue in 2021, at a slower rate than previously, primarily in the franchise format.

At the same time, in November 2020, Fnac Switzerland and Manor launched a test phase lasting several months for the rollout of four shop-in-shops in Switzerland. If this test phase proves conclusive, it will allow the Group to significantly strengthen its presence in Switzerland.

1.3.2 / FINALIZATION OF THE SALE OF BCC IN THE NETHERLANDS TO MIRAGE RETAIL GROUP

Following the announcement in January 2020 of the search for a partner to pull out of the Netherlands, in November 2020 the Group finalized the disposal of 100% of its Dutch subsidiary BCC, a specialist in electronics and large appliances in the Netherlands, in accordance with the terms communicated on September 28, 2020 and after obtaining the necessary authorizations from the relevant regulatory authorities and work councils. Mirage

Retail Group has real experience in retail in the Netherlands and specializes in recovery strategies, combining its in-depth knowledge and experience in retail, real estate and logistics to drive forward-looking brands with high profit potential. Fnac Darty is convinced that the transaction will enable BCC to benefit from the right support for successful performance in its market.

1.3.3 / CONTINUATION OF INITIATIVES TO INNOVATE AND DIVERSIFY THE FNAC DARTY OFFER

In 2020, despite the difficulties encountered in an unprecedented crisis, Fnac Darty pursued its initiatives in terms of innovation and customer experience by expanding the diversification of its product portfolio.

WeFix

The integration of WeFix continued in 2020, despite the difficult operating conditions imposed by the two successive lockdowns, with the opening of 21 new points of sale, bringing the total number of points of sale to 117 at the end of December. Note that the repair activities and the sale of reconditioned products and accessories increased in a context in which in-store footfall was impacted by the current crisis. In addition, the group rolled out the X-Force screen protection solution, named product of the year 2021, in 197 Fnac and Darty stores.

Nature & Découvertes

Nature & Découvertes recorded a decrease in its sales in 2020 due to the drop in in-store sales impacted by the closure of its entire store network during the two lockdowns, and despite the strong growth of more than 100% in its online sales. This strong momentum in online sales was driven by the Children's Equipment, Wellbeing and Nature Activity categories. The three Nature & Découvertes stores in Germany were closed in 2020, in order to reposition the brand in its key markets. The retailer's first location in Spain has been a success, and the Group intends to continue the expansion of Nature & Découvertes by building on its existing operational capacities.

Services

Services were significantly impacted in 2020 by a high comparison base effect until April, related to the change in the multimedia insurance service provider in April 2019, the closure of integrated and franchise stores during the first lockdown, the limits on in-store traffic and the suspension of ticket sales as a result of the government measures imposed on the entertainment industry. At the same time, the Darty Max service recorded real success with French consumers. Despite the context that hindered the attraction of new customers, particularly during the first lockdown, almost 200,000 customers have already signed up for this unlimited subscription repair service, which covers all large appliances for €9.99 a month. Available since its launch in all Darty stores in France, consumers have been able to subscribe to this service online and by telephone since September.

Darty Kitchen

The roll-out of the Darty Kitchen offer continued in 2020 with the opening of 16 new sales areas, including 8 new stores exclusively dedicated to this offer. At the end of December 2020, the Group had more than 165 Kitchen sales outlets, including 19 stores dedicated exclusively to this service offer.

Other product diversifications

Finally, Fnac Darty continued to diversify its product offer, allowing for reallocation of the in-store sales area to new, fast-growing product categories, driven particularly by the Games & Toys, Home & Design and Urban Mobility segments. Building on its leading position in France in the scooter segment since 2019, the Group expanded its high-end product line to new categories. In keeping with this development, Fnac Darty signed an exclusive distribution agreement with the Xiaomi brand to sell its folding electric bike, and with Angell Bike to distribute its electric power-assisted bicycles. Fnac Darty also signed a new partnership with Citroën to exclusively market AML, the car manufacturer's fully electric mobility solution, in 39 Group stores. Finally, and more recently, Fnac Darty completed its innovative offer by entering into a partnership with Red Electric for the distribution of the new Model E scooter, 100% electric and 100% French, in 30 Group stores. In addition, Fnac Darty expanded its service offer by partnering with Cyclofix, the French leader in micromobility maintenance to provide consumers with a complete mobility ecosystem, offering an immediate repair service for electric scooters and bikes in Fnac and Darty retail stores. This partnership is fully aligned with the Group's commitment to extending the lifespan of its products.

1.3.4 / GROWTH IN 2020 REVENUES IN THE CONTEXT OF AN UNPRECEDENTED HEALTH CRISIS

Fnac Darty posted revenues of €7,491 million, an increase of +0.6% on a like-for-like basis. This performance was achieved in the context of an unprecedented health crisis marked, in particular, by two lockdown periods. During the first lockdown (March 15 – May 10, 2020), almost all the Group's stores were closed and online sales increased sharply thanks to the agility and power of the Group's centralized logistics and delivery capacities. During the second lockdown (October 29 – November 28, 2020), online and click&collect sales were available for all products, easing the impact of the closure on departments deemed non-essential in stores. Over the year as a whole, the solid growth in online sales of more than 55%, driven primarily by the gain of over five million new active online customers and the capability of the omnichannel model, more than offset the decline in footfall in stores.

Additional revenues related to the consolidation of Nature & Découvertes over a full year amounted to €83 million in 2020.

The gross margin rate reached 29.2% in 2020, down -120 basis points compared with 2019, primarily because of an unfavorable product mix effect of 80 basis points due to a drop in footfall in-store, which particularly penalized editorial products that are very sensitive to impulse purchases, and a sharp increase in sales of consumer electronics. Ticket sales, which fell sharply, impacted the gross margin rate by -45 basis points. Finally, the consolidation of Nature & Découvertes over a full year offset the decline in other retail services impacted by drop in footfall in stores.

Current operating income stood at €215 million in 2020, down -€78 million year-on-year. After an operating loss recorded in the first half, primarily tied to the health crisis, good control of operating costs and the full effect of the readjustment plans helped Fnac Darty maintain an operating margin in the second half of 2020 that was unchanged from the second half of 2019. The consolidation of Nature & Découvertes over a full year in 2020 had a negative impact of -€16 million on 2020 current operating income for the period due to the normal seasonal activity of the brand.

2020, a year marked by an unprecedented health crisis

The net income, Group share from continuing operations was €96 million in 2020 compared to €115 million in 2019. The limited decline primarily represents the reduction in non-current items, financial expenses and the tax liability compared with 2019.

Fnac Darty continued to generate a strong free cash flow from operations amounting to €192 million in 2020, up +€19 million compared to 2019.

The Group's operational and financial performance is detailed in section 4.1 "Analysis of business activities and consolidated results".

1.3.5 / IMPACT OF THE TRANSITION TO IFRS 16

The method used for the application of IFRS 16 is the modified retrospective method. It consists of reintegrating lease commitments into debt and, in turn, recognizing an asset called "right of use". As a result, for lease contracts falling within the scope of IFRS 16, rents are no longer recognized as expenses in the income statement, but as amortization and financial expense instead. Lease payments are divided into the repayment of the debt capital and the repayment of the financial expense. The main impacts of the standard therefore relate to EBITDA, the Group's debt position and the accounting financial cost associated with this debt.

EBITDA was €567 million in 2020. Excluding IFRS 16, EBITDA was €322 million, compared to €395 million the previous year.

The application of IFRS 16 adversely impacted financial costs in the income statement, in the amount of €22 million.

Finally, at the end of December, net financial debt totaled €1,000 million, compared with €114 million excluding IFRS 16.

1.3.6 / A DIVERSIFIED FINANCING STRUCTURE

Excluding IFRS 16, the Group's net cash was €114 million at December 31, 2020 compared with -€18 million at December 31, 2019. Excluding IFRS 16, free cash-flow from operations was high, at €192 million, an increase of €19 million over one year. This performance reflects the very good management of the working capital requirement throughout the year, driven by the optimization of inventory as a result of a controlled purchasing policy in the context of the Covid-19 crisis, with an amplified effect in December due to brisk sales momentum. Operational excellence and financial discipline enabled a rapid decrease in the Group's net debt. As a result, the Group has returned to a positive net cash position in an unprecedented crisis context.

At December 31, 2020, the Group's liquidity position stood at €1,569 million, thanks in particular to the state-guaranteed loan of €500 million with a one-year maturity, and a five-year extension option. In addition to this amount of available cash, a revolving credit facility of €400 million had not been used at December 31, 2020.

Thanks to the Group's good commercial performance which led to strong cash generation and a solid net cash position at year-end 2020, Fnac Darty announces its intention to repay the full amount of the State-Guaranteed Loan of €500 million by no later than the anniversary date in April 2021.

In addition, the €400 million revolving credit facility, drawn down in full as a preventive measure in mid-March 2020, was not used and was repaid on June 18, 2020.

Moreover, the Group's lenders agreed to suspend its financial covenants for the months of June and December 2020; the covenants were, however, met for both due dates.

The Group remains highly attentive to its cash positions and completed a plan to adjust its investment spending in 2020 while preserving its priority projects focused on e-commerce, digitalization and services. Investments were sharply reduced in 2020 compared with 2019, totaling €99 million, in accordance with the indication that had been given by the Group.

Fnac Darty is rated by the ratings agencies S&P Global, Scope Ratings and Moody's. Following the increased uncertainty caused by the Covid-19 crisis, Moody's confirmed the Group's Ba2 rating in April 2020, while placing the rating outlook "under review" for downgrade. On April 7, 2020, S&P Global downgraded Fnac Darty's rating from BB+ to BB and lowered the rating outlook to "negative". However, the agency confirmed the Group's BB rating in September, while lowering the outlook of this rating from "stable" to "negative". Finally, Scope Rating confirmed the BBB- rating assigned to Fnac Darty in June 2020, while lowering the outlook from "stable" to "under review" for downgrade.

On March 16, 2021, Fnac Darty announced its new financing strategy with the repayment in full of its €500 million State-Guaranteed Loan (SGL), the extension of its RCF credit line to €500 million and the repayment of the €200 million Senior Term Loan Facility maturing in April 2023, as well as the placement of its first issue of bonds with an option for conversion and/or exchange for new and/or existing shares (Océane) for approximately €200 million. Details of these various transactions are set out in section 4.3 "Recent events and outlook" in Chapter 4 of this Universal Registration Document.

1.3.7 / GOVERNANCE AND SHAREHOLDING

Ceconomy remains the Group's reference shareholder with 24.2% of share capital. It does not hold any seats on the Board of Directors, but did participate in the coopting of three independent members: Delphine Mousseau, Daniela Weber-Rey and Caroline Grégoire Sainte Marie.

Since February 6, 2018, the French insurance broker SFAM has been the Group's second-largest shareholder, with a stake of more than 11% in the equity of Fnac Darty.

Fnac Darty also continues to take advantage of opportunities for shareholder returns, and the Group seized a market opportunity in 2018 and 2019 by conducting a share buyback program, implemented for the first time in October 2018, for a duration of 24 months.

Finally, in view of the health crisis that marked 2020 and in accordance with the conditions imposed for the implementation of a State guaranteed loan, the Board of Directors withdrew the proposed dividend of €1.50 per share for 2019 on April 19, 2020 and did not conduct share buyback programs in 2020 pursuant to the restrictions imposed.

Given the strength of its business model, Fnac Darty will propose to the General Meeting on May 27, 2021 to reactivate its shareholder return policy and pay an ordinary dividend of €1.00 per share ⁽¹⁾, representing a payout rate of around 30% ⁽²⁾. This dividend will be payable entirely in cash. The ex-dividend date will be July 5, 2021 and the dividend payment date July 7, 2021.

(1) Corresponding to an amount of around €27 million on the basis of the number of Fnac Darty shares at December 31, 2020.

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

1.4 / Fnac Darty markets and offering

1.4.1 / DESCRIPTION OF MARKETS

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

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

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

Size of markets in € million including tax in France ^(a)

	2020	Change from 2019		2020	Change from 2019
TV (Video)	2,818	16.5%	Books	3,375	(1.9%)
Sound	1,164	6.2%	Audio	275	(20.8%)
Photo	550	(19.0%)	Video	260	(27.2%)
IT	5,425	19.2%	Gaming	1,783	4.2%
Telephony	3,016	(0.2%)	Stationery	3,310	31.0%
Connected devices	2,678	24.2%	Large domestic appliances	5,903	1.5%
Games & Toys	2,997	(1.5%)	Small domestic appliances	3,833	13.7%

(a) Source: GfK, February 2021, except for Games & Toys, source NPD.

1.4.2 / MARKET TRENDS

1.4.2.1 / Digitization of retail and changes in consumer behavior

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

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

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

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

The rapid development of the internet has also led to the phenomenon of digitization, i.e. the transition from physical media to digital media, which has radically altered consumer spending patterns on editorial products as downloading and streaming have become more prevalent. Consumers increasingly prefer digital editorial products, partly because they are cheaper than their physical counterparts, but also because they save space, are more accessible, can be consumed immediately, etc. However, this digitization phenomenon affects each segment of editorial products differently. The segments that have been most affected are audio CD, DVD and Gaming with a penetration in the digital sector of 70%, 82% and 79% respectively⁽¹⁾. Although the e-book market is growing in France, the rate of penetration remains low, at 3%⁽¹⁾ of the market in 2020.

The specific context of 2020, marked by an unprecedented health crisis, leading to the implementation of lockdown measures, travel restrictions and curfews, accelerated digitalization in the retail sector, with the e-commerce share increasing sharply. According to Fevad⁽²⁾, e-commerce revenues increased by 9% in 2020, led by an increase in online product sales estimated at 32%, while services fell by 10%. The weight of e-commerce was up by 3 points in 2020, representing 13% of retail trade. Finally, omnichannel players demonstrated the relevance of their model with online sales up sharply at +53% over the year (with peaks of +100% during the two lockdowns; acceleration of home deliveries, click&collect and drive).

1.4.2.2 / Competitive environment

Fnac Darty's main competitors are:

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

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

1.4.2.3 / Market trends

The consumer electronics market, which represented 49% of revenue in 2020, depends heavily on product innovation cycles and household ownership rates. Innovation and its impacts are inherently hard to predict.

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

Innovations can disrupt the "purchase-maturity-replacement-multiple device" growth cycle, producing strong acceleration or deceleration effects. For example, the widespread use of tablets in recent years has created a new cycle of growth in the micro-computer market, and households have added a tablet to the multimedia devices they own. We are also witnessing the premiumization of IT products (a trend towards thinner and lighter computers, and the growth of gaming computers).

However, with the recent introduction of smartphones with large screens, consumers are now turning more to telephones than to tablets. This phenomenon of substitution and cannibalization by smartphones has also affected existing devices such as MP3 players, GPS systems and cameras.

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

In recent years this market has seen the emergence of new product categories, with a surge in demand for connected devices, for example.

(1) Source: GfK, February 2021.

(2) Source: FEVAD: 2020 e-commerce summary, published February 4, 2021 on www.fevad.com.

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

The growth in remote working and home-based learning in connection with the health crisis led to very strong demand for consumer electronics, particularly in categories such as IT and accessories, which recorded robust growth throughout the year. Time spent at home and the closure of theaters and cinemas also created a desire among consumers to purchase entertainment products, resulting in high demand for wide-screen televisions.

The white goods market, which accounts for 22% of 2020 revenue, depends primarily on the renewal of household equipment. The small domestic appliance market remains strong, especially with regard to floor care (carpet sweepers and robots) and food processors. However, the innovation cycle has been weaker since 2019.

In 2020, the health crisis and the health restrictions imposed in the shape of lockdowns or curfews increased the amount of time spent at home. Consumers then realized the importance of wellbeing at home and of the use of home equipment, including large and small domestic appliances. As a result, almost all white goods categories grew in 2020.

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

The editorial products market, which represented 15% of revenue in 2020, depends on the publishing schedule for new items. In reality, the slowdown of this market is a sign of the changing times

and the rise of the digital economy. The CD and DVD market has been in decline in recent years, which is pushing retailers to invent new modes of consumption for this segment. This poor performance has, nevertheless, been partially offset by strong sales in vinyl.

The book market is highly sensitive to in-store impulse purchases. In 2020, this segment was impacted by the drop in in-store footfall associated with the two-month closure of almost the whole of our store network and the measures imposed by governments to limit in-store traffic in order to contain the pandemic.

Gaming benefited from the releases of new PlayStation and Xbox consoles in November 2020, as well as the new Fifa 21 game. Furthermore, the health crisis also gave this category a major boost as a result of the lockdown periods and the increased time spent at home. The Group became market leader in this segment in 2020.

In recent years, the Group has accelerated its diversification in four major segments, Games & Toys, Urban Mobility, Kitchen and Wellbeing:

- the Games & Toys market is driven by board and family games;
- the rapidly growing Urban Mobility market is driven by manufacturers' innovation (electric bicycles, electric scooters, electric mopeds) and by public policies that seek to cut down on the use of cars in city centers (reducing pollution, noise and traffic in city centers, providing French government subsidies for the purchase of "green" modes of transport). The health crisis in 2020 promoted the use of alternatives to public transport such as bicycles, scooters and electrically assisted vehicles.

1.4.3 / A DIVERSIFIED PRODUCT AND SERVICES OFFERING

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

1.4.3.1 / Consumer electronics offering

Both the Fnac and Darty brands are leaders in the retail of consumer electronics, which includes photography, TV & video, sound, micro-computing, telephony and connected devices. In 2020, the Group generated consolidated revenue of €3,705.8 million from consumer electronics sales, representing 49% of its consolidated revenue.

The Group is at the core of the innovation strategy of its French and international suppliers, as it is well known for its expertise. On the one hand, customers appreciate the knowledge of the in-store salespeople and after-sales service and, on the other, suppliers recognize Fnac Darty as one of the retailers providing the best in-store sales experience.

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

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

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

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

1.4.3.2 / Editorial products offering

Physical products offering

Editorial products include music, video, books and gaming products. In 2020, the Group generated consolidated revenues of €1,157.9 million from the sale of editorial products, representing almost 15% of its consolidated revenues. In France, Fnac is a trendsetter in its markets, with a rich and diverse editorial products catalog.

Fnac is the leading record store in France with a catalog of nearly 150,000 titles.

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

Fnac is the premier bookseller in France and offers the largest range in the market with more than 500,000 titles sold. In 2020, the Group sold nearly 45 million books in France.

In the gaming segment, Fnac has a catalog of 9,500 titles in France, including more than 3,000 second-hand video game titles. Thanks to an extensive product catalog and good product availability, in 2020 the Group became the leader in the Gaming sector in France.

Digital offerings

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

In 2017, the Group finalized an exclusive strategic partnership with Deezer, offering all Fnac and Darty customers, in-store and online, a free three-month subscription to Deezer Premium+ when buying any audio product (speakers, headsets, etc.). Fnac+ cardholders can also take advantage of this offer. Furthermore, customers buying a CD, vinyl or who are Fnac members also benefit from an exclusive Deezer Premium+ subscription.

In 2018, the Group strengthened its partnership with Orange to promote the distribution of the latest digital book formats with a new range of audio books.

In 2019, in partnership with Kobo Writing Life, Fnac launched a print-on-demand service that will enable self-published digital authors to sell their books in eBook and paperback formats on fnac.com, and make them available to order in all Fnac stores.

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

Fnac Darty was also a forerunner in the launch of livestreams in 2020, with around 40 sessions, offering Group members and customers the opportunity to interact with artists, writers and influencers on specific products. One example is a product presentation livestream organized for gaming aficionados, with the involvement of an acknowledged influencer who revealed to online users all the secrets of Microsoft's new generation of Xbox consoles, officially launched in November 2020. The livestream technique thus allows consumers who are used to ordering online to get a clearer picture of new products and this generates traffic on the Group's websites.

Fnac Darty also digitized its cultural promotion with the launch of “La Claque by Fnac” last October, a new space designed as a digital experience where culture can be seen, heard, and read. In addition to these thousands of events across the territory, Fnac resolved to offer a new space for cultural expression and emotion, via original and digital formats. This new project aims to give as many people as possible free one-click access to rich content and cultural diversity, to find out about current events in music, literature, film, comics and the world of entertainment, as well as to discover emerging talents and (re)discover timeless artists.

1.4.3.3 / Domestic appliances product offering

White goods include small and large domestic appliances. Large domestic appliances include products such as refrigerators, washing machines and dishwashers. Small domestic appliances include kitchen appliances and accessories, such as microwave ovens, coffee makers and irons, in addition to beauty and health products such as hair dryers and electric razors. In 2020, the Group generated consolidated revenues of €1,637.3 million from the sale of domestic appliances, representing 22% of its consolidated revenues.

Sales of large domestic appliances are mainly to replace existing goods. The small domestic appliances segment is sensitive to the innovation cycle. At low points in the innovation cycle, sales in this segment are fiercely competitive, with the market being boosted further still by prices. In 2020, the increase in time spent at home and rising consumer awareness of the importance of using their domestic appliances, more active than ever before, led to strong sales momentum throughout the year.

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

The Group is committed to manufacturing solid own-brand products by integrating corporate social responsibility criteria into the processes and documents that frame its supplier relations in order to guarantee the safety and satisfaction of its customers during their use of these products. To this end, and despite the constraints entailed by the health crisis which hampered the Group's performance of these audits in the first half of 2020, Fnac Darty carried out a total of 97 audits over the year of factories manufacturing own-brand products for the Group, based primarily in China. 97 points are checked during factory audits, including

25 points relating to social and environmental issues. The number of “unscheduled” audits was also increased in 2020. All the actions put in place are outlined in section 2.5.3.3.1 of Chapter 2 “Mitigation of risks associated with sourcing from Asia” of this Universal Registration Document.

1.4.3.4 / Other products and services

The Group has also continued its efforts to enrich its products and services offering. In 2020, other products and services accounted for some 13% of the Group's consolidated revenue.

A / Services and subscriptions

After-sales service

The Group's after-sales service is centralized and is delivered through four after-sales service workshops, one central spare parts warehouse and more than 100 technical centers in France.

Darty is the leader in France in after-sales service. The brand offers an in-store repair and support service at designated counters and workshops that provide customers with immediate repairs, rather than sending the products to a repair center. At the end of 2020, the Group had 16 Darty service areas.

To promote its services in the stores, Fnac has created dedicated “Service Area” sections where customers can get advice on after-sales service, home delivery, warranties or at-home training.

Darty also launched an innovative and unique offering called the “Darty Button”. It was developed with the addition of video technology, allowing customers to use their smartphones to have a video chat with a customer service agent and to speak with the agent by telephone, which in turn makes it easier for Darty personnel to identify the issue. Fnac also offers multimedia assistance over the phone, available seven days a week.

Furthermore, both brands offer in-store or at-home training services, and installation of equipment at home.

Darty is staying ahead of the market trend by becoming a smart home operator, to keep pace with new consumer behaviors that view connected devices as central to their daily lives. Darty is thus offering dedicated services to enhance all of its after-sales services.

In 2018, the Group expanded its after-sales service offering with the launch of the sav.darty.com platform. The site shares information about repairs to allow customers to benefit from Fnac Darty's expertise and prolong the life span of their products. This activity is central to the Group's responsible business model. The acquisition of WeFix in October 2018, a French leader in express smartphone repair, is also intended to position Fnac Darty as a leading player in smartphone repair and associated services, while offering an enriched ecosystem to customers.

Finally, in late 2019, Darty launched a brand new subscription-based repair service aimed at extending the life span of large domestic appliances. Named Darty Max, this service is available from all of Darty's integrated and franchised stores across France. This service represents another step towards the transformation of the Fnac Darty economic model. The Group firmly believes that a more circular economy creates jobs and value, and it is more committed than ever to extending the life span of products.

Lastly, in 2020, in addition to its commitment to ensure the health and safety of its employees, partners and customers, one of the Group's priorities was to ensure the continuity of its services, in particular after-sales activities, and to respond to consumers' urgent need to have functional equipment so they could work from home and homeschool their children. In this respect, Fnac Darty was the only player in its sector in France to continue its home-based after-sales service activities during both lockdowns, with priority given to working with vulnerable, elderly customers, and hospital staff. The Group recorded strong growth in after-sales repair flows, particularly in the Paris region in 2020.

The Group is seeking to extend its action on product sustainability in other countries where it operates. In tandem with the roll-out of Darty Max, which continued this year resulting in around 200,000 subscribers by the end of 2020, the Group recently launched the Vanden Borre Life subscription in Belgium, which lets customers have their major appliances repaired or replaced when repair is no longer possible, for €12.99 per month. This offering was rolled out across all 72 of the Group's Vanden Borre stores at the beginning of 2021.

Financing

Fnac offers several financing solutions in partnership with Crédit Agricole Consumer Finance. Through its Mastercard credit card launched in May 2017, Fnac gives customers the option of postponing payment, at no charge, for up to two months after the purchase date, and financing options enabling costs to be spread over several monthly installments. All payments made with the card at Fnac or elsewhere earn cardholders Fnac loyalty program points and allow them to benefit from brand gift cards.

Darty also offers financing solutions and installment payments. The brand offers a Darty Visa card, which – beyond simply financing a purchase – allows customers to earn gift cards for use with future purchases and other benefits such as free subscription to the "Darty Button" connected service offering, access to special product offerings, VIP shopping nights, flexible financing offers and credit free of charge.

Subscriptions

Darty is developing an array of initiatives in the subscriptions market. In order to round out the sale of computers, telephones and televisions – segments in which it is present – Darty is positioning itself as an intermediary by offering internet and telephony subscriptions (in partnership with Bouygues Telecom), and Canal+ subscriptions. The brand also offers energy plans (electricity and gas) in partnership with Engie, Total Direct Énergie and Sowee. Darty also offers subscriptions on consumables, such as Instant Ink with HP or the Nespresso subscription, which lets customers purchase a machine for €1, and schedules a monthly credit to purchase capsules. Finally, Darty Max, a subscription service from Darty launched in October 2019, provides cover for repairs and assistance for all large domestic appliances, whether or not they were purchased from Darty, for a minimum of 7 years and for as long as spare parts are available, i.e. up to 15 years.

Fnac, meanwhile, successfully rolled out Free terminals in the majority of its stores in 2020, enabling Fnac customers to take out a cellphone or Box subscription in-store.

The two brands also offer their customers the "Serenity Pack" via subscription (single or dual version), which incorporates an unlimited cloud solution, antivirus software, a password manager, and an optional exclusive offer on Microsoft's Office Pack. This subscription was extremely popular in 2020, in line with the strong momentum for purchasing equipment to allow remote working.

Finally, in 2020 the Group also launched the *Xbox all access* subscription, offering access to an Xbox Series X or Xbox Series S, and 24 months of Xbox Game Pass Ultimate, with more than 100 amazing games and an EA Play subscription, starting from €24.99 per month for 24 months. There was a very strong take-up rate, confirming the growing shift towards the digitalization of gaming.

As a result, the Group currently manages a network of 11 million active subscribers through its loyalty program or existing services such as its serenity pack.

Rental

In 2018, Fnac Darty continued to develop its rental offering, specifically by offering a combined service for the long-term lease of electronic items for both brands, which includes after-sales services for the entire duration of the agreement. Drawing on the Group's omnichannel model, the geographical coverage of stores and the expertise of Fnac Darty salespeople, a flexible and innovative subscription model has been put in place, enabling a salesperson with a dedicated tablet to sign customers up for this service in store in just 10 minutes. Smartphones, tablets and computers can be leased for three different durations – 12, 24, and 36 months – for monthly payments starting at less than €8 per month (after an initial higher rental payment). Breakdown cover is also included.



Insurance and warranty

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

B / Fees

Marketplace

Marketplaces, which are intermediary platforms linking buyers and sellers, support the brand's online strategy by increasing the depth of the product range available on the sites and the number of items available to online shoppers. This helps increase the website's traffic and visibility and contributes to customer loyalty. As such, more than 30 million products are available through the Group's Marketplaces.

The revenues generated by Fnac Darty come from a percentage of the commissions taken by the Group on sales made by Marketplace sellers.

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

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

The Group is committed to selecting responsible resellers on its Marketplace. This is to ensure the security of transactions and help fight money laundering and the financing of terrorism, in accordance with the ACPR (French Prudential Supervision and Resolution Authority). All the actions put in place are outlined in section 2.5.3.3.2 of Chapter 2 "Mitigation of risks associated with the Marketplace" of this Universal Registration Document.

Franchise

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

At the end of 2020, Fnac Darty had 344 stores operating as franchises. The Group's strong presence across regions, through its large network of stores, contributes to the local, social and cultural economy by creating jobs and widening access to culture for as many people as possible.

C / Customer loyalty

Membership cards

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

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

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

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

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

In 2020, the Group welcomed more than 5 million new active web customers, while more than 1.3 million new Fnac+ members signed up during the year. At the end of 2020, Fnac+ and Darty+ had almost 2.3 million members.

D / Other activities

Kitchen

In 2007, Darty opened its first in-store space dedicated to Kitchen. Darty's Kitchen offering complements its white-goods offering and allows it to capitalize on the Group's expertise and brand image. The roll-out accelerated in 2020 with the opening of 8 new spaces in France. At the end of 2020, the Group had more than 165 Kitchen points of sale, including 19 stores dedicated exclusively to this offering.

Ticketing

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

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

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

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

Ticketing activity was heavily penalized in 2020 due to the restrictive measures affecting the entertainment industry. To date, the Group does not anticipate a return to business-as-usual until the second half of 2021 at the earliest.

At the same time, and to offset the shutdown of the entertainment industry due to the current health crisis, the Group continued its actions to support the world of culture. In this respect, Fnac launched La Claque, a new online digital platform designed to digitize the cultural offer and maintain the concept of a direct relationship between the public and artists, free of charge. This innovative initiative aims to strengthen the Group's position as a mover-and-shaker in the cultural sphere, despite the challenging climate affecting this industry.

Games & Toys

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

Stationery

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

Urban Mobility

Since 2017, Fnac Darty has made a significant contribution to developing the market for scooters and hoverboards, in particular.

In 2019, Fnac Darty strengthened its positioning in the scooters segment by extending the scope of its strategic partnership with Xiaomi from smartphones to the exclusive distribution of its latest electric scooter, the MI Electric Scooter Pro. In addition, the Group opened a 50 m² shop-in-shop dedicated to Xiaomi products within Fnac Montparnasse in Paris.

At the end of 2019, the Group also extended its offering by marketing electric bicycles. The Group offers an immediate repair service for electric scooters on the customer's premises.

In November 2019, Fnac Darty strengthened its positioning in the market for new electric means of transport by marketing electric bicycles. The Group now sells Velair electric bicycles. Currently, 43 Darty stores in France and all Fnac stores offer various models of Velair bikes, with direct delivery to the customer within two to three days. Finally, in December 2019, the Fnac brand strengthened its positioning in the market for new electric means of transport by marketing electric bicycles. The Group signed an exclusive partnership agreement with Angell Bike to market its Angell electric bicycle in 2020.



In 2020, Fnac Darty capitalized on its exclusive high-end positioning in the urban mobility segment. Following the success of its partnership with Xiaomi for the exclusive sale of its electric scooter, the Group entered into an exclusive distribution agreement to sell Xiaomi's folding electric bicycle. This partnership complements the distribution agreement signed with Angell Bike for the electric-assisted bike, and the marketing agreement with Peugeot Cycles for two electric-assisted bikes from the iconic brand with the lion: the "Legend" eLC01 urban bike with a neo-retro look, and the eT01 multi-purpose trekking bike. Fnac Darty also expanded its offering in the urban mobility segment, signing a unique partnership with Citroën to exclusively market the Ami, the Citroën's fully electric mobility solution, in 39 Fnac and Darty stores. Finally, and more recently, Fnac Darty completed its innovative offer by entering into a partnership with Red Electric

for the distribution of the new Model E scooter, 100% electric and 100% French, in 30 Group stores. In tandem, Fnac Darty expanded its service offer by partnering with Cyclofix, the French leader in micromobility maintenance to provide consumers with a complete mobility ecosystem, offering customers an immediate repair service for electric scooters and bikes in Fnac and Darty retail stores. This partnership is fully aligned with the Group's commitment to extending the lifespan of its products.

Wellbeing

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

1.4.4 / GEOGRAPHICAL BREAKDOWN

The Group benefits from the complementarity of the network of its three principal brands in France – Fnac, Darty and Nature & Découvertes – with stores in different formats based in city centers, shopping malls, retail parks outside of large cities, as well as in train stations and airports, in order to adapt to the traffic in each area served. The Group also has six Proxi Darty outlets in System U hypermarkets, three Proxi Darty outlets in Intermarché stores, and one Fnac shop-in-shop within an Intermarché store, along with the 23 Proxi Fnac outlets in Intermarché shopping malls. Finally, in November 2018 Fnac Darty opened two Darty shop-in-shops in the Carrefour hypermarkets of Ville-du-Bois and Limoges. At the same time, the Group entered into a partnership in Switzerland with Manor to test four Fnac shop-in-shops opened in November 2020. Following this pilot phase, the partnership could be rolled out to other Manor stores during 2021. This partnership would allow both companies to strengthen their respective positions in the Swiss market. At the same time, the Group continued to diversify its offering in Switzerland in 2020, with the continued roll-out of corners dedicated to small domestic appliances in.

The Group's international exposure stretches across 10 countries, mainly in Europe.

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

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

2020 was the year the Group withdrew from the Netherlands market. Following the announcement in January 2020 that it was looking for a partner to withdraw from the Netherlands, in Q4 2020 the Group finalized the sale of 100% of its Dutch subsidiary BCC to Mirage Retail Group, demonstrating once again its timeliness within the context of an unprecedented health crisis. Mirage Retail Group has real experience in retail in the Netherlands and specializes in recovery strategies, combining its in-depth knowledge and experience in retail, real estate and logistics to drive forward-looking brands with high profit potential. Fnac Darty is convinced that this proposed transaction will enable BCC to benefit from the right support to successfully perform on its market.

1.4.4.1 / Presence in France-Switzerland

The Group has a network of 751 stores in the France-Switzerland region, 339 of which were operated as franchises at the end of 2020.

The Fnac banner has 222 stores, while Darty has 432 stores and Nature & Découvertes ⁽¹⁾ has 96 stores. The store network expanded last year with the opening of 33 stores over the period, including 27 operated as franchises (17 Darty franchises and 10 Fnac franchises in mainland France and the overseas departments and territories, including eight Proximity Fnac stores, and two Fnac Travel retail stores). The first Fnac Darty store was also opened in 2017. Managed from France, the Fnac brand also developed franchises in other international markets such as the Congo, Cameroon, Morocco, Ivory Coast, Tunisia and Qatar.

In late 2020, Fnac Darty launched a test phase with Manor lasting several months, for the roll-out of shop-in-shops in Switzerland.

Following this pilot phase in the first four stores, the partnership could be rolled out to other Manor stores from 2021 onwards. This partnership would allow both companies to strengthen their respective positions in the Swiss market. At the same time, the Group continued to diversify its offering in Switzerland, with the continued roll-out of corners dedicated to small domestic appliances in 2020.

The Group welcomed nearly 124 million visits to the country's Fnac and Darty stores despite numerous health restrictions (lockdown/limits on in-store traffic) that hindered footfall in 2020. Conversely, these measures led to an explosion of traffic on digital platforms. As a result, Fnac Darty became the leading e-commerce player in France in terms of the average number of unique visitors per month ⁽²⁾, ahead of pure players.

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

Key figures	2018	2019	2020*
Revenue	€5,835.2 million	€6,030.7 million	€6,227.9 million
COI	€263.3 million	€256.7 million	€193.8 million
Operating margin	4.5%	4.3%	3.1%

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

1.4.4.2 / Presence in the Iberian Peninsula

At the end of December 2020, the Group had a network of 72 Fnac stores in the Iberian Peninsula and had opened one new integrated store in Spain and one in Portugal.

The Covid crisis and accompanying health restrictions had a major impact on in-store traffic in 2020. As result, the Group received over 39 million in-store visits in 2020. Both the Fnac Spain and Fnac Portugal subsidiaries have an e-commerce website (fnac.es and fnac.pt).

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

Key figures	2018	2019	2020*
Revenue	€703.1 million	€722.3 million	€653.8 million
COI	€25.4 million	€25.0 million	€8.4 million
Operating margin	3.6%	3.5%	1.3%

* 2020 was marked by an unprecedented crisis that impacted the gross margin rate and the operating margin for the Iberian Peninsula.

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

(2) Fevad/Mediamétrie, 2020, total for Fnac and Darty combined.

Group strategy and objectives: a new Everyday strategic plan

1.4.4.3 / Presence in Belgium-Luxembourg

At the end of 2020, the Group had a network of 85 stores under the Fnac and Vanden Borre brands in Belgium and Fnac in Luxembourg. The Group opened its first Fnac store in Luxembourg in November 2019.

Diversification also remains a development factor in Belgium, where the roll-out of corners dedicated to small domestic appliances continued in 2020.

The Group recorded more than 12 million in-store visits in the region in 2020, and each brand has its own website.

Key figures	2018	2019	2020*
Revenue	€593.6 million	€595.6 million	€608.9 million
COI	€15.0 million	€11.6 million	€13.1 million
Operating margin	2.5%	1.9%	2.2%

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

1.5 / Group strategy and objectives: a new Everyday strategic plan

The merger of Fnac and Darty in 2016 allowed the Group to build a leading position in its markets. At the end of 2017, the Group launched its Confiance+ strategic plan, which allowed it to create the omnichannel platform that is its driving force today, by drawing on two pillars: an enriched Fnac Darty ecosystem and an open omnichannel platform.

In February 2021, the Group launched its new Everyday strategic plan for 2025. The new strategic plan builds on the performance of its omnichannel model, strengthened by the previous strategic plan, Confiance+, and tried and tested by the Covid crisis.

The Group's aim, in its day-to-day work and for the long haul, is to be the key ally for consumers, helping them to be sustainable in their consumption habits and daily household tasks.

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

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

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

Omnichannel retail will be digitalized by improving the performance of sites with a web experience that is increasingly immersive, efficient, and fueled by artificial intelligence. As a result, over 50% of the Group's investment budget for the period of the plan will be devoted to supporting digital growth, particularly to modernizing and mechanizing the logistics platform.

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

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

Advice and digitalization will be increased at all levels – the Group plans to invest in training its employees on how to showcase their expertise on digital and social networks. In order to improve the in-store experience, ‘welcomers’ will retain a key role and the IT resources available to sales experts will be boosted to provide a response tailored to every in-store customer (order pick-up, after-sales service, repair needs, specific search, etc.). In doing so, Fnac Darty is enhancing its role of providing the customer with well-informed, independent advice appropriate to their uses and needs.

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

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

In this way, the Group will be at its customers’ side every day, in-store and on the web, to help them make educated choices, backed by the expertise of its 12,000 sales people.

1.5.2 / HELPING CONSUMERS ADOPT SUSTAINABLE PRACTICES

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

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

Customer choices will be geared toward more sustainable products thanks to sustainability scores, which will be visible both online and in-store and is expected to reach 135 by 2025 (compared to 95 in 2018). These scores are based on our after-sales repair database – the only one on the market – which rates products on their reliability and the availability of spare parts. It

is a unique and independent indicator created by Fnac Darty, which weights the volumes of each product sold in the year of the sustainability score.

Lastly, services that enable customers to ‘use better to consume better’ and to repair products more often will be strengthened (sale of spare parts, express repair of smartphones, WeFix, Darty Max, repair communities, and so on), with the goal of having 2.5 million products repaired each year by 2025 (or +50% compared to 2019).

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

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

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

The Group laid the foundations for this service for large domestic appliances with the launch of Darty Max at the end of 2019, and will capitalize on its success, with more than 200,000 subscribers

in France already, and the launch of Vanden Borre Life in Belgium in early 2021. With Everyday, Fnac Darty’s ambition is to expand this repair and assistance service to the entire home environment, while extending the options for selling the service via new distribution channels – for example, a new distribution partnership with Sofinco will soon allow for more widespread distribution of Darty Max, and for the joint development of a free credit offering for sustainable consumer products.

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

To make it a success, the Group will rely in particular on its in-depth knowledge of services, benefit from its unrivaled distribution network, capitalize on its ability to carry out high-quality repairs directly, and take advantage of its expertise in subscription management – an area honed by the Group's current total of 11 million active subscribers. As such, Fnac Darty aims to have over 2 million Darty Max subscribers by 2025.

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

With its innovative approach to service and sustainability, Everyday is revolutionizing the world of retail for the benefit of consumers and the planet, while accelerating the roll-out of the omnichannel model.

These three ambitions will enable the Group to generate profitable growth alongside recurring cash generation.

1.5.4 / FINANCIAL OUTLOOK AND MID-TERM AMBITIONS

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

With Everyday, Fnac Darty aims to:

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

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

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

Over the 2020-2023 period, the Group is expected to generate close to €700 million in aggregate free cash-flow from operations ⁽¹⁾, in a period that includes two years impacted by the Covid crisis.

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

Starting from this year, the Group is reactivating its policy of giving a return to shareholders and is aiming for a distribution rate of at least 30% in the medium term. The Group therefore proposes to distribute, in 2021, a dividend of €1 per share for 2020 ⁽³⁾, with the aim of increasing this amount to €1.50 per share as early as the following year.

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

(1) Excluding IFRS 16.

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

(3) Proposal submitted to a vote at the General Meeting on May 27, 2021.

1.6 / Innovation, a Group priority

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

To achieve this, the Group took an open innovation approach to building partnerships with VC funds and French Tech, to identify the best start-ups offering new ways of approaching the physical and digital customer experience and omnichannel services. A French Tech tour was carried out at the beginning of 2020. The Group uses a Start-up Relationship Manager (SURM) tool to manage its relationships with start-ups and provide them with the best possible support.

Innovation is driven from the highest echelons at Fnac Darty. Set up in 2019, a monthly Innovation Committee, consisting of 60 innovation ambassadors representing all the business lines, is tasked with steering the Group's innovative approach and approving the projects to be trialed. The Chief Executive Officer acts as Chairman of this committee. The Open Innovation approach is put to good use in the business lines, with projects in 2020 focusing on digital challenges and the ability to scale up rapidly.

