



HUMAN AND ENVIRONMENTAL IMPACTS

DECLARATION OF NON FINANCIAL PERFORMANCE

FINANCIAL YEAR CLOSED ON 31.12.2020

(ESTABLISHED IN ACCORDANCE WITH ARTICLE L.225-102-1 OF THE FRENCH CODE
OF COMMERCE, AN EXCERPT FROM THE ADEO GROUP MANAGEMENT REPORT)



OUR MANIFESTO

At the heart of our communities, we are **130,000 leaders** committed to home improvement.

Living in a **healthy, safe, responsible, sustainable, frugal and comfortable** environment is essential for the well-being of people all over the world. By creating and making accessible **home solutions that have a positive impact on the environment**, we contribute to making the world carbon neutral.

*We share the **WILL** to take positive action.*

At the heart of our companies, we are **building a sustainable future for all**, because the home is not just about roofs and walls, above all it's a human adventure. By teaching and learning new professions, we help everyone progress to develop their expertise and to **be employable throughout their life**.

*We share **KNOWLEDGE**, so that we can constantly evolve.*

In the heart of our cities, we are **local retailers**, offering solutions tailored to each inhabitant, from the initial idea to the implementation of their project. We achieve this by **forging links with new partners**, we are interdependent players in local economic development and the improvement of the living environment for all.

*We share the **ABILITY** to act to create value.*

At the heart of ADEO, we are **responsible shareholders**, driven by the culture of sharing the human, economic and environmental value that we create.

***OWNING** and developing our assets is a strong commitment from our collaborators.*

At the heart of society, we are **citizens in action**.

We are on the move to create a positive human, economic and environmental impact.

Together, we act to improve the way we live on the planet, our common home.

WE MAKE HOME A POSITIVE PLACE TO LIVE





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The information gathered in the declaration of non financial performance will be presented as follows.

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MEASUREMENT OF IMPACTS

#1 • Human Development

- a) Health and Safety of Individuals
- b) Ethics
- c) Solidarity
- d) Equality and Diversity
- e) Commitment and Well-being
- f) Leadership of a Sustainable Future for all through Learning

#2 • Home Improvement

- a) Positive Solutions
 - Responsible purchases
 - Customer pedagogy
- b) Environmental Footprint
 - Raw materials and substances
 - Carbon footprint and climate change
 - Circular economy

Summary of indicators

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INTRODUCTION

1 • THE BUSINESS MODEL

RESOURCES

OUR BUSINESS MODEL: WORLDWIDE PLATFORM FOR HOME IMPROVEMENT

HUMANS

130,000 employees
in 13 countries
45% women 55% men

DIGITAL DATA

8 shared platforms
provide solutions to
inhabitants and home
improvement professionals

MANUFACTURERS

4 billion products
10,500 suppliers
1,100,000 references

RAW MATERIALS

materials data to come

TRANSPORTATION

transportation warehouse/stores:
65% road haulage,
28% rail,
7% waterways and maritime

POINTS OF SALE

880 points of sale
47 warehouses
8,745,000 m² in total



VALUE CREATION

OUR MISSION: WE MAKE HOME A POSITIVE PLACE TO LIVE

LEADERS

We are 130,000 leaders, free to act as long as it's useful to ourselves, to others and to the world.
Basic model for authentic, open, interdependent and impacting leadership.
Net Promoter Score: 40.4

> 17.5 hours training / leader
> employees are equipped, mobile and connected to their local ecosystems
> 86% shareholder employees
> 29% of income (current EBIT before incentives) is redistributed as incentives (progress bonus + participation)

POSITIVE SOLUTIONS

Responsible resources and production
Healthy and safe for people and the planet
Environmental performance at usage
Built to last
Roll-out of 5-year warranty on our Inhabitants' Private Labels (MDH)
Development of the smart home

> Our customers contribute to the reduction of the carbon footprint thanks to externalities linked to the use of our solutions
> 623 factories having undergone a social audit
> partnerships with world leaders: Solar Impulse, Samsung XTC, Google, in support of our positive platform strategy

SUPPLY DEMAND DRIVEN

90% of products available the same day
Delivered to the point of sale, the home, the work site

ECOSYSTEM

Based on the Local, useful connections towards selective marketplaces and home improvement professionals supported in their need for expertise

> 231,000 indirect jobs created
> €2.1 billion in taxes and charges
> 320 associations helped



1 • THE BUSINESS MODEL

ADEO is **no.1 in Europe and no.3 worldwide in the DIY market**, made up of a group of companies with shared values, who in 2020 achieved a consolidated annual turnover of **€22.308.057 excl. taxes IFRS**. Commercially present in **13 countries around the world** (Europe, Africa, Asia and South America) with **880 points of sale**, ADEO is the first market player to offer such extensive international coverage.

ADEO is in the business of home improvement. We help inhabitants bring their projects to fruition. We offer useful and positive solutions to repair, renovate, organise, secure, sanitise, embellish, decorate, cook.

On the home improvement market, ADEO addresses 3 complementary markets:

- Inhabitants with projects for the home;
- Home improvement professionals;
- Cooking and decorating enthusiasts;



with a unique HUMAN FIRST approach (the human at heart), which translates in its value proposition:

- an exceptional, personalised, caring and close human relationship,
- an offer that's ultra accessible and co-developed with and for inhabitants and home improvement professionals,
- specific services available within its ecosystems.

To reach as many people as possible, ADEO is building the worldwide platform for home improvement. By “platform” we mean **an open and connected organisation**, where everyone can act as a leader of their communities, connected to their ecosystem in a spirit of mutual benefit.

ADEO represents **130,000 leaders** who operate as a network and in partnership with the aim of offering more solutions to more customers and doing it faster (time-to-market) while using fewer resources (overall efficiency).

By “platform”, we also mean **a digital infrastructure** which intertwines with our network of points of sale, our e-commerce sites and marketplaces, with all the internal and external stakeholders.

We believe that a useful company is a company that is instrumental in providing solutions to meet the needs of employees, inhabitants and its partners all over the world.

2 • THE STAKEHOLDERS AND MATERIALITY

In 2018, ADEO updated its **analysis of materiality**

(“Materiality” is understood as being that which has a significant impact on a company, its activities and its capacity to create financial and non financial value for itself and its stakeholders).

This work was based on a selection of stakeholders classified according to two themes: **the influence that they may have on the activities and the continuity of ADEO, and the impact that ADEO's activities may have on them (and which also defines the degree of responsibility vis-a-vis these stakeholders).**

In total, **70 people were interviewed** on a scope covering **the main countries of operation** (France, Spain, Italy, Poland, Brazil, Russia, Purchasing Offices in Asia).

The update was carried out in accordance with a benchmark of existing standards (notably AA1000 Accountability principles 2018 and ISO 26000), new legal provisions relative to the declaration of non financial performance, the UN sustainable development goals and a benchmark of CSR issues from actors in the sector.

5 key themes have been identified:

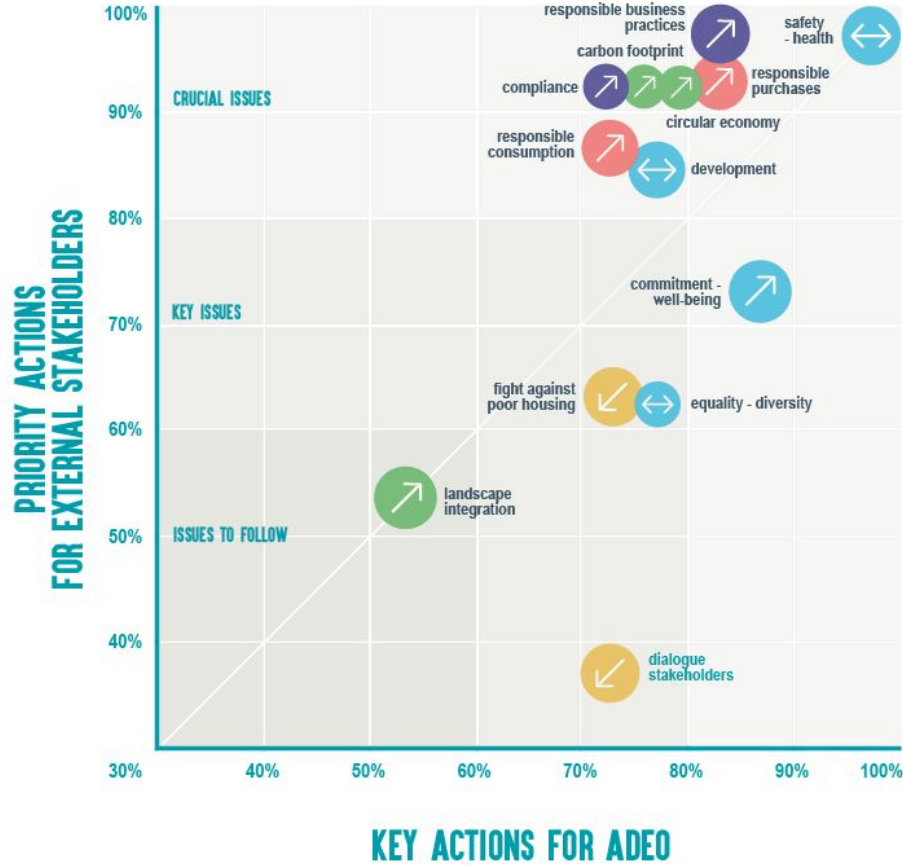
- Employees;
- Products;
- Environmental footprint;
- Communities;
- Responsible governance.

The stakeholders gave their opinion on the importance of various topics arising from these themes, as well as ADEO's degree of maturity in relation to them, according to quantitative criteria accompanied by qualitative remarks. This analysis could be enriched with any other important or relevant topic that may have an impact on ADEO's CSR performance.

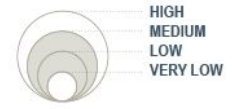
ADEO considers the critical views of its stakeholders as essential for its ongoing mission of usefulness to inhabitants around the world.

This materiality makes it possible to highlight that the issues identified by stakeholders, and for which ADEO has the power to implement actions, are the following: Health and safety of individuals, responsible business practices, responsible purchases, circular economy, carbon footprint/climate change, compliance, responsible consumption, development and commitment/well-being.

2 • THE STAKEHOLDERS AND MATERIALITY



ADEO DEGREE OF MATURITY



EVOLUTION OF THE IMPORTANCE OF THE ISSUE COMPARED TO 2015

- ↔ STABLE
- ↗ ON THE INCREASE
- ↘ IN DECLINE

- SUPPORTING PEOPLE
- BEING PROUD OF OUR PRODUCTS
- REDUCING OUR ENVIRONMENTAL IMPACT
- SERVING OUR COMMUNITIES
- ENSURING RESPONSIBLE GOVERNANCE

% Percentage of importance scores
4 (very important issue) and 5 (critical issue)
allocated by the stakeholders





3 • NON FINANCIAL RISKS

On the basis of results from the analysis of materiality, the Risks Compliance & Insurance division draws up a cartography of non financial risks supported by the interviews conducted internally.

The **gross risks** are ranked on a scale of 1 to 4, taking into account the stakes and the impact.

The **net risk** is calculated on a scale of 1 to 4 on the basis of gross risk and in respect of the related control mechanisms (in particular via the implementation of action plans).

This cartography expresses the prioritising of net risk in relation to gross risk and its degree of control. It is approved by the director of the Risks Compliance & Insurance division and is updated annually.

Results from the financial year 2020 confirm that **the major risks identified are:**

- health and safety of individuals;
- responsible purchases;
- responsible consumption

In 2020, the analysis of risks specifically underlines a previously identified risk, the health and safety of individuals, from the point of view of “the safety of customers present at our different sites”. This risk will be subject to a dedicated action plan in 2021.