The Group intends to continue developing its digital strategy over the next few years by making digital operations central to its omnichannel platform. The Group will therefore be developing all its digital assets in order to offer customers an unrivaled, streamlined user experience both online and in-store, providing unique value to its partners. The Group has therefore increased its level of investment in digital technology so as to be able to offer the highest standard of e-commerce and to maintain its leading position. By way of illustration, chatbots are used extensively in call centers.

The increasing personalization of products and content, which Fnac and Darty have been involved in for several years, constitutes an indispensable asset, as it offers users a buying experience that is tailored to their needs. The relevance of the customer offering, which is optimized via the analysis of a set of data using innovative marketing tools, serves to steer traffic onto the Group's websites. Since 2018, the Group has built its own personalization algorithms

using Google Cloud, enabling it to offer customers targeted recommendations based on their buying behavior. More recently, the Group has been developing a presence on the new media used by its customers, such as the WhatsApp messaging tool.

In 2020, the Group developed several initiatives to highlight the expertise of its salespeople on its sites, via the first livestreams, which proved a success, or via a sales chat feature enabling customers to chat to a salesperson in real time via their computer or cell phone.

The omnichannel approach is also central to customers' buying experiences. Enhanced with new services that are real competitive advantages for the Group, the buying experience has been simplified. In this respect, the continued roll-out of Pay & Go, an innovative solution that allows customers to pay directly in-store using their cell phones, without going to the counter, and the extension of "click&collect 1H" to editorial products in all Fnac stores in France, allows customers to benefit from a streamlined omnichannel buying experience. The Group also continued to digitize its stores in 2020, with some 370 stores digitized at the end of the year.

The Group also intends to support new trends in the buying experience and is extending its digitization strategy to its entire store network. Therefore, the customer buying experience will be enhanced by having the entire digital offering available in-store, through the use of optimized seller equipment. This will make a very wide range of products available to customers, who can also take advantage of various home or in-store delivery services. The Group has partnered with Fujitsu to install book search terminals in its Fnac stores, to facilitate in-store customer searches.

The Group's ambition is to position itself in innovative, promising segments, such as urban mobility, in which the Group had a strong position in 2020, via the exclusive retail launch of Citroën's Ami de Citroën electric car.

Finally, the Group wants to adopt an advanced Data strategy enabling it to anchor data governance, to boost and accelerate the use of data (search engine optimization, effectiveness of promotions, prioritization of after-sales service operations, and so on).



1.7 / Store network and proprietary real estate

1.7.1 / STORE NETWORK

As its geographical coverage is a major asset of its omnichannel platform, the Group plans to continue expanding its development across various formats, primarily through franchises. This operating model limits investment costs while furthering the goal of rapidly increasing Fnac Darty's visibility. The franchisee pays a fee for the use of the brand's distinctive features based on a percentage of revenues at the relevant sales point. There were 344 stores operating under this model at the end of 2020.

With a network of 908 stores, and thanks to the continuous development of its store network, 90% of French consumers now have a Fnac or Darty store less than 15 minutes from their home.

Fnac stores, which were traditionally developed for city center locations, have been adapted to suit the shopping needs of suburban areas (with a broader range of consumer electronics, more self-service resources and more entry-level products). In Fnac stores with more than 2,000 m² of retail space, customers are offered a high number of products within a wide range of increasingly diverse product categories. These stores also have enough space to install dedicated corners for premium brands such as Devialet or Samsung.

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

- the Travel format (railway stations, airports and duty-free areas), with 31 stores at the end of 2020, including 29 in France. The brand has signed a strategic partnership with Lagardère Travel Retail via Aelia and MRW to develop Travel retail stores in France under a franchise operation;
- the Proximity format, with 84 stores at the end of 2020. During this year, the Group opened 9 stores (including 8 in France) and was able to capitalize on partnerships concluded with Intermarché and Vindemia for the Proximity format; and
- the Connect format (dedicated to telephony and connected objects), with 18 stores at the end of 2020 in France and abroad. For this new concept, Fnac received the prestigious Janus Award in the Business category from the French Institute of Design. This concept benefited from the partnership signed in 2018 with Bouygues Telecom for the distribution of Bouygues Telecom's offers.

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

At the end of 2020, Fnac had 307 stores in total, including 222 stores in France⁽¹⁾. Fnac opened 13 stores in 2020 (compared with 38 in 2019), 3 of which were outside of France.

In France, Darty stores are mostly located in highly populated areas and have a strong presence within or are situated close to large cities, such as Paris, Lyon and Marseille. The other Darty stores are generally situated outside of big cities, in shopping malls and retail parks. In order to extend its presence to less populated French regions, particularly those with fewer than 100,000 inhabitants, Darty has also set up a franchise network. This network has allowed it to expand its store network with limited investment and to reach small catchment areas where a classic large-format store would be too expensive to operate. The first franchise store opened in March 2014. Darty opened 21 stores in 2020, all in France (17 franchises and 4 directly owned).

Nature & Découvertes operates across a network of 96 stores, the majority of which (84 stores) are in France. The brand operates all of these stores, with the exception of seven Swiss stores, which are operated by Payot under a franchise agreement. In addition, Nature & Découvertes has opened six shop-in-shops in Fnac stores since it was bought by Fnac Darty, including two in France in 2020, which has enabled it to expand its store network at a limited cost and to reach a new audience, particularly a first shop-in-shop in Spain in 2019, representing a new market for the brand. The three Nature & Découvertes stores in Germany were closed in 2020, in order to reposition the brand in its key markets. Nature & Découvertes will rely on the Group's existing operational capabilities to continue increasing its geographical coverage and to expand, primarily in France.

Finally, the Group acquired WeFix, the French leader in express smartphone repair, in October 2018. With more than 22,000 repairs per month and more than 400 employees, WeFix operates a network of 117 points of sale including 68 corners, 8 stores, and 41 shop-in-shops, all of which are in France. In 2020, WeFix opened 21 new points of sale, 11 of them during Q4 2020.

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

Format	Date of concept	Average surface area	Location	Offering	Number of stores
Fnac network					
Traditional	1974	2,400 m ²	City centers – shopping districts	Entire offering	157
Suburbs	2006	2,000 m ²	Suburban areas	Entire offering	17
Proximity	2012	300 to 1,000 m ²	Towns and smaller cities Large cities to supplement the store network	Entire offering	84
Travel (Aelia and MRW)	2011	60 to 300 m ²	Airports and railway stations	Editorial products on hot topics Consumer electronics focused on mobility	31
Connect	2015	80 to 100 m ² for dedicated stores	City centers Shop-in-shop	Telephony and connected objects	18
Darty network					
Traditional integrated	1968	1,500 m ²	Proximity to large cities – shopping malls	Entire offering	295
Franchise	2014	600 m ²	Proximity to medium-sized cities	Minimum range	209
Fnac Darty network					
Franchise	2017	1,400 m ²	Retail parks	Large and small domestic appliances Editorial products and consumer electronics TVs	1
Nature & Découvertes network					
Traditional integrated	1990		City centers – shopping districts	Entire offering	89
Franchise	2008		City centers – shopping districts	Entire offering	7

1.7.2 / PROPRIETARY REAL ESTATE

The following table summarizes the areas occupied by the Group (including franchises) as of December 31, 2020 in the various countries where the Group maintains operations (excluding

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

Stores (including franchises)	Number of sites	Customer retail area (in m ²)
France ^(a) -Switzerland	751	764,000
Iberian Peninsula	72	101,000
Belgium and Luxembourg	85	91,000
TOTAL	908	956,000

(a) Including 14 stores outside France: 4 in Tunisia, 3 in Morocco, 1 in Congo, 1 in Cameroon, 2 in Ivory Coast, 2 in Qatar and 1 in Luxembourg.

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

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

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

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

Fnac Darty is committed to reducing the energy consumption of its stores and is making the necessary investments in this regard. All these actions are outlined in section 2.4 of Chapter 2 "Reducing environmental impacts" of this Universal Registration Document.

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

1.8 / Regulatory environment and changes

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

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

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

In addition, the Group's activities in France are also subject to Law No. 81-766 of August 10, 1981 relating to book prices. A new book sold in France must have a single price that is determined by the publisher, and this price must be printed on the cover of the book. A vendor selling from a physical store is allowed to offer a reduction of up to 5% on the price of the book. This law does not apply to second-hand books or books that are out of print.

In addition, Fnac Darty is monitoring the measures it put in place in 2017 to comply with the French Sapin II law on transparency, anti-corruption and the modernization of business practices. Subject to the law on the duty of care by parent companies and major contractors, Fnac Darty has published an Vigilance Plan since 2018 (see section 2.5.3 "Implementing a Vigilance Plan" of Chapter 2).

Fnac Darty is also subject to regulation by the French Environmental Code, which includes the requirement for all retailers or their subcontractors to take back used products the customer is discarding, on a like-for-like basis in terms of product type and quantity and free of charge to the customer (in the case of home delivery or in-store purchases). Furthermore, the Group also complies with the requirement for the retailer to take back very small used electric and electronic devices free of charge and with no obligation to buy, if the retailer dedicates at least 400 m² to the sale of electric and electronic devices.

The evolution of the legal framework, particularly as regards the social economy and the anti-waste act, will soon impose new standards in terms of consumer law.

Finally, the law against waste and for the circular economy (AGEC) enacted as of February 10, 2020 schedules the mandatory application as of January 1, 2021 of a reparability index for several types of device or appliance: smartphones, laptops, front-loading washing machines, televisions, and lawnmowers. The manufacturer of the appliance gives it a score out of 10 across five criteria (length of availability of technical documentation and advice on use and maintenance, ease of dismantling of the equipment, length of availability of spare parts on the market, delivery times and sales price of spare parts. The fifth criterion depends on the category of equipment concerned) based on scoring grids established by the French Ministry for Ecological Transition. Fnac Darty, which has used this project on an experimental basis on certain appliances since 2018, will display this index, thus making it possible to inform consumers simply as soon as they make a purchase in-store or on its website for the products concerned.



1.9 / Research and Development, patents and licenses

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

The Group owns a portfolio of 1,170 brands⁽¹⁾ that are registered across the world, primarily under the names "Fnac", "Darty" and "Nature & Découvertes" and the variations thereof that it uses in its commercial offerings.

The Group also owns a portfolio of over 1,523 domain names.

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

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

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

⁽¹⁾ Excluding WeFix, which has nine brands.

2



Non-financial Performance Declaration

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Introduction

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

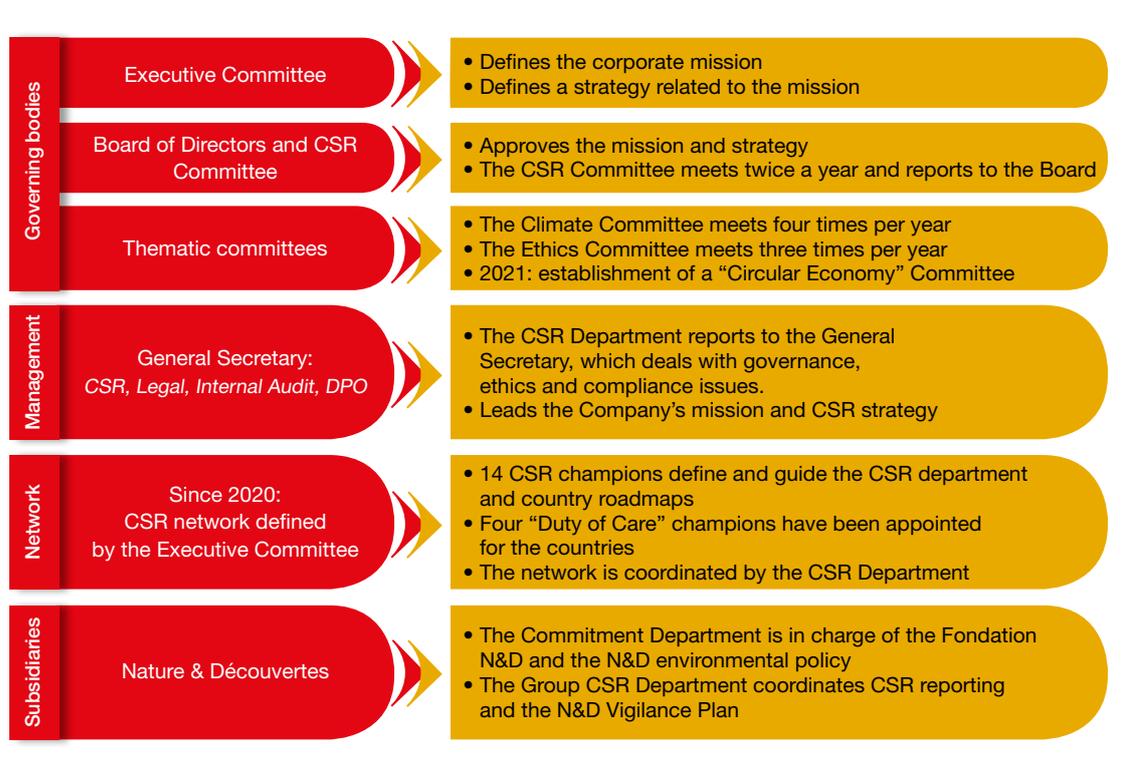
With more than 25,000 employees worldwide, 908 stores and almost 10 million loyal customers, Fnac Darty is keenly aware of its responsibilities. The Group is committed to transforming itself to meet the challenges of a changing market, while at the same time developing its people and making a positive impact on society. The stakes are even higher in 2020, in the midst of the Covid-19 epidemic.

This corporate social responsibility is a major component of Fnac Darty's new strategic plan and is central to the Group's *raison d'être*: "Committed to providing an educated choice and more sustainable consumption". The description of the Group's *raison d'être*, the integration of societal challenges in the business model and the strategic plan can be found in chapter 1 of this document.

This chapter meets the requirements of European Directive 2014/95/EU on the disclosure of non-financial information, and the obligation to report on the effective implementation of a Vigilance Plan under the law of March 27, 2017 on the duty of care of parent companies and initiating companies.

Governance that strengthens the integration of CSR challenges into both the strategy and business lines

In order to incorporate these challenges into its strategy and the day-to-day operations of its business lines, the Group has adopted a decentralized approach to CSR. Extending to the highest level of the Company, the CSR Department reports to the General Secretary, and relies on various bodies and business line representatives to manage and assess the Group's CSR strategy.



Description of committees

- The CSR Committee, described in Chapter 3, which is composed of four Independent Directors, reports to the Board on the strategy and CSR projects undertaken, as well as the results obtained.
- The thematic committees:
 - The Ethics Committee: composed of one Comex sponsor (General Secretary in charge of HR, CSR and Governance), the Legal, Internal Audit, HR, and CSR Directors and the DPO, it ensures the Group's compliance with regulations relating to ethical business conduct, in particular the Sapin II law, the Duty of Care law, and the GDPR law.

- The Climate Committee: composed of two Comex sponsors (General Secretary in charge of HR, CSR and Governance, and Director of Operations and Information Systems), the Directors of Indirect Purchasing, CSR, Logistics, National Transportation, Services Policy and After-Sales Service, it is in charge of rolling out and ensuring compliance with the Group’s climate roadmap, guarantees the integration of the climate theme within the overall strategy, and manages the objectives for reducing greenhouse gas emissions (see 2.4.1.1).
- The Circular Economy Committee, created in 2021: composed of two Comex sponsors (General Secretary in charge of HR, CSR and Governance and Director of Operations and Information Systems), Directors of Indirect Purchasing, CSR, and Legal; its purpose is to steer projects aimed at reducing packaging, optimizing unsold stock, improving collection, recycling, and reuse of materials.

In addition, the CSR Department regularly participates in the Internal Control Committee, which oversees policies for preventing and mitigating certain CSR risks, and in the Risk Committee, which incorporates and handles the most prominent CSR risks.

Integration of CSR within variable compensation objectives

For many years now, the variable portion of compensation of the CEO and members of the Executive Committee includes a CSR objective that has been set in consultation with the CSR Department. These objectives relate to the executives’ respective responsibilities.

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

Finally, from 2021, all managers eligible for annual variable compensation will have a CSR objective accounting for 10% of this variable portion.

Open dialogue with stakeholders

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

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

Stakeholders	Means/methods of promoting dialogue
Customers	Direct contact with employees: sales personnel/delivery personnel/home technicians/call center agents Customer surveys (NPS, survey regarding a responsible approach to consumption, etc.) Commercial websites with customer reviews Social networks In-store cultural events
Employees	Monthly commitment measurement Social partners Corporate social network Internal communication Chats with the Chief Executive Officer Monthly presentation to the Leadership Group Plenary sessions and panel discussions
Suppliers/plants	Trade fairs (participation and organization) Annual negotiations Supplier audits for our purchases of own-brand or licensed brand products Annual convention
Associations	Partnerships and collaborations with public utility associations Membership in professional organizations and federations: FCD, Fevad, AFEP, MEDEF, etc.
Public authorities	Meetings with ministerial offices Parliamentary hearings (on specific themes or draft legislation) Participation in working groups and in consultation with sector-based players steered by management (repairability index, environmental information, etc.) Discussions with local elected representatives on matters relating to their territory
Investors/shareholders	Registration Document/corporate website/press releases Investor Roadshow/Investor Day General Meeting SRI/credit ratings



Assessment of CSR risks and opportunities

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

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

Risk 1: The development of business lines in a context of digital acceleration

At a time when the digital economy, automation and artificial intelligence are accelerating, the Group's business lines are evolving, generating risks for employees in terms of employability as well as wellbeing, and risks for the Company's economic development, particularly in terms of the skills and commitment needed to roll out the strategy.

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

The linear model of current trade (manufacturing, retail, use, waste) is showing its limits, because the environmental impacts are so significant. A growing awareness among consumers of the need to

act has led to the emergence of new ways of consuming: buying less but buying better, sharing goods or buying their use, buying and selling on second-hand, boycotting controversial products or brands, and choosing eco-designed products or committed brands.

Risk 3: The climate emergency and its consequences on companies

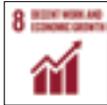
The climate emergency has generated very strong, legitimate pressure on companies to follow a path that prevents a rise in climate temperature of more than 1.5°C in 2100 compared to the pre-industrial era. Respecting such a trajectory requires profound transformations in terms of the economic model, the modus operandi, and governance. Not reducing its impact on the climate exposes the organization to physical and transition risks (regulatory, market and reputation risks).

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

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

From these four risks result the five pillars and 17 commitments of the CSR policy.

Our CSR policy, structure of this chapter

Our four main CSR risks	Our five CSR pillars	Our 17 key challenges and objectives	Our contribution to SDGs
<p>The development of business lines in a context of digital acceleration</p>	<p>1 / Develop human capital</p>	<ul style="list-style-type: none"> ■ Develop skills and employability ■ Promote gender equality and quality of life in the workplace ■ Guarantee employee health and safety <p>Objectives:</p> <ul style="list-style-type: none"> • 35% of women in the Leadership Group workforce in 2025 (24.3% in 2020) • 40% of women on the Executive Committee by 2025 (33.3% in 2020) 	<p>ODD 5: Gender equality (pay gap, women in management positions)</p> 
			<p>ODD 3: Health and wellbeing (road traffic accidents, happiness)</p> 
<p>Sustainability of the business model and new consumption patterns</p>	<p>2/ Promote sustainable consumption and an educated choice</p>	<ul style="list-style-type: none"> ■ Help customers make an educated choice ■ Encourage repairs ■ Give a second life to products ■ Ensure waste collection and recycling ■ Contribute to public debate around sustainability <p>Objectives:</p> <ul style="list-style-type: none"> • A “sustainability score” of 135 in 2025 (88 in 2017) • Provide sustainability information for 100% of products in 2022 • 100% of “non-saleable” new products into a second life sector by 2025 • 2.5 million products repaired in 2025 	<p>ODD 8: Decent work and economic growth (workers’ rights, health and safety at work, creation of decent jobs)</p> 
			<p>ODD 4: Quality education (training, equal opportunities)</p> 
			<p>ODD 12: Sustainable consumption and production (circular economy jobs, hazardous and non-hazardous waste)</p> 
	<p>3/ Contribute to the social and cultural development of territories</p>	<ul style="list-style-type: none"> ■ Provide access to culture to as many people as possible ■ Increase the positive impact on the territories: employment and solidarity 	<p>ODD 13: The fight against climate change (carbon footprint)</p> 
			<p>ODD 4: Quality education (education for sustainable development)</p> 
			<p>ODD 11: Sustainable cities and communities (territorial development)</p> 
			<p>ODD 8: Decent work and economic growth (creation of decent job)</p> 



2 NON-FINANCIAL PERFORMANCE DECLARATION

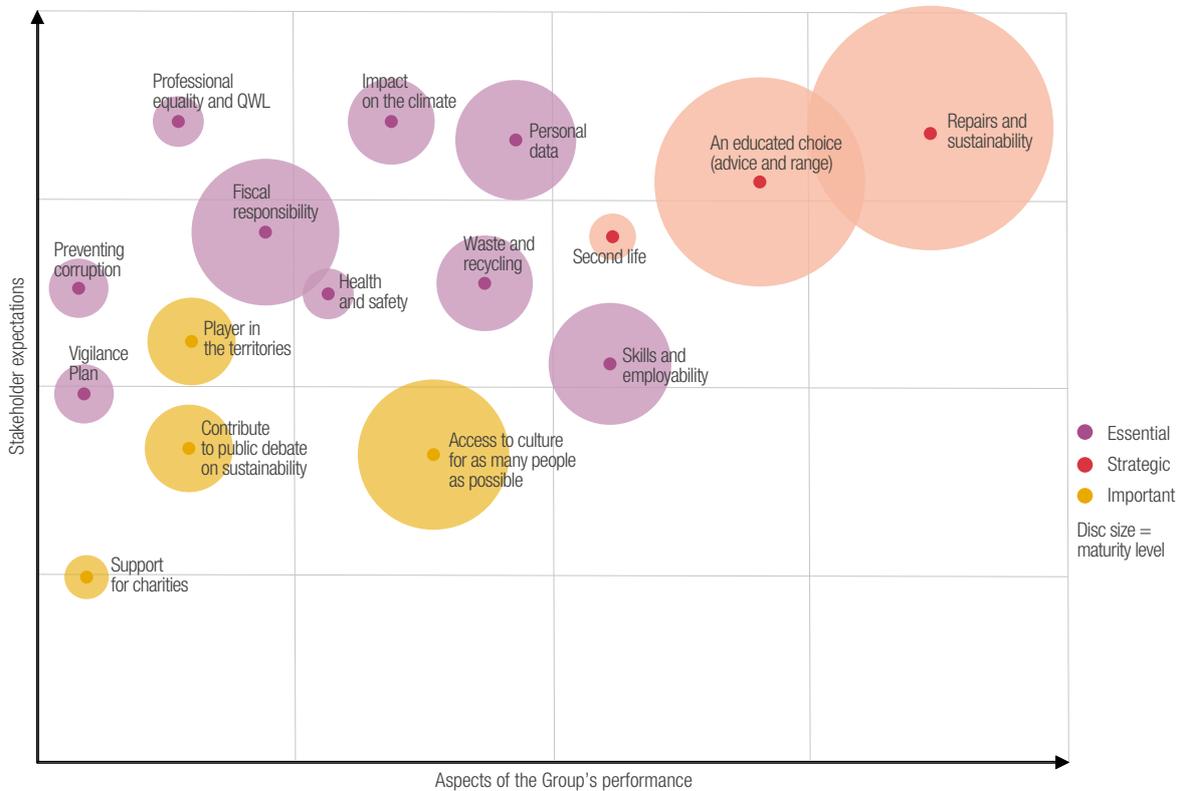
Introduction



Our CSR policy, structure of this chapter

Our four main CSR risks	Our five CSR pillars	Our 17 key challenges and objectives	Our contribution to SDGs
The climate emergency and its consequences on companies	4/ Reduce impacts on the climate	<ul style="list-style-type: none"> Strengthen governance and integration of climate risks Reduce emissions generated by transportation and energy from sites Extend emissions management to products, services and employee travel <p>Objective:</p> <ul style="list-style-type: none"> A 50% reduction compared to 2019 in CO₂ emissions related to transport and energy on sites by 2030 	<p>ODD 13: The fight against climate change (carbon footprint, greenhouse gas emissions)</p> <p>ODD 11: Sustainable cities and communities (air quality, sustainable buildings)</p>  
Ethics for all based on a model of development through partnership	5/ Ensure exemplary business conduct	<ul style="list-style-type: none"> Protect the personal data of employees and customers Prevent the risks of corruption Implement a Vigilance Plan Ensure fiscal responsibility 	<p>ODD 16: Peace, justice and efficient institutions (fight against corruption, protection of fundamental freedoms)</p> 

Fnac Darty's CSR challenges, analyzed according to their business opportunity and their level of stakeholder expectation, have been positioned in a materiality matrix:



This chapter is structured according to the five pillars and 17 issues of our CSR policy, with a foreword on managing the health crisis.

A CSR policy incorporated into the new strategic plan

Unveiled on February 23, 2021, the “Everyday” strategic plan embodies the Group’s desire to strengthen its positioning in several key areas of its CSR policy, including those of product sustainability, selection and advice, and the development of more responsible services (see also Chapter 1.5).

To support this change in the economic model, Fnac Darty has set several objectives:

- achieve a “sustainability score⁽¹⁾” of 135 in 2025 (versus 95 in 2018) (see 2.2.1.2);
- provide sustainability information for 100% of products⁽²⁾ in 2022 (see 2.2.1);
- integrate 100% of “non-saleable” new products⁽³⁾ into a second life sector by 2025 (see 2.2.3);
- 2.5 million products repaired⁽⁴⁾ in 2025 (see 2.2.2);
- a 50% reduction in CO₂ emissions from sites’ transport and energy by 2030 compared to 2019 (see 2.4).

Furthermore, the Group is committed to reviewing its collaboration and leadership model, particularly through getting greater female representation on the management teams. To do so, Fnac Darty has set several objectives:

- achieve female representation on the Executive Committee of at least 40% and then maintain this representation by 2025;
- female representation of 35% of the Leadership Group⁽⁵⁾ by 2025 (see 2.1.2.1.1).

(1) Sustainability score for eligible products, base 95 in 2018, weighted by their respective revenues.

(2) Categories and products eligible for a sustainability score (electronic products and household appliances, mobility).

(3) Damaged, faded, or repaired products, customer returns + products from suppliers/partners who may need to rely on the Second Life channel + customer products from trade-in which are then reconditioned.

(4) Home repairs and in workshops, WeFix repairs, resolutions by call centers and after-sales service counters.

(5) The Leadership Group is made up of the members of the Executive Committee, the Group’s executive officers, and key Group managers in France and internationally (employees with grade 19 or higher according to the Korn Ferry Hay weighted job evaluation method).

Nature & Découvertes: 30 years of adventure and a new *raison d’être*

The acquisition of Nature & Découvertes in 2019 laid the foundations for new collaborations between complementary brands, each one committed, in its own way, to rising to societal challenges.

A pioneering concept born in 1990 at a time when ecology was not a major concern for the public at large, Nature & Découvertes has been able to sustainably develop in the field of reconnecting with nature. Thirty years on in 2020, the Company sought to question its *raison d’être* in a very different societal context, against a backdrop of climate emergency and the erosion of biodiversity. The management of Nature & Découvertes has always considered the Company to be a player in the service of the common good, and it was important to redefine its mission.

The project was conducted collaboratively throughout the year, leading to this new *raison d’être*: “To offer genuine solutions (products and experiences) to all those who wish to change their way of life for ecology of the Earth, body, and mind.”

Supporting its customers as they live a sustainable lifestyle requires a transformation of the Company itself, which intends to go even further in the eco-design of its offer. A certified “B Corp” since 2015, Nature & Découvertes is part of a continuous improvement process. This international certification provides a range of stringent CSR criteria, and pushes the Company to go even further.

Nature & Découvertes’ non-financial data is incorporated in the indicators published in this document (unless otherwise stated); a number of the challenges facing Nature & Découvertes, and the Company’s responses to these challenges are also described.

HEALTH CRISIS: FNAC DARTY COMMITTED TO ITS EMPLOYEES AND CUSTOMERS

The impact of the Covid-19 health crisis was considerable for Fnac Darty: store closures, implementation of health measures to protect employees and customers, reorganization of logistics to cope with the shift from physical to online sales, among others.

Faced with this unprecedented crisis, the Group set itself the objectives of guaranteeing the health and safety of all, continuing to serve its customers, and keeping its teams mobilized while safeguarding jobs.

Teams mobilized to serve customers

On the front line during lockdown, all the operations management teams (logistics, delivery, after-sales service, remote customer service) were mobilized to meet customers' needs, and in a challenging context, were able to demonstrate their ability to adapt along with a sense of service welcomed by customers.

After-sales service teams continued their activities to provide citizens with a real public service mission by repairing their equipment, either by coming to their home while following safety protocols, or by phone or video-assistance.

The lockdown period was also a challenge for logistics teams, who were obliged to switch all their activity to the web channel overnight. They achieved a remarkable quality of performance in an extremely difficult context. To respond to their equipment emergencies, particularly in a context of remote working and home schooling, Fnac Darty resolved to make free deliveries in France for all purchases over €20 made on Fnac and Darty sites. Similar measures were also implemented in Spain, Portugal, Switzerland and Belgium.

The work of front-line employees during lockdown was valued. Thus as part of the system set up by the French government, a one-off purchasing power bonus (*prime exceptionnelle de pouvoir d'achat*, PEPA) was paid to employees earning less than three times the annual value of the French minimum wage (SMIC) who worked during the period from March 16 through May 11, 2020 – a full-time employee present over the entire period received a bonus of €1,000.

The work done by employees was also highlighted through internal communication tools: the communication teams regularly put these employees in the spotlight, talking about their work during this period, and sharing messages of encouragement and customer satisfaction.

Social treatment of employees affected by short-time working

For store employees, and for a large number of employees in support functions, store closures were accompanied by short-time working measures – with different procedures in different countries, based on government decisions and existing support measures.

From March 15 through May 11, 2020, more than 80% of the Group's workforce was affected by short-time working.

In France, an activity bonus of €100 gross per week was also paid to employees who worked on the Company's sites or were in contact with customers during lockdown.

During this period, social dialogue was strengthened with more regular meetings of the Economic and Social Committee (ESC), as well as other bodies such as the Group Works Council (four extraordinary meetings) or the European Works Council (one extraordinary meeting).

In France, to anticipate the conditions required for the resumption of business after the lockdown, negotiations were also conducted in the spring aimed at setting up systems to adapt work organization to the flow of business. In particular, the conditions for paid leave and/or the introduction of alternative working schedules (switching between high-activity and low-activity weeks according to business requirements) within stores were negotiated so as to avoid short-time working measures as far as possible, and to ensure that for those employees affected, compensation is maintained, regardless of the hours worked.

However, due to the closure of so-called "non-essential" departments and the closure of Nature & Découvertes stores during the second lockdown, other short-time working measures were implemented.

A total of six agreements were signed within several entities within the Group in France, pertaining to those employees working in stores, in operations or support functions. In return for these contractual provisions, the Group maintained the compensation of the employees concerned at 100% for the period from March 15 through May 11, 2020.

Measures taken to protect employees and customers during the health crisis

Strict health measures at head office and in operations

During this year, the Group focused on the health and safety of its logistics teams. For Fnac Darty, the challenge was twofold: to guarantee a secure working environment for front-line employees, and to ensure the continuity of logistics activities so that they could quickly adapt to changes in the health context.

Communication with employees has been strengthened for preventive measures and safety information for warehouse employees, delivery and installation staff, after-sales technicians, and the remote customer service team.

“Covid representatives” appointed on each logistics site, to identify “at-risk” locations, to ensure preventive measures were followed, and to work on contact tracing after contamination, in connection with Human Resources and the sick room.

In warehouses and at head office, circulation flows were put in place, disinfection procedures were instigated for workstations and shared premises, and alcohol gel dispensers were installed.

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

Safety at the heart of the “business recovery plan”

The store recovery plan gave rise to extensive joint work between the HR, Operations, Safety, Real Estate and Maintenance, and Purchasing teams, as well as regular dialogue with social partners. The cornerstone of this plan is a health system designed to allow employees and customers to work in the safest possible environment.

In line with government regulations, the Group, in conjunction with the Human Resources Department, has updated the Single Document for the Evaluation of Occupational Risks (*Document unique de l'évaluation des risques professionnels*, DUERP), as well as its operating procedures in a document entitled “guidelines” (business resumption plan) intended for the operating teams.

The “Welcomer” role (employees in charge of greeting customers) has been extended: compliance with in-store traffic limits, customer hand disinfection, guidance to ensure traffic flows are respected, theirs is a central position in the smooth application of the health system.

This system was the end result of the sourcing, design and purchase of such items as plexiglass panels specifically designed for store furniture, floor marking systems, masks, gels, gel dispensers at store entrances, and so on, so as to comply with preventive and social distancing measures.

To support our in-store teams, training was provided on how to apply preventive measures and the proper use of equipment. Upon reopening after lockdown, seminars were organized before opening to the public, to lay down the new rules for organizing work and welcoming customers.

All these measures were welcomed by the banners’ customers, as well as the various administrations, whose inspection visits were all conclusive.

To galvanize employee support for preventive measures, two e-learning modules were developed by the Fnac Darty Academy, each attended by some 10,000 employees.

Psychological support measures during this unprecedented period

During lockdown, the Group was quick to strengthen communication to teams via several channels: emails, intranet site, phone.

- An HR hotline was set up allowing employees to communicate with the HR managers on duty.
- A counseling and support line was launched, accessible around the clock, also open to spouses.
- An appointment-based system for remote medical consultations was rolled out.
- The Group’s social workers extended their services.
- Finally, the Group’s intranet made a major contribution to maintaining connection between employees, by disseminating practical information on managing remote working, as well as psychological advice, recommendations and highlights of work done by front-line employees.

In order to survey employees, both on the management of lockdown and on remote working and worries about recovery (particularly from a health standpoint), regular surveys were conducted using the Supermood tool.

Flexibility to support remote working

The announcement of the lockdown period forced the Group to take steps in record time to allow widespread remote working. Within a few days, employees received training and tools allowing them to use collaborative work solutions single-handedly.

After the head office employees, those in in-house call centers in charge of customer relations were supported, which was a challenge because for these teams no remote working solution was yet available. In two days, our IT teams were able to overcome all the points of contention, including flow parameterization, phone number routing, and access to CRM tools, to relocate call centers to employees' homes. This represented a major transformation for customer service teams, who received accelerated training to help deal with the barrage of calls relating to store closures, and to contact all customers with store orders or pre-orders.

Once lockdown ended, the Fnac Darty Group scrupulously applied the government's recommendations on remote working. Over the summer, the rule for head office employees in France was two days' presence on-site for three days' remote working. As from the second lockdown, all employees whose duties allowed them to do so switched back to 100% remote working.

Elsewhere in the Group, work organization was brought into line with government recommendations: flexible working hours, team rotation to ensure a reduced in-office presence, etc.

The Group supported this development via strengthened means of communication, particularly via the intranet, with numerous tutorials and the sharing of best practice on remote working and other aspects of daily life.

Fnac Darty was able to rely on its managers to ensure business continuity; empowered very early on in the crisis, they were responsible for the proper application of health measures by their teams, as well as individualized support for their remote-working employees. To this end, they attended training courses devoted to managing remotely (see also 2.1.1.1.2).

2.1 / Develop our most valuable asset: people

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

Risks	Opportunities
<ul style="list-style-type: none"> ■ Skill mismatch ■ Loss of attractiveness of the employer brand: inability to attract and retain talent ■ Costs of turnover, absenteeism and disengagement ■ Costs related to workplace accidents including road accidents 	<ul style="list-style-type: none"> ■ Employees who are confident in their expertise to “inform customers’ choices” ■ Motivated employees focused on customer satisfaction ■ Key skills to roll out the Group’s strategy ■ An attractive employer brand ■ Ability to innovate ■ Agility and resilience ■ Control of costs related to workplace accidents, road traffic accidents and absenteeism

Levers activated	2020 Actions	KPI and associated indicators
An in-house training academy for bespoke training courses Multi-modal training courses (e-learning, virtual reality, face-to-face)	<ul style="list-style-type: none"> ■ Continuation of strategic training programs ■ Development of sales expertise ■ Strengthening managers’ leadership skills ■ Development of programs to train in professions where staff are harder to find 	<ul style="list-style-type: none"> ■ KPI: share of payroll allocated to training ■ KPI: number of training hours per employee trained
Support for women in leadership positions	<ul style="list-style-type: none"> ■ Maintaining and strengthening programs aimed at promoting equal opportunities ■ Review of recruitment processes to promote gender equality 	<ul style="list-style-type: none"> ■ KPI: percentage of women in Leadership Group workforce ■ KPI: proportion of women who granted least one individual raise during the year ■ Proportion of employees with disabilities in open-ended contracts
Start of collective bargaining	<ul style="list-style-type: none"> ■ Negotiation of quality of life in the workplace and professional equality at Group level 	<ul style="list-style-type: none"> ■ NPS employees
Roll-out of agile organizational modes	<ul style="list-style-type: none"> ■ Development of a Digital Factory ■ Launch of the “Agile Call Center” project 	
A system for listening to employees	<ul style="list-style-type: none"> ■ Regular survey of all Group employees 	
Risk prevention for the most exposed business lines	<ul style="list-style-type: none"> ■ Strengthening of training programs related to safety and security ■ Action plan for increased road safety ■ Investment in the modernization of equipment 	<ul style="list-style-type: none"> ■ KPI: absenteeism due to sickness ■ KPI: frequency rate of workplace accidents with stoppage time ■ KPI: severity of accidents at work



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Develop our most valuable asset: people

Key figures ⁽¹⁾

All the priority indicators and other indicators are available at the end of the chapter in the summary of CSR risks and indicators (see section 2.6).

24,886 employees as of December 31, 2020, of which 18,895 in France (24,046 in 2019, of which 17,676 in France)	24.34%: percentage of women in the Leadership Group (24.31% in 2019)
2.78%: share of payroll allocated to training (2.52% in 2019)	22.9%: share of women in the female workforce granted an individual raise compared to 23.5% for men (33.2% of women and 29.5% of men in 2019 ^(b))
9.1 hours: number of training hours per employee trained ^(c) (14.2 hours in 2019)	5.17%: absenteeism due to sickness (4.61% in 2019)
30.08: frequency rate of workplace accidents with stoppage time ^(a) (27.48 in 2019)	1.74: severity rate of workplace accidents with stoppage time ^(a) (1.46 in 2019)

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

(b) Corrected data.

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

With some 25,000 employees, more than 75% of whom work in direct contact with customers, anticipating and supporting rapid changes in business activities, guaranteeing the health and safety of employees, and fostering their commitment have been identified as major challenges for the Group.

In an extremely competitive sector faced with emerging economic players who are innovative in terms of their human resources management, the attractiveness of the employer brand, and the motivation of Fnac Darty employees are highly strategic. They involve listening carefully to employees' expectations, both in terms of autonomy and management, and the meaning given to their work.

To this end, the Group invests and innovates to change its organizational methods, to provide its employees with a motivating work environment, to guarantee their health, safety and professional equality, and to support the development of their expertise – a strategic focus for the Group and the basis of its *raison d'être*.

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

2.1.1 / DEVELOP SKILLS AND EMPLOYABILITY

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

Based on Darty's in-house training model, the Group set up an Academy in 2018 allowing it to gain in expertise and agility, while reducing teaching costs.

Training is now overseen by this Academy and is based on classroom programs as well as e-learning modules. Through this multimodal learning program, Fnac Darty seeks to offer its employees the opportunity of continuous training, at their own pace, based on the organization of their work week, but also their diverse skills and objectives.

2.1.1.1 / Training in service of the Group's agility

2.1.1.1.1 / Training programs adapted to the health situation

Starting in February 2020, the health crisis strongly disrupted training programs. Bringing training in-house has led to greater agility in response to this unprecedented situation. As a result, all training courses that could be attended remotely switched to this method. Training on products and services could thus continue to be provided, even if teaching methods had to be adapted.

A video-conference training protocol enabled 4,000 people to be trained remotely, replacing classroom programs.

The Group could also count on the e-learning training offer developed over the past several years: more than 450 modules, accessible remotely on computer, smartphone or tablet. In 2020, 167,102 modules were completed and validated (compared with 156,144 in 2019) in France, mostly by salespeople, and nearly three out of four employees completed at least one e-learning course in 2020.

In other European countries, all of which can now access the Academy's e-learning offer, over 15,000 modules were completed.

The Group's training teams increasingly rely on this flexible format to extend their offer to topics that deal with societal themes: the fight against corruption and influence peddling, consumer rights, protection of personal data, the fight against discriminations, including the detection of gender-based discrimination.

The Academy also began integrating virtual reality formats into the teaching tools used during induction days for executives, thus allowing them to visit the Group's logistics sites virtually. The development of these innovative training tools will gather speed in 2021.

During the period of short-time working, the Group communicated with its employees about the government-backed reinforcement of training assistance provided by the French National Employment Fund (Fonds National de l'Emploi). Accordingly, 370 employees were trained via this scheme. The courses were provided at the request of employees (e.g. further English classes, web development or skills assessment) or at the Company's initiative, as in the case of the course for the Academy's trainers on leading training sessions remotely.

Work-study programs

For several years, Fnac Darty has pursued an active policy for the professional integration of young people by promoting work-study programs, a policy that was maintained in 2020 despite the context.

As of December 31, 2020, the Group had taken on 1,065 employees under professional development or apprenticeship contracts. These work-study participants are present across all job categories: sales, customer service, logistics, after-sales service and back-office functions such as accounting, marketing, communications and human resources.

2.1.1.1.2 / Managers supported to manage their teams via remote working and to develop their skills

The Group relied heavily on its managers during a year marked by the health crisis to disseminate information, change the pace of work, and maintain the mobilization of teams on the highest-priority projects.

To support line managers in this new way of organizing work, support for good remote working practices was promptly rolled out, first with the Executive Committee and then with supervisors. In addition, training on time and priority management was offered to groups of employees.