Moreover, action plans underway on other issues of lesser criticality continue to progress.

4 • WE MAKE IT POSITIVE

We have always been guided by economic performance and by the “human at heart”.

Today, we want to go further and to become **LEADER OF THE POSITIVE HOME**, in direct contribution of our company mission: “We make Home a positive place to live”.

FOR THIS, WE ARE COMMITTED TO TWO MAJOR THEMES:

1. RESPONSIBILITY:

the minimum level we all need to achieve to be credible and coherent with our company project. It's the “bedrock” that must be laid for all ADEO Companies.

OUR HUMAN RESPONSIBILITY

its bedrock has 5 cornerstones:

- HEALTH and SAFETY
- ETHICS
- DIVERSITY
- SOLIDARITY
- EMPLOYEE WELL-BEING and COMMITMENT

OUR ENVIRONMENTAL RESPONSIBILITY

its bedrock has 5 cornerstones:

- MANUFACTURING and RAW MATERIALS
- WASTE
- BUILDING, TRANSPORT, DIGITAL
- BIODIVERSITY
- CARBON FOOTPRINT

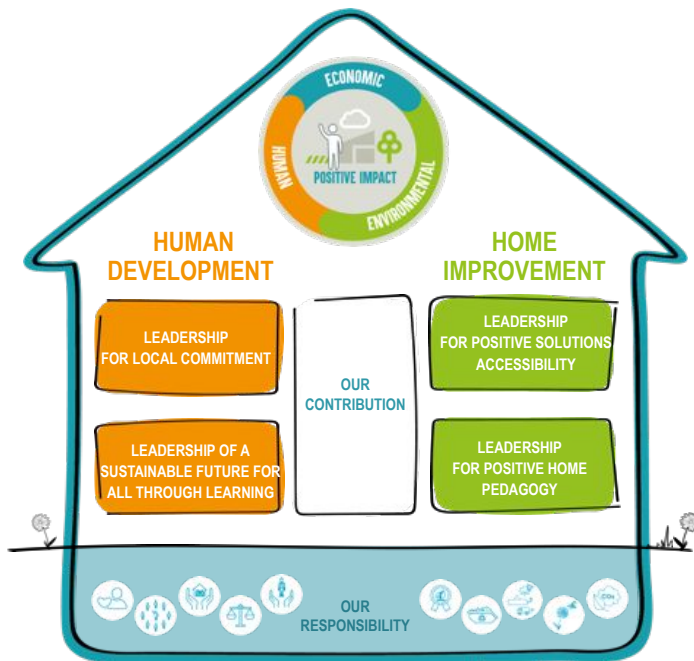
2. THE CONTRIBUTION:

to go beyond the control and reduction of our impacts. To bring together all our strengths and energy, we have chosen **4 areas of CONTRIBUTION**:

- LOCAL COMMITMENT
- LEARNING and EMPLOYABILITY
- PEDAGOGY OF THE POSITIVE HOME
- ACCESSIBILITY TO POSITIVE SOLUTIONS FOR THE HOME

These 4 areas aim to provide something more, in a spirit of **CONTRIBUTION**. These are therefore the fields of creativity and subsidiarity that each Company and each employee can explore and in which we can propose, test, dare, innovate and undertake to have a positive impact.

It is the combination, **RESPONSIBILITY** and **CONTRIBUTION** that will really enable us to become the **LEADER OF THE POSITIVE HOME**.



5 • GOVERNANCE AND COORDINATION

To reach the greatest number of people, ADEO operates **in platform mode**. A model which allows each individual to grow their know-how and soft skills in relation to their ecosystem, while remaining agile and responsive. Our points of sale, connected to their ecosystems and genuine reference points for inhabitants, are at the centre of our platform.

Connected to others and connected to **local human, economic and environmental stakes**, we better meet people's needs and proliferate our positive impact.

Therefore, ADEO's organisation begins through local adaptation, because **the home is local**. Which is why each Company is responsible for its social, economic and environmental choices in each country, in **respect of the local culture, in respect of the pooling of our assets** (digital, data, supply, technological, industrial product) and in **respect of the fundamentals and the overall meaning of ADEO**.

The coordination of action plans is dependent on a network of "CSR leaders" in each Company in their country, who are in direct contact with their stakeholders, that is what it means to be local.



5 • GOVERNANCE AND COORDINATION

At a global level, ADEO is organised around 7 challenges:

The Positive Impacts challenge was created in 2020. Its mission is to make ADEO a platform of responsible companies that positively contribute to the world's social and environmental challenges.

HUMAN CHALLENGE



1

We become the **130,000 LEADERS** of change that we want for ourselves, for others and for the world

CUSTOMER EXPERIENCE CHALLENGE

BY PROVIDING a unique physical and digital experience to inhabitants and home improvement professionals,

2



INDUSTRIAL CHALLENGE



3

with an offer and supply developed **ON THE BASIS OF CUSTOMER USES,**

WE
MAKE HOME
A POSITIVE
PLACE
TO LIVE

DIGITAL DATA CHALLENGE

ENHANCED by the technological components of a platform company

4



DEVELOPMENT & INNOVATION CHALLENGE



5

We develop our ecosystems **WHEREVER THEY'RE USEFUL**

PERFORMANCE CHALLENGE

OPEN TO FRESH INSIGHTS for better economic, human and environmental impact

6



POSITIVE IMPACTS CHALLENGE

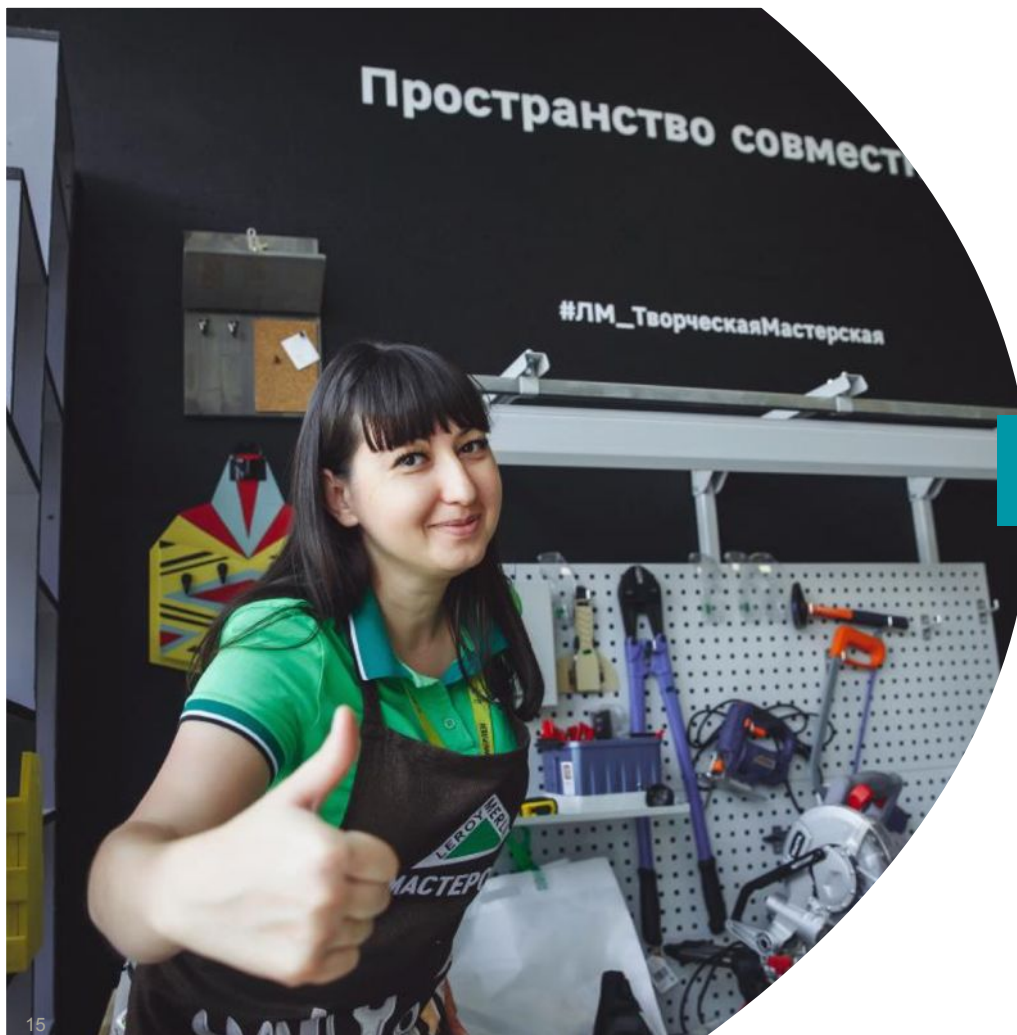


7

AND COMMITTED WITH RESPONSIBILITY AND CONTRIBUTION to create a positive impact on the world and its inhabitants



MEASUREMENT OF IMPACTS



#1

HUMAN DEVELOPMENT

Our strength, our primary pillar, is **human development**, based on shared values that put **people, employees, professionals, partners and citizens at the heart of the action**. Acting WITH and FOR People, is the whole point of our **USEFULNESS**.

We are **130,000 employees** supporting a common mission which is our daily challenge: to enable inhabitants around the world to improve their homes.

HUMAN DEVELOPMENT

The human aspect of our company mission “We Make Home a Positive Place to Live”, is to succeed in making “**ADEO a Positive Place to Live for its 130,000 leaders**”.

After a highly disrupted context in 2020 and the sudden stoppage linked to the first lockdown, we have regained a growth dynamic. As such, even if the pace of recruitment has slowed, due in particular to a drop in turnover, 2020 is finished with a positive balance in terms of an increase in personnel.



		2016	2017	2018	2019	2020	Evolution 2019-2020
Personnel on 31 December	No.	83,599	90,465	102,563	110,868	124,922	+13%
Breakdown by age group							
Under 25s	No.	9,107	10,265	12,678	14,316	16,713	+17%
25 to 34 year-olds included	No.	32,459	33,858	38,548	39,787	44,407	+12%
35 to 44 year-olds included	No.	26,417	28,778	31,283	33,586	37,803	+13%
45 to 54 year-olds included	No.	12,778	14,163	16,174	18,457	20,615	+12%
55 to 64 year-olds included	No.	2,838	3,401	3,880	4,534	5,213	+15%
65 year-olds and over	No.	-	-	-	188	171	-9%
Breakdown by gender							
Men	No.	45,611	48,978	56,705	62,291	69,235	+11%
Women	No.	37,988	41,487	45,858	48,577	55,687	+15%

		2016	2017	2018	2019	2020	Evolution 2019-2020
Personnel on 31 December	No.	83,599	90,465	102,563	110,868	124,922	+13%
Breakdown by geographical location							
France	No.	24,438	25,893	26,610	27,730	30,047	+8%
of which Leroy Merlin	No.	22,209	22,893	23,636	24,848	26,913	+8%
of which Bricoman	No.	2,229	2,058	2,019	1,973	2,171	+10%
of which Zôdio	No.		942	955	909	963	+6%
Russia	No.	20,052	23,038	30,383	32,345	36,592	+13%
of which Leroy Merlin	No.	20,052	23,038	30,383	32,345	36,592	+13%
Spain	No.	9,858	10,505	14,294	17,140	17,810	+4%
of which Leroy Merlin	No.	9,858	10,505	11,480	13,820	14,120	+2%
of which Bricomart	No.			2,814	3,320	3,690	+11%

		2016	2017	2018	2019	2020	Evolution 2019-2020
Italy	No.	10,543	11,121	11,438	12,132	12,411	+2%
of which Leroy Merlin	No.	6,667	6,932	7,034	7,421	7,386	-0%
of which Bricocenter	No.	1,499	1,468	1,430	1,418	1,454	+3%
of which Bricoman	No.	2,377	2,721	2,974	3,293	3,571	+8%
Poland	No.	9,389	10,029	10,604	11,721	12,160	+4%
of which Leroy Merlin	No.	9,389	10,029	10,604	11,721	12,160	+4%
Brazil	No.	9,319	9,879	9,234	9,800	10,926	+11%
of which Leroy Merlin	No.	9,319	9,879	9,234	9,800	10,926	+11%
Portugal	No.					4,976	
of which Leroy Merlin	No.					4,976	

		2016	2017	2018	2019	2020	Evolution 2019-2020
Hires	No.	31,054	35,622	42,743	45,979	44,620	-3%
Dismissals	No.	2,723	2,881	3,571	3,688	3,669	-1%

OUR HUMAN MODEL



In the midst of an acceleration in the digitalisation of professions, the challenge is to continue developing **our human model** in order to support our transformation towards a platform company. Our new strategy, launched in 2017, enabled us to establish the linchpins of our human model, structured around **5 fundamental elements**.

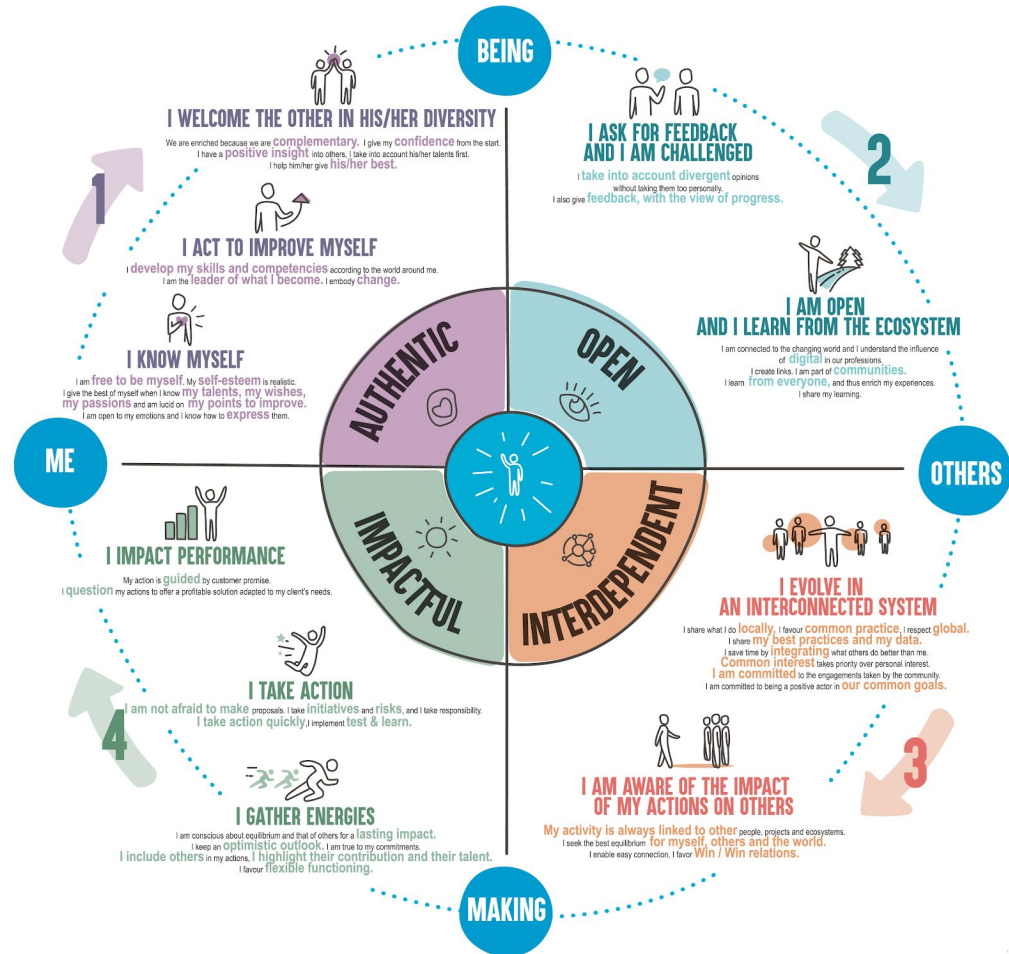
Our Companies draw on the “**Group 3-year Human Resources Plan**” to define their Human Resources policies while respecting the local particularities of employee experience and our human model.



A Leadership model:

“1 Leadership, 130,000 Leaders”

The leadership model is the translation of the platform company in human terms. It is built like a human mirror of its operation and is a decisive springboard in cultural change. It makes it possible to emphasize the unique and fundamental contribution of the individual and the importance of connecting with others, while addressing the postures and behaviours to be exercised. The Leadership model is articulated around **4 essential characteristics (Authentic, Open, Interdependent, Impacting)**. The goal is to stimulate value and performance by revealing the leadership qualities in each individual, as well as contributing to making the team stronger and more proficient in its operation. All our Companies are in the process of assimilating the model, at varying degrees of speed.





The culture of sharing

The culture of sharing is a fundamental part of our Group and our roots, which has led to our success in human and managerial terms.

It relies on 4 key notions: **the WILL, the KNOWLEDGE, the ABILITY and the OWNERSHIP**

- Strengthening our responsibility, on diversity, security, health & safety at work, waste treatment, transportation, energy... means strengthening our **WILLINGNESS** to individually and collectively commit, it's about sharing the **WILL**, it's about taking positive action for what we want, for ourselves, for others and for the world.
- Moving towards the leadership of learning and employability all life long, but also the leadership of pedagogy for the positive home, healthy, frugal, efficient and environmentally friendly... means strengthening the sharing of **KNOWLEDGE**: ours and that of our ecosystems.
- Moving towards the leadership of local commitment by allowing each individual to take initiatives, make decisions, be empowered, but also to boost accessibility for as many people as possible to positive solutions for the home... means strengthening the sharing of **ABILITY**: To be able to act in favour of spending power, for the home, for the planet.
- Ultimately, we do all this to be useful to inhabitants all over the world and to create value: human value, environmental value and economic value. And this new value, that's sustainable, more balanced, reinforces the **SHARING of OWNERSHIP**. The more value we create, the more we share it. **It's our virtuous model and the ultimate calling for a Company that is useful to ourselves, to others and to the world.**

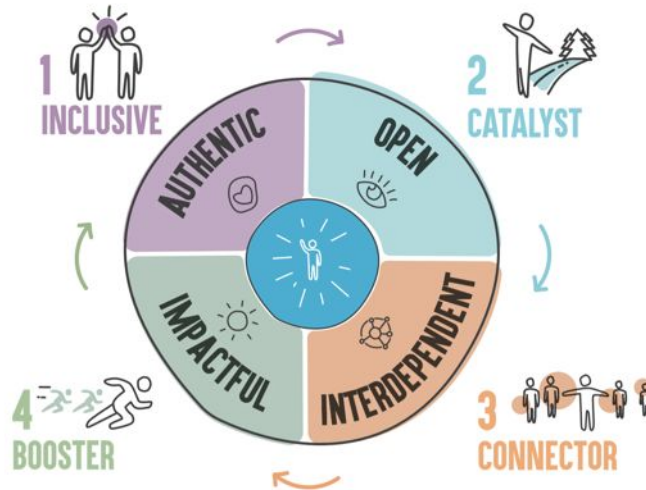
in 2020,
**71% of store
directors**
were promoted
from within

**29% of revenues
(current EBIT before
incentives) is
redistributed as
incentives
(Progress bonus +
participation)**

**88,944
employees hold
13.4% of ADEO
capital**



Proximity management



In our human model, the role of the manager remains important as a **creator of the conditions for team success**. We believe that this role still makes real sense in our development, but it needs to recover its meaning. With an iterative and international initiative, we built our managerial model in 2019 **around 4 aspects**, in line with the leadership model and its associated skills, so that we could move towards a real transformation of our management practices. **The role of manager evolves towards a role of manager of leaders**. In 2020, we fine-tuned the translation of the Leadership model at the managerial level and formalised the behaviours and aptitudes in a document entitled “Managerial Benchmarks” that we share and promote within our Companies.



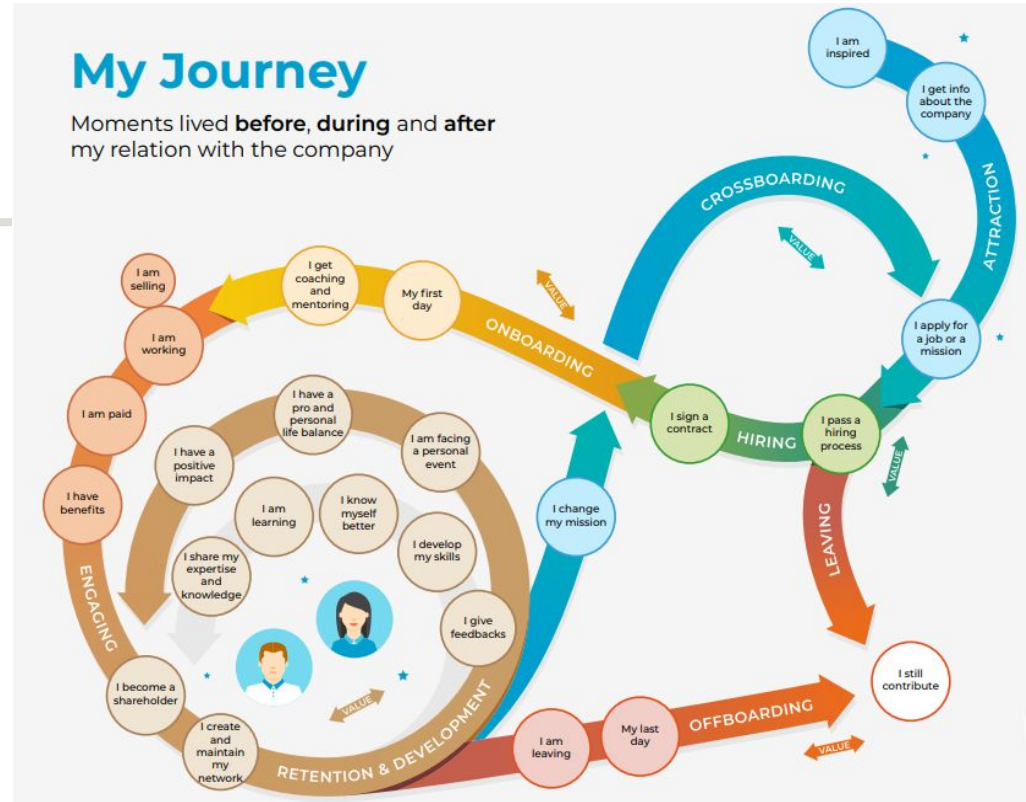
COLLABORATOR
EXPERIENCE

4

A User-Centric COLLABORATOR Experience

As part of a continuous improvement initiative, in 2019 we began the identification of sticking points in the collaborator experience throughout their life cycle and the key moments that punctuate their journey. A **new form of employee-employer relationship**, more focused on an individualised response to the needs of collaborators, must be defined and made operational. We want to accelerate the **construction of such a collaborator experience that would be capable of allowing everyone, individually and collectively, to develop their talent and to experience real leadership** within ADEO Companies, in connection with our environment, our planet and our ecosystems.

The life cycle of the collaborator experience is illustrated in the diagram opposite.