Moreover, as part of a process of continuous improvement, over one hundred workshops were facilitated by the Fnac Darty Academy in Q4 2020, to draft a joint assessment and to further improve the ways in which teams interact in remote working. These workshops to jointly draft the golden rules for remote working were first provided to members of the Executive Committee, before being rolled out to all head office departments.

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Managers trained to develop their leadership and serve the Group's vision

This change in organizational methods coincided with the launch of an ambitious 18-month training program to manage the Operations Department and headquarters, with the aim of establishing a common foundation to serve the Group's strategy and *raison d'être*.

As such, an important part of the training aims to provide everything required to understand the Group's positioning and the environment in relation to its commitment to making an educated choice and more sustainable consumption. The stated objective is to enable participants to carry this vision forward, and to apply the strategy within their scope, while integrating new knowledge in terms of CSR, customer excellence, and value creation to make informed decisions in the face of economic and societal challenges. The training course also includes a central component to develop leadership and managerial skills, and to provide better support for employees at a time of accelerated transformation.

Over 700 employees volunteered to join this program, offered to supervisors and local managers on one hand, and to executives and Directors on the other.

Backed by Kedge Business School, in broader terms this program aims to build a common managerial culture and strengthen collaborations. It is based on fully customized, dynamic, innovative and multi-modal teaching. It also helps to secure career paths and develop employability, since the two training courses will grant partial certification from Kedge Business School, at undergraduate level for local managers and at postgraduate level for executives and Directors.

2.1.1.2 / Salespeople expertise: a priority in the service of the strategic plan

Enabling customers to make an educated choice largely depends on the acknowledged expertise of Fnac Darty's salespeople. Developing this expertise has thus been highlighted as a crucial issue for the Group; consulting is a major component of the new Strategic Plan. This involves ensuring customers are offered the best advice in terms of the use of their products and the services they require.

To this end, the form of training courses was revised to encourage salespeople to talk about and share their passion for the product. The content thus focuses in large part on handling the products sold and discovering the uses to which they are put by customers.

2.1.1.2.1 / Customer excellence at the heart of a major training program

In order to strengthen its strong links with customer culture, in 2019 the Group deployed an 84-hour program aimed at employees in contact with customers in Fnac and Darty stores (salespeople, customer service agents, after-sales service technicians), as well as delivery personnel and call center advisors: the Excellence Client (customer excellence) program.

Over 800 employees volunteered to take part in this ambitious program, which was designed and deployed over 18 months, and takes into account the reality encountered on the ground. It offers modules differentiated by banner and business line to meet the needs of the various audiences, while respecting the DNA of both banners. Participants acquire skills, which managers then help to deploy.

The engineering behind the customer relationship modules is co-built with the Group's best marketing experts, thus allowing participants to acquire an in-depth understanding of new customer expectations, in particular.

The course also aims to enhance mobility to other areas or to new business lines. Upon completion of the program, scheduled for early 2021, participants can obtain certification recognized by the French Commission of Professional Certification and by the professional branch.

2.1.1.2.2 / Salespeople expertise, a strategic focus in years to come

In order to strengthen expertise in each individual's skill requirements, in 2020 the Training Academy finalized and rolled out a five-year individual development path.

Aimed at all salespeople, it will be based on an individual analysis tailored to each employee. A pilot quiz was launched in a number of stores to test the scheme, due for large-scale roll-out in 2021. This quiz, which will be offered to employees twice a year, will allow the individual training plan to be adjusted.

The aim is to offer a career path and provide an overview of training courses that employees will be able to follow from their arrival until they reach a level of expertise. It also clarifies the professional objective they are aiming towards.

For Fnac and Darty, this is an opportunity to build employee loyalty by providing a long-term vision and giving employees the tools to improve their performance in the long run.

At the same time, the Academy chose to make integrating new recruits a priority, aimed at immediately engaging teams in their knowledge of the Company and how it operates.

The immediate objective is to provide teams with all the knowledge required to avoid learning by error. This program focuses employees on customer relations, sales, products and services. Interns are also immersed in learning the characteristics of all the products sold in store, thus whetting their appetite for versatility, and enhancing their ability to sell the entire product & service ecosystem. The training courses also develop salespeople's advice skills by helping them to better research and understand the uses customers wish to make of their products, and the services they may need.

Additionally, the Group continues to rely on an innovative application, NAPS, to reinforce knowledge of the Group's products and services. The principle of NAPS is to encourage training through play and by highlighting progress made. This application lets salespeople validate "product" and "sales technique" training, consult product news, take quizzes and chat with the sales community. In this way, other salespeople become a key part of their training. Since 2016, there have been more than 7,500 Fnac Darty NAPS users, and this figure continues to climb.

An extensive training program for salespeople in Paris stores

After six months of negotiations with employee representatives and the signing of three agreements in 2019, work organization in Fnac Paris stores was completely overhauled to improve efficiency while preserving jobs.

Implemented from 2020 onwards, the project aims to extend salespeople's responsibilities (execution of simple payments and greater versatility on the shop floor), alongside more equitable and effective management of work on Saturdays and public holidays.

It is based on an extensive training plan and personalized support measures, as well as financial compensation.

Since September, all Fnac Paris employees have been trained in handling transactions. Before the launch of multi-skill training, an individual assessment of skills and knowledge was conducted among the Company's 1,300 or so employees, so as to tailor the training plan to each employee.

This support will last from a few months to two years, depending on the level of expertise assessed in 2020.

2.1.1.3 / Develop skills in professions where staff are harder to find, and anticipate tomorrow's needs

Fnac Darty has identified several professions where staff are harder to find, and has rolled out several programs to meet the strategic needs in these areas. The Fnac Darty Academy thus set up two systems dedicated to highly technical areas where experts are harder to find: kitchen design and sales, and home-service technicians.

Kitchen designer: training to support business growth

In 2018, Darty's Kitchen Academy opened its doors to Fnac employees, in order to allow them to access the kitchen design business line. This training course supports the development of the kitchen business as part of the Group's policy of diversification.

The Kitchen sector, which is constantly growing, requires that employees follow long, specific training programs, because the job of in-store kitchen designer requires skills in several areas: from designing kitchens for the customer, to drafting plans and transferring the project to specific computer tools, and from marketing the proposal and monitoring the project over several months up to installation.

The Kitchen Designers' Academy offers to professionalize employees over a 40-day course for new designers, accompanied by periods of in-store training to fully get the measure of this complex profession.

Technical repair specialist: a promising profession for which staff are harder to find

To anticipate upcoming technician retirements and to improve national coverage of repair services, the Group has launched an extensive plan to recruit and train 500 technicians (see also 2.2.2.4). The Academy has developed a specific program for internal employees and for new recruits: the Tech Academy.

In 2020, in partnership with two Apprentice Training Centers (CFA), the Group opened seven apprentice classes, in Lille, Paris⁽²⁾, Lyon, Marseille, Bordeaux, and Rennes. A total of 87 people signed up, including 19 employees from various backgrounds (sales, delivery, computer workshop).



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Alongside recruitment, the technicians' skills were also enhanced, thus strengthening the strategic aspect of the Group's commercial and environmental policy, aimed at extending the life span of products.

At the same time, the Fnac Darty Academy developed several training courses for delivery teams, including an e-learning course on water, gas and electricity commissioning, and a classroom-based course on the delivery and installation of built-in and wall-mounted products.

In addition to the Tech Academy, the Delivery Academy has been developed to meet the Group's needs in this profession where staff are also thinner on the ground. To this end, Fnac Darty started two work-study programs for delivery apprentices (Paris and Toulouse), each with 25 students.

Analysis of Strategic Workforce Planning

In 2019 and 2020, Fnac Darty spearheaded a Strategic Workforce Planning approach to examine the differences between how the workforce is currently structured and the target forecast of the workforce in the medium term (five years). The results of this study should thus enable better forecasting of staffing and skills requirements, with regard to market developments and the Group's development strategy. In this context, negotiations on job management and career paths will be held in 2021 with the trade union organizations represented within Fnac Darty.

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

In line with its values as a responsible, eager-to-learn company, Nature & Découvertes relies on its in-house training school – La Source – to support its employees as they acquire product knowledge, and in their personal development.

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

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

The complementary nature of the content taught makes it possible to assimilate new recruits into the brand's culture more quickly. Since 2019, La Source has been located at La Canopée, the new headquarters of Nature & Découvertes in Versailles. This more open location, which is better connected to its environment, ensures the best interaction with the various departments services of head office and, with its agro-dynamic farm, a great place to strengthen joint commitment and meaning.

Training results for 2020

Scope: Group excluding franchises	2018	2019	2020
KPI: Share of payroll allocated to training	-	2.52%	2.78%
Proportion of employees receiving training in classroom over the year compared to total number of employees ^(a)	52.3%	66.0%	37.4%
Proportion of employees receiving training in classroom and/or via e-learning over the year compared to total number of employees ^(a)	not available	82.9%	75.8%
Average number of training hours per employee trained via classroom programs	17.2 hrs	15.3 hrs	13.7 hrs
KPI: Average number of training hours^(b) per employee trained	not available	14.2 hrs	9.1 hrs

(a) Employees (open-ended and fixed-term contracts) as of December 31, 2020.

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

2.1.2 / DEVELOP GENDER EQUALITY AND QUALITY OF LIFE IN THE WORKPLACE

In September 2019, Fnac Darty began negotiations with all the Group's representative trade union organizations on Quality of Life in the Workplace and Gender Equality. Though disrupted by the health crisis, these negotiations continued in 2020 and are expected to be completed in the course of the first quarter of 2021.

Many topics were discussed with social partners, such as the right to log out of digital tools, the right to expression, the work/life balance, disability, gender equality, and employee mobility between their place of work and their home.

The topic of remote working was also discussed with trade union organizations at Group level.

2.1.2.1 / Promote professional equality

Convinced that diversity is a source of wealth and creativity, Fnac Darty has historically pursued a policy aimed at guaranteeing equal treatment, promoting diversity in its teams, and fostering equal opportunities, with particular emphasis on gender equality and the employment and retention of people with disabilities.

This commitment covers recruitment, using dedicated partners and tools for those potentially subject to discrimination, such as Hello Handicap, Hanploi, Cap Emploi, partners such as ARIS, Job dans la ville or ARES, training organizations such as Greta AISP, and LB Développement. It is also demonstrated through payment of the apprenticeship tax in France, a portion of which is paid to specialist schools and centers (Sport dans la Ville, Fondation Agir contre l'Exclusion, École de la deuxième chance, Institut Télémaque, FEDEEH, etc.).

2.1.2.1.1 / Gender equality: breaking the glass ceiling

Gender equality was identified as a priority issue for the Group. With nearly 40% of women in the total workforce, but only 24% of women in leadership positions, Fnac Darty is strongly committed to strengthening its action in favor of greater gender diversity, particularly in line management positions. The attractiveness of the employer brand is in the balance, as is the Group's ability to rise to this major societal challenge.

In order to push the entire Company, including subsidiaries, to make this issue a priority, several ambitious objectives were set by the Board of Directors on the recommendation of senior management.

Objectives

- **Achieve then maintain a percentage of at least 40% of the under-represented gender on the Executive Committee by 2025** (in the same way as the rules applicable to the Board of Directors).
- **Achieve female representation of 35% in the "Leadership Group"⁽¹⁾ by 2025**, with an increase of 2 points per year until 2024 then 3 points in 2025.

To achieve this goal, emphasis was placed on:

- female recruitment and mobility;
- improving the work/life balance.

In 2020, the Group continued its female store manager program by renewing the organization of a coaching and personal development session for its middle management, Fnac department managers, and Darty sales managers. This new session, named "Dare", aims to strengthen the presence of women among potential managers and in management succession plans.

Moreover, from 2021 onwards, recruitment processes have been modified, making it compulsory to have a woman on the candidate shortlist, and on the panel of interviewers during recruitment. In the event that two candidates of different genders show an equal level of competence during the recruitment process, the choice will be made in favor of the woman.

2020 Results

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

As regards the Group, this consolidated index, published on the institutional website, gave the Company a score of 90 out of a total of 100, based on 2020 social data (stable compared with 2019). Details of the results by company are updated annually and can be accessed via the Group's website.

(1) The Leadership Group is made up of the members of the Executive Committee, the Group's executive officers, and key Group managers in France and internationally (employees with grade 19 or higher according to the Korn Ferry Hay weighted job evaluation method).

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For 2020, the main indicators relating to gender equality in teams and fair treatment based on gender are as follows:

Scope: Group	2018	2019	2020
Gender equality index (consolidated)	78	90	90
Percentage of women in the total workforce	38.60%	39.04%	39.62% 38.60% excluding Nature & Découvertes
Percentage of manager-level women in the workforce	34.67%	35.65%	37.02% 35.56% excluding Nature & Découvertes
Percentage of female store managers	10.37% 23.26% Fnac 5.56% Darty	13.62% 22.99% Fnac 7.51% Darty	18.22% 13.76% excluding Nature & Découvertes 22.47% Fnac 7.87% Darty 38.55% Nature & Découvertes
Percentage of women in the Leadership Group workforce ^(a)	20.74%	24.31%	24.34%
Percentage of women on the Board of Directors	60%	50%	43%
Percentage of women on the Executive Committee	20%	33.3%	33.3%
Percentage of women in the female workforce who have received at least one individual raise during the year	not available	33.2% ^(b) compared with 29.5% for men	22.9% compared with 23.5% for men

(a) The Leadership Group is made up of the members of the Executive Committee, the Group's executive officers, and key Group managers in France and internationally (employees with grade 19 or higher according to the Korn Ferry Hay weighted job evaluation method).

(b) Corrected data.

Although not satisfactory, the rate of 39.6% of women in the total workforce must be viewed in the context of the sector and the Group's business lines: traditionally retail, logistics and after-sales service tend to have a male bias.

2.1.2.1.2 / An active diversity policy to promote the inclusion of people with disabilities

For many years, Fnac Darty has been committed to employing people with disabilities. It has also built awareness among teams, participated in dedicated job forums, implemented an adapted professional development process and promoted best practices. The Group's Disability mission drives this proactive policy with support from Disability representatives.

In 2020, social dialogue focused on the theme of diversity through negotiations on Gender Equality and Quality of Life in the Workplace.

Despite the health crisis, the projects led in this respect have continued:

- continuation of the policy in favor of the employment of people with disabilities, by raising the awareness of the teams, the Group's presence on dedicated job forums, and in connection with Cap Emploi, by using the driver of work-study programs (two classes dedicated to the positions of checkout operator and storekeeper);
- participation in Duodays: 18 two-person teams featuring a Fnac employee and a disabled person were trained, and people with disabilities were welcomed for a day on Fnac sites;
- strengthened accessibility of merchant sites, specifically with the extension of the Accéo service to the Fnac website (a remote interpreting system providing deaf people with access to customer service);

- recruitment, via the use of recruitment partners such as Hello Handicap, Hanploi, Cap Emploi, partners such as ARIS, Job dans la ville or ARES, training organizations such as Greta AISP, LB Développement and the Stephenson Apprentice Training Center.

2020 Results

Fnac Darty regularly measures the perception of equality of treatment via Supermood, the dedicated system to improve listening to employees (see also 2.1.2.2.1 below). In November 2020, the question "In my team we are treated with respect and fairness regardless of..." was put to all Group employees, and scored 4.5 and 4.6 out of 5 depending on the criteria (gender, age, health status or disability, origin).

Scope: Group	2018	2019	2020
Percentage of people with disabilities in the total workforce	4.29%	4.39%	4.12%
Percentage of people with disabilities newly recruited under open-ended contracts	1.61%	1.12%	0.74%

2.1.2.2 / Develop employee commitment

By listening to employees, social dialogue, and innovation in the development of new organizational methods, the Group is making quality of life in the workplace a way to enhance commitment.

Employee commitment is measured through regular surveys of Group employees (see 2.1.2.2.1 below), and by monitoring absenteeism.

Absenteeism was on the up in 2020, due to the epidemic (confirmed cases or suspicion of Covid-19, contact tracing).

Scope: Group	2018	2019	2020
KPI: Absenteeism due to sickness	4.63%	4.61%	5.17%
Overall absenteeism	6.56%	6.46%	7.01%

2.1.2.2.1 / Give meaning to work and manage employee commitment

Raison d'être, a driver for commitment

In 2019, the Group reflected on its mission, with the aim of federating its teams and guiding the Company in its strategic choices and its day-to-day trade-offs.

In a society where the ecological crisis is calling into question and changing consumer patterns, Fnac Darty wished to examine its *raison d'être*, and thus its societal role. By looking into its contribution and responsibilities, along with its DNA and long-term vision, the Group laid the foundations for an ambitious collective project, in line with its most significant challenges.

This introspective work was conducted in consultation with representatives from all Group business lines, and is set to continue, chiefly to spearhead the *raison d'être* "Committed to providing an educated choice and more sustainable consumption" in managerial practices and the decision-making process.

Described in chapter 1, this *raison d'être* aims to be a powerful managerial tool, which will help cement the link between banners, build a common culture, give meaning to everyone's work and thus strengthen team commitment on a daily basis. In fact, Fnac Darty is convinced that this mission will be a source of pride, inspiration, innovation and thus of performance.

In 2020, this *raison d'être* and what it means in terms of a shared culture and vision for the future were introduced in various training programs (see also 2.1.1.1.2) and work on the operational implementation of the commitments pertaining to this mission will continue in 2021.



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Listen to employee difficulties and expectations

Aiming to drive employee engagement as well as possible and to best respond to employee expectations and difficulties, in 2018 the Group launched an innovative approach for listening to its staff: Supermood.

Its principle is to send four short questions each month to all employees in France and to a number of international subsidiaries, so as to check on “their mood” in real time, thus allowing managers to provide appropriate, targeted and timely answers.

Of these monthly questions, two deal with various topics (quality of life in the workplace, management, training, work tools, fair treatment, etc.), one is an open-ended question on these same topics, and the last question – the only one which is the same each month – concerns the overall level of employee commitment.

In 2020, the Group used this tool to ascertain the needs and concerns of its employees during the health crisis. It also made it possible to reveal employees’ future expectations in terms of remote working.

This system was deployed in France in 2018, before being extended to all international subsidiaries in 2019, and to Nature & Découvertes in 2020.

By late 2020, 22,744 employees (21,800 in 2019) in six countries had thus been able to give their opinion on their working conditions each month. From March 2021, all the teams at Nature & Découvertes will be able to do likewise.

In 2020, the response rate was between 36% and 48%, while in December 2020, the Company’s average recommendation score⁽¹⁾ was 7.5 out of 10, up on 2019 (7/10).

2.1.2.2.2 / Organizational methods to increase innovation, attractiveness and satisfaction

“Digital Factory”

A major strategic area for the Group, digital acceleration is continuing to transform work organization and candidate experience at the registered office. With the dual aim of further removing barriers between the IT and Marketing Departments, and attracting talent to highly competitive positions, Fnac Darty established a Digital Factory in 2019.

This organization comprised 189 people at the start of 2021, 52.4% of whom were Group employees. To attract talent, Human Resources turned the Digital Factory into an HR laboratory, using innovative recruitment techniques (job dating, co-opting, collaborative recruitment) and more modern integration pathways (onboarding, assignment of sponsors, etc.). Since the creation of the Digital Factory, four co-opting initiatives have led to hires.

In 2020, this collaborative management of human resources was adjusted in light of the health crisis; emphasis was placed on communication and close ties, maintaining strong links between teams and a high level of commitment.

Based on agile operating methods, the Digital Factory is devoted to projects to develop the Group’s e-commerce sites and the digital and omnichannel customer experience, by promoting co-building and expertise sharing. This agility enables the continuous delivery of all necessary improvements in order to design effective, easy-to-use digital products for regular users of the Group’s sites and applications.

Agile call center

As part of the Group’s overall approach to transforming its organization and customer relations based on collective intelligence and collaboration, an “Agile Call Center” project was launched in 2020 at the customer relations center in Bègles, an internal Group site. This site, with some 70 employees, specializes in customer service, technical assistance and remote appraisal for Darty customers.

This transformation project, spearheaded by the Customer Relations Department and supported by the site’s management team, aims to set up a self-governing “agile” organization, i.e. one with no formal hierarchy. The objective of this new organization is twofold: to better serve its customers, and to add value to unjustly overlooked customer relations professions.

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

A Green Network at Nature & Découvertes, to boost commitment

Since 1995, the commitment of teams at Nature & Découvertes has been shown through the grass-roots work of the “Green Networks”. These employees – one per site, making a total of over one hundred people – are tasked with being ambassadors for the Company’s environmental and societal policy in respect of their colleagues and customers, in particular the projects of the Nature & Découvertes Foundation.

(1) This score is determined via the question “How likely would you be to recommend Fnac Darty as a good company to work for?”.

Their role is to bring teams closer together, to communicate, to alert, to disseminate and perform actions in favor of sustainable development in line with the commitments of Nature & Découvertes. These Green Networks are at once active in the development of the local associative sphere, active in the teaching and education of nature and the environment, and are responsible stakeholders working on a daily basis to reduce environmental impacts. In total, around 10% of Nature & Découvertes' employees are thus Green Networks participants.

Green Networks participants must work in pairs with their assistant Directors to achieve about fifteen objectives over the year. These objectives, some mentored others chosen at will, help to enhance team cohesiveness and the sharing of best practices, reflected in real actions in-store.

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

- comply with the environmental requirements of Nature & Découvertes;

- raise awareness of Nature & Découvertes' commitments;
- sort waste and monitor consumption;
- disseminate awareness-raising and advocacy actions to customers and local stakeholders: the "We want poppies" petition, a commercial topic such as "Zero waste", and a waste collection campaign in their catchment area in partnership with the Surfrider Foundation in 2019;
- support local associative projects to provide protection and education about nature, in particular through the "Helping Hand" committees of the Nature & Découvertes Foundation and the Rounding (see also 2.3.2.2.1);
- propose outings and birthday celebrations as well as learning discovery workshops to find out what makes products interesting and valuable through simulation.

Through these missions, Green Networks participants bring positive energy and commitment to all Nature & Découvertes' employees.

2.1.3 / GUARANTEE EMPLOYEE HEALTH AND SAFETY

Already crucial for the Group in the normal course of business, guaranteeing the health and safety of Fnac Darty employees became the number-one challenge for 2020, due to the health crisis linked to Covid-19.

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

Over and above the exceptional context of 2020, the Group continued to invest in the health and safety of its employees, particularly those most exposed to the risk of workplace accidents, starting with logistics employees. At a national level, handling activities are the cause of half of workplace accidents (source: Health insurance).

2.1.3.1 / Risk prevention in logistics

Safety at the heart of equipment modernization

During handling activities, repeated movements and bearing heavy loads are at the root of musculoskeletal disorders, the leading cause of workplace accidents in the logistics sector. Despite the context, Fnac Darty continued to invest in modernizing its warehouses, by putting workstation ergonomics, and more broadly safety, at the heart of the projects launched.



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Develop our most valuable asset: people

Accordingly, modernization of the Massy warehouse continued with the extension of a fully-automated solution for records and DVDs, similar to that rolled out for books. This solution made it possible to reduce handling work and to optimize workstation ergonomics. Investment will continue in 2021 with soundproofing works.

Safety was the main criterion behind the continued renewal of trolleys in 2020. To reduce shocks or rotations that can lead to MSDs – particularly back problems – the Group paid particular care when choosing these new trolleys, making comfort and safety a priority. The new machines now have several options such as impact detection, pedestrian detection systems, screens and more ergonomically-designed seats. In addition, real-time fleet management solutions allow managers and the risk prevention manager to react to each incident and analyze its causes, potentially rethinking traffic flows. By the end of 2021, all the Group's warehouses will be fully equipped with these vehicles.

More standardized risk management

For several years, a logistics risk prevention manager has implemented preventive actions and checks on the correct gestures and postures to adopt in the warehouse. In order to develop a warehouse safety culture, Fnac Darty is working to standardize this risk management, which will include regular audits and the appointment of safety representatives on each logistics site.

In 2020, an assessment of the accident situation already made it possible to implement action plans tailored to the main challenges. These action plans cover both the overhaul of traffic and aisle safety plans, and awareness-raising actions. In-depth work was begun with an osteopath to refine the diagnosis of the impact of certain gestures on the joints.

Several tools are also being tested to prevent accidents: roll-out of a system to lock truck wheels during changeover, a prototype for safe container unloading, and a test to equip pedestrians with detectors connected to trolleys.

2.1.3.2 / Prevention for delivery and installation personnel and after-sales technicians

2.1.3.2.1 / Prevent risks related to the handling of electrical equipment

The installation and handling of electrical and electronic equipment can lead to accidents in particular in relation to the outbreak of fire.

In its repair workshops, Fnac Darty repairs equipment containing lithium batteries. Some batteries may cause fires to start. Indeed, the destabilization of materials inside the battery (short circuit, overload, etc.) may lead to thermal runaway. The risk is significant during use, transport, after-sales service, handling and at the end of life. With the aim of proposing appropriate measures to reduce the risk of exposure and the related potential consequences, the Group launched a cross-functional project related to managing the risk represented by batteries. Accompanied by the French Center for Prevention and Protection, site visits were carried out in 2020 to conduct a vulnerability analysis.

More in-depth audits in 2021 should make it possible to establish an action plan tailored to the various risk management protocols and processes on each site. The avenues to explore concern buildings (e.g. isolated storage areas) and storage (e.g. appropriate receptacles) and raising risk awareness among teams.

Making used batteries safe is the subject of an additional action plan, in partnership with the Fnac Darty eco-organization. Storage drums that meet safety standards for the storage and transportation of such waste will be rolled out in Q1 2021 across all Group sites (including Darty franchises). In-store teams, warehouse teams and after-sales service teams have been trained in the risks and procedures associated with these batteries.

Risks related to the installation of large appliances

One of Darty's flagship services, the delivery and installation of large appliances involves risks for employees and the customer premises where employees work.

In connection with strengthening safety training courses, monitoring of the completion or renewal of regulatory training – such as gas and electricity certifications – was formalized, and four training courses on road safety were made mandatory.

2020 Results

Scope: Fnac Darty, excluding Nature & Découvertes	France			Group		
	2018	2019	2020	2018	2019	2020
KPI: Frequency rate of workplace accidents with stoppage time^(a)	32.03%	32.30%	35.30%	25.39%	27.48%	30.08%
KPI: Severity of accidents at work^(a)	1.92%	1.82%	2.18%	1.41%	1.46%	1.74%

(a) Fixed-term + open-ended contract workers, excluding Nature & Découvertes, whose entry values for calculating these indicators differ from those of Fnac Darty.

While the frequency rate of accidents with stoppage time increased over the consolidated scope, the Fnac Logistics entity, which includes the Group's main warehouses, saw its rate decrease by 5%, despite the increase in activity due to the context in 2020: it was 25.68 in 2020 compared to 27.07 in 2019. Similarly, the accident severity rate for Fnac warehouses was down 16%: 1.51 in 2020 compared with 1.79 in 2019.

The frequency rate of accidents with stoppage time remains below the national average for 2019 (33.5 – source: “Essential figures for 2019 Health and Safety in the Workplace”, published by the French Health Insurance body) but Fnac Darty is aware that the increase in the frequency and severity of accidents must rapidly influence the Company's decisions.

A cross-functional action plan has been drawn up to strengthen the risk management policy from 2020, including the risk of workplace accidents related to unsafe gestures and postures, and road safety. In this area, a list of mandatory training courses for employees was drawn up, in collaboration with the Ethics Committee, and a process to control and monitor the completion of mandatory training courses is currently in construction.

Among the target populations, employees in logistics, delivery and after-sales service are particularly concerned.

2.1.3.2.2 / An action plan in progress for increased road safety

Aimed at protecting the health and safety of a thousand delivery drivers and several hundred home technicians, the Group has made road safety a priority, as seen by the signing of the Charter of employers committed to road safety in 2018.

Following an audit by the French National Institute for Road Safety and Research (INSERR) in 2019, Fnac Darty launched a wide-ranging action plan covering four areas: prevention, training, support, and enforcement. As such, several actions are currently being rolled out: establishment of random regular fleet checks, formalized driving license checks once a month, training in road hazard prevention and eco-driving, more widespread post-accident interviews, and the implementation and sharing of new performance indicators.

The training courses planned for 2020 could not all take place, due to the health context – specifically for eco-driving courses. However, training courses on road hazard prevention and 20 m³ vehicle maneuverability training resumed at the beginning of 2021. In addition, e-learning modules devoted to identifying driver distractions and post-accident interviews have been developed and made mandatory.

Scope: France (Fnac and Darty)	2018	2019	2020
Number of accidents caused by an employee (fully responsible) / fleet of vehicles owned by Fnac Darty ^(a)	12.15	14.21	8.75

(a) Fnac Darty fleet: light vehicles, utility vehicles, heavy goods vehicles and two-wheelers.

The fall in the number of accidents with full responsibility in relation to the number of vehicles operated by Fnac Darty is largely situational; periods of lockdown and remote working drastically

reduced vehicle traffic. Because of this exceptional situation, it is impossible to draw conclusions about the effectiveness of the initial measures rolled out as part of the action plan.

2.2 / Promote sustainable consumption and an educated choice

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

Risks

- Inability to adapt to new customer expectations
- Inability to find new growth drivers
- Strengthening of circular economy regulations (across the entire product life cycle)

Opportunities

- Market growth for “responsible” products (reliable, repairable, consuming less energy, recyclable, etc.)
- Access to new markets (second hand)
- Groundbreaking innovations
- Employee commitment, involved in a meaningful Company project
- Monetary valuation of unsold goods and waste (cardboard, plastics, polystyrene)

Levers put in place by Fnac Darty

2020 Actions

KPI and indicators monitored

The development of objective customer information and sustainable curation, at the service of eco-design and an educated choice

- Continuous work of Labo Fnac
- After-Sales Service Barometer, Sustainability Score and Sustainable Choice: highlighting the most sustainable products
- Repairability index: Fnac Darty, a forerunner and instigator of best practice
- Nature & Découvertes' Innovation Division for an ever-more responsible offer

- **KPI: percentage of products certified as “sustainable choice” in the revenue of eligible categories (Darty)**
- **KPI: percentage of products with an environmental certification in the Nature & Découvertes offer**
- **KPI: percentage of Nature & Découvertes revenue generated by products with a positive impact**

Innovations to make repairs simpler and more economical for customers

- Launch of subscription repair service, Darty Max (and Vanden Borre Life)
- Development of the WeFix repair company and the After-Sales Service Community
- Launch of a spare parts sales site
- Creation of local jobs

- Number of persons dedicated to repairs
- Number of products repaired
- Visits to the website of the after-sales service community

A business unit dedicated to the second life of products

- Rapid development of the second-hand product offer
- Acceleration of donations of unsold goods

- Number of second-hand products sold
- Number of products donated to associations

Enhanced attention to the proper management of end-of-life of products

- Continuation of partnerships with the social inclusion body, “Envie”
- Reorganization of how our waste is managed

- **KPI: volumes of packaging consumed/revenue**
- **KPI: volumes of WEEE collected**

Raising awareness among the general public of sustainability issues

- Cooperation with public authorities (law against waste and for the circular economy – AGEC, sustainability index, etc.)
- Raising awareness among young people (students, schoolchildren, etc.)

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

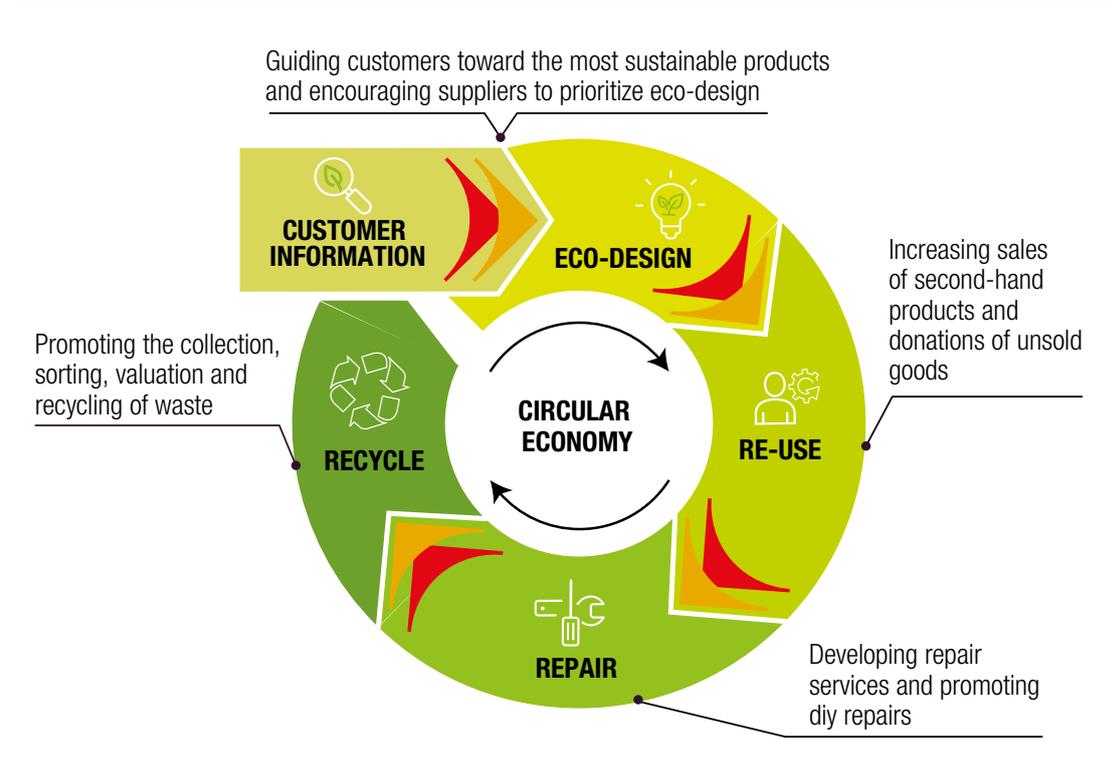
For its “Responsible Consumption Barometer”, Fnac Darty surveyed more than one thousand French consumers in the first quarter of 2020: 34% of respondents said they were very committed to more responsible consumption, and 49% said they had reduced their consumption. Of these respondents, 73% cited ecology and ethics as the main reason for this reduced consumption.

While the impact of the Covid-19 crisis on consumption is still difficult to assess, KPMG and FEVAD, in the study “E-commerce and CSR: the Green Deal” (October 2020), stated that there seems to be a consensus on “the fact that this crisis, like many others

before it, will act as a trend accelerator”, and in particular it will accelerate the environmental awareness of online consumers.

In this context, the actions and commitments of companies and brands are scrutinized more than ever. Though quality and price remain the main drivers when choosing a brand for the purchase of a product, the brand’s CSR actions are also considered at the time of purchase. Thus, 62% of consumers surveyed by Fnac Darty consider the environmental and social actions implemented “important” when choosing a brand. As for online purchasers, 70% say they prefer sites that promote an eco-responsible approach (FEVAD and KPMG, October 2020).

With repair and consulting in-built in its DNA, Fnac Darty meets these expectations, asserting its positioning through its *raison d’être*: “Committed to providing an educated choice and more sustainable consumption”. In real terms, the Group shows its commitment by actioning all the drivers of the circular economy:



For the Group, boosting these drivers is even more crucial since they help reduce its environmental footprint, most of which is linked to the manufacturing phase of products, and to reduce the footprints of its customers and suppliers (see also 2.4).





2.2.1 / HELP CUSTOMERS MAKE AN EDUCATED CHOICE

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

As a retailer, the Group is convinced that information is a powerful driver to help advance the market and thus reduce the environmental impact of its business model and that of its customers. In fact, providing reliable and transparent information, not only on a product's performance, but on its reparability and reliability, helps customers to make educated choices, and encourages manufacturers to design more sustainable, higher-quality products.

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

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

The test results are published each month on fnac.com, and, since December 2016, on labofnac.com, an independent site dedicated to information, that publishes the laboratory's tests along with editorial comments, all with the aim of helping consumers to make the best choice.

There is no equivalent to the Labo Fnac at any other retailer: its culture of independence sets it apart from competitors due to the credibility of its recommendations, and this enables it to develop an unrivaled relationship of trust with consumers. Since 2018, Labo Fnac has been actively involved in the construction of the reparability index initially launched on PCs and extended to smartphones in 2019 (see also 2.2.1.3).

In 2020, 733 tests were conducted on 380 products to compare them based on performance criteria that are not always easy to assess at the point of sale. To give more visibility to the Labo's technical files and appraisals, links with the Fnac e-commerce site have been strengthened. Lastly, to help enhance the expertise of Fnac salespeople, the Fnac Labo now presents its work to in-store teams.

2.2.1.2 / "After-Sales Service Barometer", "Sustainability Score" and "Sustainable Choice": product sustainability highlighted, to enable an educated choice

While the technical features of domestic appliances and multimedia equipment tend to be similar, there are some often overlooked criteria that vary greatly from one brand to the next: the reliability and reparability of a product.

As the leader in after-sales service in France, the Group has a unique database based on these two criteria and over the past three years, it has developed innovative tools to make this data public and relevant, and to highlight the most sustainable brands.

This information meets a real customer need. As a retailer, Fnac Darty is convinced that it can act on this driver to guide them towards more sustainable products and thus encourage manufacturers to design more reliable, repairable products.

The After-Sales Service barometer

Objectives

- Provide sustainability information for 100% of products⁽¹⁾ in 2022.
- Increase the "sustainability score"⁽²⁾ to 135 by 2025 (compared to 88 in 2017 and 100 in 2019).

In October 2020, on the Fnac Labo site (labo.fnac.com/barometre-sav/), Fnac Darty unveiled its third "After-Sales Service Barometer", the annual study on the reliability and life span of domestic appliances and multimedia equipment, by brand. Conducted in partnership with Harris Interactive and Ademe (French environmental and energy management agency) to guarantee the reliability and objectivity of its results, the study was extended to 63 categories of household and technical products (compared with 15 in 2019), and was based on analysis of over 620,000 repair interventions and a survey of some 65,000 Darty customers.

The third barometer highlighted the increasing reliability and longer life span of major domestic appliances on the whole. It also underlines the effort made by brands to offer spare parts for longer. For the first time, the Group cross-referenced the Barometer's historical data (reliability) with the availability of spare parts (reparability). This aggregation created a "sustainability score".

(1) Categories and products eligible for a sustainability score (electronic products and household appliances, mobility).

(2) Sustainability score for eligible products (base 100 in 2019) weighted by their respective revenues.

Sustainability score

As a result of this assessment work on product repairability and reliability, the Group retroactively calculated appliance sustainability scores since the launch of its After-Sales Service Barometer, determining an average of these scores at 100 in 2019. With this base year, it is now possible to track the performance of domestic

appliances and consumer electronics in 63 categories from one year to the next. Weighted in conjunction with the volumes sold by Darty in France, these scores were used to calculate an overall sustainability score.

	2019	2020
Sustainability score (consolidation)	100	105

In shifting from 100 to 105 (all categories combined), this sustainability score shows that, overall, products sold by Darty are increasingly sustainable: the result of actions taken by brands to extend the availability of spare parts and to enhance the design of their products, and thanks to highlighting the most reliable, repairable products in store via the Sustainable Choice label (see below).

To make the data easier to read, Fnac Darty has designed a new dynamic computer graphics, available on the Labo Fnac website (labo.fnac.com/barometre-sav/), which displays the scores of the “universes” (cooking, washing, flooring, etc.), then those of the product categories in each universe (front-loading washing machine, top-loading washing machine, washer-drier). For each universe and subsequently for each category, three indicators are given: an average reliability score, an average repairability score, and an average spare parts availability time.

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



“Sustainable Choice” by Darty

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

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

The selection is reviewed every three months so as to incorporate new products. In October 2021, 152 products (83 large appliances and 69 small appliances) were highlighted in stores and on the Darty e-commerce site, under the “Sustainable Choice” label.

2020 Results

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

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

At the end of 2020, Sustainable Choice products accounted for 9% of sales in the product categories eligible for this ranking.

Scope: Darty France

KPI: Share of revenue of Sustainable Choice products in the consolidated revenue of eligible categories in 2020^(a) (Darty)

2020

9%

(a) Large and small appliances (excluding accessories).

2 NON-FINANCIAL PERFORMANCE DECLARATION

Promote sustainable consumption and an educated choice

2.2.1.3 / The repairability index: Fnac Darty, a forward-thinking player

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

The methodology developed by the Fnac Labo in 2018 in fact largely inspired the new repairability index used on manufacturers⁽¹⁾ since the beginning of 2021 (see also 2.2.5.1). In addition, for two years the Group participated in the work of several working groups set up by the French Ministry of Solidarity and Ecological Transition and itself led the working group for laptops. This work brought together various associations, such as HOP (Stop Planned Obsolescence), Friends of the Earth, consumer associations, federations of manufacturers, manufacturers, and players in the repair industry.

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

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

The repairability index contained within the AGEC Law, for which the decree of application was published in December 2020, is established by manufacturers, monitored by the French Directorate of Competition, Consumer Affairs and Prevention of Fraud (DGCCRF), and displayed by the retailer. Alongside the consumer, Labo Fnac aims to play a role in providing consumers with up-to-date information by monitoring a number of indexes.

2.2.1.4 / Nature & Découvertes: stringent criteria for even more responsible purchases

Nature is the main source of inspiration for Nature & Découvertes' teams when selecting and designing products in line with the areas favored by the brand: travel, well-being, flavors, children's games and toys, books, and so on.

However, the Company is acting to make its offer more responsible, aware of the environmental impact related to the manufacture of these products. Created in July 2020 and integrated in Nature & Découvertes' head office, the Sustainable Innovation Division echoes the Company's continuous improvement approach in terms of its product offer.

More sustainable materials, product repairability, improved packaging, optimized transport, and actions to improve the circular nature of products are just some of the projects tackled by this team, helping to promote more responsible consumption patterns. The team focuses on three objectives:

- working towards an even more sustainable product offering;
- limit the environmental impact of the product offer, from design to marketing;
- promote a circular economy.

More specifically, a list of stringent criteria was drafted for all products. They allow enhanced knowledge of the materials used, and potential alternatives if these are better.