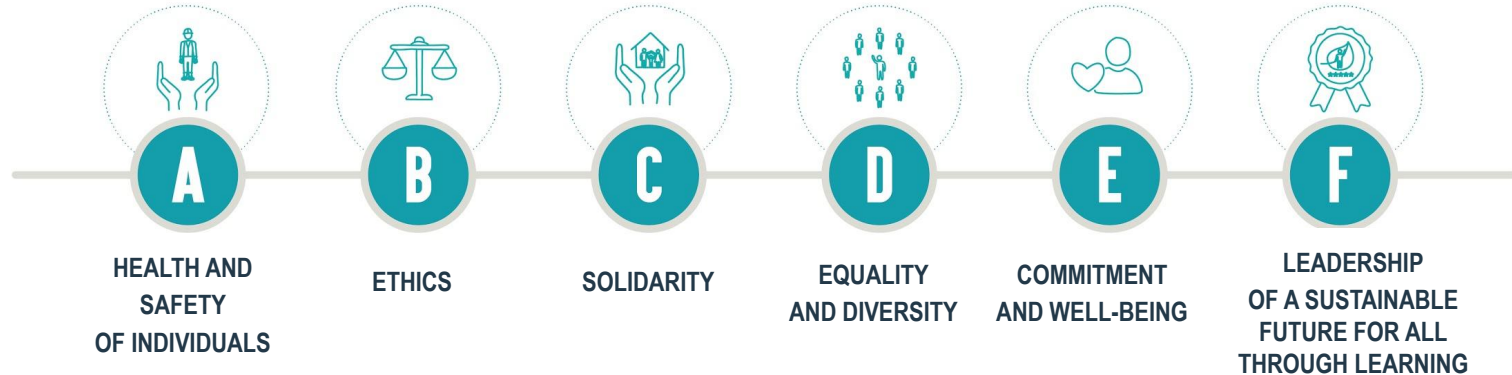
Employability for all

While boosting **the recruitment and development of talents** all over the world, ADEO intends to offer all its employees an environment where the talent of each individual can be revealed, grow and thrive to ensure sustainable growth. Our ambition then, is based on a vision centered around both collective performance and the recognition of individual talent. One of the historical social impacts of our Companies' development is **the creation of jobs**. Today, we wish to focus our efforts on employability, which compels us to work more on **skills development**, rather than on the professions themselves, some of which will be transformed due to the automation and digitalisation of the work involved. **It is our ambition that each employee becomes the actor of his/her own development**, by setting up the framework and tools that will enable him/her to build a sustainable future. The acceleration of digitalisation and the transformation towards a platform company model require us to rethink organisations, professions and to develop new skills.

To do this, in 2019, we initiated **a strategic planning approach for long-term resources** (SWP - Strategic Workforce Planning) which is based on quantitative and qualitative data from which we can write scenarios and choose action plans suited to our challenges: recruitment, training and learning, repositioning, internal mobility... The initiative was tested at Leroy Merlin France, then in 2020 we launched the SWP along with Adeo Services on the Digital Data and Performance/Finance challenges. In 2021, we continue the deployment of the SWP initiative on all the professions of the various challenges, beginning with the Supply Chain, to determine a cartography of critical skills per profession.



**OUR PRIMARY RESPONSIBILITY AS A COMPANY,
IS TO TAKE CARE OF OUR EMPLOYEES
AND OUR CUSTOMERS BY ENSURING
“HUMAN DEVELOPMENT”:**





A) HEALTH AND SAFETY OF INDIVIDUALS

As a responsible employer, ADEO's desire is to create a protective working environment, but also as a retailer accommodating the public, it is **to ensure the safety** of every person present on their premises. Which is why **the health and safety** of employees in stores and warehouses, but also in internal services, as well as the customers in stores, are of constant concern to all ADEO Companies.

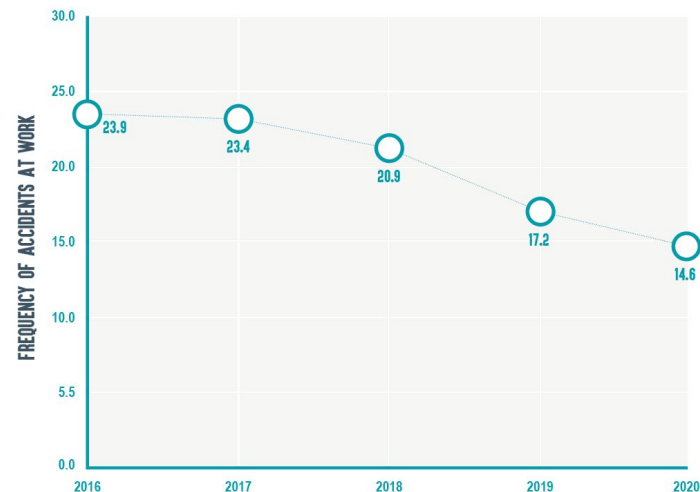
It is our ambition to link performance to the development of practices that ensure a secure and healthy working environment. This ambition translates as much in our investments as in the programmes set up for employee training.

We want to achieve **ZERO accidents at work** for our employees and for the customers who visit our stores. Several Group Companies worked together on the co-development of a prevention policy in support of this shared ambition.

The implementation of the **Safety First** project made it possible to significantly reduce the frequency rate and the severity of accidents in our companies (respectively by 39% and 24% in 5 years). This was made possible thanks to the ongoing involvement of Company Leaders on the subject, the appointment of Safety Leaders in 90% of companies and the coordination of all the actions. To continue our progress in terms of safety remains **an absolute priority to reach our objective of Zero Accidents.**



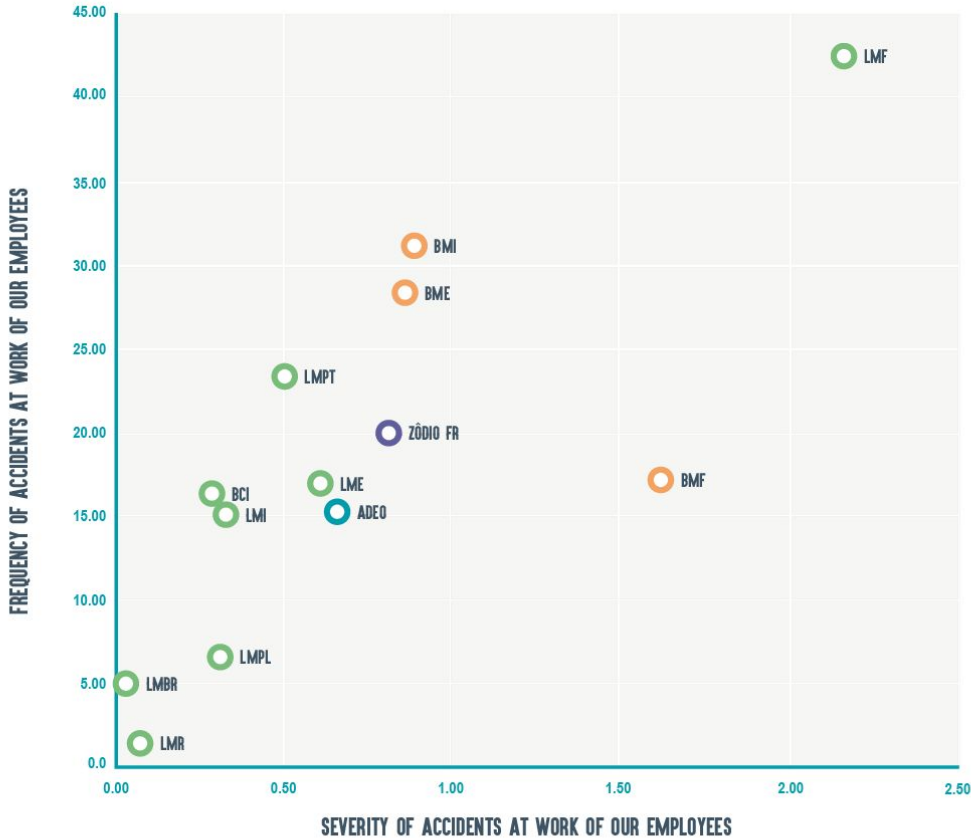
EVOLUTION IN THE FREQUENCY RATE OF ACCIDENTS AT WORK OF OUR EMPLOYEES



ADEO accidents at work

		2016	2017	2018	2019	2020	Evolution 2019-2020
Frequency rate of accidents at work	no. accidents x 10 ⁶ /h worked	23.90	23.43	20.94	17.20	14.61	-15%
Severity rate of accidents at work	no. accidents x 10 ³ /h worked	0.79	0.80	0.75	0.69	0.60	-13%

THE HEALTH-SAFETY
OF OUR EMPLOYEES 2020



Frequency rate
of accidents at work

Among all the actions implemented in 2020, let's mention:

4.94

- **LEROY MERLIN Brazil** launched various programmes, like the introduction of warm-up sessions to prevent injuries and muscular fatigue, or mandatory training for safety at work. Furthermore, a health committee was established with doctors and nurses.

22.87

- **LEROY MERLIN Portugal** implemented a reduction plan and a survey on accidents at work. Routine inspections are carried out, as well as emergency simulations. A computer programme for safety called "SAFETY" has been set up.

15.16

- **LEROY MERLIN Italy** has undertaken an improvement initiative for the safety of employees at work which includes the reduction of risks in the workplace and the establishment of better working conditions, having obtained ISO 45001 certification.

41.93

- **LEROY MERLIN France** initiated, in March 2020, preventive measures against accidents at work around 7 pillars, with in particular, reinforced training for store leaders, and the implementation of 2 safety coaching sessions per employee per year.

16.35

- At **BRICOCENTER Italy**, an organisation relative to health-safety was set up. In addition, substantial efforts for the updating and distribution of documentation for the assessment of health-safety risks was undertaken over the course of the year.

17.33

- **BRICOMAN France** has implemented a pilot initiative concerning musculoskeletal disorders in 3 stores with the support of the CARSAT (pension and occupational health fund).

31.49

- **BRICOMAN Italy** provides safety training for 100% of its new employees. 100% of the sales and logistics teams are trained in the use of equipment for moving goods.

20.67

- **ZÔDIO France** has set up "safety" training relative to the use of handling machines and technical gestures in store.



Focus on the management of the COVID-19 pandemic for ADEO employees

In the wake of the pandemic, ADEO bought 50 million PPE and one month's worth of stock, available within 3 days, was prepared to ensure the protection of our employees and our customers. Throughout 2020, meetings were held at regular intervals to support the deployment of all the precautionary health measures taken by our group of Companies: assessment of risks related to the health crisis, set up of measures concerning masks, barrier behaviours, site cleaning policies, employee training, etc. Measures related to the prevention of stress, remote working and a return to work were also taken.

Beyond the risk to physical health, the social risk of the pandemic and the economic repercussions have a major impact on the mental health of employees, and the need to address quality of life issues in the workplace has never been as important as it is today. Some Companies have offered their employees **psychological support during the COVID-19 crisis: BRICOMAN Italy, LEROY MERLIN Brazil, LEROY MERLIN Poland.**

B) ETHICS

To take care of our employees and our stakeholders and to prevent all forms of discrimination, harassment or corruption and to protect personal data, we set up guidelines, procedures, tools and training to ensure consistency between our values and our legal obligations. 2020 provided an opportunity **to reinforce our rules of governance concerning the application of the ethical code of conduct** by making it enforceable to all employees. As a result, almost 120,000 employees were able to receive ethical training through e-learning.

In 2020, we also improved the availability of our alert channel - Whispli - which enables **free and protected access for 100% of our teams** and made it possible to deal with 217 alerts of all kinds.



C) SOLIDARITY



Because team spirit and solidarity are values shared by all in the midst of the Covid crisis, employees created the ADEO SOLIDARITY FUND to help employees who are affected by natural disasters or health crises and who don't receive any specific relief. The company has decided to match 1 euro for every 1 euro donated, and it's with a little **over 2 million euros** that the fund was established. Several employees have already been able to benefit from its support.