The purchasing criteria used are common to all product families. These 25 criteria mean that an assessment can be drafted at the end of each season, and the next collection can be examined critically so the product offer can be directed towards more sustainable and environmentally friendly products, in line with the DNA of Nature & Découvertes. In 2020, more than 1,228 new product references were analyzed.

In terms of the Nature & Découvertes product offer, particular attention is therefore paid to more sustainable alternatives. For instance:

- solar-powered nomadic equipment;
- the provision of spare parts to extend the product's life span;
- recycled materials, e.g. recycled PET textile used to manufacture the "On the road" luggage collection, as well as for the plaids;
- anti-waste solutions, such as Ecojoko, a connected solution that helps everyone reduce their electricity consumption in an effective and fun way;
- a means to act, such as the partnership with EcoTree, which offers a card allowing them to become the owner of a tree in Mayenne.

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

2020 Results

Screening of the two 2020 collections allowed:

- to continue more in-depth product referencing in major areas such as:
 - for minerals: only reference uncolored, non-reconstituted stones, authenticated by gemology certificates, thus improving their traceability,
 - for seeds, plants and wood products: implementation of species and origin monitoring to ensure that none are threatened or invasive;

- to strengthen continuous improvement initiatives in terms of:
 - certified textiles (organic, Oekotex, recycled),
 - vegetable wax candles (not containing palm oil),
 - organic cosmetics,
 - no endocrine disruptors in our cosmetics.

Scope: Nature & Découvertes

KPI: Share of products with an environmental certification ^(a) in the Nature & Découvertes offer

2020

11%

KPI: Share of revenue of Nature & Découvertes generated by products with a positive impact ^(b)

76.4%

(a) Organic agriculture, FSC Wood, Bio Cosmos Cosmetics, Bio Ecocert Cosmetics, Eco Ecocert Cosmetics, Natural Cosmos Cosmetics, Organic Cotton, Max Avelaard, Oekotex 100.

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



2.2.2 / ENCOURAGE REPAIRS

The manufacturing phase of a product represents up to 80% of the CO₂ emitted by that product throughout its life cycle ⁽¹⁾. Extending the lifespan of products by encouraging their repair rather than their replacement is Fnac Darty's strongest driver in reducing the environmental impact of its business. (see also 2.4).

Objective

- **2.5 million products repaired ⁽²⁾ in France in 2025.**

In addition, repair also has the positive knock-on effect of creating non-relocatable jobs and offering consumers more economical alternatives.

Key figures (France):

- More than 3,000 employees dedicated to after-sales service;
- Five repair centers;
- over 1,700,000 products repaired or solutions found:
 - +490,000 home repair products,
 - +460,000 products repaired in the workshop,
 - +140,000 products repaired in store,

- +370,000 products repaired by remote Customer Relationship Centers,
- +250,000 smartphones repaired by WeFix.

Fnac Darty is the leading repair brand in France. For over twenty years, it has offered repair services as part of the guarantees or billed when the device is no longer covered by guarantee, across all devices, purchased from Fnac Darty or elsewhere.

More than 3,000 employees are dedicated to this activity in remote customer relations centers, at in-store after-sales service counters, at home, in workshops or in WeFix corners, including 2,500 technicians.

In order to be able to offer optimum service quality over the entire product line, repair agreements are signed with each brand to allow the Group to obtain any necessary spare parts more quickly than the times indicated by suppliers.

To reduce the need for home visits and to speed up troubleshooting, video-assistance was on the up in 2020; call center technicians carried out 130,000 video-assistance interventions (compared with 20,000 in 2019) and, in total, more than 700,000 repairs.

(1) Source: Ademe.

(2) Repairs in after-sales service workshops and at home, in-store and call center, WeFix repairs.

2.2.2.1 / Darty Max, making repairs easier

One of the lessons learned from the After-Sales Service Barometer (see 2.2.1.2) is that the price of repairs (of labor and spare parts) is a major obstacle. With this in mind, in October 2019 the Group launched a new service in France: Darty Max, a repair and assistance subscription service for all customers' large appliances, covering those they already possess and those purchased after taking out a subscription, at Darty or elsewhere.

This subscription includes:

- regardless of the product age or banner purchased: troubleshooting by phone, maintenance and use advice, home visit and diagnosis;
- 100% of the repair price is covered for at least seven years after product purchase, and for the full period of availability of the parts given on the Darty invoice (even after this period, home visit and diagnosis are included in the subscription price); and
- reimbursement via gift card of the purchase value for Darty products if they cannot be repaired during this repair period.

Darty MAX is thus seen as a "one-stop shop", where customers can find breakdown solutions for all their large appliances, whether or not purchased at Darty.

In Belgium, a similar subscription-based repair service

In 2020, a similar service was unveiled at Vanden Borre, the Group's Belgian subsidiary: the Vanden Borre Life contract, which covers all major domestic appliances – except hoods – less than seven years old, purchased at Vanden Borre or elsewhere. By expanding its after-sales service, the brand allows Belgian customers to extend the life span of their products, freeing them from the uncertainty of the price of a repair.

2.2.2.2 / WeFix, to extend smartphone life span

The Group greatly strengthened its repair activity with the acquisition of WeFix in late 2018. Founded in 2012, the Company offers a quick repair service (20 minutes on average) for the main smartphone models. In this way, WeFix carries out over 20,000 repairs per month, which are guaranteed for one year, thanks in particular to the use of original or compatible components. In addition to repairs, the experts at WeFix conduct workshop tests and then market some 5,000 reconditioned phones every month.

The arrival of WeFix within the Group helped to speed up the banner's development: in 2020, 22 new repair corners were opened, bringing their total number in France and Belgium to 118. The opening of these new corners also created jobs: in total, 230 people were recruited and 188 people were trained as repair technicians.

While about three-quarters of a smartphone's environmental impact are linked to its manufacture⁽¹⁾, extending the life span of these electronic products plays a major part in reducing this impact. As a result, thanks to the corner repairs carried out and phones reconditioned, 30 tons of electronic waste was averted.

The X-Force solution, the banner's flagship offer, provides tailor-made protection for consumer electronics, and helps to extend the life span of these fragile devices by protecting their screens with a self-curing film. In 2020, 180,000 X-Force protections were installed and a new variant was created: X-Force Antibacterial, whose film is treated to destroy 99% of the most common surface bacteria⁽²⁾. This was elected product of the year 2021⁽³⁾.

2.2.2.3 / The after-sales service community, to encourage a DIY approach

To promote DIY repairs, the Group accompanies consumers by providing usage and maintenance advice through the "after-sales service community", a collaborative site launched in 2018.

This collaborative workspace allows internet users and Fnac Darty technicians to share their experience and knowledge to extend product life spans. It bills itself as a "Wikipedia for Repairs". Its content is checked by a dedicated team of after-sales service experts, who certify the best solutions so they are visible and accessible to the greatest number of people, who can then use them with complete confidence.

On this everyday tool intended to extend the life span of its products, the Group will gradually publish the technical knowledge base that the Darty after-sales service has been building for over twenty years.

In 2020, some 7.4 million online users visited the sav.darty.com Community to find repair solutions:

- 750 maintenance and repair tutorials were available, drawn from the technical knowledge base constituted by the Group over more than 20 years;
- product manuals;
- feedback from customers using the same product;

(1) Source: Ademe.

(2) Test conducted according to the ISO 22196: 2011 standard by the SGS independent laboratory.

(3) Study and test conducted on X-Force Antibacterial by Nielsen/treutz with a total of more than 15,000 consumers in France, end of 2020 – poyfrance.com.

- 44,700 questions and 206,000 answers pertaining to a product or product family, which can be consulted indefinitely;
- assistance from 8 Darty experts, for the technical validation of answers provided by the community.

Thanks to the After-Sales Service Community, visitors looking for a solution can themselves identify the diagnosis for a breakdown. Next, depending on their needs, they can purchase a spare part (see below) or else a maintenance product. If the breakdown is not fixed, they can call upon technical expertise, by subscribing to a Darty service, by calling on after-sales assistance, or by going to the nearest Darty after-sales counter.

Since November 2020, Darty has communicated with its in-store customers to make the after-sales service community more visible, enabling customers to anticipate problems related to the start-up, use and maintenance of a product as soon as it is purchased.

A site dedicated to the sale of spare parts

In order to facilitate DIY repairs, the Group launched a site dedicated to the sale of spare parts in 2020. At *pieces-detachees.darty.com*, consumers can access more than 8 million product references, with 94% availability of spare parts and delivery throughout France.

2.2.2.4 / Repairs create jobs

Developing the repair business also allows the Group to support employment integration and local jobs. By strengthening its repair services, in particular the Darty Max repair subscription service, Fnac Darty is anticipating future needs for qualified technicians.

In 2020, Darty announced a major recruitment campaign to integrate and train 500 repair technicians: permanent positions, throughout France, often without qualification requirements.

In the absence of a specialized repair curriculum, Fnac Darty trains new technicians in-house every year, developing a specific training program in 2019 for professions in which experts are harder to find: the Tech' Academy. In partnership with two apprentice training centers, the Group opened seven new apprentice classes in 2020 (in addition to the four opened in 2019), for a total of 87 people, including 19 employees who were retraining.

In Belgium, to support the new equivalent service, Vanden Borre Life, the Fnac Darty subsidiary plans to recruit 50 technicians to strengthen its team, which already includes 80 repair specialists.

For its part, WeFix trains around thirty repair technicians in-house each month, through paid training courses within the framework of a professional contract. After six months and having acquired all the necessary skills, the trained employees receive a certificate approved by the AFPA (the French National Agency for Vocational Training of Adults).

In addition, historically the Group has played its part to help the reintegration of the long-term unemployed: since 1984, Darty has been a partner of the "Envie" network (New Enterprise for Economic Reintegration). One-third of the large appliances collected from Darty customers are entrusted to them: Envie sorts, cleans, repairs and reconditions them, and resells them used in its network of stores, thus helping in the reintegration of dozens of people each year.

2.2.3 / GIVE A SECOND LIFE TO PRODUCTS

High customer expectations and the obligation contained in the anti-waste law for a circular economy (AGEC) make the management of unsold and obsolete products a major challenge for the Group.

In order to find sustainable solutions for customer returns, unsold products and those with damaged packaging, and to highlight such products, the Group created a service dedicated to the "Second Life" in 2018.

This activity, which has seen an uptick in growth, is developing several recovery channels:

- resale of second-hand products;
- resale of out-of-service products to discounters;

- donations to associations.

For Fnac Darty, the "second life" of its products balances out its primary activity as a retailer. A major commitment for Fnac Darty, The Second Life offer helps in the shift to longer-lasting products.

Objective

- Integrate 100% of "non-saleable" new products⁽¹⁾ into a second life sector by 2025.

With a unique positioning in the Second Life market, Fnac Darty is committed to "cleaning" its internal flows without throwing away or stockpiling, while offering its customers an alternative to new products, with upholding the standards of quality, trust and service for which its brands are known.

(1) Damaged, faded, or repaired products, customer returns, products from suppliers/partners who may need to rely on the Second Life channel, customer products from trade-in which are then reconditioned.

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At Fnac Darty, Second Life was not designed as an economic model based on volumes, which would lead to the massive sourcing of products from the Asian and American markets.

2020 saw an acceleration in activity and marked the desire to create a sustainable, responsible Second Life product and service offer. Spread across five sites in France, nearly 30 people are now dedicated to this activity. Fnac Darty and its subsidiaries are continuing to explore other channels to reuse their unsold stock.

2.2.3.1 / Resale of second-hand products

The resale of second-hand products on our fnac.com and darty.com websites concerns products in very good condition, that are exclusively from internal sourcing (no purchases of products abroad or from discount stores):

- products from warehouses with damaged packaging;
- products tested by Labo Fnac;
- products returned by customers within the 14-day cancellation period after making a purchase online; and
- returns replaced with a new product under warranty.

The products are sorted, and the best are offered for sale with, as with the purchase of new products, a cooling-off period of 14 days. They are guaranteed for 6 months.

In 2020, volumes resold under our Fnac 2nd Life and Darty Occasion brands (nearly 60,000 products) increased by 40%.

Other products are sold on to retailers that must sign a responsibility charter committing them, inter alia, to product traceability and data erasure within the framework of the GDPR. In 2020, more than 132,000 products were sold in this way.

2.2.3.2 / Donations to operators in the social and solidarity economy

Thanks to donations, Fnac Darty also strives to give a second life to its unsold products. The “second life” service pushed the development of this activity with more than 216,000 products from its catalogue donated to associations in 2020 (+55 on 2019).

Alongside long-standing partner associations such as Emmaüs France, Bibliothèques sans Frontières, Envie and Secours Populaire, Fnac Darty extended its commitment to new associative players such as the Agence du don en nature, the Fondation des Hôpitaux de Paris – Hôpitaux de France, Samu Social, Dons Solidaires, Clouclou, etc.

In parallel, the Group has continued its historical social inclusion actions, each of which, in its own way, also contributes to giving a second life to products: the “Braderie solidaire” sidewalk sale in Dijon, the large-scale collection of books for Bibliothèques sans Frontières, (see 2.3.2.2.3), and the partnership with Envie.

Having first partnered up with Envie in 1984, Darty is now the leading supplier of large broken-down domestic appliances for this company in the social and solidarity economy. While working to promote professional integration through repairs, Envie gave a second life to more than 326,000 appliances in 2020. More than 35% of the tonnage of electrical and electronic waste collected by Fnac and Darty France were reused in this way.

2.2.3.3 / A partnership to reduce food waste at Nature & Découvertes

Since 2019, Nature & Découvertes has partnered up with Too Good To Go, a mobile app dedicated to the sale of unsold items at low prices.

Since the beginning of this partnership, more than 12,000 baskets have been saved, representing more than 27,000 kg of CO₂ avoided, and more than 11,000 kg of food saved.

Nature & Découvertes is also one of the companies that signed the Consumption Date Pact, bringing together ten key commitments to combat food waste.

2.2.4 / ENSURE WASTE COLLECTION AND RECYCLING

Fnac Darty's logistics activity, and its obligations in terms of waste collection in stores or upon delivery, generates large quantities of waste:

- packaging waste (cardboard boxes, plastic sheeting, polystyrene);
- waste electrical and electronic equipment, batteries and other small consumables (cartridges, light bulbs, etc.).

2.2.4.1 / Fnac Darty, the leading WEEE collector in France

Aware of the significant impact of waste electrical and electronic equipment (WEEE), the Group has historically been committed to recovering its customers' old appliances. For more than ten years, customers have been able to return one or more appliances to

delivery personnel during home delivery of bulky equipment. The delivery personnel then take these items to the non-profit eco-organization Ecosystem. This organization is an approved WEEE recycler and undertakes to extract any dangerous substances and recycle appliances in the form of secondary raw materials or backfill.

For small equipment, whether or not it was purchased from one of the two banners, the customer is able to deposit items in the collection terminals in all stores so that they are also recycled by Ecosystem.

In France, the volume of equipment collected and handed over to this eco-organization by Fnac Darty (including franchises) amounted to 44,898 metric tons in 2020. This volume of recycled equipment makes the Group the principal retail contributor to Ecosystem.

Scope: Group (including franchises)	France			Group		
	2018	2019	2020	2018	2019	2020
KPI: Volumes of WEEE collected (in tons)	45,188	46,373	44,898	49,961	51,489	49,943

The drop in WEEE collections is situational, explained by the closure of stores during lockdown and the equipping of households for remote working or home-schooling. These purchases covered first-time purchases rather than replacements, leading to a drop in the number of appliances removed on delivery.

Other hazardous waste

The Group also collects other waste for approved recycling organizations (batteries, bulbs and fluorescent lights, and ink cartridges). This waste comes from the Company's consumption and from customers, who can place their waste in the collection bins available in all France stores.

As a result, in France more than 85,000 ink cartridges were handed to Ateliers du Bocage, part of the Emmaüs network, which uses recycling as a means of employment integration. Over 8 tons of ink cartridges have been able to be re-used across Fnac Darty as a whole.

In 2020, more than 34 metric tons of batteries and portable accumulators were also collected at Fnac Darty's various sites and sent to recycling organizations.

To actively participate in the recycling of industrial batteries (for Fnac Darty, this covers batteries for electrically-assisted bikes, electric scooters, and other urban transportation devices), the Group also committed to the voluntary recycling program for such batteries, set up by eco-organization Corepile at the request of "Union Sport et Cycles". This commitment will take the form of a financial contribution, from 2021, for each battery brought to market by Fnac Darty.

2.2.4.2 / Optimized management of packaging waste

Fnac Darty's logistics operations mainly produce packaging waste: pallets of products in protective plastic wrap and cardboard boxes from packages delivered to customers' homes or stores as part of the click&collect framework.

Fnac Darty is putting in place two key strategies to limit packaging and the waste it generates: optimization and recycling of packaging.



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2.2.4.2.1 / Optimization of packaging

In addition to improving the customer experience, packaging optimization aims to reduce the amount of cardboard and surface area used in warehouses and stores, as well as transport costs.

Since 2018, Fnac Darty logistics sites have possessed a fully automated solution that allowed them to reduce to a minimum the amount of cardboard used through the custom sizing of packages.

This automated system means the amount of cardboard used can be reduced, with savings in terms of floor space and the same amount of volume in trucks.

2020 Results

Group scope (excluding Nature & Découvertes)	2018	2019	2020
Volume of cardboard consumed (in metric tons)	3,699	3,917	5,360
KPI: Volume of cardboard consumed/Group revenue (kg/€m)	519	533	717
Volume of plastic consumed (in metric tons)	552	351	398
KPI: Volume of plastic consumed/Group revenue (kg/€m)	70	48	53

Packaging purchases rose sharply in 2020 due to the increase in parcel shipments. Plastic purchases increased at a slower pace because they are more closely linked to store-directed logistics, and efforts were made to eliminate plastic blocking and filling material within the Darty scope.

Roll-out of a new organization for waste management

Aware of the impact of the waste generated by its activity, the Fnac Darty Group has always sought to improve its performance in this regard, and anticipated regulatory changes.

2.2.4.2.2 / Collection and recycling of packaging

An exclusive Fnac Darty waste processing center in the Paris Region

Founded in 1994 by Darty, the Mitry-Mory waste processing center is a key component of the waste-management policy of the Paris Region. Located close to a warehouse and logistics center handling deliveries to customers in and around Paris, the Mitry-Mory processing center consolidates waste for the region.

In France, up to now, the collection and sorting of packaging waste varied from one banner to the other, and often from one store to another, depending on the regional requirements for waste management and the areas where sites are located.

The Group requested the assistance of the HSE Optimisation firm regarding a mission to optimize all the waste produced by the Group in France, 90% of which consists of recoverable materials.

This means the Group uses delivery vehicles to take the waste produced by the Darty stores in the Paris Region to the site. In this way, the Group optimizes the cost and impact of its transport operations by avoiding empty runs. Fnac Darty employees then sort through this waste and recycle any materials that they can, particularly shipping cartons, plastic, polystyrene, and electric equipment and electronic waste from returns and in-store collections.

There are several desired objectives:

- to ensure that sites comply with statutory requirements (the French law on energy transition for green growth and the so-called "5 flux" ("5 flows") decree, the Environmental Code and the Order on the obligation to keep an outgoing waste register);
- to reduce the proportion of non-recoverable waste by improving the separation of materials;
- to reduce the number of collections by solidifying waste, through investment in compaction equipment;
- to standardize the process for requesting collections and improve the reliability of monitoring the buyback of recoverable materials; and
- to put in place common performance indicators.

In order to maximize resale value in recycling loops, the processing center has equipment designed to solidify non-compressible volumes, and compact some waste (cardboard, non-hazardous waste, etc.) or produce expanded polystyrene (EPS).

For the Group, this involves active participation in the recovery of waste while reducing the costs associated with transporting and processing this waste.

Project implementation involved the setting-up of material sorting equipment and processes to reduce the number of collections. Some sites were fitted with devices to pack materials more tightly in order to reduce the number of journeys, and to package the materials in a way that allows them to be sold to recycling channels.

Initial results of the actions implemented

- the recovery rate increased by 15 points in the last few months of 2020;
- for sites that have set up materials adapted to cardboard and polystyrene: reduction in the number of collections by 80%.

As the new processes were rolled out in the last quarter of 2020, it is too early to accurately assess the optimizations implemented.

The implementation of monitoring software will give central teams a real-time overview of volumes recovered, thus ensuring that the Group's objectives are met. The performance indicators will be monitored and analyzed after six months of activity.

2.2.5 / CONTRIBUTE TO PUBLIC DEBATE AROUND SUSTAINABILITY

Fnac Darty freely shares its data and knowledge generated by its activities with institutions, NGOs and brands, and contributes to parliamentary debates, in order to advance the public debate and encourage concrete measures to promote extending the life span of products and more responsible patterns of consumption.

2.2.5.1 / Cooperative works with public authorities and associations around sustainability issues

Fnac Darty actively contributed to the parliamentary debates during the review of the Anti-Waste Law for a Circular Economy (AGEC): the Group took part in the examinations and round table discussions organized, and requested meetings with the members of government and parliamentarians involved so as to provide an operational insight into issues pertaining to the circular economy, and to provide technical expertise to political decision-makers.

Prior to the bill being presented, the Group opened the doors of Labo Fnac to present its work method on the reparability index (see also 2.2.1.3).

During the parliamentary debates, visits to the repair workshop in Bezons were proposed to the authorities. Along with NGOs in particular, the Group advocated the creation of a repairs fund. Adopting a constructive approach, Fnac Darty also alerted legislators to the social, environmental and economic risks of certain measures, such as extending the legal guarantee of compliance. At the same time, satisfactory compromise solutions acceptable to all stakeholders were put forward proactively: this included an amendment by the rapporteur of the bill to the National Assembly, aiming to prioritize repair over replacement.

Following the enactment of the law, the Group pursued its commitment to the Administration, by helping to draft the implementing legislation of the AGECE Law. At the head of the sub-working group on the application of the reparability index to computers, Fnac Darty thus helped to draft "computing grids" under the aegis of the French General Commission for Sustainable Development (CGDD). The Group responded to all the consultations conducted, sharing its technical and practical observations. This was for instance the case for the draft decrees and orders of the French Directorate of Competition, Consumer Affairs and Prevention of Fraud (DGCCRF) aimed at defining the term "repackaged".

Fnac Darty also supported the behavioral science study, carried out by the Inter-ministerial Directorate of Public Transformation (DITP), to test the reparability index.

Finally, the Group continues to contribute to discussions on the operational implementation of the repair fund, alongside the Administration and eco-organizations.

In 2020, as has been the case for several years, Fnac Darty continued to share its knowledge and data within various groups and bodies:

- continuing the work undertaken with the public authorities to set up the reparability index, Fnac Darty is a member of the monitoring committee for the prefiguration study in progress, on behalf of the French Environment and Energy Management Agency (Ademe), on the establishment of the next sustainability index, scheduled for 2024. The Group provides its expertise and in-depth knowledge of products and their sustainability for this work;
- Fnac Darty spoke at the third Assises de l'économie circulaire (Foundations of the circular economy) organized by Ademe, to illustrate how distributors can play a part in the economic and ecological transition, over two workshops. This event, which was fully digital, was attended by more than 5,000 participants;



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- alongside committed companies such as Leroy Merlin and Michelin, Fnac Darty is an active member of the French Sustainability Club. Established and run by the “No to Planned Obsolescence” association (Halte à l’obsolescence programmée), this network of companies aims specifically to develop and share expertise in terms of sustainability, to make a genuine contribution to more responsible commerce. In November 2020, Fnac Darty supported and took part in the Sustainability Summit organized by HOP in collaboration with the “Circular Economy” Chair, ESCP Deloitte;
- under the aegis of Ademe, Fnac Darty contributed to the prospective study on artificial intelligence at the service of repairs. This study ⁽¹⁾, published in November 2020, aims to explore the contributions (current and especially future) of AI to the sustainability and reparability of home equipment.

2.2.5.2 / Raise awareness among young people and the general public

Thanks to its deep commitment to extending the life span of products, the Group continues to make sustainability a focal point of Darty’s communication with the general public. In 2019, Darty’s famous “Contract of Trust” slogan was revamped to form the triptych “Price, Advice, Service”, to which Darty added the commitment of Sustainability. In 2020, the brand was particularly active on its e-commerce site (highlighting products with the “Sustainable Choice” label and second-hand products) and on social networks: by reaching out to all French people via targeted communication on repairs and reliability, Fnac Darty intends to help raise public awareness of sustainability issues.

For the Group, the aim is to highlight how this historic commitment helps the consumer to make an environmental contribution while also saving money.

This commitment is also shared with the academic world; for instance, the Group acted as an expert advisor to students, in particular during a conference at the Paris School of Management, a workshop at the Urban Mines Chair on the circular economy, and projects conducted with the WebSchool Factory’s CFE program and Schoollab’s CPI program.

2.2.5.3 / Nature & Découvertes promotes knowledge and experience of nature’s riches

Nature & Découvertes raises awareness and mobilizes its community via several means of communication: newsletters, social networks, conferences are all used to highlight environmental and societal actions.

In 2020 for the third year running, the brand held a Fair Friday (as opposed to Black Friday), aimed at turning the spotlight on other “reductions”: those of biodiversity, particularly the drastic reduction in the number of wild trees. 13,000 educational booklets were included in orders to raise awareness of tree conservation among the very young. The Nature & Découvertes Foundation has pledged to double the amount collected through rounding-up the till box during the week of Fair Friday, to finance a program of wild tree planting and conservation. More than 140 people attended the live conference to learn all about the tree and its central role in climate and biodiversity issues.

The 2020 conference program also featured well-known people committed to the environment, and several newsletters highlighted actions such as the “Popular Initiative Referendum” fronted by Hugo Clément, or the Citizen’s Convention for the Climate.

In Nature & Découvertes’ stores, customers were invited to sign the “We Want Poppies” petition in early 2020 – 8,409 signatures were collected in store.

Finally, the program of children’s birthday parties and nature outings for all ages continued, imbued with Nature & Découvertes’ desire to make all its customers aware of the importance of conserving natural ecosystems.

(1) *Impact of Artificial Intelligence on the sustainability and reparability of smart home equipment, Ademe, 2020.*

2.3 / Contribute to the economic, social and cultural development of regions

- Provide access to culture to as many people as possible
- Increase the positive impact on the territories (employment and solidarity)

Risks	Opportunities
<ul style="list-style-type: none"> ■ Loss of brand preference ■ Loss of attractiveness of the employer brand 	<ul style="list-style-type: none"> ■ Creation of local jobs ■ Access to new markets ■ Reputation improvement ■ Operational efficiency through local cooperation

Levers activated	2020 Actions	Associated indicators
Opening of franchises in small and medium-sized cities	<ul style="list-style-type: none"> ■ 40 stores opened 	<ul style="list-style-type: none"> ■ Number of stores opened
Promotion of cultural diversity Support for artistic creation	<ul style="list-style-type: none"> ■ Creation of a digital medium, La Claque Fnac ■ Continuation of cultural events on the web 	<ul style="list-style-type: none"> ■ Number of cultural events
Development of solidarity projects	<ul style="list-style-type: none"> ■ Local projects financed by the Nature & Découvertes Foundation ■ Solidarity operations maintained despite the context 	<ul style="list-style-type: none"> ■ Number of books collected for Bibliothèque sans Frontière ■ Number of projects supported by the Nature & Découvertes Foundation

Fnac Darty considers its omnichannel model to be a major asset, offering its customers a unique purchasing experience by providing them with the best digital standards and expert advice from in-store salespeople. This model is also beneficial to maximize the impact of the Group's societal actions.

Opening more stores, thereby solidifying the Group's geographical coverage, allows Fnac Darty to be closer to its customers but also to contribute to the economic activity of medium-sized cities, in particular via the creation of local jobs, support the projects of local associations and improve access to culture for the greatest number of people.

At the same time, commercial sites and stores are a great platform for sharing the Group's policy of social inclusion with customers, by implementing micro-donation programs for partner associations.

Finally, since 1992, the Nature & Découvertes Foundation has contributed to regional momentum by launching and supporting grass-roots associative projects to protect biodiversity and provide education on nature.





2.3.1 / FNAC, A COMMITTED PARTNER IN PROMOTING ACCESS TO CULTURE FOR ALL AND CULTURAL DIVERSITY, ACROSS THE TERRITORY

Fnac, and more recently Fnac Darty, has been committed to proposing and promoting a diversified cultural offer, accessible everywhere in France, for more than 40 years.

Culture is a major component of the CSR policy, and legitimately relies on the territorial store network to promote and ground Fnac's historic commitment at local and national level.

Supported by a cultural scheduling team of 15 employees, and backed by the entire Group, Cultural Action pursues three objectives:

- guarantee access to culture for everyone, wherever they are in France, through free events;
- promote cultural diversity, under the instruction of its expert, committed teams;
- support the vitality of artistic creation and promote the up-and-coming cultural scene.

2.3.1.1 / Culture for all and cultural diversity across France

The Group is committed to promoting the accessibility of culture for all, by proposing cultural events free of charge, allowing creators and audiences to meet one another. In 2020, the health crisis obliged live events, making up the richness of Fnac's cultural action, to be put on hold. However, over the year as a whole, more than 1,300 events were organized in Fnac stores across Europe, with some 300 on the web.

To recap, in 2019:

- 90,000 customers were able to benefit from some 1,700 events in 127 stores across France. Fnac's in-store cultural agenda also features major brand events, such as unmissable events in the music and literary sectors;
- the Fnac Live Paris Festival brought together over 100,000 people for three days of free concerts in front of the Paris City Hall in July;
- For the fourth year running, 15,000 visitors made the most of the Fnac Book Fair, a major literary event in the heart of Paris. The opportunity to discover and meet some one hundred authors and to take part in numerous meet and greets and book-signings.

2.3.1.2 / Guarantee access to culture for all and cultural diversity everywhere in France, against a backdrop of health constraints

Though it was not possible to hold live events during this year marked by the Covid-19 crisis, the Group's cultural action did pursue its commitment to artistic creation and support for the world of culture, by being a standout player throughout the year on digital platforms. As an illustration, in spring 2020, the Group provided full, unstinting support for the SOFA festival, Warner Music's first livestreaming festival: 300 live broadcasts on Fnac's social networks, along with artistic meet-ups in France, Belgium, Switzerland, Spain and Portugal.

2.3.1.2.1 / La Claque Fnac: the launch of a digital cultural medium

The context obliged teams to innovate in order to maintain the link between their customers and the cultural world; this innovation gave rise to a new medium.

In the fall of 2020, Fnac launched La Claque Fnac, its own digital cultural medium, a space for expression, emotions and cultural exchange, offering original digital formats: interview sessions, talk shows, live events, and podcasts. The aim is to provide free, one-click access to rich content that embodies cultural diversity to as many people as possible. An opportunity for everyone to learn about current musical, literary and movie news, to dive into the world of comics or entertainment, and to discover emerging talents and (re)discover timeless artists.

At a time when theaters are closed, the distribution of varied content, covering all sectors of artistic creation, and highlighting the young cultural scene makes a huge contribution to supporting the cultural world.

2.3.1.2.2 / The best of Fnac alive and kicking thanks to the web

At the same time, with the help of its cultural network and the commitment of authors and publishing houses, Fnac, France's leading bookseller, resolved to hold its literary awards in the fall, adjusting to new constraints.

The Prix du Roman Fnac (Fnac literary award) was held in mid-September, and Tiffany McDaniel won with her novel *Betty* (published by Gallmeister), based on the choice of 400 booksellers and brand members.

The Prix Goncourt des lycéens (award for high-school students), the benchmark literary prize, which has become a high point of the literary calendar thanks to its groundbreaking caliber, also fully shifted online, ensuring committed, high-quality discussions between the 14 authors in the running, and 2,000 high-school students. In this turbulent period, Djaili Amadou Amal's *Les Impatientes* was favored by the young jury (published by Emmanuelle Collas), a socially engaged novel about violence against women.

Finally, the Prix BD Fnac France Inter award for comics, presented at the beginning of 2021, was notable in that it rewarded cartoonist Mathieu Bablet for *Carbone & Silicium* (published by Ankama).

Other event formats continue to go digital: in-store meet-ups and signings are shifting to the new "story signing" concept: authors and artists invited to the store sign their work and album incognito, and these are then made available to fans in-store. Many authors come in-store after being invited by Fnac, and are happy to maintain the link with their audiences.

In addition, Fnac continues to partner the "Writer in Residence" chair, created by the Sciences Po institution to introduce students to the humanities and rhetoric.

2.3.1.3 / Expert, committed, and knowledgeable teams to promote cultural diversity

In this particularly complex period, cultural diversity and knowledge were largely embodied by the teams of booksellers and record sellers: in addition to the famous in-store favorites, numerous editorial tips and selections of e-books were also sent to various audiences throughout the year.

In terms of digital reading, Kobo by Fnac is continuing its partnership with the Préludes publishing house and the Babelio website for the fourth edition of the "Tomorrow's Talent" competition.

2.3.2 / INCREASE POSITIVE REGIONAL IMPACTS THROUGH JOB CREATION AND SOLIDARITY

2.3.2.1 / Contribute to local economic activity

Key figures:

- stores account for 71% of total revenue;
- 908 stores;
- 40 stores opened in 2020.

The Group opens new stores every year, thanks to its franchise development strategy, to increase coverage of medium-sized cities. Fnac Darty is convinced that this local presence strengthens the specific bond of trust created over time with its customers.

This strategy is also extremely beneficial to society: it contributes to the creation of local jobs and thus develops economic and social activity in the medium-sized cities where the stores open.

Via the development of its repair services, Fnac Darty is also contributing to job creation, as seen by the launch in 2020 of a vast recruitment campaign for 500 technicians dedicated to repairs (see also 2.2.2.4).

Lastly, Fnac Darty is committed to paying taxes and contributions in each country and municipality where it operates and does not participate in any tax avoidance schemes. For instance in France, the operation of stores and e-commerce sites generates a total of €50 million in local taxes, which directly benefit French local authorities, enabling them to finance their activities (see also 2.5.4).

2.3.2.2 / Socially inclusive projects led by the Group and its customers

2.3.2.2.1 / Nature & Découvertes Foundation, to promote grass roots actions across the country

Since its creation, the Nature & Découvertes Foundation has taken into account the impact of its activity on the environment and is committed to environmental protection. In 1994, the Nature & Découvertes Foundation was created, with the aim of launching and supporting grass-roots associative projects to protect biodiversity and educate about nature. Placed under the aegis of the Fondation de France, it has been a member of the IUCN (International Union for Conservation of Nature) since 2005. The projects supported range from the creation of an associative nursery to participatory science projects, as well as mobilization campaigns or support for associations promoting the conservation of species. The Foundation assists project sponsors of various sizes.

In 26 years, it has financed 2,803 projects for a total of €13.7 million, including 108 projects in 2020.

“Helping Hand” committees, to support local projects

The “Helping Hand” committees finance local projects to protect and educate about nature, in particular thanks to membership of the Club Nature & Découvertes – a share of each membership is paid back to them.

Four committees are held during the year, bringing together members of the Nature & Découvertes Foundation, several experts and some fifteen store employees.

Thus, a hundred or so “Helping Hand” projects are supported each year via four seasonal committees. The projects selected are noted for their strong local base, close to the store, composed of grass-roots actions that often involve committed people who are based locally.

The Nature & Découvertes initiative is unique because, over the following year, it offers a selection of the best local projects chosen by teams of employees themselves via charitable rounding at the checkout (see below, 2.3.2.2.2). Since the team is familiar with the project, they can talk about it with customers who are happy to do their bit when making a purchase, donating an average of 15 euro cents per rounding. The scheme makes it possible to donate between €150,000 and €190,000 in addition to the initial donation made by the Nature & Découvertes Foundation.

In 2021, the Foundation’s “Helping Hand” committees will exceed the €3 million mark for local projects as part of the “Helping Hand” program.

2.3.2.2.2 / Stores and websites help facilitate donations in favor of associations

Since March 2015, Nature & Découvertes’ customers have been able to choose to round up their purchases to the nearest euro. The euro cents collected are donated in full to a local association supported by the store (see 2.3.2.2.1 below). In 2020, Nature & Découvertes passed the €1 million mark in donations, collecting 6 million micro-donations, i.e. one in six customers since the launch of the Charitable Rounding initiative.

Since 2017, Fnac has also associated its customers to its commitments, by giving them the chance to make small donations when they make purchases on fnac.com or the Fnac Spectacles events site, as well as in Fnac and Darty stores since 2019.

All donations collected via these channels helped to raise the sum of €340,100 in 2020. This generosity from customers helped to support dozens of socially-inclusive projects led by partner associations. For instance, thanks to the partnership with Common Cents, more than €43,500 was collected in favor of five associations. With “Un Rien C’est Tout”, €296,600 was made (up 74% on 2019) via micro-donations that contributed to finance socially inclusive projects.

In addition, at the end of the year, during the “Standing Together At Christmas” operation, in stores and on the web, for every €1 donated by customers to the “Un rien c’est tout” association, Fnac Darty pledged to donate an additional €1 to combat violence against women. Thanks to customers’ generosity, Fnac Darty donated €100,000 to the association “Du côté des femmes” (On Women’s Side), which provides emergency shelter for women who are victims of violence, with or without children, to keep them away from their attackers. With the money raised, more than 15,000 overnight stays will be available to these women. “Du côté des femmes” also offers post-traumatic psychological follow-up and plays a very important role in empowering women as they prepare their move into collective or independent housing.

2.3.2.2.3 / Historical support

Despite the context, the Group continued its historical partnerships:

- a partner of Bibliothèques sans frontières (“libraries without borders”), Fnac organized its eighth large-scale book collection. Fnac works in partnership with its customers at this event, inviting them to donate their books to the association each year. Despite the health context, this new edition broke all records, with 411,000 books collected – far in excess of the previous collection record (264,000 books in 2014). In eight years, 1,476,140 books were thus collected by Bibliothèque sans frontières to support programs facilitating access to education and culture implemented by the NGO in areas that have suffered conflict or natural disasters;
- In partnership with Secours Populaire, Fnac supported the “Braderie Solidaire de Dijon” initiative, now in its twelfth year, which aims both to increase solidarity and culture by mobilizing numerous local talents and involving volunteers from Fnac, Secours Populaire and the Zénith de Dijon performance venue. Previously planned for June and then postponed for health reasons, this must-see event once again caught the imagination and enthusiasm of visitors who took advantage of a wide range of new cultural products – books, CDs, DVDs, toys and video games – at knockdown prices. More than 100 palettes of new products were sold at knockdown prices, raising the sum of €100,972. These funds will allow Secours Populaire to offer over 3,500 vacation days to disadvantaged families as part of its vacation program, “Campagne Vacances”;
- a partner of Envie since 1984, Darty continued to provide the social inclusion body with large appliances, which thus gave a second life to more than 326,000 broken-down appliances in 2020 (see also 2.2.3.2).

2.4 / Reduce impacts on the climate

- Strengthen climate governance and risk management
- Reduce emissions generated by transportation and energy from sites
- Extend emissions management to products, services and employee travel

Risks	Opportunities
<ul style="list-style-type: none"> ■ Strengthening of climate and energy regulations (traffic restrictions, obligation of improved energy performance, etc.) ■ Loss of reputation and attractiveness in the event of damage to the environment and/or failure to take climate issues into account ■ Supply chain disruption <i>and</i> asset destruction in the event of extreme weather events 	<ul style="list-style-type: none"> ■ Control of energy-related costs ■ Lower direct costs thanks to transport optimization ■ Resilience of transportation activities by anticipating restrictions ■ Attractiveness to investors of SRI

Levers activated	2020 Actions	KPI
Dedicated governance to incorporate these challenges into the Group's strategy	<ul style="list-style-type: none"> ■ A Climate Committee that meets quarterly ■ A Group strategy that places sustainability issues at the heart of the business model 	<ul style="list-style-type: none"> ■ KPI: CO₂ emissions generated by site energy consumption per square meter ■ KPI: CO₂ emissions generated by transportation of goods to stores per kilometer traveled or per pallet
A strengthened strategy and roadmaps for each emission point measured	<ul style="list-style-type: none"> ■ Drafting by the Climate Committee of roadmaps per sector (store transport, e-commerce, last-mile delivery, after-sales service travel, after-sales workshop flows and energy) ■ Review of emissions reduction target to align with a 1.5°C trajectory 	<ul style="list-style-type: none"> ■ KPI: CO₂ emissions generated by last-mile delivery per delivery ■ KPI: CO₂ emissions generated by after-sales service travel per job ■ KPI: CO₂ emissions generated by products for repair traveling to after-sales service workshops per repaired product ■ KPI: CO₂ emissions generated by "e-commerce" flows per parcel
Identification of climate risks and opportunities	<ul style="list-style-type: none"> ■ Identification of the main physical and transition risks, with a view to analyzing the impact and level of control of these risks, based on several climate scenarios 	<ul style="list-style-type: none"> ■ CO₂ emissions from transportation and energy from sites by revenue
Genuine actions to reduce our emissions and measured results	<ul style="list-style-type: none"> ■ Measurement of CO₂ emissions by sector and extension of the scopes measured to several scope 3 stations. ■ Investments in renewable energy and energy efficiency ■ Measured results for actions taken to reduce transportation impacts 	



2 NON-FINANCIAL PERFORMANCE DECLARATION

Reduce impacts on the climate

Transporting goods from warehouses to stores, delivering a parcel or large appliances to the home, repairing an appliance at home to help a customer, or collecting old equipment: operations (logistics, after-sales service, delivery) are at the heart of the Group's activities. They are one of its key skills and one of its main strengths in this highly competitive sector.

To become Europe's benchmark omnichannel platform, each year Fnac Darty expands its ecosystem and its range of services to seize new market opportunities and to adapt to the expectations of customers, who wish to enhance speed, simplicity and personalization.

However, Fnac Darty is fully aware of the negative impacts that its activities have, mainly greenhouse gas emissions directly generated by the transport of its goods and by the energy consumed on its sites, or indirectly generated by the products distributed in its brand outlets.

Limiting these impacts has become a major challenge for the Group. In response, Fnac Darty significantly strengthened its governance system and set a target for reducing CO₂ emissions aligned with the Paris Climate Agreement. The development of a low-carbon pathway paved the way for an integrated framework to review all the Group's activities.

2.4.1 / STRENGTHENED GOVERNANCE AND STRATEGY

2.4.1.1 / An adapted governance to incorporate the issue at all levels of the Company

Fnac Darty has structured its governance in order to strategically address climate issues.

Acknowledged within several bodies (see also CSR governance), including the CSR Committee of the Board of Directors, these issues are analyzed and steered by a Climate Committee.

Created in 2019, it meets quarterly to monitor trends in the CO₂ emissions generated by its activities, to draft action plans, and to monitor roadmaps of the various operational sectors represented on this committee, as well as to work on extending the low-carbon strategy to other indirect emission stations.

The Executive Committee is represented at this level by the Director of Operations and the General Secretary responsible for Human Resources and Information Systems, CSR and Governance. Alongside them are:

- the CSR Director;
- the Director of Indirect Purchasing – responsible for coordinating the climate roadmaps of the Operations Department;
- the Director of Logistics, Transportation and Flows;
- the Director of After-Sales Service;
- the Director of the Services Policy;
- the Director of Delivery and the Last-Mile Network;
- the Director of French transportation.

In 2019, the members of this Committee were trained on climate issues and carbon footprint measurement.

In order to roll out the Group's low-carbon strategy, managers were appointed in each relevant department and in each country where Fnac Darty operates (Belgium, Switzerland, Spain, and Portugal). These representatives are specifically responsible for measuring the CO₂ impacts of their activities, with the aim of making this measurement more reliable, and creating performance indicators that allow each department to manage their low-carbon roadmap.

With a coordinating role between the Operations Department and the CSR Department, the Director of Indirect Purchasing, in charge of the Company's performance plan, leads the quarterly monitoring of performance and the action plans rolled out, and helps to incorporate reduction targets into economic and operational performance projects.

Finally, the CSR Department coordinates the reporting of CO₂ emissions and the monitoring of roadmaps, remains up-to-day on regulatory issues, communicates with the Group's external stakeholders on their expectations and best practice, and actively participates in the search for solutions to reduce the impact of the Group's activities on the climate.

2.4.1.2 / Management of climate risks and opportunities

In its management of climate-related risks, Fnac Darty takes account of the impacts of climate change for its organization, and the impacts of its activities on climate change.

This analysis from the dual materiality standpoint operates at several levels in the Company.

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

- **Bodies consulted:** Ethics Committee, Climate Committee, CSR Committee, European Work Council ("duty of care" working group with staff representatives).
- **Main departments:** Internal Audit, CSR, Operations, Purchasing, Retail.

Risks of serious damage to the environment, including several risks related to the worsening of climate change, were identified and are monitored as part of the Group's Vigilance Plan. Among the most significant are those impacts very directly linked to Fnac Darty's business model: the retailing of new products (particularly electrical and electronic products) involves their manufacture, and this stage is often the most significant contributor to a product's total carbon footprint.

The mitigation actions associated with this risk are described in section 2.2, devoted to the extension of product life span, advice and supply.

This risk is regularly assessed by the Climate Committee, and from 2021 onwards will be based on:

- the measurement of CO₂ emissions generated by the products sold;
- the measurement of CO₂ emissions "avoided" by way of repairs and the sale of second-hand products.

The risk associated with the transportation of goods (from warehouses to customers and from warehouses to stores), identified in the Vigilance Plan's risk mapping, is assessed quarterly by the Climate Committee and daily by the managers of the Group's various transport operations. The mitigation actions associated with this risk are described in 2.4.2.2.

Risks associated with the impact of climate change on the Group

- **Bodies consulted:** Climate Committee, Circular Economy Committee.
- **Main departments:** CSR, Operations, Trade, Public Affairs.

The risk of poor integration of climate risks is identified in the Group's risk mapping (see Chapter 6 "Risk factors and management"). Management of this risk is described throughout this Non-financial Performance Declaration, in particular in sections 2.2 and 2.4.

Following several discussions with the Climate Committee and other Group stakeholders, an initial mapping exercise was undertaken by the CSR Department on the physical and transition risks related to the climate. In accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in 2021 Fnac Darty will begin assessment work on warming scenarios and the impacts of climate change for the Company over several time horizons.

This analytical work will be undertaken by the Climate Committee and will involve other internal stakeholders (administrative and financial management, Public Affairs Department) and external stakeholders.

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General description of risk	Risks identified	Risk management
Transition risks		
Political and regulatory risks Because of its activities (transport, site operations, product retail), the Group is exposed to risks resulting from the desire of governments and Europe to legislate so as to reach national and European objectives for reducing CO ₂ emissions, in particular carbon neutrality by 2050.	Traffic restrictions and other regulations related to the renewal of the Company fleet (France): strengthening of the "low-emission area" system, which could apply to all towns and cities of more than 150,000 inhabitants as of 2024; mobility law, which will require quotas for fully electric or rechargeable hybrid vehicles	See pp. 96-98
	Obligation to improve energy performance in existing tertiary buildings (France): the Tertiary Decree (Élan Law) set reduction objectives for tertiary buildings	See pp. 90-92
	Regulatory pressure on climate reporting (Europe): DPEF, Green Taxonomy	See pp. 86-89
	Increasing regulations on products and services (Europe): reparability index, products subject to REP, sustainability index, etc.	See pp. 68-79
Market risks: In response to the climate crisis, supply and demand for certain products and services are changing. The security of investments could be threatened by changes in investment strategies.	Changing consumer behavior, which could reduce their consumption for environmental reasons, or promote alternative distribution channels or players (second-hand, committed brands, etc.)	See pp. 68-80
	Change in investors' requirements, who could withdraw their investment in the event of poor environmental performance or the absence of a climate strategy	See pp. 85-100
Reputation risks: Companies risk seeing their brand image, including their employer brand, undermined if environmental issues are not taken into account in their strategy.	Negative comments on social networks regarding the products and services sold (dissatisfaction with the service provided, product with a negative environmental impact), boycott campaigns, etc.	See pp. 9-17 and pp. 36-38
Physical risks		
Acute risks: Climate change is accompanied by extreme weather phenomena: heat waves, floods, storms, and so on.	Disruption to operations or the supply chain, particularly transportation routes	
	Disruptions to the electrical and telecommunications network that can impact customers' ability to make online purchases	
	Deterioration of working conditions	
	Material destruction leading to the closure of stores or strategic sites	
Chronic risks: Climate change is accompanied by long-term changes – rising sea levels, regular chronic heat waves, and so on.	Deterioration in employees' working conditions and health	
	Disruption to operations or the supply chain	

2.4.2 / PATHWAY, 2020 ACTION PLANS, AND PERFORMANCE

2.4.2.1 / A low-carbon pathway in line with the Paris Climate Agreement

In 2019 and 2020, Fnac Darty worked to create a low-carbon pathway that complies with the global pathway defined by the Paris Climate Agreement.

This pathway was defined in accordance with the recommendations of the Science-Based Targets (SBT) initiative. The sector-wide approach was thus preferred, based on the tools of the Sectorial Decarbonization Approach (SDA) developed by the International Energy Agency.

The target set for Fnac Darty is a 50% reduction in CO₂ emissions by 2030 compared to 2019⁽¹⁾. The scope of consolidation covers transportation (direct and indirect emissions) and site energy, and has been extended to all Group subsidiaries.

The data collected to date relate to:

With the aim of submitting its objectives for approval by the SBT initiative, the Group is working to define an objective for the reduction of its indirect emissions (scope 3) generated by the products it sells, throughout their life cycle, as well as employee travel and IT systems. The measurement of emissions from these stations is currently in construction (see also 2.4.2.3).

2.4.2.2 / Measured carbon impact

Thanks to performance indicators co-built by the CSR Department and business lines, Fnac Darty can now more accurately measure the results of actions implemented and the Group's performance in achieving its reduction objectives. As part of an ongoing progress, the Group intends to improve the monitoring and management of these indicators, so as to make them operational management tools that are integrated within the strategies of each department in the Company.

	Scope 1	Scope 2	Scope 3
Sites' power – electricity, gas, fuel oil, urban heating and cooling, refrigerants	x	x	x
B2B – transportation of goods between warehouses and stores (subcontracted activity)			x
B2C e-commerce – shipment of parcels to customers' homes (subcontracted activity)			x
B2C Last-mile delivery – delivery of large appliances and large televisions to customers' homes (carried out by Darty or by subcontractors)	x		x
In-home work – technicians' travel routes (carried out by Darty in France and Vanden Borre in Belgium)	x		x
After-sales service goods flow – transportation of broken products between repair shops and stores, and transportation of spare parts (subcontracted activity)			x
Upstream transport – transport of own-brand products from factories to warehouses (subcontracted activity) (Darty France only)			x
Business travel – service and company vehicles, train, plane (only France)	x		x
Branded products sold – raw material extraction, manufacturing, upstream transportation, customer travel to stores, use and end of life			estimate
Work commutes (France only)			x estimate

(1) In 2020, the Group updated the calculation of its carbon footprint for activity in 2019. In fact, 2018, initially chosen as the base year for the objective, is no longer comparable to 2019 and 2020.

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For the past several months, the Group has been working to extend the measurement of its emissions to several scope 3 items deemed material:

- products (throughout their life cycle);
- work commutes and business travel;
- digital technology;
- waste;
- packaging consumption.

2020 Results

For the items included in the reduction objective (transport – excluding business travel and upstream transport – and sites' power – excluding fugitive emissions), the carbon footprint is significantly lower in 2020 than in 2019, the base year⁽¹⁾. This can be explained in part by the global health crisis, which obliged the Group to close its stores for several months of the year. However, the drop in emissions is even greater when brought down to revenue, explained by the results of the actions undertaken by the various transportation and energy sectors in France and in the European subsidiaries: optimization of transportation plans and loads, purchase of renewable electricity, development of remote troubleshooting solutions, and so on. These actions and their results are described in detail in this chapter.

Equivalent CO ₂ emissions ^(a) for the items included in the reduction objective	2019	2020	Change
Scope 1 (in t eqCO ₂)	14,542	13,301	(9)%
Scope 2 (in t eqCO ₂) (market-based) ^(a)	7,030	1,766	(75)%
Scope 3 (in t eqCO ₂)	47,177	47,289	0%
TOTAL IN ABSOLUTE TERMS (in t eqCO₂)	68,750	62,356	(9)%
TOTAL IN INTENSITY (in t eqCO₂/€m of revenue)	9.57	8.34	(13)%

(a) The method used is market-based (based on emission factors specific to the suppliers from which the Company purchases its electricity). Location-based results (with the emission factors of the country's average electricity mix) can be found in 2.4.2.2.1 below. See also the methodological note.

The following paragraphs aim to accurately describe the mitigation policies implemented to limit the environmental impact of the various items measured and steered, the actions taken in 2020 and the relevant performance, as well as high-priority areas for 2021/2022.

In order to control the reduction of CO₂ emissions generated by these various flows, environmental performance indicators are now analyzed by cross-referencing them with economic and operational performance indicators.

2.4.2.2.1 / Energy consumption of sites

With more than 1,600,000 m² of warehouses, stores and offices, the energy consumed by the Group's sites is a substantial source of its CO₂ emissions, since they represent approximately 14% of the total emissions recognized within the scope of the emissions reduction objective.

For the past several years, in order to improve the energy efficiency of its sites, the Group has rolled out centralized technical management systems (CTM) and LED lighting deployment projects. In addition, as part of the renewal of its air conditioning and heating systems, Fnac Darty prioritizes less energy-intensive systems and is stepping up its maintenance operations to ensure that its equipment is properly adjusted and avoids over-consumption of energy.

As part of its responsible purchasing policy, the Group is increasingly sourcing energy from renewable sources for its electricity and gas.

(1) Initially set at 2018, the base year for the emission reduction objective was set at 2019, due to material changes in methodology between 2018 and 2019, making 2018 non-comparable with 2019 and 2020.

Actions and Performance 2020

Direct purchase of renewable electricity

In order to reduce the carbon footprint associated with its energy consumption, in 2019 Fnac Darty signed a *Power Purchase Agreement* (PPA) with the wind energy producer Valeco for 2020 and 2021.

Since January 2020, the electricity produced by the Fontanelles wind farm, operated by Valeco, has accounted for more than 14%

of the annual consumption of Fnac and Darty sites in France. Located in Occitania, this output farm with a purchase obligation has six wind turbines and an installed capacity of 7.8 MW.

Solvay Energy Services, in its capacity as balance responsible entity, supplier, and renewable energy aggregator, manages the electricity generated by the wind farm and guarantees continuity of supply for Fnac Darty.

Elsewhere in the Group, subsidiaries continue to source electricity from renewable sources.

Share of renewable energy in electricity purchases	2020	Change
Fnac and Darty France	14.4%	not applicable
Fnac Belgium and Vanden Borre	95.1%	0.4%
Fnac Spain	100%	=
Fnac Portugal	100%	67%
Fnac Switzerland	87%	(10)%
Nature & Découvertes	100%	=

Energy efficiency actions

The Group continued to roll-out technical building management across the Darty premises: 110 sites are now covered. Also on the Darty premises, the Group has been conducting lighting retrofit programs, implementing LED solutions in seven stores.

In France, based on a kWh/m² ratio, the network's energy consumption is down by more than 8%. This decrease is mainly due to temperature variations (DJU: -7%) and the impact of the Covid-19 pandemic (stores were closed for two months), although energy savings were offset by factors such as the extension of the ventilation systems' operating hours by four additional hours per day since the resumption of normal business

in France, and the operation of ventilation equipment that supplies only fresh air. **The decrease is also due to the end of the roll-out of centralized technical management at the most energy-intensive sites across the Darty premises and LED relamping.**

However, **CO₂ emissions associated with this energy consumption recorded an even more substantial decrease, linked to the increased share of renewable energy sources in the Group's energy mix and, in the case of France, to the change of energy supplier for the non-renewable share** (the suppliers selected by Fnac Darty have different energy production capabilities that produce far fewer emissions than that of the previous partners).

France (Fnac and Darty)	2019	2020	Change	
Energy consumption ^(a) of sites per m ² (kWh/m ²)	116	106.4	(8.3)%	
KPI: CO₂ emissions generated by energy consumption ^(a) of sites per m² (kg CO₂eq/m²)	Market-based	10	5.9	(41)%
	<i>Location-based</i>	11.2	9.9	(11.6)%
CO ₂ emissions generated by energy consumption ^(a) of sites (t CO ₂ eq)	Market-based	12,249	7,167	(41.5)%
	<i>Location-based</i>	13,637	12,105	(11.2)%

(a) Energy consumption of sites includes the consumption of electricity, natural gas and energy from district heating and cooling networks.

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Group	Comparable scope of consolidation excluding Nature & Découvertes			Current scope including Nature & Découvertes			
	2019	2020	Change	2019	2020	Change	
Energy consumption ^(a) of sites by surface area (kWh/m ²)	120	108	(10)%	120	107	(11)%	
KPI: CO₂ emissions generated by energy consumption of sites per m² (kg CO ₂ eq/m ²)	9.4	5.3	(44)%	9.4	5.2	(45)%	
	<i>Market-based</i>						
	<i>Location-based</i>	16.6	14.6	(12)%	16.6	14.3	(14)%
CO ₂ emissions generated by energy consumption of sites (t CO ₂ eq)	14,863	8,333	(44)%	14,863	8,544	(42.5)%	
	<i>Market-based</i>						
	<i>Location-based</i>	26,185	23,118	(12)%	26,185	23,514	(10)%

(a) Energy consumption of sites includes the consumption of electricity, natural gas and energy from district heating and cooling networks.

Fugitive emissions (direct emissions) – scope 1

As part of its ongoing progress, Fnac Darty is working to improve how it monitors and measures fugitive emissions from refrigerant leaks. For the Fnac Darty France scope, associated CO₂ emissions totaled 1,385 t CO₂eq, down by 26% compared to 2019. This is due to the closure of some stores as well as actions taken to improve how the air-conditioning systems are serviced and monitored.

The Group will aim to extend the measure to other countries in 2021.

Priority areas for 2021–2022

Fnac Darty is aiming to extend its responsible purchasing policy to its energy supplies. At the end of 2020, the Group launched an invitation to tender in France to consider the possibility of concluding a new long-term PPA (Power Purchase Agreement) for additional renewable electricity capacity in the future and/or the possibility of relying on electricity generated from guaranteed renewable sources on the market.

The Group intends to continue retrofitting its lighting with LED and technical building management solutions, set up technical building management in certain warehouses, and upgrade existing technical building management systems across Fnac stores. Finally, Fnac Darty France intends to set up an Energy Management System in 2021 or 2022.

2.4.2.2.2 / Goods transportation between warehouses and stores

This is a key skill for the Group, and Fnac Darty Logistics takes considerable strength from the complementary nature of the two banners. Every day, thousands of products pass through warehouses and stores. To service its 908 stores, the Group has a network of 14 warehouses in Europe.

To limit the impact this road transportation has on air quality, noise pollution and global warming, the Group focuses its efforts on four drivers:

- optimizing transportation plans and the warehouse network to limit the distances traveled by products;
- maximizing and optimizing truck loading;
- prioritizing transportation providers committed to environmental sustainability;
- developing multimodal transportation.

Actions and Performance 2020

In 2020, Fnac Darty France conducted a full review of its transportation plan for France, with the aim of:

- optimizing distances by reducing traction to the regional hubs;
- optimizing truck loading through pooling with third parties;
- prioritizing more modern vehicles that release fewer CO₂ emissions and fine particulates (Euro 6, CNG, biofuel).

This new transportation plan has led the Group to conclude contracts with carriers committed to environmental sustainability and, in doing so, 9 hubs out of 11 have signed up to the Objectif CO₂ program developed by Ademe, and are therefore committed to reducing their CO₂ emissions.

To further improve the optimization of truck loading, Fnac Darty has turned to transportation providers offering to pool their distribution with other players in the sector.

Since 2006, Nature & Découvertes has used rail/road transport to deliver goods to be sold at some of its stores. Around 15 stores in the south of France are supplied by rail and road. In 2020, this multimodal transportation saved 231 tons of CO₂ equivalent.

Lastly, as part of its process of continuous improvement, the Fnac Darty transportation teams initiated discussions with their main providers on measuring and reducing the CO₂ footprint of their fleets.

In 2020, emissions generated by this transportation fell sharply (-15%). This is due to the closure of stores during lockdown, although not exclusively because there is still a decrease, and an even more significant one at that, when emissions are reported by the palette or kilometer. In fact, the actions taken to optimize the transportation plans and loading have contributed significantly to improving performance in this major flow for the Group.

	Group								
	France (Fnac and Darty)			Comparable scope of consolidation excluding Nature & Découvertes			Current scope including Nature & Découvertes		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
KPI: CO₂ emissions per pallet transported (kg CO ₂ eq/pallet)	16.9 ^(a)	15	(11)%	not available	not available	not available	not available	not available	not available
KPI: CO₂ emissions per kilometer traveled (kg CO ₂ eq/km)	not available	not available	not available	5.47 ^(a)	5.16	(5.7)%	5.47 ^(a)	3.71	(32)%

(a) Data restated following a revaluation of the average fuel consumption of the vehicles used.

	Group								
	France (Fnac and Darty)			Comparable scope of consolidation excluding Nature & Découvertes			Current scope including Nature & Découvertes		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
CO ₂ emissions from warehouse to store flows (t CO ₂ eq)	21,645 ^(a)	18,448	(15)%	26,326 ^(a)	22,784	(13.5)%	26,326 ^(a)	23,154	(12)%
CO ₂ emissions per store (t CO ₂ eq/store) ^(b)	35 ^(b)	28	(18.5)%	34 ^(b)	28	(15.5)%	34 ^(b)	25	(25)%

(a) Data restated following a revaluation of the average fuel consumption of the vehicles used.

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

Priority areas for 2021/2022

In France, a new transportation scheme for the Paris region is pursuing the same objectives of optimizing distances and loading. The environmental performance criteria are therefore included in discussions with the transportation providers and the Group is planning on exclusively using vehicles that run on bio CNG for distribution for the region – i.e. 45 vehicles in low season – with

expected CO₂ gains of around 1,000 tons of CO₂ in a full year. In addition to a reduction in greenhouse gas emissions, the level of fine particulate emissions will also fall significantly.

To reduce emissions in flows to the province, Fnac Darty has entered into discussions with its main suppliers to convert part of their fleet to vehicles that release fewer emissions (specifically biofuels).

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2.4.2.2.3 / Shipment of parcels to customers' homes or collection points

E-commerce delivery covers parcels delivered by couriers – more than 18 million parcels shipped in 2020, of which over 15 million originate from France.

The Group's omnichannel model reduces the impact of e-commerce activity, since many products ordered online are collected by customers in store via "click&mag" (parcels delivered from the warehouse to the store) or "click&collect" (parcels from in-store stock).

External and internal studies ⁽¹⁾ have shown that transporting parcels for collection in-store releases between 25 and 70% fewer CO₂ emissions than transporting parcels for home delivery (excluding the customer's transport). In fact, some of these parcels pass through store replenishment trucks ⁽²⁾ and others come directly from in-store stock. As well as a reduction in the number of on-road vehicles, emissions are lowered by reducing packaging, given that some products are no longer overpackaged – the CO₂ footprint of packaging is not recognized to date.

Furthermore, for parcels delivered to customers' homes or "collection points" by couriers, the Group prioritizes transport providers that are certified as "carbon neutral", such as Colissimo et Chronopost, and that are investing in renewing their fleet and that already exclusively use electric vehicles to serve many towns and cities in France. In France, around 50% of parcels delivered are sent via Colissimo and Chronopost ⁽³⁾.

Actions and Performance 2020

The emissions associated with this activity are up on 2019. This increase is largely due to the public health situation, as physical sales moved entirely online during the lockdown periods – a phenomenon that has continued post lockdown.

As such, the number of parcels shipped shot up by 50% in France, around 70% in Belgium and Portugal, almost 100% in Spain, and up to 170% in Switzerland.

Against this background of a global pandemic, the increase in online orders from French overseas departments and regions, as well as from abroad, also led to an increase in shipments by air, which contributed to the deterioration in CO₂ emissions for this flow.

	Group								
	France (Fnac and Darty)			Comparable scope of consolidation excluding Nature & Découvertes			Current scope including Nature & Découvertes		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
Number of parcels shipped (in thousands)	10,053	15,765	57%	11,513	18,552	57%	11,513	18,880	60%
CO ₂ emissions generated by the shipment of parcels (t CO ₂ eq)	5,313 ^(a)	8,350 ^(b)	69%	5,909 ^(a)	9,789 ^(b)	66%	5,909 ^(a)	9,963 ^(c)	68%

(a) Data recalculated to include an update to emission factors and to exclude shipments of spare parts (now recognized in the "after-sales visits" flow).

(b) Of which over 6,610 tCO₂eq offset by service providers.

(c) Of which over 6,780 tCO₂eq offset by service providers.

(1) Studies carried out on the basis of CO₂ emissions declared by Fnac Darty service providers (see Methodology note).

(2) Methodology note: if the parcel follows this flow (replenishment trucks), its carbon footprint is included in B2B goods transportation emissions, rather than e-commerce transportation.

(3) Methodology note: Fnac Darty recognizes CO₂ emissions from parcels delivered by these service providers as "carbon neutral".

In France, the slight increase in emissions reported per parcel is largely due to the increase in home deliveries (only possible service during the two months of lockdown) to the detriment of shipments made to stores (as part of the in-store collection service, “click&mag”). As a result, in France,

the portion of parcels for in-store collection fell from 43% to 24%, which had a significant impact on CO₂ emissions: according to our calculations, home deliveries generated on average 66% more CO₂ emissions compared to in-store deliveries (see below).

	France (Fnac and Darty)			Group		
	2019	2020	Change	Current scope including Nature & Découvertes		
	2019	2020	Change	2019	2020	Change
KPI: CO₂ emissions linked to e-commerce flow per parcel (kg CO₂eq/parcel)	0.528	0.53	0.2%	0.51	0.527	3.5%
CO ₂ emissions linked to e-commerce flows per collection point delivery	not available	0.21	not available	not available	not available	not available
CO ₂ emissions linked to e-commerce flow per home delivery	not available	0.63	not available	not available	not available	not available

Since 2020, Fnac Darty has calculated CO₂ emissions generated from parcels based on the CO₂ reports of its service providers. The service providers chosen to transport parcels to stores in France (for the in-store collection service) have CO₂ reports that differentiate between the service level: home or store delivery. See also the methodological note.

Nevertheless, following the announcement of a second lockdown, Fnac Darty implemented a certain number of actions – more favorable delivery times, sales promotions – to encourage its customers to choose in-store delivery to those stores that remained partially open (closure of “non-essential” departments and complete closure of N&D stores) in contrast to the first lockdown. The European Sustainable Development Week was chosen to help highlight the benefit of in-store delivery in terms of carbon footprint and a sales promotion whereby a percentage of the profits went to the GoodPlanet Foundation was initiated.

These actions helped to support the in-store collection service and thus limit the carbon footprint. Considering that the weight of in-store collection during the second lockdown would have remained the same as that of the first lockdown had these actions not been implemented, **the Group thus avoided home delivery for more than 470,000 parcels and saved more than 126 tons of CO₂ equivalent.**

Despite the situation, Fnac Darty also continued to develop “click&collect” in France, which contributed to a corresponding reduction in the number of parcels on the road: **in 2020, more than 3.2 million orders were delivered from in-store stock, which decreased the CO₂ footprint associated with packaging, and the CO₂ footprint of home deliveries was thus avoided.**

Service providers taking action to help reach carbon neutrality in France were prioritized: in 2020, emissions from **75.5% of parcels shipped in France were offset by these service providers (Colissimo, Chronopost, DPD, Top Chrono), i.e. more than 6,780 tons of CO₂ equivalent.**

With a view to reducing CO₂ emissions generated from shipping parcels, **Fnac Darty banned shipments by air in Europe as of September 2020, which is expected to save 240 tons of CO₂ equivalent per year⁽¹⁾.**

Lastly, Fnac Darty maintained and developed its partnership with Stuart, a bicycle delivery service from its stores. This service is available in 12 French metropolitan areas and helps to reduce the carbon footprint of around 1,500 deliveries per month and up to 5,000 in peak season.

Priority areas for 2021–2022

Fnac Darty is continuing to look for new partners to reduce CO₂ emissions associated with e-commerce flows. For two-hour Chrono delivery and delivery by appointment, one of the Group’s selection criteria for service providers is their environmental performance.

In addition, Fnac Darty plans to continue to use its omnichannel model to optimize delivery and reduce emissions generated by this flow. In this respect, the Group wants to involve its customers more in this objective. In line with its mission to enable customers to make an educated choice, the Group has started to provide customers with new information on its websites, showing them the delivery method with the least impact. When they select their delivery method, the most environmentally friendly option – from a logistics point of view – is identified.

(1) Estimated according to volumes dispatched by air to Europe in 2019 and the associated CO₂ emissions.

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Reduce impacts on the climate

This project, which is still in the pilot phase, was launched on fnac.com in France and will be extended to darty.com. The aim will be to encourage customers to select the in-store collection option for products already in stock or which can be restocked using the store's own vehicles.

However, Fnac Darty is aware of the carbon footprint associated with customer travel and is working to measure this impact and to raise awareness among its customers.

2.4.2.2.4 / Delivery of large appliances to customers' homes

Fnac Darty has the biggest network of local logistics centers in France, comprising 86 delivery platforms spread out across the whole of France. From these sites, the Group's teams and subcontracted service providers deliver major appliances (large domestic appliances and TVs) to customers' homes, where they install them and collect their old appliances under the "2 for 1" WEEE recovery service (see also section 2.2.4.1). For the portion operated by the Group's teams, the fleet consists of approximately 450 fully owned vehicles.

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

Actions and Performance 2020

In 2020, the Delivery Department worked on two areas: replacing the fleet with less polluting vehicles and overhauling the range of delivery services to reduce delivery failures (and therefore re-deliveries).

Fleet replacement

Fnac Darty France took advantage of the need to replace its fully owned fleet to acquire 20 m³ trucks powered by natural gas: 35 trucks were delivered in 2020, i.e. 8% of the French fleet. For the time being, and for reasons of availability of CNG supply sources, these trucks are being deployed in Paris, Toulouse, Strasbourg and Lyon.

This project makes it possible to:

- reduce CO₂ emissions and other pollutants;

- plan ahead for future restrictions on the movement of diesel-powered trucks in large metropolitan areas.

Furthermore, the delivery teams are working in tandem with their subcontractors on mainly using a fleet of vehicles that release fewer CO₂ emissions.

Reducing delivery failures

In 2020, the Group reviewed its delivery policy, with the aim of reducing delivery failures by acting on their root causes: customer not at home, customer changing their mind, incorrect installation classification (built-in/freestanding) requiring an order change, incorrect labeling of the delivery constraints (sending one person to an address that needs equipment to be carried, for example).

To reduce delivery failures associated with customers not being at home during delivery, the Group has rolled out a "2 hours' notice" system, which notifies customers of a more precise delivery window than previously. A project to optimize the installation quality of built-in large domestic appliances has also been launched.

In France, despite a significant increase in activity (+12%, i.e. +200,000 deliveries compared to 2019), CO₂ emissions have decreased both in absolute value (-1%) and in intensity (-11.7%).

This fall is partly due to the Covid-19 health crisis: lack of traffic during the periods of lockdown led to reduced fuel consumption in the first and second quarter of 2020.

However, the introduction of trucks powered by compressed natural gas (including bio CNG) and actions taken to reduce delivery failures also contributed to this fall:

- **by significantly reducing the rate of return, the Group avoided more than 10,500 deliveries, i.e. the equivalent of approximately 1,800 tons of CO₂ equivalent⁽¹⁾;**
- **the introduction of CNG trucks saved more than 6 tons of CO₂ equivalent⁽²⁾.**

Furthermore, during the two lockdowns, Fnac Darty pooled part of its e-commerce flows with that of delivery of large appliances, which improved productivity by optimizing delivery routes and truck loading.

(1) Estimated on the basis of 6.18 kg CO₂eq per delivery.

(2) Estimated by converting kilograms of gas to fuel (based on a consumption rate of 16 l per 100 km).

	France (Fnac and Darty)			Group		
	2019	2020	Change	2019	2020	Change
CO₂ emissions generated per last-mile delivery (in kg CO ₂ eq)	7.0	6.18	(11.7)%	7.14	6.21	(13)%

	France (Fnac and Darty)			Group		
	2019	2020	Change	2019	2020	Change
Number of deliveries (in thousands)	1,749	1,960	12%	2,019	2,270	12%
CO ₂ emissions generated per last-mile delivery (in t CO ₂ eq)	12,236	12,109	(1)%	14,416	14,090	(2)%

Priority areas for 2021/2022

The Group intends to continue its efforts to reduce delivery failures. This will mainly be achieved through a better classification of the delivery at the time of purchase.

In order to optimize loading, Fnac Darty intends to expand delivery on behalf of third parties. Optimization will also be achieved by taking better account of traffic when planning delivery routes.

As part of the delivery personnel training program, eco-driving courses will also be offered.

In addition, the Group intends to prioritize diesel-alternatives in its future replacements for the delivery trucks.

2.4.2.2.5 / Home after-sales repairs

In France, approximately 650 Fnac Darty technicians carry out around 1,800 home service calls every day to repair customers' appliances that have broken down. This service is also available in Belgium and is carried out by Vanden Borre. While this activity helps to avoid CO₂ emissions by extending the life span of products (see also section 2.2.2), it too has an impact in terms of technicians' travel.

For several years, the Group has been developing remote assistance solutions to limit the number of service calls. In fact, in 40% of cases, breakdowns reported by customers are not really breakdowns, and maintenance or usage advice is enough to solve the problem. It is increasingly easy to troubleshoot actual breakdowns remotely, thanks to the widespread availability of video, technicians' advice delivered from remote customer service centers, or technology that allows for remote control of certain appliances such as smart TVs. However, when necessary, the Fnac Darty teams will visit.

To reduce emissions generated by the technicians' fleet and to meet the requirements of the French Mobility Orientation Law

(LOM) – which stipulates that companies managing a fleet of more than 100 vehicles under 3.5 tons must gradually replace their fleet with vehicles that release less than 60 g/km CO₂ – as well as those of future traffic restrictions (i.e. "low emission zones"), the Group conducts feasibility studies and tests with less polluting vehicles.

2020 actions and performance

The emissions generated by this activity are down 1.1% compared to the previous year, mainly due to the drop in activity associated with the Covid-19 crisis but also due to "avoided" service calls. In fact, the roll-out of remote assistance solutions has been stepped-up, with the use of an app that enables technicians to categorize breakdowns properly, in order to avoid unnecessary visits.

The rate of repairs requiring a single service call significantly increased in 2020, resulting in a reduction in the number of visits, and therefore a drop in associated CO₂ emissions. In this respect, based on the "right the first time" repair rate recorded in 2019, **this reduced the number of service calls by over 6,100, i.e. approximately 39 tons of CO₂ equivalent⁽¹⁾.**

However, **in terms of per service call, emissions were slightly up:** the number of service calls fell but the distances traveled remained the same, which lowered performance in 2020. Furthermore, since 2020, emissions from this flow have included the flow of spare parts for repair technicians; this flow accounts for more than 40% of scope 3 emissions for "Home after-sales visits" and associated emissions increased by nearly 30% between 2019 and 2020 due to delivery of heavier spare parts (associated with increased sales of large televisions and therefore a greater number of service calls for these products requiring heavy components).

At a comparable scope of consolidation, i.e. excluding this flow of spare parts, CO₂ emissions therefore decreased both in absolute value and in intensity.

(1) Estimated on the basis of 6.43 kg CO₂ eq per service call.

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Reduce impacts on the climate



	France (Darty)						Group		
	Comparable scope of consolidation excluding flow of spare parts			Current scope including flow of spare parts			Current scope including flow of spare parts in France		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
KPI: CO₂ emissions generated by after-sales service travel / service call (in kg CO₂eq)	5.53	5.46	(1)%	6.26	6.43	3%	6.48	6.37	(1.7)%

Absolute	France (Darty)						Group		
	Comparable scope of consolidation excluding flow of spare parts			Current scope including flow of spare parts			Current scope including flow of spare parts in France		
	2019	2020	Change	2019	2020	Change	2019	2020	Change
Number of home after-sales repairs	706,000	680,000	(3.8)%	706,000	680,000	(3.8)%	752,000	740,000	(1.6)%
CO ₂ emissions generated by after-sales repairs (in t CO ₂ eq)	3,908	3,693	(5)%	4,425	4,375	(1)%	4,881	4,716	(3.3)%

Priority areas for 2021/2022

The After-Sales Service Department has begun to manage its CO₂ emissions in the same way as its other performance indicators. This is done by training the teams with a view to educating them and clarifying these indicators.

From an operational point of view, efforts to reduce the number of home repairs will continue in 2021, in particular with the roll-out across the whole of France of call centers tasked with improving the classification of breakdowns. These centers will work to ensure that repairs are “right the first time” and even help customers to carry out repairs themselves by providing remote support. These call centers, also known as planning units, will also be responsible for drawing up more effective routes to reduce the number of kilometers traveled by the technicians.

As part of its fleet replacement, the After-Sales Services Department has also committed to prioritizing vehicles that release fewer greenhouse gases and other pollutants; several tests with electric vehicles were carried in 2020.

2.4.2.2.6 / Flow of products to after-sales service workshops

There are more than 2,500 employees in the Group who work exclusively on repairs, either remotely in remote customer service centers and workshops, or directly in customers' homes. When defective products cannot be repaired remotely or at in-store service counters, they are sent to one of the Group's five repair centers. This is especially the case for small domestic appliances and technical products, which are sent from the store when customers bring them to the counter.

In order to limit the transportation of defective products, the customer pathway focuses on remote solutions (see “Home service calls” above) or in-store solutions. After-sales service counters are able to carry out simple repairs, which do not require spare parts. However, when the breakdown is more serious, the products are sent as parcels or delivered by internal fleet to one of the repair centers, which generates CO₂ emissions.

Actions and Performance 2020

In 2019 and 2020, Fnac Darty conducted a full review of its transportation schemes for these products sent to after-sales service workshops. In this respect, **while the fall in emissions**

recorded for this flow of products is largely due to a sharp decline in activity (-11% in France), it can also be attributed to real optimization of the transportation scheme (through a reduction in the frequency of scheduled delivery trucks with the massification of deliveries to the workshops).

	France (Fnac and Darty)			Group		
	2019	2020	Change	2019	2020	Change
KPI: CO₂ emissions generated by products to be repaired sent to the workshop per product repaired (in kg CO ₂ eq)	3.3 ^(a)	3	(9)%	2.72 ^(a)	2.54	(6.6)%

(a) Data recalculated following a correction to the average consumption of the vehicles used.

	France (Fnac and Darty)			Group		
	2019	2020	Change	2019	2020	Change
CO ₂ emissions from the flow of products to be repaired to after-sales service workshops (in t CO ₂ eq)	2,283 ^(a)	1,832	(20)%	2,355 ^(a)	1,890	(20)%

(a) Data recalculated following a correction to the average consumption of the vehicles used.

Priority areas for 2021/2022

Every effort will be made to train the teams working on the after-sales service counters so that products are not sent to the workshops when there is a clear diagnosis and it is possible to carry out a repair directly in-store.

As part of the After-Sales Service Department's action plan, Fnac Darty intends to continue reviewing the containers used, with the aim of reducing breakages during transportation, but also looking at the size of these containers and the blocking and filling material.

The Group also plans to review flows in order to remove intermediate steps between suppliers and customers.

2.4.2.2.7 / Shipment of parcels of second-hand products

Fnac Darty is significantly developing the business activity of selling second-hand products under the brands Fnac Seconde Vie and Darty Occasion. This activity helps to extend the life span of products distributed in this way (see also below) but also generates CO₂ emissions from shipping the parcels by courier. In 2020, some 60,000 shipments generated 56.66 tons of CO₂⁽¹⁾, with an average of 0.93 kg CO₂eq per parcel.

However, nearly 95% of these shipments were covered by Chronopost, which offsets its emissions. In this respect, 50 tons were therefore offset by the service provider for this emissions figure.

2.4.2.3 / Extending emissions measured under scope 3

As part of its process of continuous improvement, the Group is aiming to extend the CO₂ emissions it measures to include significant sources of scope 3 emissions. For Fnac Darty, this concerns: products sold, work commutes, customer travel, as well as IT equipment and information systems.

In 2020, the Group worked on methods to measure some of these sources from 2021, starting with those generated by new products sold and distributed by the Group.

New products sold

At the start of January 2021, a specialized consulting firm was assigned to calculate an estimate of this major source of emissions for the Group, using real data provided by Fnac Darty for 2020.

It was decided to include the whole life cycle of the product when calculating this estimate: from its manufacture and transportation, through to customer travel to the stores, use of the product and, lastly, its end of life.

(1) Calculated using the CO₂ report provided quarterly by the main courier and using an estimated emission factor for a parcel of 20 kg shipped by Fedex for the other, more bulky parcels.

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Reduce impacts on the climate

The Group is fully aware of the weight of this emission source and of its responsibility to reduce the impact on the climate associated with its product distribution business (particularly electrical and electronic products, which produce significant amounts of greenhouse gases). All the policies described in chapter 2.2, from repairs to advice, including the sale of second-hand products and highlighting the most sustainable products, make a concrete contribution to reducing these impacts, even though this contribution is still difficult to measure.

Throughout this assignment, Fnac Darty will assess the environmental impact associated with extending the life span of products through its repair activities and that of re-using its unsold stock through the sale of second-hand products.

Work commutes

With nearly 25,000 employees across Europe and significant geographical coverage, Fnac Darty is aware of the carbon footprint of work commutes. To conduct an initial estimate of the emissions associated with this scope 3 source, the Group conducted a survey of employees in France on their travel in 2019. This provided data on the travel behavior of employees (methods of transportation, kilometers traveled, number of journeys, etc.), which was then used to calculate the associated CO₂ emissions. The questionnaire also investigated why employees chose a certain method of transportation and what was stopping them from choosing a more environmentally friendly method. This was then fed back to the HR Department during discussions as part of the roll-out of its CSR roadmap.

For 2019, CO₂ emissions generated by the work commutes of employees in France totaled 20,446 tons of CO₂ equivalent⁽¹⁾, i.e. 1.18 tCO₂eq per employee, with significant regional differences.

Given the situation in 2020 (lockdown, working from home), it was not possible to measure CO₂ emissions associated with employee travel for this year. However, Fnac Darty is committed to continuously improving the quality of its data and plans to include all Group employees in these emission measurements.

Business travel

Business travel not only covers travel by plane or train (scope 3) but also travel using the fleet of Company and service vehicles (scopes 1 and 3). Due to the non-exhaustive nature of the data for the Group as a whole, CO₂ emissions have not yet been included in this scope. However, based on an extrapolation for the Fnac Belgium and Vanden Borre subsidiaries, emissions generated by the fleet's fuel consumption totaled approximately 1,948 t CO₂eq under scope 1 (down by 17.6% compared to 2019) and 503 t CO₂eq under scope 3 (-18% compared to 2019). This fall is due to the special circumstances in 2020, during which remote working was widespread, including for managers.

With regard to travel by plane and train, for the Fnac France and Darty France scope, emissions amounted to 327 tCO₂ in 2020, a 70% reduction compared to 2019. This sharp drop in emissions was caused by the travel ban due to the Covid-19 pandemic.

The launch of a “green IT” approach

In order to measure this growing source of emissions and take appropriate action, Fnac Darty launched a “green IT” approach at the end of 2020. A roadmap has been drawn up to map the network of equipment and servers, as well as the volumes of data produced and stored for the Group's activities. This work will lay the foundation for an action plan that targets the most polluting activities.

(1) Survey of 3,429 employees in October 2020 regarding their work commutes prior to the first lockdown. The data were then extrapolated to all Fnac Darty France employees.