Moreover, we had to temporarily close our stores in a number of countries during the health crisis. Consequently, in relation to the stoppage in activity at our sites, the majority of our employees were placed on partial unemployment leading to a loss of salary.

In response to this exceptional situation, in countries where the government does not provide financial relief for employees, ADEO decided to temporarily maintain **70% of salary for these employees for the months of April, May and June 2020.**

Sharing and taking care of our teams, our customers and local communities has always been a part of ADEO's DNA. In 2020, during the health crisis, our desire to be useful only grew.

In the spring, during the Covid crisis, our stores received many requests for aid from hospitals. Products such as masks, gloves, protective suits, cleaning sprays and liquids, storage units were essential and often unavailable. The majority of Companies donated numerous articles (masks, gloves, cleaning products) to provide additional assistance, in particular to carers or to those on the front line in the fight against the Covid epidemic, right from the start of the crisis.



LEROY MERLIN Romania turned an old decommissioned store into a hospital with almost 450 beds to assist people suffering from the coronavirus.

To thank caregivers, companies such as LEROY MERLIN Portugal offered caregivers a 10% discount for their in-store purchases, or for instance, ZÓDIO France, who offered caregivers its stocks of Easter chocolate, unsold due to the lockdown.



Outside the crisis period we are currently experiencing, our Companies have always been keen to share their generosity by implementing various solidarity initiatives.

FOR EXAMPLE:

- The organisation “Les Bricos du Cœur” created by ADEO employees and present in most of our Companies, sets up renovation projects for the premises of associations that also provide assistance to the population. In 2020, there were numerous actions that were mainly concerned with the fight against the Covid epidemic. The organisation also renewed its roll-out of the “solidarity week” mobilising almost 150 individuals in a dozen cities.
- Our 3 Italian companies, **LEROY MERLIN Italy**, **BRICOMAN Italy** and **BRICOCENTER Italy** launched the operation “the hanging bulb”. This solidarity initiative allowed us to assist people affected by energy insecurity. Store customers buy one or more light bulbs which are then passed on to partner associations who distribute them to beneficiaries.

And finally, some years ago now, two of our companies, **LEROY MERLIN France** and **LEROY MERLIN Poland** set up a company foundation.

At **LEROY MERLIN France**, the purpose of the foundation is “the organisation of the home for disabled or dependent persons”. In 2020, borne by nearly 150 voluntary and committed employees, 64 projects were funded for the total sum of €450,000. The assistance provided made it possible, notably, to finance work on the alteration of bathrooms, the installation of stairlifts or a lift, the transformation of a garage or the improvement of outdoor accessibility and the motorisation of accesses...

At **LEROY MERLIN Poland**, the foundation makes it possible to fund a range of different projects. In 2020, we could mention for instance, financial aid provided to the association “Habitat For Humanity” which assists people living in precarious situations. In addition, the foundation also made it possible to provide the necessary aid for the reconstruction of a building destroyed by fire and used by an organisation that helps children from underprivileged areas.

D) EQUALITY AND DIVERSITY

Convinced that diversity is a performance factor, the Group's companies recruit a variety of profiles, reflecting their local customer base, and promote **professional equality** at all levels and in all Company processes, as far as social background, gender, disability, age, sexual orientation or religious beliefs are concerned... This approach ensures that we always select the best skill sets (on recruitment or promotion from within).

To begin with, to ensure equal development opportunities for all and to reflect the diversity of society, we are committed to composing Company and store Executive Committees with man-woman **parity** and multi-country representation that embody **the international ambition of ADEO**.



	2016	2017	2018	2019	2020	Evolution 2019-2020
Percentage of women members of company executive committees	14%	17%	22%	20%	16%	-22%
Percentage of women members of store executive committees	34%	36%	36%	36%	37%	+4%

Some companies have already implemented a policy
for Diversity & Inclusion with differing degrees of maturity:

- **LEROY MERLIN Brazil** supports the programme “Women's Empowerment Principles” jointly created by the UN Women and the United Nations Global Compact. It is articulated around seven principles that provide guidance to companies with how they promote sexual equality and autonomy in women, particularly in the workplace. In 2020, in the list “Great Place to Work for Women” the company took 13th position in Brazil, and it ranked 3rd company in retail for women working in Latin America by “Women in Leadership Latin America”.
- **LEROY MERLIN France** signed the Diversity Charter on November 24th during the Diversity and Inclusion Week. This charter asserts the desire to encourage cultural, social and ethnic diversity and to surpass the legal and regulatory framework for the fight against discrimination.
- **At ZÔDIO France**, following the man-woman equality agreement signed in March 2019, an action plan was presented to the social and economic committee. ZÔDIO France joined forces with the handicap week: testimonies, duo-days, raising awareness.
- **At LEROY MERLIN Portugal**, a 3-year action plan was launched to begin an integration process for reduced-mobility workers and to adjust workstations in accordance. Inclusion criteria have also been integrated into the recruitment policy for trainees.
- **BRICOMAN France** relaunched the “Duo-days” initiative in November 2020, an action aiming to introduce our professions and remove obstacles for disabled workers, with the objective of 100% of sites hosting a duo. A 6-week long awareness raising campaign on disability has been created on Workplace.
- **LEROY MERLIN Italy** has set up its FormidABILI project for the integration of people with mental disabilities. Tests were carried out in 2 stores and the project has been developed in 7 other stores.



E) COMMITMENT AND WELL-BEING

The context of **working relationships** and the **Employee/Employer relationship** are changing due to the digital revolution. Today, employees expect to get involved in a project with meaning and of greater scope on the one hand, and on the other, to benefit from a more personalised experience, that's more pace-setting and varied. This double challenge has led us to adjust our social contract in order to become an employer of choice in the digital age and to maintain our promise to develop the talent of each individual in a different way, thereby ensuring the well-being of our employees and a high level of commitment. This is why **we take the time to measure employee satisfaction** in order to determine the relevance of our Human Resources policies against **3 main indicators**:

- **The Employee eXperience Index (EXI)** the objective of which is to measure the satisfaction and commitment of our employees via the Net Promoter Score (NPS);
- **Evolution in turnover for all populations;**
- **Absenteeism for illness.**

In 2020, we extended the EXI measure to all employees, and not just to a representative sample. The comprehensiveness of this survey makes it possible to analyse results for each store and to be far more targeted in providing answers.

As part of the continuous improvement process, in 2021, we are strengthening the coordination of this measure using a digital solution to enhance communication and transparency of results with our employees, to intensify the Feedback culture and to reinforce the relationship of trust, a key element of our managerial proximity.



EMPLOYEE
EXPERIENCE
INDEX
Feel ADEO



	2018	2019	2020	Evolution 2019-2020
Net Promoter Score (EXI)	31	33	40	+21%

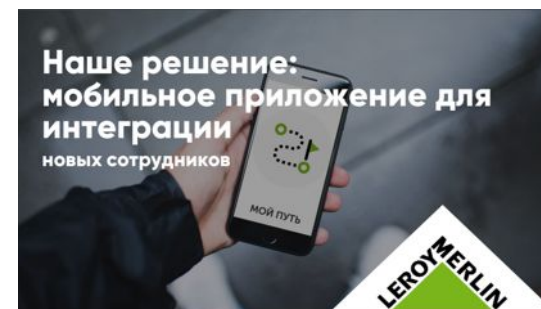
Our Companies continue to organise various initiatives with employees at a local level, which promote dialogue and feedback, and to implement actions that aim to improve employee well-being.

FOR EXAMPLE, in 2020:

- **LEROY MERLIN France and ZÓDIO France** continued the “Clarence” plan, an initiative for listening to and supporting employees in emergency situations, including access to a telephone hotline and the allocation of a solidarity fund.
- **LEROY MERLIN Spain** launched in October 2020 its “Bienestar 360°” website to promote the well-being of all its employees.
- **BRICOMART Spain** carried out its first psycho-social assessments in warehouses and internal services. This action is in response to the annual plan to combat absenteeism, implemented by the prevention of risks department. These assessments will make it possible to identify the factors that affect absenteeism and to provide relevant initiatives. In addition, an “onboarding” application has been set up for all new employees in order to ease their integration into the company. This application provides a variety of content related to the company or the missions carried out.
- **LEROY MERLIN Russia** has also implemented a similar scheme with the deployment of an application called “My Way” for the integration of new employees.



**TU BIENESTAR
EN TUS MANOS**



The stability of teams is an important element in building and developing skills, proof of our performance. A low turnover is also an indication of our ability to provide an outlook for our teams and to support them during periods of organisational or professional transformation.

The evolution of turnover between 2016 and 2019 was on an upward trend, going from 12% to 17%, which can be analysed as follows:

- **In eastern European countries (Russia, Poland, Romania)**, high tension on the labour market (scarcity of certain skills - full employment before the crisis) and the specificity of our social models, which are managed over longer periods of time and do not always align with the sharp increases in salary at a local level.
- **In the mature companies**, we have welcomed new profiles (particularly in digital and supply chain) in relation with the evolution of our business model, but also younger profiles and those whose expectations in terms of career development are different. The integration of these new profiles is somewhat different and requires us to adapt.
- **In all our companies**, the turnover of employees with 1-2 years' tenure remains too high and requires us to improve our recruitment processes (for a better profile/position match) as well as support once in place.

In 2020, the impact of the COVID-19 crisis marked a sudden halt to the increase in turnover trend. The solidity of our social model and our business, in a highly disrupted competitive environment, explains this turnaround in trend. Nevertheless, the situation remains tense on the market for rare profiles.

	2016	2017	2018	2019	2020	Evolution 2019-2020
Rate of turnover all populations	12%	14%	16%	17%	14%	-19%

	2016	2017	2018	2019	2020	Evolution 2019-2020
Total number of hours worked	132,024,088	144,265,113	159,276,099	183,455,161	187,591,261	+2%
Number of hours absent on sick leave	5,345,460	5,920,776	6,658,411	7,844,592	10,461,885	+33%
Rate of absenteeism for illness	3.9%	4.0%	4.0%	4.1%	5.3%	- +1.2 pts

The COVID-19 crisis disrupts the interpretation of absenteeism for illness. Furthermore, in some countries, the possibility of resorting to sick leave for employees obliged to look after their children at home due to the closing of schools has increased the number of hours sick leave, although it remains difficult to ascertain in what proportions.

F) LEADERSHIP OF A SUSTAINABLE FUTURE FOR ALL THROUGH LEARNING



Employability for all is defined as a pillar of our human model and our contribution with the will **to deploy leadership of a sustainable future for all through learning**.

Until now, our training offer was oriented towards support of employees in their first years of experience. We observe today, with the reduction of store openings, a reduction in the average number of hours training per employee.

To meet the challenge of transformation, we need to build **lasting skills** over time for all our employees. **Sustaining the employability of our teams** so that they are always in line with market times and developments, remains a strong employee promise and a performance factor during their time in the company.

We consider **training to be a development lever for employees and to improve economic performance** in relation to customer satisfaction. Each Company supports its employees, whatever their level of responsibility, by encouraging the acquisition of fresh know-how. All aspects of our professions are addressed. The opening and implementation of digital training platforms make it possible to better target our employees' needs.

		2016	2017	2018	2019	2020	Evolution 2019-2020
Number of training hours	h	2,042,347	1,961,011	1,933,674	2,044,382	2,180,892	+7%
Number of hours of training per employee over the period	h/employee	24.4	21.9	18.9	18.4	17.5	-5%

IN 2020 OUR COMPANIES CARRIED OUT THE FOLLOWING INITIATIVES:

- **LEROY MERLIN Spain**, because of the COVID-19 pandemic, launched its new campus, a necessary tool to ensure that teams could continue to train online. A little over 11,000 participants took part in new webinars on products, skills and prevention.
- **LEROY MERLIN Brazil** strengthened all its online training courses. Thus various initiatives were launched, such as the set up of a learning festival or the organisation of a digital forum for the human resources employee community.
- **BRICOCENTER Italy**, due to COVID-19, reorganised training to convert almost all its courses into digital format, so that employees could access them in agile mobility, with a focus on courses dedicated to products development and services skills for sales people.
- **BRICOMAN France** has implemented an enhanced training offer to accompany employees throughout their professional career: 13 new digital training courses have been created, for instance on customer relations, computer security or the leadership model, etc.
- **BRICOMAN Italy** has digitalised most of its training courses. A Learning Management System platform was launched, with e-learning topics available to employees.
- **ZÔDIO France** finalised the deployment of sales training initiated in 2019, which enabled 100% of employees to be trained by the beginning of 2020, and internalised the instructor function so that in the future this course could be deployed from within.
- **BRICOMART Spain** launched the in-house programme “Prometheus”, which aims to boost the learning and professional development of our sales teams to become product experts.
- **LEROY MERLIN Portugal** digitalised the majority of its training courses following the COVID-19 pandemic. Webinars were created for managers on how to manage virtual teams, on emotional intelligence, communication in times of crisis, etc. The “Leadership Digital Academy” was launched with almost 250 people to roll out the leadership model.
- **LEROY MERLIN Russia** also emphasized the development of the leadership model by creating the “School for Leaders”, initially open to store managers.





#2

HOME IMPROVEMENT

The Home, it is of course the dwelling that shelters, that facilitates and that embellishes life, and it is also, at a time when we need to protect ourselves, the obvious solution for staying at home. **Home improvement, more than ever, makes perfect sense and underpins our usefulness and our commitment for a safer, healthier and more frugal home. The home, it's also the neighbourhood where we live, and it's the planet. We have a duty to protect these ecosystems and to contribute to their improvement through our profession.**

We are, above all, inhabitants of the world. A world that enables life, with its biodiversity, its forests, its oceans and its natural resources. A world where we should and can act to limit global warming. Our responsibility is to reconcile our activity with sustainable production, taking into account the constraints of the planet's resources.



A) POSITIVE SOLUTIONS

Responsible purchases

All the information presented in this report is relative to retail purchases.

> Governance

We are responsible for the impact of our activities on our ecosystems. The values that guide us on a daily basis mean that we are committed to building sustainable performance and responsible development with our stakeholders and in particular with our suppliers.

We develop continuous improvement and risk management techniques for our customers and our retail business. We position our efforts upstream of the value chain, beginning with the selection of our suppliers.

Since 2019, quality hubs by geographical zone are established and apply the ADEO quality standard making it possible to manage systemic, consistent and homogeneous quality and the implementation of a dedicated shared organisation based on:

- an organisation and responsibility diagram of operational Quality managers;
- a framework of requirements and shared professional processes (Quality Standard);
- a shared Quality information system (Quality Management System) made up of 3 active units (Product Compliance / Supplier Compliance / Production Monitoring) and 2 to come (Non-conformity Processing / Continuous Improvement). Product Compliance is a preliminary requirement for the commercialisation of products (regulatory requirements, internal CSR policies and product performances).

The Quality Management System (QMS) tool is operational today for ADEO Services, LEROY MERLIN France, LEROY MERLIN Spain, LEROY MERLIN Italy, LEROY MERLIN Poland, LEROY MERLIN Russia, LEROY MERLIN Brazil, LEROY MERLIN Romania and LEROY MERLIN Portugal, **namely 82% of revenues in € excl. taxes IFRS.**

A) POSITIVE SOLUTIONS

Responsible purchases

> Selecting our suppliers

The selection of our suppliers is based on **two key measures**:

- the deployment of an ethical relationship with our suppliers,
- the control of our social and environmental impacts, which is monitored through audits.

DEPLOYMENT OF AN ETHICAL RELATIONSHIP WITH OUR SUPPLIERS:

The Code of Conduct for Responsible Purchases is integrated in the direct supplier agreements for retail goods, and becomes a prerequisite for the establishment or the continuation of all business relations.

The Code formalises a set of individual and collective rights and obligations with which our Companies and suppliers must comply. These rights and obligations are listed under **five main themes**: business ethics, social, environment, quality and protection of personal data. One of the fundamental elements of the Code is the mutual commitment between ADEO and its suppliers.

CONTROL OF OUR SOCIAL AND ENVIRONMENTAL IMPACTS:

The qualification of suppliers is a key step, ensuring the control of our social and environmental impacts during the production of our products. For this, our qualification procedure, in the process of being rolled out to all our suppliers, hinges around two entities:

- **Suppliers:** a quality, social and environmental self-assessment, the aim of which is to cover 100% of ADEO Group suppliers by the end of 2022. The main goal is to evaluate supplier compliance with our quality/CSR requirements. The initiative was launched in 2020 with an experimental phase, and becomes mandatory for all new suppliers from the beginning of 2021.
- **Manufacturing plants for our own brand finished products, Inhabitants' Private Labels (MDH):** The execution of quality and social audits with compliant results is a prerequisite for the selection of a supplier. The objective is to cover all our MDH finished product manufacturing plants with a compliant quality and social audit of less than 3 years by the end of 2021. From the beginning of 2021, the environmental audit becomes mandatory prior to selecting any MDH manufacturing plant, the industrial processes of which are considered to be particularly harmful for the environment in terms of air, water and soil pollution. Through a phase of generalised testing in 2020, we were able to consolidate the tools and procedures defined to industrialise the initiative from January 2021 onwards, looking to achieve 100% of MDH manufacturing sites environmentally audited by the end of 2023.



2020

Percentage of retail suppliers under active contract with the company's central purchasing division and having signed the Ethical Code of Conduct for Responsible Purchases

75%

A) POSITIVE SOLUTIONS

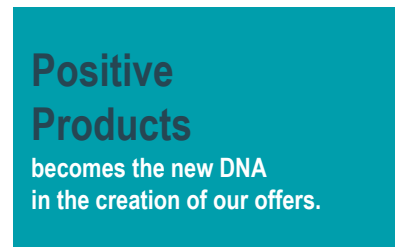
Responsible purchases

> Manufacturing our products

Products are at the heart of our retail business and our usefulness. Each product has an impact on the planet, from the mining of raw materials through to the end of its life cycle. We have a responsibility in the choice of raw materials and of production methods and we are committed to a “*Positive Product*” approach to reduce our environmental footprint.

This approach applies to all our products and all our Companies. “*Positive Products*” is an eco-design initiative based on 5 pillars:

1. **[Made from Sustainable Resources]**: the product is made from responsible resources (natural or recycled),
2. **[Responsible Production]**: the product's manufacturing respects men, women and the environment,
3. **[Safe for People & Planet]**: the product is healthy and safe for humans and is not harmful to the planet, particularly its packaging,
4. **[Bring Sustainable Functions & Features]**: the product provides environment-friendly performance in relation to its use (reduction in energy and water consumption, etc.),
5. **[Made to last]**: the product is made to last (or otherwise to be repairable).



A) POSITIVE SOLUTIONS

Customer pedagogy

In order for all of the positive solutions to be adopted by our customers, the latter need to be informed and in a position to better assess the impacts.

This is why **PEDAGOGY** is an essential part of our initiative, so that our customers understand and are aware of the performance of the products they buy to improve their homes.

We set up workshops and educational actions with our customers to teach them to **consume better, to repair, to recycle...** instead of throwing away, we can always repair, we can always transform.. There are always new solutions to be explored. These are the new reflexes that we want to encourage.



For example, **BRICOCENTER** Italy organised the event “Yes, I ri” (Yes, I repair, I reduce my waste, I recycle, I respect health, the safety of individuals, the environment, etc.). This national event enables our store teams to promote, via workshops, best practices to repair products, to recycle or to highlight certain product ranges that respect health or make it possible to save energy and/or water.





Finally, in 2020, a partnership was signed with the **SOLAR IMPULSE** foundation to reinforce our positive solutions offering, which will enable our customers to preserve water and energy and to better insulate their homes...

The roof plate **Tuil'up** is the first positive solution certified by the **SOLAR IMPULSE** foundation as part of our partnership, acknowledging this solution as eco-responsible and economically viable. Tuil'up is a new, entirely bio-sourced high-performance material, made in France from plant cellulose and resins. It comes from zero-waste production with no health risks and it is recyclable. Its lightweight makes it possible to limit the carbon footprint during transportation.

Some of our Companies already offer product ranges that are more health-friendly for humans or even products that make water and energy savings possible.

FOR EXAMPLE, WE COULD MENTION:

- **LEROY MERLIN Brazil, LEROY MERLIN Spain and LEROY MERLIN Portugal** offer their products to customers via specific ranges with indications such as Eco-Options or Eco-Logic Products.
- **LEROY MERLIN Poland**, in its stores, highlights the sale of water collectors and related accessories. Since the beginning of the year, the company has achieved a record of more than 6,000 products sold.
- **LEROY MERLIN France** encourages its customers to use more economical radiators by ceasing the sale of electric heaters - too energy intensive - and by renewing, in 2020, a previous operation involving the collection of its customers' old electric heaters.





B) ENVIRONMENTAL FOOTPRINT

Raw materials and substances

Aware that natural resources are becoming scarce, ADEO develops a policy for the reduction of its environmental footprint, beginning with the use of primary raw materials. The design and production of our products can provide genuine means to slow the growing scarcity of natural resources and contribute to their renewal. Our challenge is to source our supply with only sustainable natural resources and to integrate recycled resources right from the design stage and at any time throughout their production.

> Responsible wood resources

Among the raw materials used to manufacture the products sold in ADEO Companies, **wood is the raw material for which environmental and social issues are the most significant**. The strong presence of wood in our product offering leads us to adopt an active policy for the protection of biodiversity, the natural resource itself and the communities interdependent on it.

Since 2018, ADEO's "wood purchasing" policy has been included in the Code of Conduct for Responsible Purchases and is now a part of all our business agreements.

In 2019, the gradual roll out of the QMS in ADEO companies has allowed companies with access to this system to gather the necessary documents to prove the compliance of newly referenced products in relation to ADEO's policy on wood.

	2020
Percentage of product references in wood and/or wood-based, referenced in 2020 and coming from responsible sources*	88%

*This result corresponds to newly referenced articles certified in our QMS since the implementation of the wood module on February 10th, 2020 through to February 22nd, 2021.

Given that the implementation of this module in our companies is a gradual process, the companies within the scope of this declaration of non financial performance included in this calculation are as follows: **LEROY MERLIN France, LEROY MERLIN Russia, LEROY MERLIN Spain, LEROY MERLIN Italy, LEROY MERLIN Poland and LEROY MERLIN Portugal.**

To **strengthen our process and ensure the compliance of our products**, we are involved in a global partnership with the organisation Preferred by Nature (formerly NEPCo), expert in wood traceability, legality demonstration and FSC and PEFC certification labels. Together, we have built our due diligence procedure that is central to our policy enforcement process and is now deployed in our Quality Management System. Preferred by Nature supports all the quality platforms in carrying out qualification actions for our suppliers on the traceability of their wood products.

B) ENVIRONMENTAL FOOTPRINT

Raw materials and substances

> Hazardous substances

Conscious of the health or ecological effects that our products and production processes can have on the health of inhabitants and workers, ADEO undertakes, through its “hazardous substances” policy, to move beyond existing regulations.