2.5 / Ensuring exemplary business conduct

- Protecting the personal data of employees and customers
- Preventing the risks of corruption
- Implementing a Vigilance Plan
- Ensuring fiscal responsibility

Risks	Opportunities
<ul style="list-style-type: none"> ■ Lack of integrity of third parties ■ Serious violations of human rights, health and safety, and the environment ■ Non-compliance with the Group/Penalties ■ Damage to the Group's reputation 	<ul style="list-style-type: none"> ■ Sustainable commercial development ■ Involvement in improving the working conditions at suppliers ■ Strengthening collaboration with suppliers ■ Reputation improvement

Levers activated	2020 Actions	KPI and associated indicators
Protection of personal data	<ul style="list-style-type: none"> ■ Ensure compliance with regard to cookies and advertising tracking techniques 	<ul style="list-style-type: none"> ■ KPI: percentage of factory audits whose score is deemed to be compliant or average (Fnac Darty) ■ Level of demand for own-brand products ■ KPI: percentage of Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter
Anti-corruption procedures and controls	<ul style="list-style-type: none"> ■ Strengthen the warning system through the implementation of an outsourced solution ■ Integrate tests on compliance with the requirements of the French Sapin II law during audits and in self-assessment questionnaires 	
Implementation of a Vigilance Plan	<ul style="list-style-type: none"> ■ Involve European elected representatives in the update to the mapping of risks ■ Inform and support the subsidiaries (countries and Nature & Découvertes) in mapping their risks 	
Paying taxes in the countries in which the Group operates Refrain from using any optimization system or aggressive tax planning	<ul style="list-style-type: none"> ■ Prepare subsidiaries for the new rules under the e-Commerce Directive ■ Standardize the tax risk recognition process 	

With a growth strategy based primarily on the development of partnerships – franchises, resellers on the Marketplace, partnerships with other brands, sourcing that feeds the diversification strategy – Fnac Darty has strengthened its compliance policy.

This policy is based on processes and procedures overseen by the Internal Audit Department. Its quality and relevance for the changing business environment are also assessed by an Ethics Committee.

This committee ensures the ethical conduct of the Company's business, specifically in compliance with the Sapin II anti-corruption law, the French act establishing a duty of care by parent companies and major contractors, and the General Data Protection Regulation (GDPR). The Ethics Committee approves, evaluates and improves the ethical approach in place.

Respect, fairness and transparency are at the heart of the Group's day-to-day activity. The Group places particular importance on sustaining these values in its relationships with employees, suppliers, customers, partners and shareholders.



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Ensuring exemplary business conduct

The aim of Fnac Darty's Business Code of Conduct is to reaffirm the basic principles that should govern each person's behavior in their professional life, both individually and collectively. These principles are reaffirmed through respecting people, respecting Company property, respecting trade regulations, and through the Group's commitments to social and environmental responsibility.

Beyond regulatory aspects, Fnac Darty affirms its willingness to manage its tax compliance responsibly by vowing not to implement artificial tax arrangements.

2.5.1 / PROTECT THE PERSONAL DATA OF EMPLOYEES AND CUSTOMERS

With millions of visitors to its commercial websites each month and close to 10 million subscribers, personal data protection is at the heart of the challenges faced by Fnac Darty. The appropriate use of personal data is expected by an increasing number of customers who have acquired a greater awareness of the issues pertaining to their private life and who wish to have better control of their personal data, in particular with regard to tracking technologies.

Protecting their data involves ensuring that there is greater transparency in how the data collected by the brands are used and that the data are used legitimately, proportionately and securely. To gain the trust of our customers, which is essential for the Group, strong protection of customer data as well as that of employees is required. Fnac Darty therefore works to continually improve its practices for the protection of data within the Group.

In 2020, Fnac Darty had a team of three people in France dedicated to protecting personal data: a Group DPO (Data Protection Officer) appointed to the French Data Protection Authority (Commission Nationale de l'Informatique et des Libertés or "CNIL") and two people in charge of the protection of personal data. The subsidiaries (Belgium, Spain, Portugal, Switzerland, WeFix, and Nature & Découvertes) also have locally appointed DPOs or staff dedicated to compliance with regulations on personal data protection.

The issue of personal data protection was at the heart of the Covid-19 crisis. The implementation of Business Continuity Plans (BCPs) required an appropriate balance to be struck between the obligation to safeguard employees and only collecting the strictly necessary data. Remote working also necessitated a greater level of security for the information systems and the implementation of best practices.

The Group continued to work actively on improving its data protection practices, in accordance with the provisions of Regulation of April 27, 2016 (GDPR). The actions in the GDPR

program related to all areas of the Company and involved all stakeholders. The need to adapt to the new regulatory framework for cookies and advertising tracking techniques particularly mobilized the teams.

Fnac Darty also works to give its customers better control over the use of their personal data. To do this, the Group has launched a major project based on a "preference center" that will allow customers to manage in a granular way how their personal data are used – in addition to cookie management. The project is expected to be deployed at the end of 2021.

Particular attention has been paid to the issue of personal data in terms of after-sales service and returning products for repair.

Lastly, against a backdrop of an unprecedented global crisis, the Group continued to ensure compliance with its obligations, in particular:

- governance system for the protection of personal data: management committees and dedicated workshops;
- keeping a register of personal data processing operations;
- raising awareness and training the Group's employees: e-learning on data protection was part of the most validated internal training modules and GDPR officers were trained;
- internal processes and procedures documentation: improving processing documentation;
- information for data subjects;
- retention of personal data for limited periods of time;
- security of information systems for data processing;
- agreements with subcontractors and joint data processors.

2.5.2 / PREVENTING THE RISKS OF CORRUPTION

The Group is constantly vigilant and keen to take action under any circumstances to comply with its ethical commitments. The Business Code of Conduct and the Gifts and Benefits Charter document this commitment in detail and apply in all locations in which the Group operates. Fnac Darty ensures that all of its employees, Management Committees, Executive Committee and corporate officers share these commitments. These documents also form an integral part of the introductory handbook for new employees joining the Group. Finally, the Business Code of Conduct is appended to the contracts and agreements that formalize the Group's commercial relations with its partners.

2.5.2.1 / Key principles from the Business Code of Conduct related to preventing corruption

In order to prevent corruption and other behavior that undermines business integrity, the Group:

- is committed to a zero-tolerance approach to corruption and influence peddling within the Group and in its relationships with third parties;
- forbids political, trade union, cultural or charitable funding for the purposes of obtaining any direct or indirect benefits;
- ensures that charitable contributions, patronages or other sponsorship initiatives are governed by principles of integrity and made without any expectations of receiving anything in return whatsoever;
- is committed to ensuring that independence and integrity concerning various gifts or enticements from third parties are inviolable principles accepted by everyone. To this end, the Group's Gifts and Benefits Charter outlines the applicable rules;
- prohibits the remittance of any facilitating payments, regardless of whether or not these are permitted under local law;
- asks its employees to pay special attention to any transactions they feel are suspicious and may pertain to money laundering;
- is vigilant regarding conflicts of interest that may arise from situations where personal interests and the interests of the Company are at odds. To this end, the Prevention of Conflicts of Interest Charter, implemented in 2021, helps employees to more easily position themselves to deal with situations they may encounter;

- is committed, in the acquisition of interests that may be necessary as part of its strategic development, to analyzing the integrity of the target entities with regard to the legal environment, in addition to the economic and financial assessments carried out;
- sets out the various procedures to be followed in cases where there is reasonable doubt regarding unethical acts or activities.

2.5.2.2 / Involvement of the entire Group in preventing corruption

In accordance with the Sapin II Law promulgated in December 2016, which came into effect in June 2017, the Group has progressively developed an anti-corruption system that is at the heart of all governance activities and that is circulated to all employees:

- the Chief Executive Officer of Fnac Darty, who reports to his Executive Committee on oversight actions and obligations;
- the General Secretary in charge of HR, CSR and Governance, through the Ethics Committee leadership, the dissemination of internal communications relating to commitments in the fight against corruption, and the development of dedicated training;
- the Group Director of Internal Audit, through managing the implementation of anti-corruption measures in France and abroad;
- the Country Management Committees, which ensure the successful roll-out of the anti-corruption system;
- The Leadership Group members, who ensure that they themselves and their employees uphold these principles, and who all have to complete an e-learning training course;
- the employees, who are encouraged to inform their managers or the ethics officers named in the Business Code of Conduct of any sensitive situations in line with the principles set out above.

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Ensuring exemplary business conduct

2.5.2.3 / A continuously improving roadmap for a robust corruption prevention plan

Risk assessment

Specific mapping for the risk of corruption has been put in place and is reviewed annually at the meeting of the Ethics Committee.

Any action taken is led and regularly measured at meetings of the Internal Audit Committee. It is also shared and discussed with the Group Audit Committee.

Warning procedure

The warning system has been completely redesigned, with the implementation of an outsourced solution (see also section 2.5.3.2). The warning system's governance has been redefined as part of this implementation to better meet legal and regulatory obligations.

This new warning system, versions available in six languages, has been incorporated into the Group's Business Code of Conduct and is also accessible to third parties via a link to the platform from the Group's website.

Fnac Darty ensures that a constant flow of information is established for all its employees.

This warning procedure meets the requirements of the Sapin II Law and the duty of care. The system provides employees with four different alert options:

- any professional misconduct, illegal conduct whether that is of an accounting or financial nature, or relates to corruption or a breach of competition law;
- an alert regarding health, hygiene and safety, discrimination or harassment at your place of work;
- a report regarding environmental protection;
- an alert regarding health, hygiene and safety, human rights or environmental protection concerning a partner or supplier.

Raising employees' awareness of the risk of corruption

An e-learning module has been developed (and translated for the other countries in the Group) and the Group ensures that all managers have had this training. An update will be made in 2021 and will include more examples on situations of conflict of interest, as well as the Group's new alert system.

It was decided in 2020 to make training mandatory for all senior employees.

In addition, a note presenting the Group's policy on conflicts of interest was drafted in 2020. The note aims to help those employees potentially at risk to avoid any situation of conflict of interest.

Finally, a questionnaire on conflicts of interest was also created in 2020. An individual questionnaire will be sent annually to those employees potentially at risk. The questionnaire will be used to monitor declarations by employees that they have no conflicts of interest.

The Group's Business Code of Conduct is updated annually at the Ethics Committee meeting.

Checks carried out

The internal audit teams have enhanced their tools for assessing compliance with Group rules on corruption risks. Any recommendations made as a result of internal audits are highlighted specifically when they relate to the risk of corruption.

An annual evaluation is conducted on the basis of the online questionnaire from the AFA.

Furthermore, the self-assessment questionnaire specific to corruption risk was enhanced in 2020 (based on the AFA questionnaire) and the audit assignments carried out in 2020 included tests on compliance with the requirements of the Sapin II law.

The Group is committed to maintaining strict oversight of its leading third parties through a permanent monitoring system set up in 2020.

Internal control committees provide an overview of compliance with the Sapin II law.

2.5.3 / IMPLEMENTING A VIGILANCE PLAN

Fnac Darty's Vigilance Plan meets the requirements of the French law of March 27, 2017 on the duty of care of parent companies and initiating companies.

The 2020 plan covers the five points of the law:

- risk mapping: see 2.5.3.1;
- assessment procedures: see 2.5.3.1;
- warning mechanism: see 2.5.3.2;
- prevention and mitigation measures: see 2.5.3.3;
- assessment mechanisms: 2.5.3.1 and 2.5.3.2.

The report on the effective implementation of the plan and the 2020 results are presented in this document, under each area of risk deemed to be a priority in terms of the level of risk identified.

2.5.3.1 / Risk mapping and assessment procedures

Working with the Internal Audit Department, in 2018 the CSR Department organized a consultation with internal stakeholders in order to develop its risk mapping. This work involved several departments (Sourcing, Purchasing, Human Resources, Operations, Franchises, Marketplace, Sales).

In the spirit of continuous improvement, the mapping is subject to regular review by the aforementioned departments and by the CSR and Internal Audit Departments. These reviews are based on changes in the Group's environment (acquisitions, new markets, significant growth in a business area, etc.) and the reports and recommendations of NGOs and other external stakeholders (Sherpa, EDH, etc.).

These consultations are used to identify the risks of serious infringements of human rights, health/safety and the environment in relation to each of the Group's businesses and those of its subsidiaries, suppliers and subcontractors with which the Group's various companies have an "established commercial relationship".

The risks identified are then assessed according to the methodology used by the Internal Audit Department in its risk management of the Group. These risks are weighted according to their level of occurrence and impact and then with respect to the mitigation or prevention policies in place:

- the impact is assessed according to several criteria, such as the systematic or repeated nature of the threat, or even its reversibility, on the working conditions and health/safety of employees, service providers and/or consumers;

- the probability is assessed in relation to the country where the entity operates (on the basis of several indicators including the human development index), in relation to the foreseeable nature of the threat and according to the number of threats recorded within the organization or sector;
- control of impact is assessed according to the level of risk identification and assessment, the control of the activities implemented and its compliance, the inclusion of risk in the audit and sourcing work program, and finally its integration into the training courses.

Risk mapping is reviewed by the Ethics Committee, and the risks and the assessment of those risks are updated with the relevant managers (at least once a year, more so for the most significant risks).

In 2020, Fnac Darty wanted to involve trade union representatives in this assessment system and mitigation development. An ad hoc working group was established (one staff representative per subsidiary), which now meets twice a year to discuss the contents of the Plan, in particular policies and actions for prevention.

Following the various mapping reviews conducted in 2020, 35 risks were identified and assessed (three more than in 2019). Several risks have been added, including a specific risk for the occurrence of a global pandemic.

In 2020, the risks of serious infringements⁽¹⁾ of human rights and fundamental freedoms, health and safety, and the environment are linked to the following activities:

- the sourcing of own-brand products in Asia (see main risks in 2.5.3.3.1);
- Marketplace activity (see main risks in 2.5.3.3.2);
- logistics, after-sales and delivery (see main risks in 2.5.3.3.3).

In coordination with the CSR Department, the Internal Audit Office includes, in its audit duties, checks on the effectiveness of the mitigation actions developed to respond to risks associated with the duty of care; in addition, the internal audit self-assessment questionnaire intended for senior managers and managers was updated in 2020 to include questions relating to the Company's duty of care.

(1) Fnac Darty considers that a risk is significant if the net risk is equal to or greater than 2/4.

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As of December 31, 2020, the Group's Vigilance Plan covers France (internal activities and level 1 suppliers/subcontractors) and the sourcing of own-brand products (plants of level 1 suppliers), which are distributed by all countries where Fnac Darty operates.

In order to extend this scope, work on risk mapping specific to Group subsidiaries – Fnac Espagne, Fnac Suisse, Fnac Portugal, Fnac Belgium, Vanden Borre and Nature & Découvertes – was initiated in the fourth quarter of 2020 and will continue in 2021. The officers appointed in each subsidiary will work in coordination with the CSR officers and the main departments connected to the identified risks.

2.5.3.2 / A warning mechanism strengthened in 2020

Wanting to improve the existing system, in 2020 Fnac Darty introduced an outsourced platform for monitoring ethics and compliance to complement the usual channels of communication (managerial, HR representatives, employee representatives) and to cover both the alert systems required by the applicable regulations (Sapin II, duty of care, etc.) as well as the non-mandatory systems which the Group has set up on its own initiative to stop behavior which is incompatible with the charters and internal regulations of Fnac Darty.

This mechanism has been rolled out to all subsidiaries in France and in the countries, in French, English, Spanish, Portuguese, Dutch and Mandarin Chinese. The link to the platform is also accessible to third parties: the reporting system is included in the Business Code of Conduct, which systematically binds the Group to its employees, partners and suppliers; it is also available to employees on the Group's intranet and to everyone on the Group's corporate site.

Managed by a separate company who is a leader in its field, this reporting platform, at report.whistleb.com/fr/portal/fnacdartygroupe, enables employees and external stakeholders to give a warning – in a confidential and secure manner – about:

- any professional misconduct, illegal conduct whether that is of an accounting or financial nature, or relates to corruption or a breach of competition law;
- an alert regarding health, hygiene and safety, discrimination or harassment at your place of work;
- a report regarding environmental protection;
- an alert regarding health, hygiene and safety, human rights or environmental protection concerning a partner or supplier.

The reporting process and all exchanges which take place within the context of a warning are strictly confidential and are carried out via secure, encrypted channels. It is also possible to make a report anonymously.

These reports are sent immediately and exclusively to the authorized members of the Ethics Committee (the Security Director and the Director of Internal Audit), who decide on the action to be taken and ensure that cases are monitored in accordance with the applicable regulations and the Group's ethical rules.

These recipients:

- analyze the admissibility (if necessary they may call on an Ethics Committee) and acknowledge receipt of the warning (within 10 working days);
- may close the case without follow-up if the warning does not comply with the provisions for warnings or has arisen out of malice;
- ensure the compliance of investigations and directly manage the most sensitive cases;
- may assign files to managers able to process and monitor the handling of such cases;
- ensure that all communication happens via the platform in order to ensure case confidentiality.

In early 2021, the Group communicated broadly to its employees about the launch of this new system. The Group will ensure that permanent and accessible communication is established through internal communication.

Representative trade union organizations have been informed about the operation of the system and the communication campaign and it was discussed with them. They will be included once a year in an assessment of the use of the mechanism.

2.5.3.3 / Preventative actions, checks conducted and main results

Fnac Darty relies on strong ethical principles and standards in the conduct of its activities. These are listed and detailed in its Business Code of Conduct. This shared basis governs the relationship between the Group and its subsidiaries, its subcontractors, partners and suppliers. It annexed to the contracts and agreements that formalize the Group's business relationships with its partners, and it forms an integral part of the welcome booklet for new Group employees.

In particular, the Group refers to the Universal Declaration of Human Rights and the core conventions of the International Labor Organization. Subsidiaries and partners are required to comply with the applicable local legislation and the minimum common basis contained in the Business Code of Conduct.

2.5.3.3.1 / Mitigation of risks associated with sourcing from Asia

In order to offer its customers an economical alternative to major brand products, Fnac Darty sells products under its own retail brands. These products are supplied directly from the manufacturers, a majority of which are located in China.

Key figures relating to “own-brand product sourcing” in 2020 (scope of Fnac Darty, excluding Nature & Découvertes):

- €143 million of purchases sourced from Asia and Europe, representing 2% of total purchases;
- 90 people including 60 in China;
- 11 own brands, 7 brands under license, approximately 1,500 products;
- 130 suppliers, 192 active plants;
- 97 plants audited in 2020, including 19 undeclared audits.

Risks identified

The production of electrical and electronic equipment, and the countries where the plants that manufacture them are located (China), pose risks to:

- fundamental freedoms and human rights (freedom of association, working time, compensation, forced labor, child labor, discrimination);
- the health and safety of the employees of these plants (in the event of non-compliance of individual facilities and protective equipment);
- the health and safety of the end users of these products (in the event of non-compliance of products manufactured to European standards);
- the environment (in the event of poor environmental practices in the plants).

Risk prevention and mitigation policy

The Group has established strict rules and stringent control procedures with its suppliers in order to guarantee the safety and satisfaction of its customers during use of these products, and compliance with all applicable regulations. During testing, the products are checked in accordance with the highest standards; therefore, if French guidelines prove to be stricter than European ones, the French standards are used as the benchmark.

Moreover, the Group ensures that the suppliers selected and the associated plants respect the rights of employees and the environmental standards in force. In this regard, the Sourcing Department has integrated CSR criteria into its processes and into the documents that frame the supplier relationship, and it conducts regular audits.

The “Group Vendor Manual”

The Group Vendor Manual defines the relationship between Fnac Darty and its suppliers, and includes the Business Code of Conduct. The document provides a framework for supplier relations; it sets out the standards and procedures that each party agrees to follow. In particular, it requires the supplier to provide evidence of compliance with European regulations (or local regulations if the national laws of the countries in which the products are to be distributed differ): an EC declaration of conformity, a material safety data sheet for products containing substances covered by the REACH regulations, information on products covered by the CHIP regulation and, since 2020, information on the availability of spare parts and product repair manuals, in compliance with the European Directive on the ecodesign of products.

The Vendor Manual also includes a chapter on the social and environmental standards to which suppliers are required to comply – and which includes 11 critical failure points, including six relating to human rights, fundamental freedoms and health & safety. For example, there is zero tolerance for the use of forced labor (in any form whatsoever), physical or verbal abuse, blocked emergency evacuation routes, or the absence of separation between sleeping areas and the production site.

Compliance with these standards is monitored through audits.

Audits

To ensure compliance with Group standards, Fnac Darty’s Statutory Auditors carry out announced and semi-or unannounced audits; the audit schedule and results for each plant are monitored through a centralized database. These audits have two components:

- quality assurance and control;
- corporate social responsibility.

This second component brings together several aspects of control:

- human rights and employment law;
- health and safety;
- ethics;
- the environment.

A preliminary audit is carried out for all these elements prior to entering into any contract with a new plant. If this identifies any major deficiencies, no orders will be placed. If it identifies areas for improvement, the plant is required to take corrective action before production will be initiated. Follow-up audits are scheduled to ensure the supplier is compliant before the start of production.

Active plants are then audited every two years; this period may be shortened if any breach of quality or social and environmental standards is suspected. The procedures associated with the outcome of these audits are the same as for the advance audits.

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Ensuring exemplary business conduct

Procedures associated with audit results:

Audit result	Associated procedure	Control
>85% = full compliance	None	Audit every two years
70% to 85% = average compliance	Requirement to take corrective action	Follow-up audit
60% to 70% = non-compliance	Cessation of production with the requirement to take corrective action before production recommences	Follow-up audit before any launch of production or before production recommences
<60% = serious non-compliance	Cessation of production and termination of supplier relationship	
Not compliant with one of the critical failure points	Cessation of production with the requirement to take corrective action before production recommences	Follow-up audit before any launch of production or before production recommences

Fnac Darty relies on a team of 13 people based in China to carry out these audits. These auditors are themselves subject to regular checks.

The Fnac Darty teams help the suppliers to prepare corrective action plans.

Due diligence in Nature & Découvertes: Nature & Découvertes has always been vigilant of its suppliers and ask them to follow a Quality Charter that requires them to act responsibly. The Company promotes long-term sustainable partnerships to help it progress its approach of continuous improvement. Likewise, the Company favors relationships with small businesses in order to encourage local craftsmanship wherever possible.

Every year, social and environmental audits are conducted by an external service provider based in Hong Kong. The two entities share the same audit vision, focused on supporting suppliers.

Actions/measures taken in 2020

- In order to improve the understanding of the audit grid by controllers and suppliers, the critical failure points were strengthened. As such, non-compliance on one of these points now automatically results in the non-compliance of the entire audit, without any manual intervention by the controller.

- The framework contract with the production plants (Vendor Manual) has been updated with additions to the supplier's responsibility in the event of a maximum breakdown rate threshold being exceeded, on its commitment to comply with European standards and on new procedures for pre-compliance tests. In order to avoid any misinterpretation of this document and to ensure that suppliers adhere to these rules and principles, the Vendor Manual has been translated into Chinese.
- Following several warnings from think-tanks and NGOs regarding human rights violations, particularly forced labor, targeting the ethnic Uighur minority in Xinjiang province, the Group cross-referenced its register of active factories with the factories noted in the report from the Australian Strategic Policy Institute (March 2020), in order to ensure that no plant participated in the transfer of forced labor. A letter with proof of receipt has been sent to all Fnac Darty suppliers reminding them of the Group's social principles and standards.

2020 Results

In 2020, 97 of the 192 plants that manufacture the Group's own-brand products were audited. Seven plants had their production stopped following unsatisfactory audits; all have implemented the necessary corrective actions and have been able to start or resume production.

Of the 28 advance audits, one plant was not able to conduct the required corrective actions (environmental aspect of the audit) and was therefore not listed by Fnac Darty.

	2018	2019	2020
KPI: Proportion of plants whose audit result is deemed to be average or compliant^(a)	not applicable	98%	99%

(a) After corrective action.

As part of an internal control, 31 additional audits were carried out to ensure the quality of the audits carried out by Fnac Darty controllers.

Health and Safety

All mechanisms put in place to ensure the quality of a product, and the health and safety of its user, result in particularly high-quality own-brand products, as the following indicators show:

	2018	2019	2020
Level of demand ^(a) for branded products	3.15%	2.93%	2.63%
Level of demand for own-brand products and products under license	3.09%	2.87%	2.78%

(a) Demand: all repairs and post-sale exchanges.

Risk mapping in progress at Nature & Découvertes: in order to incorporate the subsidiary into the Group’s Vigilance Plan, the Nature & Découvertes teams initiated work in 2020 on mapping their risks specifically in regard to the sourcing of own-brand products. This mapping will identify the least well-controlled risks so that action plans can be created to prevent them. In addition, the teams of the two companies have begun to standardize certain control processes for suppliers and plants which produce products for Nature & Découvertes.

At the same time, Nature & Découvertes continues to rely on a Responsible Purchasing Charter for its suppliers. This refers to the conventions of the International Labor Organization and describes the principles and standards with which suppliers undertake to comply. Of the 559 active suppliers in 2020, 270 were signatories to the Charter at the end of 2020. These suppliers accounted for more than 66% of purchases of Nature & Découvertes own-brand products.

	2020
KPI: Share of Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter	48%

Priority areas for 2021

- Finalization and implementation of the action plan to apply Fnac Darty’s processes to the monitoring of plants producing for Nature & Découvertes.
- Strengthening of control procedures for plants located in Europe and Turkey.
- Training of teams in charge of auditing ethical rules (initially scheduled for 2020 and postponed due to the public health situation).

2.5.3.3.2 / Mitigation of risks associated with the Marketplace

The Marketplace was created to ensure greater availability of products and expand the product range. Therefore, new product categories have been added to the Group’s classic catalog: toys and games since 2009, then sport, gardening, DIY and, most recently, home furnishings, which includes furniture and bedding.

2020 key figures:

- more than 4,000 sellers on the Fnac Darty Marketplace;
- 30 million active items.

Risks identified

Due to the countries that manufacture the goods marketed on the Marketplace (mainly located in Asia), and because of extremely high growth, market place activity poses risks to:

- fundamental freedoms and human rights (working time, compensation, freedom of association, forced labor, child labor);
- the health and safety of employees in producing plants (in the event of non-conformity of facilities and personal protective equipment);
- the health and safety of consumers (in the event of non-compliance of the manufactured products with European standards and a lack of control on their performance and conditions of use);
- the environment (in the event of mismanagement of unsold items and poor environmental practices in the plants, and due to the environmental impact of international transportation).



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Risk prevention and mitigation policy

Due diligence

Any new vendor is subject to an audit, carried out by an independent body, that looks at two areas: regulations issued by the French Prudential Supervision and Resolution Authority (Autorité de contrôle prudentiel et de résolution or "ACPR") and banking compliance. Validation of the vendor's file is required before contracts will be placed.

Partner vendors undertake to comply with the Marketplace's General Terms and Conditions of Use, acceptance of which includes compliance with the Group's Business Code of Conduct.

User security

Performance indicators relating to quality and compliance with the GTCU are monitored by the managers of the Marketplace: there is a test procedure in place, in the event of non-compliance with the General Terms and Conditions of Use, which includes notification of testing, verification, and, if the problem persists, notification of termination of the relationship.

Action plans undertaken in 2019-2020

In 2019, the Group's compliance with ACPR was completed and it incorporated the Business Code of Conduct into the General Terms and Conditions of Sale.

In addition, Fnac Darty has significantly tightened its control procedures for salespeople in 2020.

2020 Results

The due diligence measures put in place by the Group make it one of the most robust Marketplaces.

Post-clearance monitoring procedures (on the rate of complaints in particular) have resulted in the Group launching approximately 1,054 tests (compared with 500 in 2019) and removing 379 vendors from the approved list in 2020.

Priority areas for 2021

Fnac Darty is continuing its projects in 2021 to make the Marketplace ever more qualitative, based on the strengths and strategy of the Group: transparency, advice, sustainability.

2.5.3.3.3 / Risk mitigation associated with logistics, after-sales and delivery

At the heart of the Fnac Darty model, the logistics, delivery and after-sales operations have been identified as the most exposed to health and safety risks. These businesses are by nature accident-prone, and these risks are more likely to occur in the event of a breach of the principles of risk precaution and prevention (procedures, training, control). The most significant risks identified are:

- road traffic accidents;
- miscellaneous accidents and musculoskeletal disorders related to handling activities (carrying loads, repeated movements, vehicle-pedestrian collisions, etc.);
- accidents related to the installation or handling of electrical and electronic equipment (risks caused by lithium batteries and gas or electricity installations).

These risks, the associated mitigation policies and the results of these policies are described in the social portion of this chapter, in paragraph 2.1.3.

2020 Results

It should be noted that while the frequency rate of accidents with stoppage time increased over the consolidated scope, the Fnac Logistics entity, which includes the Group's main warehouses, saw its rate decrease by 5%, despite the increase in activity due to the situation in 2020: it was 25.68% in 2020 compared to 27.07% in 2019. Similarly, the accident severity rate for Fnac warehouses was down 16%: 1.51% in 2020 compared with 1.79% in 2019.

	France (Fnac and Darty)			Group		
	2018	2019	2020	2018	2019	2020
<i>Scope: Group, excluding Nature & Découvertes</i>						
KPI: Frequency rate of workplace accidents with stoppage time ^(a)	32.03	32.30	35.30	25.39	27.48	30.08
KPI: Severity of accidents at work ^(a)	1.92	1.82	2.18	1.41	1.46	1.74

(a) Fixed-term + open-ended contract workers, excluding Nature & Découvertes, whose entry values for calculating these indicators differ from those of Fnac Darty.

Priority areas for 2021

Fnac Darty aims to reduce the risk of workplace accidents through the action plan dedicated to strengthening and monitoring mandatory training (regulatory or deemed essential for the proper conduct of the Group's operations), supervised by the Ethics Committee and the Fnac Darty Academy. Gas and electricity certification, as well as four training courses on road safety are some of the training courses which are mandatory (or where

the obtaining or renewal is being better monitored in the case of regulatory training).

An action plan for the inherent risk in handling lithium batteries, which is adapted to the various ways of managing risk and the various processes depending on the site will be deployed. It will apply as much to buildings (isolated storage areas) as storage (appropriate containers) and raising risk awareness among the teams.

2.5.4 / ADOPTING A RESPONSIBLE TAX POLICY

2.5.4.1 / Worldwide presence of Group

In 2020, the Group was composed of 51 legal entities, 33 of which are located in France. Of these French entities, 28 entities are members of a tax consolidated group within the meaning of Article 223 A of the French CGI (French Tax Code) in 2020. Other French entities do not meet the legal conditions for being part of the tax consolidation.

Other than the United Kingdom, which has a scheme similar to the tax consolidation scheme, which the Group's English subsidiaries have chosen, the Group's entities established outside France are not members of an equivalent scheme.

In France, the Group has numerous entities for the following reasons:

- Fnac stores are grouped together in entities by geographical region (for example, Fnac Paris for the Paris stores, Codirep for stores in the Paris region) or by type of store (Fnac Périphérie groups together smaller stores located on the outskirts of towns);
- Darty stores are also grouped together by large geographical region (Île-de-France for Établissements Darty et Fils, the west of France for Darty Grand Ouest and the east of France for Darty Grand Est);
- some activities require dedicated entities: after-sales service operations (managed by MSS), home training that requires an enhancement (A2I) and ticketing activities;

- purchases of companies do not necessarily entail a merger as the banners are different (Nature & Découvertes, WeFix, Fnac, Darty).

In other countries, the number of entities is smaller and each entity brings together the stores of a banner. For example, there is only one banner in Spain, and therefore only one company: Fnac Spain.

In Luxembourg, there are two companies that each operate a store: one under the Nature & Découvertes banner and the other under the Fnac banner. The Group's presence in Monaco has just one store.

With the exception of the United Kingdom, China and Hong Kong, the Group's presence in a country is maintained through the operation of a store under one of the Group's banners. The presence in the UK is linked to the history of the Darty Group, which was listed in the United Kingdom until its buyback in 2016. Accordingly, there are still two holding companies in the United Kingdom, one of which will soon be dissolved because it's inactive, and the other, Darty Limited, formerly the parent company of Darty Group, only exists to finance the retirement fund for Comet employees, who were part of the same group, and for whom Darty Limited took over the obligations. The Group's presence in Hong Kong and China relates to Darty's manufacturing of small domestic appliances for its own brands such as Proline or for brands licensed by third parties. This manufacturing requires a local team responsible for quality control in the subcontractors' manufacturing plants as well as a team responsible for product specifications.

2

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2.5.4.2 / Key figures

2.5.4.2.1 / Distribution consistent with business activity

Fnac Darty is committed to paying taxes and contributions in each country where it operates and does not participate in any tax avoidance schemes. Through its subsidiaries, Fnac Darty has

a presence in 11 countries. The Group has operating companies that run the stores and whose tax expense is consistent with and proportional to their contribution to the Group's earnings, which illustrates a principle of tax compliance rather than value creation. As the weight of the business activities conducted in France is particularly large for the Group, this is where the tax expense is highest. The Group's head office, purchasing and cash management activities are focused in France.

(€ thousand)	Corporation tax and corporate value-added tax (CVAE) ^(a)	Local taxes ^(b)	Other taxes ^(c)	Total
France	70,956	31,270	8,760	110,986
Spain	Deficit in 2020	516	548	1,064
Portugal	1,534	-	-	1,534
Belgium	6,289	1,747	-	8,036
Luxembourg	23	49	-	72
Monaco	Deficit in 2020	-	-	-
Germany	Deficit in 2020	-	-	-
Switzerland	158	-	52	210
United Kingdom	Deficit in 2020	-	-	-
China	7	-	-	7
Hong Kong	2	-	-	2
TOTAL	78,969	33,583	9,360	121,911

(a) Excluding deferred taxes and exceptional expenses for corporate income tax (CIT) related to tax audits.

(b) In France, this includes: property tax, CFE, tax on offices in Île-de-France, tax on commercial premises and tax on brands.

(c) Mutual aid social security contribution (contribution sociale de solidarité) and company vehicle tax.

2.5.4.2.2 / Streamlining of the effective tax rate

The effective tax rate for the Group is 40.27% for the 2020 financial year. The impact of the corporate value-added tax (CVAE) is 9.54% (included in the corporate tax in the Group's financial statements). Restated for the corporate value-added tax (CVAE), the Group's tax rate is in line with the Group's corporate income tax rate (CIT), given the country mix, i.e. around 30%.

It should be noted that the gradual reduction in the corporate tax rate in France has an impact on the effective tax rate since deferred taxes are recalculated at a lower rate than those of the previous year; this year this will impact favorably on the calculation of the tax rate.

2.5.4.2.3 / An important source of income for French local authorities

Fnac Darty has a particularly dense geographical coverage in France. The Group's stores and e-commerce sites generate a total of €50 million in local taxes.

These local taxes consist of property tax, tax on offices in Île-de-France, the Corporate Real Estate Tax, tax on commercial premises, tax on brands, which is a total of €30 million, and the corporate value-added tax (CVAE), which is €20 million. These taxes directly benefit French local authorities, enabling them to finance their activities.

The Group is therefore heavily involved in financing local authorities in which it operates numerous stores, offering an unparalleled geographical coverage for a specialized retail group.

2.5.4.3 / Tax policy

The tax policy of Fnac Darty aims to:

- make the tax costs associated with the operation of the Group's brands foreseeable;
- reduce its exposure to tax risks;
- preserve its reputation and image.

These objectives are consistent with several of the Group's CSR commitments, such as promoting the economic and cultural development of regions and ensuring the exemplary conduct of its business.

By paying taxes in the States and local authorities where it creates value, Fnac Darty contributes to the quality of life and improvement of public infrastructures for its customers.

2.5.4.3.1 / Tax risk management

Governance

The Group's Tax Department is made up of experienced employees. It also relies on the tax expertise of the heads of accounting who manage the tax reporting obligations. They are assisted by external tax advisers as necessary, in particular to clarify complex points of law.

In addition, each department in the Group has an obligation for internal control. When this department finds a tax risk, it must notify the Group Tax Department.

The Group Tax Department advises and assists the operational departments and subsidiaries specifically on the following:

- regulatory tax oversight and help with implementing new tax rules. For example, the Tax Department prepared the Group's subsidiaries in 2020 for the new rules of the E-commerce Directive that will apply on July 1, 2021;
- tax control assistance;
- drafting of tax documentation such as transfer pricing documentation;
- helping subsidiaries on the tax aspect of operational projects;
- the tax audit of companies within the Group's scope, and tax audits on ad hoc matters.

Acceptable tax risks

The Group does not use any optimization system or aggressive tax planning.

For each transaction, the Group assesses the tax risks relating to a specific tax position.

Fnac Darty ensures that all its entities comply with the tax regulations applicable to it.

DAC 6

The "DAC 6" Directive requires financial intermediaries, and in some cases taxpayers themselves, to declare to the tax authorities any potentially aggressive international tax operations they have, if at least one "hallmark" covered by the Directive exists.

The Group does not have an aggressive tax planning scheme and believes that it is not required to file the statement provided under DAC 6.

IFRIC 23

IFRIC 23 – Uncertainty over Income Tax Treatments clarifies the application of the provisions of IAS 12 "Income Taxes" relating to recognition and evaluation when there is uncertainty regarding the treatment of income tax.

To this end, the IFRIC 23 interpretation sets out a single uniform method for recognizing tax risks.

During the first half of 2019, the Group standardized its tax risk recognition process, implementing standardized procedures for communication between the subsidiaries of all tax jurisdictions and the Group's Tax Department. Under the new process, if an uncertain tax position is likely not to be accepted by the tax authorities, this situation is reflected in the financial statements in tax payable or deferred taxes. As of December 31, 2020, uncertain tax positions were assessed in accordance with the new standards and, at the end of this assessment, no new risks were detected.

Transfer prices

Fnac Darty applies the arm's length principle to transfer prices. Transfer prices are not, under any circumstances, a tax planning tool (the transfer of profits to a country with a lower tax rate than another, optimization of losses).

In particular, the Group's entities outside France are free to purchase goods from the purchasing department located in France. The operational demands of each entity dictate whether or not they make use of this.

In order to set its transfer prices, the Group tries to find the most conventional method that complies with OECD principles, while maintaining simple guidelines and methods for the calculation.

The Group's transfer prices consist primarily of the re-invoicing of head office expenses, the invoicing of interest by the centralized cash company, and the sale of goods by the purchasing center located in France to French or foreign subsidiaries. Transfer prices are regularly audited by the tax inspectors during their tax audits.

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2.5.4.3.2 / Relations with the tax authorities

Fnac Darty works in a transparent way with the tax authorities in the various countries in which it operates.

Tax controls

The Group is fully aware that the maintenance of high-quality public services, from which it benefits, depends on the verification by the tax authorities that the tax payable and paid by the Group has been calculated properly.

Fnac Darty is subject to regular tax audits. In France, several Group companies are continually under a tax audit. As such, in 2020, seven companies in France were in the process of account verification and two tax audits are still in progress in Belgium.

As tax law is sometimes subject to interpretation and uncertain positions, the Group does not hesitate to call on the tax authorities to request a ruling or a tax position. For example, in 2020, three requests for rulings were sent to the French tax authorities. Despite these procedures, it is still possible that tax audits will expose undetected tax risks or that disagreements may arise with the tax authorities over a difference in the interpretation of local or international tax regulations, or over the assessment of a factual situation.

However, the Group only has a limited number of tax disputes in progress before the courts.

These limited and technical issues show that the Group has few disputes with the tax authorities.

Fnac Darty procedures for the tax authorities with regard to third parties

The Group also receives numerous right-to-information requests concerning other taxpayers, particularly as part of a verification process that sellers operating through a platform are complying with their VAT obligations. The departments concerned process these requests quickly, in coordination with the Tax Department.

In accordance with the law, Fnac Darty files declarations which facilitate the monitoring by the tax authorities: salary declarations, declaration of fees, declaration of income from platform sellers.

Other relationships with the tax authorities

The Group is a member of various professional bodies which promote retailers' opinions. It expresses its individual opinion at meetings or public consultations.

Fnac Darty has made no request to the tax authorities of any country to obtain any tax advantage in regard to the taxation of its profits.

2.6 / Summary of published indicators and KPI

Consistency table for Fnac Darty indicators and risks/commitments

The figures shown are in the current scope. Unless otherwise specified, the scope is the Group.