In a context where chemical substances are widely and massively used in the industry, where scientific knowledge and research qualify the risks related to certain substances, and where inhabitants commit to reducing their energy consumption by insulating their homes and by containing the air that is present, **ADEO has chosen to focus on indoor air pollution.**

The ambition of ADEO is to reduce inhabitants' exposure to the most controversial substances that can be found in our products. In the same way as the wood-purchasing policy, the hazardous substances policy is integrated into the Responsible Purchases Code of Conduct and is a part of compliance for all our products. A Restricted Substances List (RSL) has therefore been drawn up and contains the substances that will be progressively banned or restricted in our products.

Certain substances from the RSL, considered to be of serious concern, are included in a blacklist and will receive immediate attention which may lead to the removal of some marketed products, with particular attention being paid, from 2020 onwards, to the products that contain isocyanate and crystalline silica.

From 2021, the “hazardous substances” policy will be gradually integrated into our tool for compliance management, the Quality Management System, and any new product must comply with it.

The aim is for all our suppliers to commit to this continuous improvement initiative by signing this policy and by monitoring the compliance of products through a series of tests on the hazardous substances subject to ADEO requirements.



B) ENVIRONMENTAL FOOTPRINT

Carbon footprint and climate change

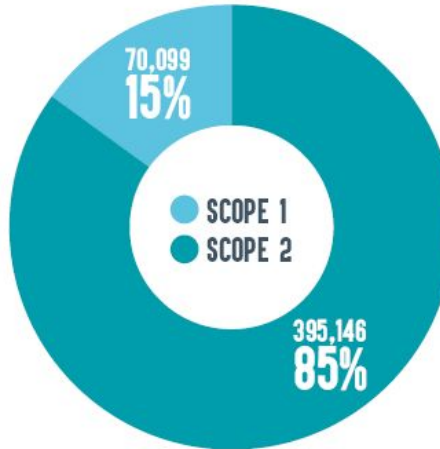
The Paris Accord signed in December 2015 is a turning point in the fight against global warming because it commits all the countries in the world to reducing their greenhouse gas emissions and to keeping global warming below the 2°C mark by the end of the century.

With this in mind, **ADEO undertakes to participate in the fight against climate change**, through the **50% reduction of our carbon footprint by 2035**, by setting up actions for the measurement and reduction of our carbon footprint relative to our business.

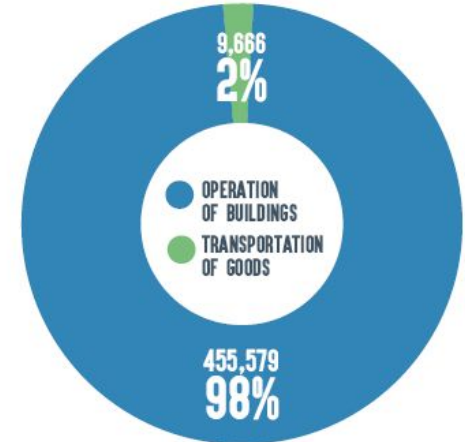
As part of our efforts to reduce our carbon footprint, our companies are already taking a number of actions to reduce our impact.

In 2020, the carbon assessment, ADEO scope 1 & 2 represents **465,244 tons CO₂eq.**

**BREAKDOWN OF EMISSIONS
BY SCOPE (TCO₂E)**



**BREAKDOWN OF EMISSIONS
OF SCOPE 1 AND 2 BY USE (TCO₂E)**



B) ENVIRONMENTAL FOOTPRINT

Carbon footprint and climate change

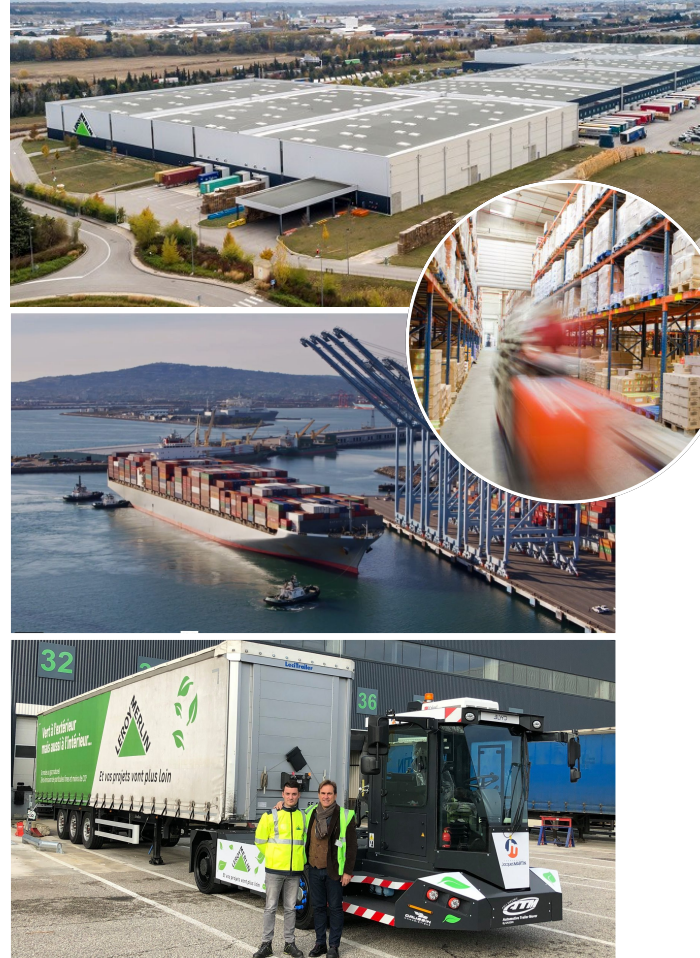
> Virtuous logistics

Our business requires our products to be transported. Therefore, we choose transportation methods with a lower impact to reduce our carbon footprint related to the transportation of goods. Overall, the optimisation of logistics takes place through the development of cross-docking¹, through the optimisation of the goods vehicle loading ratio, and the development of intermodal transportation.

Presented below, the carbon footprint of goods transportation from our logistics centres to our stores.

		2016	2017	2018	2019	2020	Evolution 2019-2020
CO ₂ emissions related to goods transportation (from the logistics centre to stores)	teq. CO ₂	103,037	105,490	112,553	125,514	135,915	8%

¹Cross-docking is a method of organising logistical flows that makes it possible to articulate and intersect, in a place known as a platform, supply flows from suppliers with final delivery flows to our points of sale.

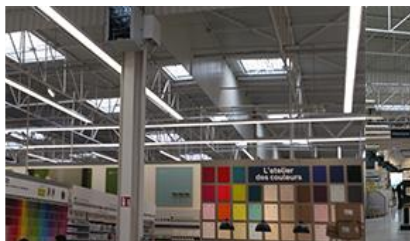


Some of our companies have adopted practices which promote more virtuous logistics:

- **LEROY MERLIN Italy** opened a new warehouse in Rome making it possible to optimise upstream logistical flows and to reduce the number of kilometres travelled for delivery to stores located in the south of the country.
 - **BRICOCENTER Italy** relies on the regional logistics platforms of **LEROY MERLIN Italy** to optimise the number of kilometres travelled.
 - **BRICOMAN Italy** operates vehicles that run on LNG. In 2020, **BRICOMAN Italy** extends intermodal transportation, implemented until now for stores in the south of the country and those located on Italian islands, to stores located in the country's north-eastern regions.
 - **BRICOMART Spain** has put into circulation its first ECO-Truck, a hybrid goods vehicle for deliveries to customers in Madrid. Concerning **LEROY MERLIN Russia**, the company possesses 19 goods vehicles that operate on methane for deliveries from the warehouses to the stores.
 - **LEROY MERLIN Spain** is also committed to more virtuous logistics through its involvement in the Lean and Green project, which promotes a reduction in greenhouse gas emissions in relation to logistics activities. This is why **LEROY MERLIN Spain** has 6 trucks that run on LNG included in its vehicle fleet.
 - **LEROY MERLIN France** is developing the regionalisation of its logistics network. The opening in 2018 of the site OUEST ST LEGER, in 2019 of the site Grans SUD EST and the repositioning of the site Mazères SUD OUEST to MONTBARTIER, has enabled a reduction of 4.5 million kilometres. And finally, with the repositioning of the site EST from Châlons to Ludres; of the site Rhône Alpes from Valence to Saint-Quentin-Fallavier in 2020, and the opening of the site Île-De-France Nord Nanteuil in 2021, almost 15 million additional annual kilometres could be saved.
- LEROY MERLIN France** rolls out intermodal transportation via rail-road on the logistics lines where it is possible. In 2020, almost 80,000 tonnes of goods were transported by rail. In terms of the vehicle fleet used, it includes 85 tractors operating on gas, that's 25 more than in 2019, and which enable delivery of more than 50% of regional volumes. Seven electrically-run tractors are also in service. In fact, almost 90% of our referenced transporters have signed the CO₂ objective charter by the ADEME.
- Finally, **LEROY MERLIN Portugal** has focused on the cross-docking¹ strategy. Thus, nearly 30% of suppliers operate via cross-docking in 2020.

¹Cross-docking is a method of organising logistical flows that makes it possible to articulate and intersect in a place known as a platform, supply flows from suppliers with final delivery flows to our points of sale.





B) ENVIRONMENTAL FOOTPRINT

Carbon footprint and climate change

> The environmentally friendly operation of our sites

Once routed, the distribution of products is carried out via a territorial network of warehouses and stores. Our priority is to reduce the environmental footprint of this network. To do this, ADEO Companies implement various actions to reduce their environmental footprint and develop new stores that meet energy performance standards in terms of construction. **In particular, this involves reducing the impact throughout the design, building and operation of sites.**

In line with this ambition:

- **LEROY MERLIN Russia** has two warehouses (the South Gates warehouse and the North Star warehouse) certified according to the BREEAM evaluation method (Building Research Establishment Environmental Assessment Method) which certifies the environmental standard of these buildings.
- 32 stores of **LEROY MERLIN Italy** have an energy certification.
- At **BRICOMAN Italy**, 100% of sites (warehouses and stores) are certified according to the ISO 50001 standard that defines a framework of requirements relative to energy management.
- In 2020, at **LEROY MERLIN Brazil**, 24 stores were certified for construction, operation or both, according to the AQUA benchmark (Alta Qualidade Ambiental).
- 100% of **LEROY MERLIN Portugal** stores have an energy certification delivered by the ADENE, the national energy agency.
- Since 2007 **LEROY MERLIN France** has been working on a background initiative, which aims to evolve towards new, more environmentally friendly stores. All the new stores follow this approach. Two stores are certified according to the BREEAM benchmark and others meet the BBC or the Effinergie standard.
- At **BRICOMAN France**, since the HQE certification in 2012 of the store at Capelle la Grande, all new stores under the company's project management meet the HQE standard, that's 8 stores including the new store at Bonneuil that opened in September 2020.

		2016	2017	2018	2019	2020	Evolution 2019-2020
CO ₂ emissions related to store energy consumption (electricity + gas)	teq. CO ₂	243,015	264,924	288,783	297,650	307,414	3%

The operation of our sites, for the majority our stores, mostly consumes electrical energy and gas for lighting, heating and air conditioning.

		2016	2017	2018	2019	2020	Evolution 2019-2020
Electricity consumption / inside sales surface area	kWh / m ²	210	208	205	198	186	-6%
Gas consumption / inside sales surface area	kWh / m ²	77	80	89	96	93	-3%
Energy consumption (electricity + gas) / inside sales surface area	kWh / m ²	240	239	239	233	219	-6%

Concerning the energy consumption of our sites, we want to reduce it by 20% by 2025 in comparison with 2019.

To succeed in this, we undertake to:

- make sure all our sites are equipped with Centralised Technical Management (CTM) by 2021, to measure and remotely supervise energy flows, regulate the temperature and the operating hours of technical installations;
- ensure all our sites are 100% supplied by renewable energy by 2021 and that all our sites will have finished being fitted with LED lighting in 2021.