Indicators	2019	2020	Page
Risks: The development of business lines in a context of digital acceleration			
Commitment 1: develop human capital <ul style="list-style-type: none"> ■ Develop skills and employability ■ Promote gender equality and quality of life in the workplace ■ Guarantee employee health and safety 			
EMPLOYEES AND ORGANIZATION OF WORK			
Workforce (open-ended and fixed-term contracts)	24,046	24,886	
Proportion of open-ended contracts	88.3%	89.3%	
Proportion of temporary workers (from fixed-term contract + open-ended contract + temporary employees)	11.8%	12.5%	
Average seniority of employees on open-ended contracts (<i>number of years</i>)	12.8	12.5	
Proportion of full-time workers (from employees on open-ended contracts)	81.9%	82.9%	
Proportion of managers (from employees on open-ended contracts)	22.6%	23.7%	
TRAINING			p. 60
Proportion of employees trained via classroom programs	66.0%	37.4%	
Average number of training hours per employee trained via classroom programs	15.3	13.7	
Proportion of employees trained via classroom programs or remotely	82.9%	75.8%	
KPI: Number of training hours (across all formats) per employee trained via classroom programs or remotely	14.2	9.1	
KPI: share of payroll allocated to training	2.52%	2.78%	
ABSENTEEISM			p. 63
KPI: absenteeism due to sickness	4.61%	5.17%	
Overall absenteeism	6.46%	7.01%	
HEALTH AND SAFETY			p. 67
KPI: frequency rate of workplace accidents with stoppage time (excluding Nature & Découvertes)	27.48	30.08	
KPI: severity of workplace accidents with stoppage time (excluding Nature & Découvertes)	1.46	1.74	
Number of employees trained in safety	6,000	4,985	
Total number of hours of safety training	31,514	18,618	
Number of accidents caused by an employee (fully responsible)/ fleet of vehicles owned by Fnac Darty (Fnac France and Darty France scope)	14.2	8.7	

2 NON-FINANCIAL PERFORMANCE DECLARATION

Summary of published indicators and KPI

Indicators	2019	2020	Page
GENDER EQUALITY			
KPI: percentage of women in Leadership Group roles	24.3%	24.3%	p. 62
KPI: Proportion of women granted at least one individual raise during the year	33.2% (29.7% for men)	22.9% (23.5% for men)	
Gender equality index (consolidated)	90	90	
Percentage of women in the total workforce	39.0%	39.6%	
Percentage of manager-level women in the workforce	35.7%	37.0%	
Percentage of female store managers	13.6%	18.2%	
Percentage of women on the Board of Directors	50%	43%	
Percentage of women on the Executive Committee	33.3%	33.3%	
Proportion of employees with disabilities in the total workforce	4.4%	4.1%	p. 63
Percentage of people with disabilities newly recruited under open-ended contracts	1.1%	0.7%	
NPS employees (recommendation score out of 10)	7	7.5	p. 64

Risks:

Sustainability of the business model and new consumption patterns

Commitment 2: promote sustainable consumption and an educated choice

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

Commitment 3: contribute to the social and cultural development of territories

- Provide access to culture to as many people as possible
- Increase the positive impact on the territories

Indicators	2019	2020	Page
Sustainability score (Darty France scope)	100	105	p. 71
KPI: share of products certified as “sustainable choice” in the revenue of eligible categories (Darty France scope)		9%	p. 71
KPI: percentage of products with an environmental certification in the offer (Nature & Découvertes scope)		11%	p. 73
KPI: share of revenue generated by products with a positive impact (Nature & Découvertes scope)		76.4%	p. 73
Number of products repaired in workshops, at home, in-store, in call centers, by WeFix (<i>in millions</i>)	1.8	1.7	p. 73
Number of WeFix repair points	96	118	p. 74
KPI: volumes of packaging (cardboard and plastic) consumed (<i>in tons</i>)	4,268	5,758	p. 78
KPI: volumes of electrical and electronic waste collected (<i>in tons</i>)	51,489	49,943	p. 77
Number of stores opened	78	40	p. 83
Number of cultural events	10,430	2,393	p. 82
Donations collected in-store and on commercial websites (Fnac France and Darty France scope) (<i>in thousands of euros</i>)	264	340	p. 84
Number of projects supported by the Nature & Découvertes Foundation	163	108	p. 83

Indicators	2019	2020	Page
Risks: The climate emergency and its consequences on companies			
Commitment 4: reduce impacts on the climate <ul style="list-style-type: none"> ■ Strengthen governance and integration of climate risks ■ Reduce emissions generated by transportation and energy from sites ■ Extend emissions management to products, services and employee travel 			
Energy consumption of sites by surface area (<i>kWh/m²</i>)	120	107	p. 92
KPI: CO₂ emissions generated by site energy consumption per square meter (market-based) (<i>kg CO₂eq</i>)	9.4	5.2	p. 92
KPI: CO₂ emissions generated by site energy consumption per square meter (location-based) (<i>kg CO₂eq</i>)	16.6	14.3	p. 92
CO ₂ emissions generated by site energy consumption (market based) (<i>t CO₂eq</i>)	14,863	8,544	p. 92
CO ₂ emissions generated by site energy consumption (location based) (<i>t CO₂eq</i>)	26,185	23,514	p. 92
KPI: CO₂ emissions generated by transportation of goods to stores per pallet (Fnac France and Darty France scope) (<i>kg CO₂eq</i>)	16.9	15	p. 93
KPI: CO₂ emissions generated by transportation of goods to stores per kilometer (Spain, Portugal, Switzerland, Belgium, Nature & Découvertes scope) (<i>kg CO₂eq</i>)	5.47	3.71	p. 93
CO ₂ emissions generated by transportation of goods to stores (<i>t CO₂eq</i>)	26,326	23,154	p. 93
KPI: CO₂ emissions generated by last-mile delivery per delivery (<i>kg CO₂eq</i>)	7.14	6.21	p. 97
CO ₂ emissions generated per last-mile delivery (<i>t CO₂eq</i>)	14,416	14,090	p. 97
KPI: CO₂ emissions generated by after-sales service travel per service call (<i>kg CO₂eq</i>)	6.48	6.37	p. 98
CO ₂ emissions generated by after-sales service travel (<i>t CO₂eq</i>)	4,881	4,716	p. 98
KPI: CO₂ emissions generated by products for repair traveling to after-sales service workshops per repaired product (<i>kg CO₂eq</i>)	2.72	2.54	p. 99
CO ₂ emissions generated by products for repair traveling to after-sales service workshops (<i>t CO₂eq</i>)	2,355	1,890	p. 99
KPI: CO₂ emissions generated by “e-commerce” flows per parcel (<i>kg CO₂eq</i>)	0.51	0.53	p. 95
CO ₂ emissions generated by “e-commerce” flows (<i>t CO₂eq</i>)	5,909	9,963	p. 94
CO ₂ emissions generated by site transport and energy consumption (<i>t CO₂eq</i>)	68,750	62,356	p. 90
Scope 1 (<i>t CO₂eq</i>)	14,542	13,301	p. 90
Scope 2 – market-based (<i>t CO₂eq</i>)	7,030	1,766	p. 90
Scope 3 (<i>t CO₂eq</i>)	47,177	47,289	p. 90
CO ₂ emissions from transportation and energy from sites by revenue (<i>t CO₂eq</i>)	9.57	8.3	p. 90

2 NON-FINANCIAL PERFORMANCE DECLARATION

Methodology note

Risks:

Ethics for all based on a model of development through partnership

Commitment 5: ensure exemplary business conduct

- Protecting the personal data of employees and customers
- Preventing the risks of corruption
- Implementing a Vigilance Plan
- Ensuring fiscal responsibility

Indicators	2019	2020	Page
KPI: percentage of factory audits whose score is deemed to be compliant or average (Fnac Darty)	98%	99%	p. 108
Level of demand for own-brand products and products under license (Darty France)	2.87%	2.78%	p. 109
KPI: percentage of Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter		48%	p. 109

2.7 / Methodology note

The Non-financial Performance Declaration (Déclaration de Performance Extra-Financière or "DPEF") is drafted by the Group's CSR Department, who also coordinates the reporting of non-financial data. This data comes from the departments concerned (Human Resources, Logistics, Maintenance, Purchasing, Sales, etc.) in France and the other countries.

The data is entered into a reporting tool, making the collection, monitoring and management of performance indicators easier. The reporting methodology is set out in a protocol that is updated each year and sent to contributors when data collection begins.

All published figures are subject to several consistency checks, both in-house and external (by an independent third party).

Reporting scope

Unless specified, the scope covers all subsidiaries of the Group.

In view of their independence, franchises are excluded from the scope of publication. However, they are indirectly included in the reporting of CO₂ emissions, as they benefit from freight transportation flows and other B2C flows.

The stores that closed in 2020 or opened after June 30, 2020 are excluded from the reporting scope. Any other exclusion from the reporting scope is indicated and explained in the relevant section(s).

Data is collected for the previous calendar year, from January 1 to December 31. If the full-year data is not available, the reporting period may be shifted, but will still cover a genuine period of twelve consecutive months, in order to take into account the seasonality of the Company's activity.

Methodological specifications for social data

The consolidation scope corresponds to all legal companies whose employees are included in the dedicated human resources information system. Therefore, Fnac Appro Groupe and stores in train stations or airports are excluded.

The scope of the coverage corresponds to 99.43% of the workforce of the financial consolidation.

As Billet Reduc and CTS Eventim France joined Fnac Darty's HIRS in mid-2020, both companies are also excluded for this year.

Unless specified, temporary workers are not recognized as part of the workforce.

As they are independent, the workforce of franchises are also excluded.

Methodological specifications for environmental data

The scope of consolidation corresponds to all the Group's operating subsidiaries, except for WeFix.

As part of its process of continuous improvement, Fnac Darty improves year on year its provision of comprehensive data on its direct and indirect CO₂ emissions. The table below shows the scope of the figures published in the DPEF (section 2.4). "not applicable" refers to a transportation flow or fuel that is not used; "not available" means that, to date, it has not been possible to collect the data.

Source of emissions		Fnac France and Darty France	Fnac Belgium and Vanden Borre	Fnac Spain	Fnac Portugal	Fnac Switzerland	Nature & Découvertes
Sites' power	Electricity						
	Heating oil		not applicable		not applicable	not applicable	not applicable
	Refrigerants	(a)	not available	(a)	not available	not available	not available
	Natural gas			not applicable	not applicable	not applicable	
	Heating networks		not applicable	not applicable	not applicable	not applicable	not applicable
	Refrigeration networks		not applicable	not applicable		not applicable	not applicable
Logistics transportation	Warehouse-stores transportation						
	E-commerce						
	Last-mile delivery						not applicable
	After-sales visits			not applicable	not applicable	not applicable	not applicable
	After-sales workshop flows			not applicable			not applicable

(a) Calculated based on specific data but not included in the total scope 1 to date.

CO₂ emissions were calculated using the Carbon Balance method, which divides emissions into three scopes (1, 2 and 3).

Type	Description	Indicators included to date
Scope 1	= direct emissions from fixed and mobile sources	<ul style="list-style-type: none"> Transportation carried out by the fully owned fleet: home service calls, last-mile delivery Energy: gas, oil
Scope 2	= indirect emissions related to consumption of electricity, heat and cooling from a network	<ul style="list-style-type: none"> Energy: Electricity, cooling networks, heating networks
Scope 3	= other indirect emissions (related to other stages of the life cycle: manufacturing, transport, end-of-life)	<ul style="list-style-type: none"> Transport, energy

The selected unit is the equivalent CO₂.

The emission factors used to calculate CO₂ emissions are primarily those recommended by the ADEME (French Environment and Energy Management Agency) in the "Base Carbone" database (last available figures). Fnac Darty holds the emission factors supplied by its service providers or suppliers on some specific items. For market-based energy, the emission factors are calculated by AIB.

Scope 1

Fnac Darty's direct greenhouse gas emissions come from:

- gas and fuel consumption at the Group's various sites:** the calculations are based on specific data. For each energy source, Fnac Darty multiplies the energy consumption by the relevant emission factor (combustion phase – scope 1 – Base Carbone);

- fuel consumption by vehicles delivering large domestic appliances to customers, and by those of home technicians:** the calculations are based on specific data. Fuel consumption is multiplied by the relevant emission factors (combustion phase – scope 1) for each type of fuel used (Base Carbone).

GHG emissions related to cooling gases were measured for the first time in 2020. They are calculated but not included to date in the scope 1 reported in the Group's carbon balance report for 2020, as they are non-exhaustive (see data available above).

Emissions related to the fuel consumption of function and service vehicles are measured but not exhaustively. They are not yet included in scope 1.

For these two emissions items, the calculations are based on specific data: the kilograms of cooling gas emissions and fuel consumption are multiplied by the relevant emission factors (Base Carbone).





Scope 2

Fnac Darty's indirect greenhouse gas emissions come **from electricity consumption and energy supplied by the heating networks of the Group's various sites**. The calculations are based on specific data;

- **electricity:** the emissions generated by the electricity consumed have been quantified according to market-based and location-based methods since 2020. Electricity-related emissions for 2019 were recalculated in accordance with this methodology. Fnac Darty has chosen the market-based method to monitor its performance, in particular its responsible energy purchasing policy.

Emissions related to market-based electricity are calculated on the basis of the emission factors provided by the Group's various electricity suppliers. When these are not available, the calculation is based on the supplier's production capacity mix. The consumption associated with each energy source is then multiplied by the emission factors specific to each energy (Base Carbone) corresponding to the emission phase. For European countries and for the recalculation of French emissions in 2019, Fnac Darty calculates market-based emissions based on the residual mix (source AIB);

- **heat and cooling networks:** some of the Group's sites are connected to heating and cooling networks. The associated energy consumption is multiplied by the emission factors specific to these networks (carbon base).

Scope 3

Other indirect greenhouse gas emissions from Fnac Darty (those which to date are measured) originate from:

- **the energy consumed by the Group's sites:** the methodology used is the same as for scopes 1 and 2, but the emission factors are specific to emissions generated by other phases of the energy life cycle (source: Base Carbone, supplier data, AIB);
- **fuel consumption for transporting large domestic appliances and large televisions (last-mile delivery) and for travel by after-sales technicians visiting homes:** the methodology used is the same as for scope 1, but the emission factors are specific to emissions generated by other phases of the energy life cycle (source: Base Carbone);

- **palettes of new products transported between warehouses, logistics centers and stores** (downstream transport): to measure the carbon footprint of goods transport, the Group's various subsidiaries use several methodologies, based on the available data entered:

- calculation based on the fuel consumption of the trucks: the liters of fuel or kilograms of gas are then multiplied by the relevant emission factors (Base Carbone),
- calculation based on the distance traveled by type of truck: the distances traveled are related to the average consumption of the various vehicles used (source: ADEME) then the liters consumed are multiplied by the relevant emission factors (Base Carbone),
- calculation based on tons.km: the weight of the palettes is multiplied by the km traveled, then by the relevant emission factors (Base Carbone);

- **the dispatch of packages ordered on the Group websites:** in order to refine the emissions calculation, Fnac Darty has been calculating this emissions item since 2020 based on the GHG balance for the various service providers. These balances (averages of their activity or specific to the volumes transported for Fnac Darty) are based on the number of packages assigned to these service providers and weighted according to the average weight of packages, in order to obtain emission factors specific to each supplier. For service providers who are unable to provide GHG assessment results, Fnac Darty applies the emission factor of the service provider with the most similar logistics and fleet. This approach has revealed very different impacts from one service provider to another, and from one service level to another (delivery to a collection point or home delivery), allowing Fnac Darty to work on its service mix or supplier mix accordingly;

- **the dispatch of large products (mainly large TV sets) by the subsidiaries** Fnac Spain, Fnac Portugal and Fnac Switzerland: the default emissions factor used is that which corresponds to the dispatch of a 20 kg TV set by a service provider based in France;

- **dispatch of spare parts to service centers, for after-sales technicians:** the volumes of spare parts are multiplied by the emission factors transmitted by the transport provider (these factors vary according to the size of the part);

■ **dispatch of breakdown products to Group repair centers:**

- for France, there is a flow of couriers (Fnac Darty relies on either the CO₂ balance of providers, or on the volumes multiplied by a default emission factor) and a flow that passes through internal shuttles (sub-contracted). For the internal shuttle flow, the distances traveled are related to the average consumption of the various vehicles used (source: ADEME) then the liters consumed are multiplied by the relevant emission factors (Base Carbone),

- for the rest of the Group, volumes are multiplied by a default emissions factor;

■ **for the dispatch of second-hand products:** Fnac Darty relies on the CO₂ balance of the service providers and, for those who do not provide balances, it relies on a default emissions factor;

■ **business travel:** the Group relies on reports from travel agencies;

■ **work commutes:** estimated for the first time in 2020, CO₂ emissions related to **work commutes** were calculated based on data from a survey of 3,429 employees, i.e. nearly 20% of the workforce of Fnac and Darty France. The answers were then extrapolated to all employees in France. The Group crossed the distance data with the theoretical number of days worked per employee, and then with the modes of transport provided by the respondents. The emission factors used come from the Base Carbone and have been averaged for certain modes of travel (e.g. for "own car", the emission factor used is an average of the emission factors of various fuels).

As part of its process of continuous improvement, Fnac Darty improves the measurement and monitoring of these emission items each year. However, this approach requires corrections and sometimes recalculations. That is why the CO₂ data published in 2020 for 2019 may vary compared to the data published in the 2019 DPEF. Any significant adjustments are shown under the data concerned.

Methodology concerning our response to the DPEF

The Non-financial Performance Declaration (DPEF) requires companies to describe their most significant non-financial risks, and set out their business model, incorporating the CSR risks and issues deemed to be priorities.

To this end, in 2018 the CSR Department engaged in extensive consultation with internal and external stakeholders to identify the key non-financial risks and related challenges. These key risks and challenges were presented to and validated by the Executive Committee, before being used as a basis for discussion with all departments concerned in order to identify the most relevant indicators to summarize the Group's non-financial performance.

The CSR Department worked closely with the Internal Audit Department for the risk analysis, and with the Finance Department for the definition of the business model.

Each year, the Group seeks to extend the reporting scope and relevance of the performance indicators it monitors. As a result, the indicators adopted in 2020 cannot always be compared with 2019, as the data is not available.

Conversely, certain indicators published in previous years were not considered sufficiently relevant to describe the Group's performance and therefore be part of this DPEF.

Key indicators will be defined in the relevant section (s).

Following the consultations conducted by Fnac Darty for its materiality analysis, some information required under the DPEF was deemed to be insignificant. Therefore, the following information will not be published: "Means of combating food insecurity and waste, and promoting respect for animal welfare and responsible, equitable and sustainable food". However, information on the actions taken by Nature & Découvertes to combat food waste is described in 2.2.3.3.

This document has been audited by an independent third party (ITP) whose conclusions are presented at the end of the chapter.



2.8 / Independent Third-Party Report by one of the Statutory Auditors on the Consolidated Non-financial Performance Declaration

Year ended December 31, 2020

To the General Meeting,

In our professional capacity as an independent third party (ITP) appointed as Statutory Auditor of your company (hereinafter the “entity”), accredited by Cofrac under number 3-1049⁽¹⁾, we hereby present you with our report on the consolidated Non-financial Performance Declaration for the year ended December 31, 2020 (hereinafter the “Declaration”), presented in the entity’s Management Report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

The entity’s responsibility

It is the role of the Board of Directors to draft a Declaration in accordance with the legal and regulatory provisions, including an overview of the business model, a description of the main non-financial risks, an overview of the policies in place with regard to these risks and the results of these policies, including key performance indicators.

The Declaration was drafted following company procedure (hereinafter the “Guidelines”), the key elements of which are included in the Declaration and are available from the entity’s registered office on request.

Independence and quality control

Our independence is defined by the provisions contained in Article L. 822-11-3 of the French Commercial Code and the profession’s Code of Ethics. We have also established a quality control system, which covers the policies and documented procedures aiming to ensure compliance with the applicable legal texts and regulations, ethical rules and professional standards.

The responsibility of the independent third party appointed as Statutory Auditor

Our role, on the basis of our work, is to deliver a justified opinion expressing a conclusion of moderate assurance on:

- the conformity of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code; and
- the accuracy of the information provided pursuant to paragraph 3 of parts I and II of Article R. 225-105 of the French Commercial Code, namely the results of policies, including key performance indicators, and actions relating to the main risks, hereinafter the “Information”.

However, it is not our role to express an opinion on the entity’s compliance with other applicable legal and regulatory provisions, in particular with regard to the Vigilance Plan (“Plan de Vigilance”) and the fight against corruption and tax evasion, nor to comment on the conformity of products and services with applicable regulations.

Nature and extent of the work

Our work outlined below was carried out in accordance with the provisions of Articles A. 225-1 et seq. of the French Commercial Code and in accordance with the professional standards of the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this assignment, as well as international standard ISAE 3000⁽²⁾:

- we have been informed about the activities of all entities included within the scope of consolidation and the presentation of the main risks;
- we have assessed the appropriate nature of the Guidelines in terms of their relevance, comprehensiveness, reliability, impartiality and understandability, taking into consideration best practices within the sector, if necessary;

(1) Cofrac accreditation inspection, n° 3-1049, available from www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

- we have verified that the Declaration covers each category of information pursuant to part III of Article L. 225-102-1 in terms of social and environmental factors as well as the information pursuant to the second subparagraph of Article L. 22-10-36 in terms of the respect for human rights, and the anti-corruption and tax evasion issues;
- we have verified that the Declaration presents the information provided for in section II of Article R. 225-105, where it is relevant in relation to the main risks, and includes, where applicable, an explanation of the reasons for the absence of the information required by the second subparagraph of section III of Article L. 225-102-1;
- we have verified that the Declaration includes the business model and the description of the main risks linked to the activity of all entities included in the scope of consolidation, including, if relevant and proportionate, the risks created by its business relations, its products or its services, as well as the policies, actions and results, including key performance indicators relating to the main risks;
- we have consulted the documentary sources and conducted interviews to:
 - assess the selection and validation process of the main risks and the consistency of the results, including the key performance indicators selected, with regard to the main risks and policies presented, and
 - corroborate the qualitative information (actions and results) that we considered the most important presented in the Appendix. For all risks, our work was carried out at the level of the consolidating entity and in a selection of entities⁽¹⁾;
- we verified that the Declaration covers the consolidated scope, i.e. all companies included in the scope of consolidation in accordance with Article L. 233-16, within the limits specified in the Declaration;
- we have read the internal control and risk management procedures put in place by the entity and have assessed the collection process aimed at the completeness and accuracy of the information;
- for the key performance indicators and other quantitative results we deemed most important presented in the Appendix, we implemented:
 - analytical procedures to verify the correct consolidation of data collected, as well as the consistency of developments, and
 - detailed tests, based on surveys, consisting of verifying the correct application of definitions and procedures and reconciling the data in the supporting documentation. This work was carried out with selected contributing entities⁽¹⁾ and covers between 29% and 100% of consolidated data chosen for these tests; and
- We have assessed the overall consistency of the Declaration in relation to our knowledge of the entities included in the scope of consolidation.

We consider that the methods that we used in applying our professional judgment enable us to arrive at a conclusion of moderate assurance; a higher level of assurance would have required more verifications.

Means and resources

Our work used the skills of six people and took place between September 2020 and March 2021 over a total period of around four weeks.

To aid us in the execution of our tasks, we called upon our sustainable development and corporate social responsibility specialists. We conducted some 10 interviews with the persons responsible for the preparation of the Declaration.

Conclusion

On the basis of our work, we have not identified any material anomalies likely to call into question the conformity of the consolidated Non-financial Performance Declaration with the applicable regulatory provisions or the fact that the Information, taken as a whole, is presented accurately and in accordance with the Guidelines.

Paris-La Défense, March 15, 2021

KPMG S.A.

Anne Garans
Partner
Sustainability Services

Éric Ropert
Partner

(1) Fnac Darty France and Nature et Découvertes.



APPENDIX

Qualitative information (actions and results) considered to be the most important

Employee training programs
 Commitments and actions to reduce the environmental impact of activities
 Measures to promote wellbeing at work
 Commitments and actions to promote Human Rights
 Procedures implemented in the field of good business conduct and the fight against corruption
 Collective agreements signed
 Measures taken to combat workplace accidents
 Actions to promote the social economy
 Actions to promote local cultural life
 Actions to promote the circular economy and product sustainability

Key performance indicators and other quantitative results considered the most important

Share of payroll allocated to training
 Number of training hours per employee trained
 Proportion of women in Group Leadership roles
 Proportion of women granted at least one individual raise during the year
 Absenteeism due to sickness
 Frequency rate of workplace accidents with stoppage time
 Severity of workplace accidents
 Share of products certified as “sustainable choice” in the revenues of eligible categories (Darty)
 Share of products certified by an environmental label in the Nature & Découvertes offer
 Share of Nature & Découvertes revenue generated by products with a positive impact
 Packaging volumes (plastics and cardboard) consumed/revenue
 Volumes of WEEE collected
 CO₂ emissions generated by site energy consumption/sq. m
 CO₂ emissions generated by transportation of goods to stores/kms traveled (Group excluding France)
 CO₂ emissions generated by transportation of goods to stores/palette (France)
 CO₂ emissions generated per last-mile delivery/delivery
 CO₂ emissions generated by after-sales service travel/intervention
 CO₂ emissions generated by products for repair traveling to after-sales service workshops/product
 CO₂ emissions generated by “e-commerce” flows/package
 Percentage of factory audits whose score is deemed to be compliant or average
 Share of Nature & Découvertes suppliers that have signed the Responsible Purchasing Charter

3



Risk factors and management

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3 RISK FACTORS AND MANAGEMENT

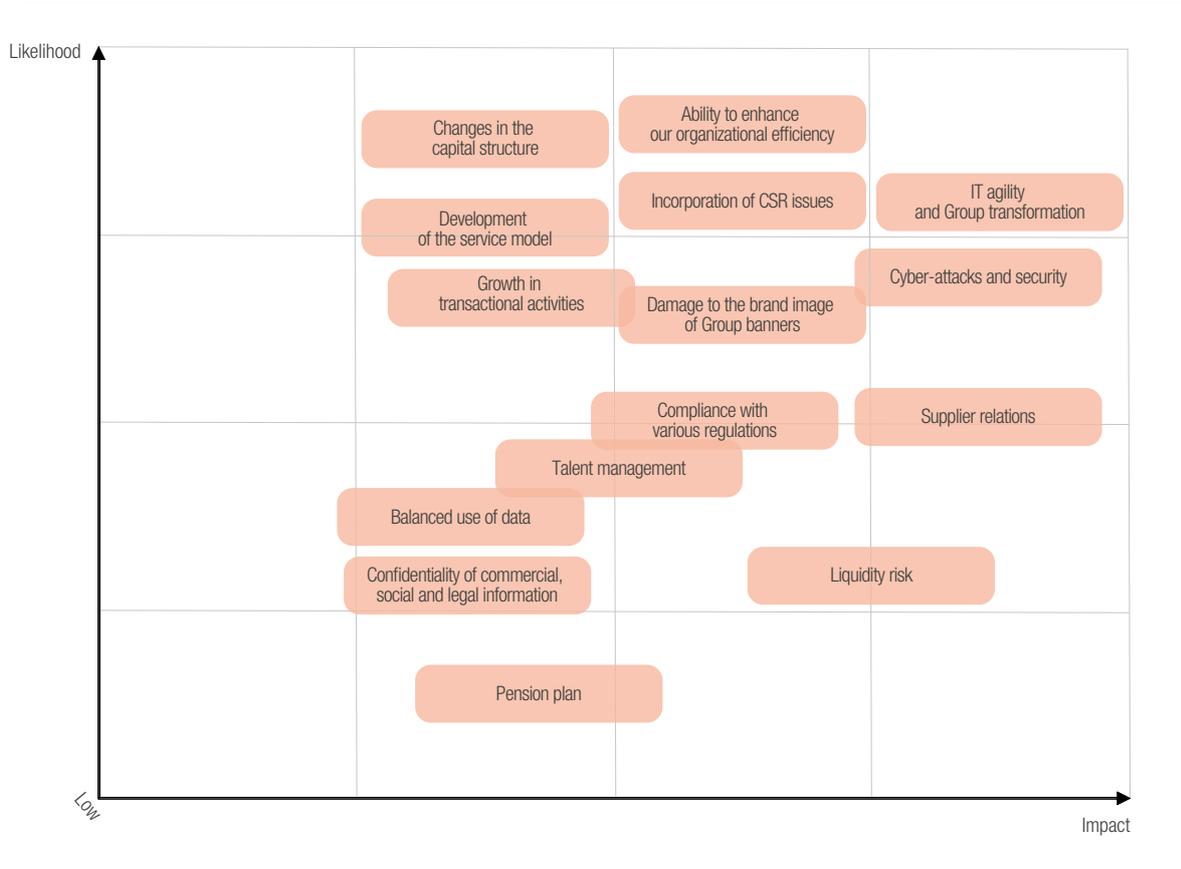


The Group operates in a constantly changing environment and is therefore exposed to both external and internal risks in developing its activities relating to its strategic plan. Moreover, the Group has conducted a review and assessment of the risks that could potentially have a material adverse impact on its activities, its financial position, its net assets, its income, its ability to achieve its objectives, its image and its reputation. This chapter set outs the main risks identified to which the Group considers itself to be exposed, as well as the internal control and risk management procedures implemented to prevent, manage and mitigate these risks. The risk mapping was presented and approved at the Audit Committee meeting in December.

The most substantial risk factors within each category are presented first. The importance of each risk is calculated as at the date of this document, based on an assessment of the estimated level of impact of the risk and the likelihood of its occurrence.

Main risks identified to which the Group considers itself to be exposed

Risks related to changes in the economic model	IT agility and Group transformation	354
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3.1 / Risks related to changes in the economic model

Against the backdrop of the crisis, Fnac Darty needs to persist with transforming its omnichannel model by continuing to adapt its organization and investing in IT systems and operational resources. Product and service lines must continue to be updated to achieve a better fit with changing consumer behaviors. However, the Group strives to balance its investments so as to maintain the profitability of its economic model, and keeps a close eye on developments and the economic outlook.

Risks related to changes to the economic model – IT agility and Group transformation

Risk identification

Fnac Darty's ambition, as expressed through its strategic plan and the multiplication of the Group's growth drivers (its online platforms, Marketplace, development of the franchise, partnerships, etc.), requires the successful transformation of its information systems to enable them to support the Group's transformation and be agile in its various projects.

Some applications used by the Group need to be updated to improve the customer experience and strengthen operational continuity during busy periods. There is a lack of standardization across the applications used by the Group's various entities.

Moreover, the Group may fail to deliver this transformation successfully, both in terms of its capacity and its speed of execution.

Risk management

The governance for a three-year master plan was set up in 2018 and updated at the end of 2020. This master plan is sponsored at Executive Committee level in close collaboration with the business lines and its main measures include:

- the monthly monitoring of key issues and investment strategies at Executive Committee level;
- the rollout of agile development, particularly in the Digital Factory project, aims to create omnichannel and omni-brand IT functionality in France. The creation of combined IT and business teams to help improve the efficiency of production launches and to mitigate the associated risks;
- the insourcing of key IT resources, enabling control of core business components over time and facilitating the success of the plan to converge the Fnac and Darty IT systems;
- strengthening the continuity of service arrangements for the most critical applications in place, including handling the obsolescence of end-of-life applications;
- the use of public cloud resources to provide faster support for new business strategies (subscription, CRM, data sharing & advertising, ramp-up of online sales).

Risks related to changes in the economic model – Relations with suppliers

Risk identification

Fnac Darty offers a wide range of products and is supplied by a large number of suppliers. In France, in particular, purchases from the top twenty suppliers represented around 60% of the total purchases made in 2020.

A major portion of the Group's operations depends on its capacity to negotiate under good conditions and maintain contracts and long-term business relations with its suppliers, especially those for whose products there is no substitute as far as customers are concerned (e.g. Samsung, Apple, Microsoft, Sony, etc.). Any deterioration in the banners' relationships with their main suppliers, the imposition of stricter conditions by suppliers, or the non-renewal or early termination of their main supply or service agreements may have a material adverse effect on the Group's image, operations, earnings, financial position and outlook.

Furthermore, any significant failure, deterioration, sudden termination or non-renewal of the Group's contractual relationships with its partners and contractors could have a material adverse effect on the Group's image, operations, earnings, financial position and outlook.

Risk management

The Group's sales policy is designed to develop strategic partnerships with suppliers, partners and contractors in its primary markets:

- align our interests and suppliers' interests around the value strategy, with its opportunities and constraints, by entering into partnerships that shape the entire relationship (purchasing, communication, merchandising, demonstrations, etc.);
- ad-hoc structures with a specific governance system have been implemented with the aim of rebalancing our relations with our suppliers:
 - introduction of a 'hybrid' mode of operation which links buyers to product categories and provides central coordination,
 - creation of a purchasing & policies department to define purchasing policy, coordinate and manage buyers, and monitor and formalize policies,
 - integration of the scope of the France and international Purchasing Departments (management of European contracts) is in progress,
 - separate management of the Services area by a specific Services Department;
- offer developments to the services delivered to our suppliers through data supply and to the customer's experience online and in store;
- agreements with suppliers are periodically negotiated in accordance with local laws and regulations and the Business Code of Conduct (appended to supplier contracts).



Risks related to changes in the economic model – Ability to enhance our organizational efficiency

Risk identification

The simplest, most impactful, and most readily implementable cost-saving plans have already been accomplished through the synergies announced at the time of the Fnac Darty integration. The Group must nevertheless continually seek out further cost-saving plans to ensure that its operational efficiency and earnings do not deteriorate due to the normal inflation of costs, particularly real estate costs.

As such, the Group may not be able to implement sufficient cost-saving plans to offset the impact of inflation.

The Group needs to ensure that it maintains an ideal balance between its store network and changes in business activity and consumer behavior.

Risk management

The performance culture is central to the Group's strategy, to ensure that all departments contribute to the search for potential cost savings while maintaining operational efficiency.

A governance structure and action plans to support its staff have been put in place, primarily through a matrix structure that permits decision-making without hampering Group-wide development and pays special attention to any potential human resource impacts in its entities. Performance plan management is monitored monthly by the Executive Committee.

In 2020, the Property Department realigned its organizational structure to improve its response to the challenges of developing sales activities and managing real estate costs, by redefining store formats and optimizing retail space.

Risks related to changes in the economic model – Integration of social and environmental responsibility issues

Risk identification

The profound environmental crisis that is facing our societies is gradually calling into question the production and consumption methods of the last 50 years.

Against this backdrop, public authorities are expanding the legislative mechanisms they can use to compel companies to reduce their environmental impact. The number of consumers seeking to consume better, or consume less, is steadily increasing. Young workers are increasingly conscious of CSR commitments, and many investors are investing in companies that are rated highly by non-financial rating agencies.

The Group must incorporate this growing dimension and develop its business model to prevent contradictions or inconsistencies that, in some extreme cases, could lead to smear campaigns on social networks or demonstrations outside head offices, stores or warehouses.

Failure to incorporate these environmental issues would expose the Group to multiple risks, such as:

- damage to the Group's reputation;
- decline in popularity;
- loss of business;
- non-compliance and penalties.

Risk management

Aside from these risks, Fnac Darty believes that the incorporation of environmental issues into its business model represents an opportunity to enhance the strong and historic assets of the Group's brands (responsible image, after-sales service, technical laboratory, sales expertise, store network, etc.). The Group is capable of making its model more sustainable and positioning itself as the leader in responsible retail.

In this regard, the Group has implemented three major initiatives:

- 1/ definition of a *raison d'être* that embeds environmental concerns within a context of hyperchoice: "Committed to providing an educated choice and more sustainable consumption". This mission statement guides the company in its strategic decisions and its day-to-day activity and management;
- 2/ strengthening governance: social and environmental responsibility is driven by the Executive Committee and the Board of Directors. From 2021 onwards, a CSR objective will be incorporated into the variable compensation of the Chief Executive Officer, the members of the Executive Committee and all managers. A Climate Committee is driving the objective of reducing the Group's CO₂ emissions in transport and energy;
- 3/ the development of services and advice that promote a more circular economy: launch of a reparability index, a subscription-based repair service (Darty Max), a repair assistance platform, expansion of the pre-owned Occasion activities, etc.

All the actions taken to address this risk are detailed in chapter 2.

Risks related to changes in the economic model – Damage to the brand image of the Group's banners

Risk identification

The success of our banners relies in part on the strong reputation and consumers' high opinion of our Fnac and Darty brands. In the context of the growth of its network of franchises and of Marketplace, the development of external partnerships, increasingly fierce competition and the development of social media that encourage the rapid dissemination of opinions, comments and reviews, the Group's ability to maintain the reputation and distinctive character of its brands, and to retain the membership of its customer loyalty programs, are key factors for longevity.

Moreover, our banners' brand image could be affected by exceptional events such as liability incurred for marketing faulty products or non-compliance with applicable regulations.

Risk management

A number of measures have been implemented to reduce the aforementioned risks:

- an ongoing monitoring mechanism flags any event likely to affect the Group's image and reputation. This system relies on various departments working together, in particular the Marketing Department, Internal Communications and the Risk Prevention Department;
- a mechanism to monitor the reputation of our leading third parties has been initiated under the Sapin 2 law;
- Fnac Darty's Business Code of Conduct, which was updated at the end of 2020, is available on the company's internal network and appended to our contracts and agreements with third parties; it sets out the Group's ethical commitments and the behaviors required;
- furthermore, the IT Charter sets out the rules governing the use of the IT tools available to employees in compliance with the Group's ethical rules.

Risks associated with changes to the economic model – Development of the service model

Risk identification

The significant changes in the Fnac Darty service model involve speedy adjustments within the organization. We need to develop appropriate IT systems, align our internal processes, and train and gear up our technical and sales teams. To achieve the expected profitability of this model, it is essential that we provide the quality of service promised to the customer and that the business is managed effectively. The Group must also tighten up controls to guard against the various risks inherent in these activities.

Risk management

The Group relies on its ecosystem and partnerships to make its service accessible to as many customers as possible.

It is organized to acquire the right skills for managing subscriptions and driving its profitability (churn, NPS, payment problems).

The Group is recruiting 500 technicians over the plan period to provide the capacity to meet the customer demand for repairs generated by the increase in Darty Max repair subscriptions.

It is expanding its IT platform to include new subscription management functionality.

The Group is capitalizing on its high levels of flexibility/agility, which helped it to recruit 200,000 subscribers to its new Darty Max service in 2020, despite stores being closed for several weeks.

Risks associated with changes to the economic model – Growth in transactional activities

Risk identification

The development of our multichannel model and the growth of our online sales are placing increasing pressure on Fnac Darty's operations. The Group needs to support its growth ambition by maintaining its delivery capacity and ensuring high-class service in dealing with the challenges of controlling the costs of availability, order preparation, shipment and delivery.

Risk management

The structure of our operating model is changing to bring our capacity more closely into line with increasing demand. The Group plans to make a significant investment in high-quality modern equipment to mechanize and automate order preparation and shipment. The aim of these investments over the term of the plan is to ensure a significant improvement in productivity and service quality.

The development of click&collect also helps to mitigate the impact of online sales growth on operations, with stores being used as warehouses and delivery locations.

Risks associated with changes to the economic model – Talent management

Risk identification

The Group needs to maintain the commitment of its employees and ensure that it retains the talent required to implement the strategy and develop the various business activities. Failure to control workforce turnover would mean the Group was unable to capitalize on employees' experience, which could therefore impede its operational efficiency.

The Group could also find it difficult to hire for existing business lines that will be crucial in the future. The Group's strategy commits us to strengthening our technical business lines and our digital skills.

Risk management

The Group has implemented:

- regular face-to-face communication;
- the Group plans changes to its workforce per business line based on demographic data and assumptions contained in the strategic plan, thereby making it possible to pre-empt changes and establish appropriate action plans;
- development reviews, carried out in order to identify talent and support these individuals in their career path within the Group;
- employees are asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose;
- the Group has developed its structure and work environment in order to facilitate a collaborative approach and agility within digital business lines;
- support for Group employees and managers on new collaborative ways of working has been implemented with the roll-out of teleworking and management through accountability;
- adjustment of the compensation policy for a number of Group business lines;
- development of the Fnac Darty Academy, with the creation of nine classes, allowing the Group to establish a pool of experts in the technical, kitchen designer or delivery business lines;
- through the French Ministry of Labor, the Group promotes itself to companies that are considering restructuring and which have employees with the skills that Fnac Darty is seeking to hire;
- actions to modernize the Group's employer image with technicians (various communication plans);
- modernization of recruitment models and practices to provide faster and more targeted hiring;
- discussion is ongoing on how to develop and enhance working methods.

In addition, the use of dedicated tools and resources, the development of links with specialized schools, the use of sponsorship and the recruitment of staff (especially in the context of work-study programs) with digital skills are intended to foster employee retention in these areas within the Group.

3.2 / Security risks

Security risks – Cyber-attacks and security

Risk identification

Most of the Group's operations rely on information systems developed or administered by internal resources or outside contractors. Any fragility or failure of these systems could disrupt business operations and potentially have major repercussions on the Group's sales and financial results, particularly with regard to websites and ordering and payment systems, and especially during peak business activity, such as at the end of the year.

Our Group's commercial websites could be subject to cyber-attacks and our databases might be corrupted.

Our Group could also be the subject of internal malicious actions through privilege escalation, particularly due to inadequate security of our digital access controls and network.

Our employees and customers could be subject to phishing scams (wrongful use of the Fnac Darty identity) resulting in unlawful data capture.

Risk management

Fnac Darty's Information Systems Department ensures that all IT applications are consistent throughout the Group through a coordinated strategy that aims to anticipate operational incidents, particularly in the context of sharing tools due to the consolidation of the two banners, and to arrange emergency plans.

The Group aims to ensure the security of the information systems and the data they contain.

This is achieved through appropriate governance, technical solutions, shared standards, a common policy and the distribution of the IT Charter to employees, the management of digital identities, cyber resilience and the strengthening of the security audits of external service providers. Verifying external IT service providers by obtaining contractual guarantees ensures the confidentiality and security of the data processed (PCI-DSS compliance of service providers processing banking data).

Furthermore, the Group works continuously to raise its employees' awareness of cyber security.

Increasingly stringent security solutions are in place on our commercial websites, messaging services, and outflows.

Every year, specialist external consultants carry out anti-intrusion audits and, where necessary, draw up immediate action plans.

Security risks – Managing the confidentiality of key strategic, commercial, social and legal information

Risk identification

In the context of its current operations and strategic development, the Group processes and stores key information that could be used for malicious purposes.

The Group must, at all times, ensure the controlled management of any confidential information upon which the market success of the year's major commercial operations depends.

Risk management

The Group ensures the confidentiality of its key information by means of:

- an internal authorization and rights policy for the various shared tools and networks;
- a reminder of the best practices to adopt when using tools and managing information, provided in the Group's IT Charter;
- the monitoring of key employees' inboxes for suspicious emails;
- the encryption of sensitive information;
- the management of key commercial information in a siloed, restricted manner and in accordance with a "just-in-time" data approach.

3.3 / Regulatory risks

Regulatory risks – Compliance with various regulations

Risk identification

Because of its in-store and online retail activities, the Group is exposed to changes in the legal and regulatory environment in the countries in which it operates. In particular, the Group's activities are subject to controls, investigations and regulations relating to consumer protection, competition, e-commerce, intermediation in consumer credit and insurance, personal data protection, information technology, digital and physical book prices, contractual warranties for customers, and store safety and accessibility.

The Sapin 2 Law and the law establishing a duty of care places a heavier obligation on our Group to put in place an annual declaration on interest representation activities, as well as measures to combat corruption and influence-peddling in every country where the Group is present.

The Group's business is also affected by environmental regulations, which may have an impact on the products our banners distribute (such as obligations to dispose of or recycle consumer electronics and domestic appliances), the organization of after-sales services, the methods and cost of transporting products distributed, or the costs our banners incur for the rental of retail space.

Moreover, financial penalties and/or the requirement to publish such penalties may be imposed on the Group if its compliance is considered to be insufficiently robust, impacting the Group's earnings and image.

Risk management

Legal and regulatory requirements are monitored and incorporated at the country level by the local Finance and Legal Department with the support of the Group's advisory network, under the supervision of the Group's Legal, Finance and Tax Departments.

The Group's Business Code of Conduct reaffirms our commitments to compliance with legal and regulatory obligations towards Group employees and the third parties with which we enter into contracts.

This system is supplemented by letters of representation signed in-house by key employees.

Employees are reminded of our obligations through internal training courses carried out in a classroom or via e-learning modules.

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

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

The Group provides technical expertise useful for political decision-making in a fully transparent manner. As part of a constructive approach with the public authorities, the Group is able to promote innovative proposals thanks to its operational experience, but also to warn about the economic, social and environmental risks to which certain measures might expose the sector's stakeholders. In the latter case, the Group is responsible for working proactively on compromise solutions that are satisfactory and acceptable to all stakeholders.

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

Regulatory risks – Balanced use of data

Risk identification

As part of its ongoing activities and strategic development, the Group processes and maintains significant volumes of personal data in a complex and innovative technological environment. As such, the Group could be exposed to malicious external uses or attacks.

In an aggressive competitive environment, the Group also ensures, within the context of its activities, a balance between using personal data for commercial purposes and protecting the privacy of its customers.

Risk management

In 2017, Fnac Darty appointed a Group Data Protection Officer (DPO) with the CNIL (Commission Nationale de l'Informatique et des Libertés – French data protection authority). Two people were employed to strengthen the data protection team. Each country subsidiary also has a Data Protection Officer or person responsible for monitoring this issue. Specific governance of personal data protection has been implemented across the entire scope of the business.

As part of a continuous improvement process, an action plan is carried out in particular with regard to (see section 2.5.1 “Protecting the personal data of employees and customers”):

- dedicated governance led by a management committee and a report at the Executive Committee level; “data protection” champions in each department;
- keeping a register of personal data processing operations;
- awareness and training;
- documentation and procedures;
- informing data subjects;
- retention for limited periods;
- security of information systems;
- introduction of formal contracts (Data Protection Agreements) with subcontractors and partners.

3.4 / Financial risks

Financial risks – Liquidity risk

Risk identification

The Group's activity is seasonal and is marked by a significant spike in its activity at the end of the year with the Black Friday period at the end of November and the Christmas celebrations in December. Group revenues and EBITDA are significantly higher in the fourth quarter than in the other quarters of the year.

The Group's working capital requirements fluctuate during the year and are normally highest in the third quarter of each year, leading to significant liquidity needs.

As of December 31, 2020, the Group's gross debt was €1,454.8 million (excluding IFRS 16), consisting mainly of:

- a €200 million bank term loan maturing in April 2023;
- €650 million in senior bonds maturing in April 2024 and April 2026 with capitalized interest;
- €100 million in loans from the EIB;
- a state-guaranteed loan of €500 million maturing in April 2021, with the option to extend it by five years until April 2026.

Free cash flow from operations amounted to €192 million in 2020.

The bank loan agreement, the state-guaranteed loan and the bond issue contain clauses customary for these types of financing, namely financial commitments, general restrictive covenants and early repayment clauses.

As of December 31, 2020, the Company secured a waiver on testing its financial covenants under the Loan Agreement (see section 4.2.2.2 "Financial Debt" of this Universal Registration Document).

The Company conducts a specific periodic review of its liquidity risk.

The terms and conditions of the Group's financing lines are detailed in section 4.2.2.2 "Financial debt" of this Universal Registration Document.

Risk management

Liquidity risk for the Group and each of its subsidiaries is closely and regularly evaluated by the Group through periodic financial reporting.

In order to manage liquidity requirements, the Group has diversified its sources of financing, set up a €300 million NEU CP program in the first quarter of 2018 (increased to €400 million in June 2020), and has access to an unused €400 million revolving line of credit maturing in April 2023.

In addition, the process of diversifying financing and renegotiating the Group's financial instruments, which started at the beginning of 2018 and contributes to risk management and mitigation, continued in 2019 with the refinancing of the 2016 debenture loan for a total of €650 million, in two tranches of €300 million and €350 million maturing in 2024 and 2026, and €100 million in financing from the European Investment Bank (EIB), repayable over nine years. Lastly, due to the Covid-19 crisis, in April 2020 the Group raised €500 million in financing in the form of a state-guaranteed loan from a group of French banks. The French government has guaranteed 70% of this financing.

Centralized cash management

Fnac Darty Participations et Services has entered into centralized cash management agreements for an unlimited term with its main French and its non-French subsidiaries.

The purpose of these agreements is to centralize the Group's cash management ("cash pool") in order to encourage coordination and optimization in using cash surpluses or in covering aggregate cash requirements at Group level.

Pursuant to the agreements, these subsidiaries deposit any cash surpluses they do not use to finance their operation and their capital expenditure program with Fnac Darty Participations et Services, in exchange for which Fnac Darty Participations et Services finances their working capital requirements and capital expenditure program.

Financial risks – Pension plan

Risk identification

The pension plan, known as the “Comet pension plan,” which is funded by Darty in the United Kingdom, has been taken over as part of the Fnac Darty consolidation. Fnac Darty’s financing obligations depend on the future performance of the assets, the level of interest rates used to measure future commitments, actuarial projections and experience of changes in pension plans and the applicable regulations.

Due to the many variables that determine the pension financing obligations, which are hard to predict, as well as any statutory changes, the future financing obligations for this pension plan in terms of cash could be larger than the amounts estimated as of December 31, 2020.

In this case, these financing obligations could have a negative impact on the Group’s financial position.

Risk management

The monitoring of commitments under this pension fund is lead jointly by the Financial Control Department and the Investor Relations and Financing Department.

Commitments are reassessed jointly every three years by the Group and the Comet Board of Trustees.

Following the three-year renegotiation that took place in 2019, it was decided that contributions to the fund would be suspended from 2020 for the next two years.

The Group is a member of the Comet pension fund Board, which meets approximately once per quarter.

Strategic risks – Change in the Group’s capital structure

Risk identification

Upon completion in 2017 of Ceconomy’s purchase of the shares held by Kering, Ceconomy International Group held 24.2% of the share capital and voting rights of the Company as of December 31, 2020. Furthermore, in early February 2018, SFAM bought 11.38% of Fnac Darty shares from the Knight Vinke investment fund. As of December 31, 2020, SFAM Group’s shareholding in the Company remained the same, at 11.4% of share capital and voting rights.

Currently, no shareholder can influence the adoption or rejection of resolutions submitted for approval by Company shareholders at Ordinary and/or at Extraordinary General Meetings, in particular with respect to the appointment or removal of members of the Board of Directors, approval of the annual accounts, dividend distributions, authorizations related to capital increases, mergers, contributions, or any other decision requiring approval from Company shareholders.

However, these recent changes demonstrate that the Group is potentially exposed to the risk of a change in shareholding structure that may hinder the execution of its strategic roadmap.

Risk management

The Company’s bylaws stipulate that shareholders must inform the Company when they pass the 3% capital holding threshold, and any multiple of 1% above this threshold.

Any shareholder holding more than 5% of the capital must also make a declaration of intent providing the information specified in Paragraph VII of Article L. 233-7 of the French Commercial Code, including a declaration regarding any intention to take control of the Company or to continue purchasing securities. This declaration is renewable every six months. Together with the performance of shareholder identification studies several times per year, these mechanisms ensure that the Company is well informed about the various participants that have a stake in its capital.

The Group also adheres to a strict policy ensuring that its governing bodies remain independent in the event of potential conflicts of interest with an existing shareholder. Accordingly, following the acquisition by Ceconomy of its equity stake in the Group, the latter entered into a dialog with Ceconomy in order to determine the best way for it to be represented in the Company’s governance without hindering the proper functioning of operations or impeding execution of the Group’s strategy.

As such, no Director representing Ceconomy is present on the Board of Directors, but the Ceconomy group did participate in the selection of three Independent Directors.

None of the 14 Directors on the Board are linked to the company SFAM, a service provider for the Group, and it therefore has no influence on the Group’s decisions.

3.5 / Risk management associated with the Covid-19 health crisis

Specific risks associated with the Covid-19 pandemic

In addition to the specific risks that are subject to regular review and have defined action plans, since the beginning of 2020 the Group has had to deal with an unprecedented health crisis. This has required agile decision-making to make rapid adjustments to balance health and economic challenges with business continuity. The main issues are listed below:

Risk identification

- In 2020, the Covid-19 health crisis significantly affected the way the Group's work is organized, its operations and its economic model. The current situation shows that the ongoing crisis could continue to have a lasting impact on the Group's business, income, objectives and outlook. Each time health measures such as curfews or lockdowns are imposed they lead to partial or full closures of the Group's physical stores.
- The Group must ensure the health of its employees, customers and service providers by incorporating everyday prevention measures to suit each business line.
- If the pandemic develops differently in a particular country, it may disrupt industrial supply chains and cause inventory shortages in certain product categories.
- The health measures imposed by the authorities may have an impact on the logistics chain for the transportation of goods, on the supply of certain Group products and on the ability to deliver goods to the end customer.
- Social problems could slow the pace of consumer recovery post Covid-19.
- Greater digitization in consumer behavior could adversely affect store footfall and the Group's revenue;
- The Group needs to remain vigilant regarding the sound financial health of the key partners in its ecosystem.

Risk management

- At the start of the health crisis in Asia, the Group was quickly confronted with the effects of the situation on its sourcing activities. The decision to digitize the working environment enabled the move to remote working to protect employees in Hong Kong.
- During the first lockdown, choices and decisions were made with the goal of protecting the health of individuals and safeguarding the Group's economic interests (see section 2 "Measures taken to protect employees and customers during the health crisis"):
 - a continuity plan that ensures the health and safety of both employees and customers while providing the best possible service;
 - rapid reallocation of the Group's resources to strengthen digital capacity and ensure the continuation of its service activities (after-sales service, deliveries, etc.);
 - establishment of a cost adjustment plan with the implementation of part-time working for 80% of the workforce in France, given the closure of stores, revaluation of rents and downward revision of the investment plan;
 - set-up of a €500 million state-guaranteed loan to significantly strengthen liquidity.
- The Group has adapted its goods purchasing policy to deal with production delays. Working closely with its suppliers, it has drawn up a tactical purchasing plan for key product categories.
- Building on the centralized organization of its logistics platforms and the reliability of its digital platforms, the Group is continuing to adjust its operational model to respond to changes in demand and the situation.
- The Group relies on its ecosystem of partnerships with delivery providers and its internal delivery capabilities to ensure that its delivery times are in line with the highest market standards.
- The Group adapted its stores and developed click&collect to address health constraints during key commercial periods for the Group.

The course of the health crisis linked to the spread of Covid-19 still remains uncertain at this time, and its impact on the global economy is difficult to quantify. The extent of the impact on the Group's business in 2021 will depend on the nature of the measures taken by the authorities, the Group's ability to conduct its business with the end customer (delivery and store), and changes in consumer behavior post Covid-19. Building on the resilience shown in 2020 as a result of the Group's ability to absorb a significant proportion of its activities within its online presence, the Group remains vigilant and is periodically re-assessing with great care any changes in the situation and its impact on business and earnings.





3.6 / Insurance

General overview

The Group took out its insurance policies under conditions that were tailored to the scale and type of the Group's risks.

The Group's insurance approach is coordinated by its Legal Department, which is responsible, with the support of the other departments, for identifying risks, quantifying their consequences and reducing them by:

- recommending preventive measures for risks that can be eliminated or reduced by these means; and
- establishing financing arrangements, including the transfer to insurance companies of risks of an exceptional nature where the potential impact is high and the frequency is low.

This requires each Group subsidiary to provide the Group Legal Department with the information required to identify and quantify risks, and to implement appropriate resources to ensure business continuity in the event of an incident. Based on this information, the Group Legal Department negotiates with the major players in the insurance and reinsurance industry in order to find the cover best suited to the Group's risk coverage requirements.

Risk prevention policy

The risk prevention, precaution and protection policy is managed at Group level by the Risk Committee, which brings together multiple departments involved in risk management. Its role is to identify, assess and reduce exposure to risk and the occurrence and severity of claims, through:

- audits of the main operational sites;
- adherence to the recommendations of security professionals;
- internal control procedures;
- staff training;
- the dissemination of risk management best practices; and
- the implementation of appropriate emergency plans.

The Group's insurance policy

The Group's policy of transferring material risks to insurance companies is primarily determined by:

- the best economic balance between risk cover, premiums and deductibles; and
- the choice and limitations available in the insurance market, and local regulations.

Under its insurance policy, the Group favors the "all risks with exceptions" approach, which is determined by assessing the financial consequences for the Group of potential claims, specifically in terms of:

- property damage resulting from fire, explosion, water damage, theft, natural events causing damage to the Group's own property (buildings, furniture, equipment, merchandise or computer systems), riots, terrorism, war or other causes;
- operating losses following direct damage;
- third-party liability: personal injury or damage to property caused to third parties due to products, installations and equipment;
- cyber-attacks;
- transportation of goods; and
- the vehicle fleet.

For the franchises, the Group has adopted the principle of absorbing claims that are small in terms of cost (especially for All-Risks and Third-party Liability). This contributes to setting up preventive actions to reduce the incidence of claims.

The setting up of insurance coverage is based on determining the level of coverage required to cope with the reasonably estimated occurrence of the risks that the Group wishes to transfer to the insurance market for each facility and company concerned. This appraisal takes into account the assessments made by brokers and insurers, as insurance professionals and underwriters of the Group's risks.

Uninsured risks are those for which no coverage is offered on the insurance market or where insurance is offered at a cost that is disproportionate to the potential benefits of such insurance. The Group's insurance requirements are reviewed regularly by the Risk Committee in order to verify their suitability with regard to developments within the Group and the insurance market.

The main insurance programs taken out by the Group cover all of its subsidiaries. This coverage is underwritten by international insurance brokers that specialize in the coverage of major risks with reputable insurers.

Main insurance programs

The main insurance programs taken out by the Group to cover the risks it faces in its operations are described below. Where necessary, they may be supplemented by local programs specific to the country in question:

Damage and operating losses: The principal purpose of this policy is to insure the Group against damage resulting from fire, explosions, water damage, theft, natural disasters affecting property (buildings, furniture, equipment, merchandise, or computer systems) and those for which the Group is liable, and against resulting operating losses, for an estimated period required for resumption of normal business. The cover limit is €400 million and €20 million per claim for direct damages and operating loss combined for the Group over the insurance term expiring January 1, 2022.

Third-party liability: This policy chiefly covers operating risks and post-delivery or post-service risks of physical injury or material damage caused to third parties due to the activity of any of the Group's subsidiaries or products sold by the Group. The amount of damage covered in this respect is capped for the Group for an insured period expiring April 30, 2021. The cover limit is €75 million per claim per year for the Group.

Cyber risk: This policy covers the risks of loss of confidentiality, integrity and availability of the Group's information systems. Aware of the challenges that a major cyber-attack could pose to its business, the Group increased the Cyber cover limit in 2019, and then again in 2020, to €50 million per claim and per insurance period, and the insurance period expires on April 30, 2021.

Transportation of goods: This policy covers the Group's goods while they are in transit against the risk of damage, theft, loss or major events that may occur during transportation. The cover limit for this policy, which is renewed on April 30, 2021, is €3 million per claim.

Vehicle fleet: This policy covers our fleet of around 2,000 vehicles against the risks of liability and damage that may arise during the circulation of our vehicles. Foreign subsidiaries have local cover.

Insurance expenses borne by the Group: The cost to the Group of all insurance policies for the period ended is approximately €5 million.



3.7 / Risk management

The AMF defines risk as the possibility of an event whose consequences are likely to impact the persons, assets, environment and objectives of the Company, its image or its reputation.

Risk management includes areas that encompass far more than just financial risks: strategic, operational, market, corruption, image, reputation or compliance risks. Risk management is a management tool that contributes to:

- creating and protecting the Company's value, assets, image and reputation;
- preserving the longevity of the company's short-, medium- and long-term activities;
- securing the Company's decision-making process and other processes to achieve its objectives;

- encouraging consistency between the Company's actions and its values; and
- mobilizing the Company's workforce around a shared vision of the main risks.

The Group closely associates risk management with internal control. The Group's risk management and internal control systems rely on a series of resources, procedures and actions aimed at ensuring that proper measures are taken to identify, analyze and control:

- risks that could have a significant impact on the Company's assets or the achievement of its objectives, whether operational, financial or related to compliance with laws and regulations; and
- the activities, efficiency of its operations and efficient use of resources.

3.7.1 / THE RISK MANAGEMENT SYSTEM

The implementation of the risk management system in the Group is based on an organizational framework, a three-step risk management procedure and ongoing oversight.

3.7.1.1 / Risk management structure and coordination with internal control

Organizational framework

The organizational framework includes:

- a structure that defines the roles and responsibilities of those concerned, establishes clear and consistent procedures and standards within the system; and
- a risk management policy that formalizes the system objectives.

Organization of risk management at country level

Managing the exposure to decentralized risks is the responsibility of the country CEO and local managers, who are closest to the risks associated with the activities they exercise or supervise:

- monthly performance reviews help to detect the appearance or occurrence of risks;
- country Security Departments are responsible for the security of the Company's physical and intangible assets and for the security and safety of all persons present at all the Group's sites; they implement all human, organizational and technical means to handle risks of an accidental or intentional nature; and
- the Support Services Departments, in their role of securing and driving progress, may identify risks and propose an action plan to the reporting line for their containment.

Organization of risk management at Group level

The Internal Audit Department organizes, for management, the process of mapping the Group's major internal and external risks based on a formalized approach for identifying and assessing risks.

The Security Department circulates a set of rules and best practices to control the risks within its remit. The network of individual country Security Directors also rely on these rules and best practices. Its objectives at Group level are to harmonize procedures, reduce risks and optimize safety costs by promoting synergies and raising the awareness of all personnel within the Group's banners.

The Legal Department identifies and analyzes the Group's material legal risks and the insurable risks to be included in the Group's financial statements.

Preparation of the strategic plan by the Strategy Department provides the opportunity to assess the major external risks and update the mapping of the Group's major risks. In accordance with the guidelines, this is sent to the Internal Audit Department.

Risk management policy

The Group instituted its risk management policy based on the COSO II Framework.

A three-step risk management process

- Risk identification: the Group treats risk identification as an ongoing business process. Risk identification helps to categorize and centralize major risks either with the Security Department or with the Internal Audit Department, depending on the type of risk.
- Risk assessment: in terms of the Group's activities, this approach is documented at least once a year during a risk self-assessment process headed by the Internal Audit Department. The risk management policy sets out the criteria and procedures for these assessments. The aim is to review potential consequences of the main risks (consequences that may be of a financial, HR, legal, image-related or reputational nature) and assess the likelihood of their occurrence, as well as the level of risk management.
- Handling risk: the last step of the risk management process includes identifying the action plan(s) best suited to the Company.

Managing risk management procedures

The risk management system is subject to regular monitoring and review, which allows it to be continually improved.

The Audit Committee meets at least once a year to review the risk mapping prepared by the Internal Audit Department for the Group's Senior Management and monitors the progress of dedicated action plans.

The Group also conducts regular internal audits in France and abroad to assess and improve the effectiveness of its risk management systems.

Links between risk management and internal control

The risk management and internal control systems are complementary to the management of the Group's activities:

- the risk management system aims to identify and analyze the main risks. Such risks are addressed and are the subject of action plans. These plans may propose a change to the organization, the implementation of projects and the introduction of controls. Any such controls to be implemented come within the internal control system and may be reviewed in light of the risk mapping;
- the internal control system relies on the risk management system to identify the main risks to be contained; and
- the audit plan relies mainly on risk mapping to test the assessment of the level of control of identified risks.

The coordination and balance between the two systems depend on their shared underlying control environment, and, more specifically, the Company's specific risk and control culture, and the ethical values specified in the Group's Business Code of Conduct.

3.7.1.2 / General internal control principles

Internal control definition and objectives

The internal control system within the Group encompasses a number of tailored resources, policies, practices, procedures and initiatives, the purpose of which is to ensure that the required measures are taken to control:

- the Group's activities, efficiency of operations and efficient use of resources; and
- the risks likely to have a material impact on the company's assets or its ability to meet its objectives, whether of an operational, financial or compliance nature.

Internal control is defined as a process conducted by senior management under the control of the Board of Directors, and implemented by the Directors and all employees. Irrespective of the quality and scope of internal control, it cannot entirely guarantee that the objectives in the following areas will be achieved:

- compliance with applicable laws and regulations;
- application of instructions and strategy adopted by senior management;
- proper functioning of internal processes, including those contributing to the protection of the company's assets; and
- reliability of financial information.

Internal control limits

The following limitations inherent in any internal control system affect the probability that the Company will achieve its established objectives, in particular:

- human errors or malfunctions that occur when decisions are made or implemented;
- deliberate collusion between several persons, making it possible to elude the control system in place;
- deliberate fraud by management;
- where the implementation, or even maintenance, of a control would be more burdensome than the risk which it is supposed to alleviate; and
- when, in endeavoring to achieve the above-mentioned objectives, companies are confronted with events and hazards that are outside of their control (unforeseen changes in markets and competition, unforeseen change in the geopolitical situation, errors in forecasting or estimating the impact of such changes on the organization, etc.).

Internal control components

The quality of the internal control system depends on the following components:

- a control environment based on rules of conduct and integrity that are upheld by the management and communicated to all employees;
- the existence of clearly and appropriately defined roles and responsibilities;
- a system for categorizing, analyzing and managing the main risks; and
- ongoing monitoring of the internal control system, and regular review of its performance.

The Group's internal control environment

This environment is structured around the principles and values that are detailed in the Group's internal codes and charters and govern the behavior and ethics of all employees. It relies on the management of human resources to ensure the competence, ethics and involvement of employees.

Principles and values

- The Business Code of Conduct was updated in 2020. It sets forth the ethical principles and the main rules of conduct, in accordance with applicable regulations, and the behavior expected of Fnac Darty employees and partners.
- A "Gifts and Benefits Charter" updated in 2017 sets out in more detail the rules governing the various gifts and enticements from suppliers, third parties, and partners.
- The key unifying values of the Fnac Darty Group banners are Commitment, Passion, Respect, Innovation, Solidarity, Exemplary Performance, Spirit of Service, and Operational Excellence. These shared underlying values are reiterated in the updated Business Code of Conduct.
- An ethics charter for securities trading, updated in 2019, in compliance with AMF instructions, defines the obligations incumbent on persons holding privileged information.
- A Charter relating to the appropriate use of information systems was updated in 2018 to raise awareness and increase user responsibility among Fnac Darty employees in respect of their rights and duties.

These codes and charters have been validated by the Group's Executive Committee. They are available to all employees for reference on the intranet sites of the Group's banners.

"Fnac Darty's Essential Rules," updated in 2020, set forth the 14 main operational and administrative cycles of the Group's activities and the key internal control rules to follow in respect of legal or regulatory compliance, and in respect of efficiently allocating resources in order to achieve these objectives. In addition to these rules, there is a "Store Best Practices" corpus and a "Risk Prevention in management" glossary.

Human resources policy

The human resources policy contributes to internal control, in particular via the delegation of power and responsibilities, descriptions of functions, an employee assessment system and investments in training.

- Given the size of the Group and its workforce, the diversity of its activities, and the geographical dispersion of its different entities, it is necessary to delegate powers and responsibilities for the business to operate effectively. Responsibilities are delegated to appropriate people and entities, along with all the powers and resources they need to carry them out, in compliance with applicable regulations. Official job descriptions exist for key functions. The descriptions refer to the necessary controls for the supervision of the activity and also serve as a framework for the individual assessment system. The identification and description of key skills (managerial and business-specific) for the Group allows for the gradual implementation of a shared system for managing skills.
- Training, a component of annual plans, is focused on business-specific skills, combining specialist know-how, management expertise, and mandatory and regulatory knowledge. It is provided from the time new recruits first join the Group and continues throughout their careers, ensuring their individual development and that they follow essential rules on safety and compliance.
- All Group managers and employees benefit from an annual performance and skills appraisal and a professional interview designed to identify their training and professional development needs. Group Human Resources is responsible for the Group's senior executives (recruitment, international mobility, career management and training). Succession plans are in place for the principal Group management positions.
- Employees are asked to give their opinion on various themes every month by answering three questions. This mechanism is also an opportunity for them to freely express their expectations, which facilitates the creation of concrete action plans. Monitoring committees have been set up for this purpose.
- Compensation policies are managed and controlled by Group Human Resources for the principal management functions and at country level for other functions, in accordance with the main defined goals.

Organization

The structure of the Group's internal control involves persons throughout the chain of command, from the Executive Committee to all employees and supervisory and assessment bodies, including the Board of Directors, the Audit Committee, the Appointments and Compensation Committee, the Corporate, Environmental and Social Responsibility Committee and the Statutory Auditors.

The allocation of responsibilities and application of the rule on the division of functions ensures control and provides the basis on which the respective roles of the various decision-making bodies are built.

The Executive Committee

The Executive Committee determines the Group's main strategic policies and their impact on the major financial and management goals. It reviews the development of the business and decides which directions to take and which action plans to follow.

It is chaired by the Chief Executive Officer of Fnac Darty and, in 2020, also included the CEO of Fnac Vanden Borre in Belgium, the Group General Secretary responsible for Human Resources, CSR and Governance, the Human Resources Director, the Fnac Darty Commercial Director, the Fnac Darty Director of Operations and Information Systems, the Chief Operating Officer, the Group Chief Financial Officer, the Chief Executive Officer of Fnac Spain in charge of coordination for the Iberia Region, the Fnac Darty Director of Marketing and e-Commerce, the Group Director of Communications and Public Affairs, and the Fnac Darty Strategy and M&A Director.

Investment Committees

The Group Investment Committee examines and authorizes all investment decisions on major projects and projects related to:

- the creation of directly owned or franchised stores; and
- the acquisition or disposal of companies or businesses.

The Group Investment Committee is chaired by the Group's Chief Executive Officer. Its permanent members are the Group Chief Financial Officer and the Group Financial Control Director. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer and the experts involved in the projects (e.g. the Property Department for a real estate project).

The IT Investment Committee examines and authorizes all investment decisions on major IT projects.

The IT Investment Committee is chaired by the Group's Chief Financial Officer, and its permanent members are the Group Director of Operations and Information Systems and the Group Financial Control Director. Country projects are presented by the country CEO, assisted by his or her Chief Financial Officer.

Operational managers and employees

Management is the operational agent for internal control and relies on it for the achievement of its targets; the exercise of appropriate controls is therefore one of the prime responsibilities of every Group manager. This responsibility begins at the first level of supervision. Awareness of these controls among the main participants is formalized by the signing of delegations of powers and responsibilities.

As part of their delegated powers and formalized responsibilities, each Director and manager defines, implements and manages the internal control system. In particular, store, subsidiary and entity Directors are responsible for maintaining a satisfactory level of internal control over the assets and cash flows of the unit or company they manage.

Employees must be aware of the internal control systems for the objectives assigned to them, and must comply with the control principles and rules. They may help to improve and detect malfunctions. They are informed of the existing measures when they sign their employment contracts and by the internal regulations of the legal entities to which they report.

Other internal control participants

- The Group Legal Department advises and assists the operational departments and subsidiaries on major legal questions.
- The Group Tax Department advises and assists the operational departments and subsidiaries on major tax issues.
- The Group Financial Control Department is in charge of implementing and ensuring compliance with the procedures for reporting and preparing the consolidated financial statements.
- The Group Human Resources Department advises on and ensures compliance of internal practices with labor laws and regulations.
- The Group Security Department and the Group Architecture, Design and Maintenance Department conduct specific risk analyses and propose action plans for security and safety.
- The CSR Department advises operational departments and subsidiaries and helps them with the actions to be implemented in order to comply with societal and environmental responsibilities.

Supervisory and internal control assessment bodies

- The Board of Directors contributes to the general control environment through the skills of its members. It is regularly informed of major internal control and risk management methodologies and describes them in its Activity Report.
- Part of the Audit Committee's responsibility is "to ensure the implementation and relevance of internal control procedures and to identify and hedge Company risks, in particular risks relating to its financial or commercial assets (whether physical or intangible) as well as any type of contingent risk relating to employees, customers or third parties arising from the activities of the Company and/or its subsidiaries".
- Part of the Appointments and Compensation Committee's responsibility is "to evaluate the independence of the members of the Board of Directors, propose the appointment of its members, senior management and the specialized committees, and to examine and propose to the Board all elements and conditions for the compensation of members of senior management and the Group's main directors".
- Under its rules, part of the Corporate, Environmental and Social Responsibility Committee's responsibility is "to examine the principal risks and opportunities for the Group in corporate, social and environmental matters". It also oversees the risks associated with the duty of care.
- Having been set up in 2019, the Climate Committee meets once per quarter and comprises two sponsors from the Executive Committee (Group General Secretary and Director of Operations and Information Systems), as well as the Directors of Indirect Purchasing, CSR, Logistics, National Transportation, the Services Policy and After-Sales Service. It is responsible for deploying and verifying compliance with the Group's climate roadmap, ensuring that climate awareness is incorporated into the company's global strategy and driving the reduction objectives for greenhouse gas emissions.
- In January 2018, the Group's Ethics Committee was set up. It is chaired by the Group General Secretary responsible for Human Resources, CSR and Governance. Its permanent members are the Human Resources Director, the Legal Director, the Security Director, the Internal Audit Director, the CSR Director and the Data Protection Officer. This Committee's primary responsibilities are to ensure that the Group's codes, charters and policies are kept up to date, to monitor the effectiveness of risk reduction plans when mapping specific risks involving corruption and duty of care, and to prepare an annual report of its work for the Executive Committee.

- The Group's small Ethics Committee was established in July 2002 and is chaired by the General Secretary. Its permanent members are the Group Director of Human Resources, Group Legal Director, Group Risk Prevention Manager and Group Internal Audit Manager. The Committee's main duty is to oversee the follow-up and management of information reported via the ethics and compliance alert line.
- A Personal Data Management Committee was set up in 2017 to oversee compliance and adherence with the European General Data Protection Regulation (GDPR) of May 25, 2018. This Committee is chaired by the Data Protection Officer (DPO) appointed by the Group for France, who coordinates the DPOs appointed for other countries. The main objectives of this Committee, which meets every six weeks, are explained in chapter 2 of this Universal Registration Document, in particular in section 2.5.1 "Protecting the personal data of employees and customers".
- The Group's Insurable Risks Committee was created in 2019. It has the authority to validate, assess and improve the effectiveness of the risk management system in place, particularly in order to reduce net risk. This committee meets at least once every quarter and is chaired by the Group General Secretary responsible for Human Resources, CSR and Governance. Its permanent members are the Legal Director, the Financial Control Director, the Security Director, the Internal Audit Director, the Director of Internal Control France and the Head of Insurance.
- The Group Internal Audit Department, which contributes to the assessment of the internal control system through its missions, draws up recommendations for the improvement of its operations. The Internal Audit Department is in charge of managing and coordinating risk management, in particular through annual risk mapping and monitoring of action plans. It is also in charge of the central administration and analysis of internal control pursuant to the Financial Security Law and the AMF's reference framework set out in the section below, "Oversight of the system". The Group Internal Audit Department, which reports to the Group's General Secretary, reports the main results of its assessments to executive management and the Audit Committee.
- The Statutory Auditor takes note of the elements of internal control that are pertinent for the audit in order to take into consideration those factors that may generate risks of material anomalies in the financial statements, and not for the purpose of formulating an opinion on the efficacy of the internal control.

At the time it deems appropriate, the Statutory Auditor communicates to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that it believes to be of sufficient importance to merit attention, unless the auditor believes that this approach would be inappropriate under the circumstances. The Statutory Auditor submits this communication in writing when it details weaknesses believed to be significant. The Statutory Auditor communicates the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time it deems appropriate.

Oversight of the system

The ongoing oversight of the internal control system and the regular review of its functioning entail three types of tasks: annual self-assessment exercises, internal audits and observations made by the Statutory Auditors, as indicated in the previous paragraph.

Self-assessment

Those in charge are asked to apply the internal control system in order to assess the level of internal control achieved through the use of controls that are essential to the proper functioning of their activities.

This approach helps to:

- raise awareness among operational and functional managers of the internal control procedures for which they are responsible;
- provide a structured and objective framework for analyzing risks and sharing internal control best practices; and
- launch action plans and, if necessary, improvement plans.

The internal control analysis strategy is based on the following principles:

- an annual self-assessment of Fnac Darty's essential rules, through questionnaires filled in by key operational staff in each Group country organization. In 2020, 14 cycles were self-evaluated. The questionnaire for the "Finance, Accounting and Management" cycle sent to country Chief Financial Officers takes into account the AMF's reference framework and, in particular, its application guide.

These questionnaires help operational staff to assess the quality of the internal control procedures for which they are responsible. They standardize the level of internal control across all activities and allow operational staff to benefit from best practices. They enable the launch of improvement action plans based on the results obtained.



Internal audit

In 2020, the Internal Audit Department continued to strengthen its system for assessing the organizations' internal control and risk management. The main actions undertaken concern:

- Internal Control Committees for all French and international subsidiaries. The purpose of these committees includes:
 - formalizing feedback from operational managers concerning identified and/or proven risks, and
 - ensuring that control activities are implemented and that they cover the subsidiary's risks.

These Internal Control Committees met between January and December with the country and subsidiary CEOs and CFOs, and the Legal Department, Tax Department, Financial Control Department and Internal Audit Department; and

- the performance of specific audits in connection with the risk mapping.

Statutory Auditors

Within the framework of their assignment to certify the financial statements, the Statutory Auditors make observations. At the time it deems appropriate, the Statutory Auditor communicates to management, at the appropriate level of responsibility, those weaknesses in the internal control system identified during the audit that it believes to be of sufficient importance to merit attention, unless the auditor believes that this approach would be inappropriate under the circumstances. The Statutory Auditor submits this communication in writing when it details weaknesses believed to be significant. The Statutory Auditor communicates the significant internal control weaknesses in writing to the bodies cited in Article L. 823-16 of the French Commercial Code, at the time it deems appropriate.

3.7.1.3 / Internal control procedures relating to the preparation of financial information

General principles relating to the organization of accounting and financial internal control

Definition and objectives

Accounting and financial internal control includes the processes that provide accounting data: the financial information production process, account-closing process and the communications process.

The accounting and financial internal control system aims to ensure:

- compliance with accounting regulations and proper implementation of the principles on the basis of which the financial statements are prepared;
- implementation of senior management's instructions on financial reporting;
- the preservation of assets;
- the quality of information reported for the preparation of published financial statements and the reliability of their centralized processing for Group consolidation, with a view to the distribution and use of that information for management purposes; and
- the control of production of financial, accounting and management items.

Scope

The scope of application of internal control procedures relating to the preparation and handling of financial and accounting information comprises the parent company and all subsidiaries included in the consolidated financial statements.

Organization and management process of the accounting and finance function

Organization

Group financial and accounting information is prepared by the Group Finance Department.

In 2020, the Group Finance Department supervised the Financial Control Department, the Tax Department, the Investor Relations Department, the Security Department, the Treasury and Finance Department, the Property Department, and the France Finance Department, to which the Management Control Department reports.

Standards

Accounting standards

The Group has a body of accounting rules and policies which must be applied to all consolidated subsidiaries.

These accounting rules, which are regularly updated, take into account changes in accounting regulations and standards.

The accounting standards establish the principles required for the consistent processing of transactions. They specify, in particular, the recording methods pursuant to International Financial Reporting Standards (IFRS).

The budgetary and closure procedures ensure consistency in the processing of data.

Management standards

Management standards not only specify the rules applying to the valuation of certain major account balance sheets and income statements, but also the controls and validations applying to key processes.

The Financial Control Department is responsible for updating these rules and improving the quality of their formalization.

Management process

The production and analysis of financial and accounting information is based on a set of management procedures, such as:

- the medium-term plan, which measures the consequences of the strategic directions on the Group's major financial and management goals. The plan is also used annually by the Group to assess the value-in-use of assets relating to the various Cash Generating Units;
- the annual budget, compiled after discussions with Country and Group operational departments and general management: this budget, which identifies the major financial goals and operational action plans, is prepared in the fourth quarter of the year and is definitively adopted in the following first quarter after any intervening events are taken into account;
- the annual budget is updated at least twice a year to ascertain whether the budgetary targets have been met and, if necessary, to revise said targets in light of the results to date and any changes in the internal and external environment. In addition, a rolling monthly forecast is provided as part of the monthly budget update, with the entities sending in their revised monthly earnings and cash flow forecasts based on their business activity estimates;
- the reporting that is carried out each month on the basis of monthly result closures performed by all entities dependent on the Group allows rapid reporting of financial information and regular monitoring of operational performance. The Financial Control Department, on the basis of the controls delegated to country or subsidiary Chief Financial Officers, makes sure that this reporting is consistent and complies with the applied accounting treatments.

The Group's CEO, its Chief Financial Officer, and the regional, country or subsidiary CEOs meet regularly with the managers of the various activities to assess the development of the business, based on financial and operational aspects; and

- the Financial Control Department regularly monitors, for annual and semi-annual closures, the off-balance sheet commitments of consolidated legal entities, including as part of the statutory consolidation processes, which require them to list all their commercial or financial commitments and monitor them over the years.

Information systems

The purpose of the financial and accounting information systems implemented in the Group is to meet the requirements in terms of compliance, security, reliability, availability and traceability of information.

- Financial management and accounting data are managed with a single SAP information system in all Fnac banner activities to ensure consistent processing, comparison and control of accounting and financial information. Financial management and accounting data are managed using a different SAP information system for Darty France, using software developed in-house for Vanden Borre (Darty Belgium).
- Financial reporting data and budget construction and tracking data are managed using a single information system across all Group activities. This SAP BPC tool interfaces with the various accounting information systems.
- Consolidation data are collected in a single consolidation tool known as BPC Consolidation, which interfaces with Fnac Darty's BPC V2 consolidated reporting system.

To reinforce internal control of systems, the Organization and Information Systems Department has strengthened the system used for the division of functions and has improved right of access controls through a formalized annual review across the entire Group.

Preparation of accounting and financial information

Operational bookkeeping processes

All bookkeeping processes, including sales, purchases and inventory management, fixed assets, payroll and cash are the subject of specific monitoring procedures and accounting validation and authorization rules.

Consolidation of accounts

The statutory consolidation of accounts is performed monthly using a single consolidation tool that allows the consolidated subsidiaries' financial information to be transmitted in real time after a comprehensive validation process of the consolidation files by their Statutory Auditors, CEOs and CFOs, who sign a representation letter every six months, thus ensuring the quality of the financial information transmitted.

The Financial Control Department conducts the consolidation process.

Financial communication

The Investor Relations and Financial Communication Department, which reports to the Group Chief Financial Officer, is responsible for preparing a precise timetable for releasing the latest financial information on the Group's activities to the financial markets.

This timetable complies with the requirements of the market authorities. Managers verify, with help from the Legal Department, that the information is released within the required time and in compliance with the laws and regulations that it monitors on an ongoing basis.

All material information communicated to the financial community accurately and transparently reflects the situation of the Group's activity, and is released in accordance with the principle of equality of information between shareholders.

Statutory Auditors

As part of their ongoing assignment, the Statutory Auditors audit the annual and interim accounts and financial statements of consolidated entities. The Group's annual consolidated financial statements are prepared under the supervision of the Financial Control Department under the responsibility of the Group Chief Financial Officer after validation by the entities' Finance Departments. The Chief Executive Officer and the Group Chief Financial Officer certify that the consolidated financial statements are true and present a fair view by signing a representation letter addressed to the Statutory Auditors.

3.7.2 / RISK MAPPING

Under its risk management and internal control procedures, the Group maps the principal risks to which it is exposed. The Group assesses the potential impact of each risk that is identified. The risk maps are updated regularly and allow the Group to define and monitor the various action plans that are implemented to reduce or manage these risks. The risks identified in the most recent Group risk mapping are described in the previous sections of chapter 6 "Risk factors and management". Additionally, in order to meet new regulatory requirements, risk mapping specifically for anti-corruption risks and risk mapping relating to the French law establishing a duty of care that must be exercised by parent companies and ordering companies have been carried out.

3.7.2.1 / Mapping of Group business risks

The key business risks identified are mapped at Group level with contributions from the Group's countries and main operational departments. This mapping is initially approved by the Executive Committee and then reviewed and approved by the members of the Audit Committee in December of every year.

Audit Committee members are updated on a regular basis on the progress of any risk mitigation plans.

3.7.2.2 / Specific mapping of Group corruption risks

In accordance with the Sapin 2 Law promulgated in December 2016, which came into effect in June 2017, the Group has established a corruption risk mapping process. Developed from interviews with the Group's various departments, it takes

into account the geographical location of our activities, our interactions with third parties, the various business lines within the Group, our human resources policy, and existing procedures. The action plans defined in this regard have helped to strengthen our business ethics system (see chapter 2, section 2 of risk No. 4 "Fight corruption").

3.7.2.3 / Specific mapping of Group risks relating to duty of care

In consideration of the French law establishing a duty of care that must be exercised by parent companies and ordering companies, the Group, in conjunction with the Company's stakeholders, has mapped the specific risks relating to fundamental human rights and freedoms, personal health and safety, ethics and the environment that directly or indirectly result from its business activities. This work has helped us to define a robust Vigilance Plan that includes appropriate mitigation measures (see chapter 2, section 3 of risk No. 4 "Vigilance Plan").

3.7.2.4 / Specific mapping of Group GDPR risks

Under the General Data Protection Regulation that was adopted in 2016 and took effect in 2018, the Group has mapped its GDPR risks. Developed from interviews with the Group's various departments, it takes into account the geographical location of our activities, our interactions with third parties, and the various business lines within the Group. This mapping helps to direct actions for the GDPR compliance program in each business line (see section 2, part 2.5.1).

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FNAC DARTY

Flavia
9, rue des Bateaux-Lavoirs
94200 Ivry-sur-Seine
www.fnacdarty.com

Fnac Darty
A French joint stock company (*société anonyme*)
with capital of €26,608,571
Créteil Trade Register 055 800 296