Our store renovation plan is ambitious and will also be driven by the **decrease of the carbon footprint and the comfort of our employees and customers**. With this outlook, in terms of energy consumption, the Companies implement actions which involve both reducing their consumption of fossil fuels and sourcing their supply in a sustainable manner.

For example, we could mention:

- At **BRICOMAN Italy**, 100% of stores have a system for monitoring electricity consumption and 100% of stores have a Building Management System (BMS), for the remote control of air conditioning installations.
- 100% of **BRICOCENTER Italy** stores and of **LEROY MERLIN Russia** stores have LED lighting.
- 15 of the 20 **ZÔDIO France** stores are equipped in LED for the sales surface area and 7 stores are equipped with LED for the storage areas.
- **LEROY MERLIN Brazil** also uses a CTM system for the air conditioning and lighting of certain stores. The company is also in the process of gradually replacing the lighting in these stores with LED. By the end of 2020, 38 stores have been fitted with LED.
- **LEROY MERLIN Poland** and **BRICOMAN Italy**, continue to equip their stores with LED lighting in 2020.



Some of our Companies buy what is known as “green” energy, either because it comes from a source of renewable production or because **they directly produce renewable energies on site.**

As such:

- Since 2020, **LEROY MERLIN Spain** and **LEROY MERLIN Portugal** (with the exception of 2 insular stores) supply 100% of their stores with green energy. **BRICOCENTER Italy**, **LEROY MERLIN Italy**, **BRICOMART Spain**, **BRICOMAN Italy** and **LEROY MERLIN Brazil** adopt a similar practice for some of their stores.
- In 2020, **LEROY MERLIN Portugal** fitted 3 new photovoltaic installations respectively at the store in Aveiro, for a surface of almost 2,000 m² that will produce 547 MWh, nearly 37% of the store's electricity consumption; at the store in Leira for a surface of almost 2,600 m² that will produce 755 MWh, nearly 39% of the store's consumption; and at the store in Setubal for a surface of almost 1,200 m² that will produce 365 MWh, nearly 52% of the store's consumption.

LEROY MERLIN Poland fitted its first photovoltaic installation at the store in Zgorzelec last October. This installation is made up of 296 photovoltaic panels. Other companies are implementing this same practice, this is the case for **LEROY MERLIN Italy**, **BRICOMAN Italy** and **LEROY MERLIN Russia**.

- Furthermore, a majority of our companies has also set up solar panels for the production of sanitary hot water, for instance **LEROY MERLIN Spain**, **BRICOCENTER Italy**, **LEROY MERLIN France** and **BRICOMART Spain**.



Faced with the effects of climate change, water resources now also require preservation. Although our distribution activities are relatively low on water consumption, our Companies are setting up actions making it possible to reduce our consumption or for it to be sustainably sourced.

- As such, some of our companies like **BRICOMAN Italy**, **LEROY MERLIN Spain**, **LEROY MERLIN Brazil**, **LEROY MERLIN Poland**, **BRICOCENTER Italy** or even **ZÔDIO France** are equipped to collect rainwater which is then used to water green spaces and/or supply sanitary facilities.
- Since 2011, each new **LEROY MERLIN France** store is equipped with a rainwater recovery system for the sanitary facilities, this involves around 25 stores.
- Other companies equip some of their stores with low flow rate taps, as do **LEROY MERLIN Italy** for example.

		2016	2017	2018	2019	2020	Evolution 2019-2020
Water consumption / inside sales surface area	m ³ /m ²	0.32	0.33	0.35	0.36	0.34	-6%



Ultimately, **our responsibility vis-a-vis our local ecosystems is important.** The creation of stores, warehouses and access routes contributes to the artificiality of land under man-made influence and alters the biodiversity essential to life on earth. This is why we are committed to ensuring 100% of our sites make preserving biodiversity part of their local agenda. **To do this, our Companies set up a variety of initiatives in an attempt to offset our impact, particularly in terms of wood, and other actions also making it possible to restore or to preserve biodiversity.**

With this in mind:

- In 2020, almost 23,000 trees should have been planted, representing every new employee under permanent contract recruited by the Group since 2019. Due to the health crisis, only a portion of these trees was planted. The remaining plantations will be made in 2021 with the support of our partner Reforest'Action.
- Since 2015, **LEROY MERLIN France** has forged a partnership with *Reforest'Action*. In 2020, almost 76,000 trees were planted throughout the national territory.
- Since 2019, **LEROY MERLIN Poland** is a partner of "State Forests of Poland", a Polish government organisation that strives for the reforestation of national forests. This partnership was pursued in 2020 with the funding by **LEROY MERLIN Poland** of plantation projects. Furthermore, the company is also involved locally with actions in favour of local biodiversity. Which is why around thirty beehives can be found spread over 7 store sites, making it possible to produce honey and to organise workshops to build awareness around biodiversity for their customers.
- **LEROY MERLIN Italy**, as part of its "Orto Fai Da Noi" project, makes shared vegetable gardens, arranged at the sites of 2 stores, available to local inhabitants. In total, nearly 4,000 m² are dedicated to this purpose for local gardening enthusiasts. As well as being a place that expresses biodiversity, it is also a place to share.
- **LEROY MERLIN Spain**, in association with CO₂ Revolution, planted almost 10,000 trees in 2020 in the Alto Tajo Nature Reserve. Other actions took place, like the additional planting of 406 trees by around 290 volunteers and the creation of 74 bird nesting boxes.
- **LEROY MERLIN Russia**, that as part of its project "Forestmania" carried out tree plantings. In total, nearly 53,350 trees were planted in 2020.
- **LEROY MERLIN Brazil** took part in "FSC Friday" which is an annual worldwide event for the preservation of forests. For the occasion, **LEROY MERLIN Brazil** renewed its "Forest week" operation. Which means that for every FSC certified product bought, a tree will be planted in the Amazon.

B) ENVIRONMENTAL FOOTPRINT

Circular economy

The circular economy aims to reduce wastage of raw materials and to lessen the environmental impact at every stage of a product's life cycle. The shared desire of ADEO Companies is **to be involved throughout the waste treatment process** which translates into a policy based on:

- the reduction of packaging (products and transportation);
- the circular economy

> Packaging

> Reduction in the amount of product packaging

Since 2019, the roll out of the packaging policy has been organised. The primary objective is to pursue the principles of “zero waste” on sales packaging, which means: refuse, reduce, reuse and recycle. **This leads us to ban certain materials, including PVC and EPS from our packaging from 2021 onwards**, and to reduce the use of those materials whose recyclability is complex in favour of integrating into our packaging, materials of recycled origin and/or recyclable at the end of their life cycle.

> Optimisation of the amount of transportation packaging

The business of our stores creates waste: cardboard boxes, plastics, wood, rubble, mixed ordinary industrial waste (OIW) and special industrial waste such as paint. This waste is a genuine source of new raw materials that can be recycled or recovered. The different actions implemented in our Companies aim to reach the following goal: **100% of our sites will sort and recover their waste from 2022** whenever recycling facilities exist in the countries where we are present.





Therefore, the majority of ADEO Companies have organised sorting areas in their stores or stimulate performance around the topic within their stores, as is the case for instance at LEROY MERLIN France, LEROY MERLIN Spain and LEROY MERLIN Portugal.

For example, BRICOMAN France distributed to its teams in-store a pack containing training materials for selective sorting methods and signage media for the in-store sorting areas. This initiative is also backed up by the monthly reporting of sorting performance for each store.

		2016	2017	2018	2019	2020	Evolution 2019-2020
Total amount of waste related to in-store activity and collected by a service provider / revenues excl. taxes IFRS (€M)*	tonnes / revenues excl. taxes IFRS (€M)	17.9	17.5	18.8	20.5	19.7	-4%

* The weights of waste indicated above do not include:

- OIW removed by local authorities for LEROY MERLIN Italy, BRICOCENTER Italy, BRICOMAN Italy and LEROY MERLIN Poland as these municipalities do not provide a corresponding weigh-in note;
- the weight of waste for wooden pallets for LEROY MERLIN France, LEROY MERLIN Russia and LEROY MERLIN Poland.

B) ENVIRONMENTAL FOOTPRINT

Circular economy

> Circular economy

> Use of materials that offer better recyclability

It is ADEO's ambition to reduce the environmental impact of its products throughout their life cycle. Eco-design is developed over the entire process of product range development. ADEO has set high expectations on **the sustainability of products**, particularly on **our inhabitants' private labels (MDH) by committing to the extension of warranty to 5 years on our international own brands, from 2022 onwards.**

With regard to the 2 key factors of sustainability, that are reliability and repair, measures have been implemented:

- **Reliability:** The integration of returns from after-sales services and product reviews in a decision-making tool, making it possible to identify products with return rates above 3%. This quality programme called "Trust Killer", makes it possible to set up action plans to improve product reliability. The causes of after-sales returns are available for our design teams and are the main source of product improvement, with the aim of offering ever more sustainable products.
- **Reparability:** The roll out of our IT systems for improving the reparability of marketed products is underway. For example, we could cite the deployment of front offices in-store, the harmonisation of referencing for spare parts, an interface with partner-repairers (9 new repairers recruited).



A number of local initiatives are being tested and deployed in our stores to promote the reparability of products and prolong their life cycle.

- At **LEROY MERLIN France**, the “**dépannerie**” (**repair workshop**) enables customer-inhabitants to come and learn how to repair their products. These events have taken place in several stores. In addition, Adeo Services and **LEROY MERLIN France** are members of the Sustainability Club, organised by the association ‘Stop Programmed Obsolescence’.
- At **LEROY MERLIN France**, “**second life**” corners are available in a dozen stores. The goal is to re-market, at a reduced price, products with defects in appearance but that are still reliable, coming from our goods return or after-sales.
- At **LEROY MERLIN Portugal**, lessons in repairs were provided via the retail brand’s Facebook page explaining, for example, how to repair a mixer tap or even a drill.
- At **LEROY MERLIN Italy**, diagnostic and repairs tutorials are integrated in our support tools in order to train employees.



> Second life of waste

Moreover, whenever possible, our Companies market products made from recycled waste.

FOR EXAMPLE, WE COULD MENTION:

- **LEROY MERLIN France** markets garden furniture made solely from household plastic waste. In fact, various articles made from recycled materials are referenced in our product ranges such as, for instance, a radiator in recycled aluminium or garden fences in recycled plastic, etc.



Other actions are set up to provide solutions making it possible to give a second life to certain products. [This is indeed the case of:](#)

- **LEROY MERLIN Italy**, that continue to develop the "Empori Fai Da Noi" project. The 'Empori' are spaces for sharing where people and families in need can use products and consumables free-of-charge to renovate or decorate their homes. In 2020, there are 33 structures of this kind. Products are provided in part by **LEROY MERLIN Italy** and otherwise bought by the association that manages the structure, in relation to specific needs. The company has also implemented a procedure making it possible to give products that have been marked down in store to the "Empori Fai Da Noi".
- **ZÔDIO France** in 2020, continues its "Seconde Vie" operation. Customers drop off at stores, products that they no longer use. This program is divided into 4 periods and involves collecting bed linen, cooking utensils, bathroom linen and tableware. The products collected are redistributed to charity organisations so they can then be passed on to populations in need.



> Raising customer awareness

Our Companies also set up actions aimed at **raising awareness among our customers about the right way to sort waste.**

- **LEROY MERLIN Brazil** is a partner of “Molecoola”, a start-up that provides waste collection containers for customers who can then drop off the following waste: paper, plastic, metal, glass, batteries, electronic waste, pots of paint and aerosols. With each contribution, the customer accumulates points that can then be used in stores via the brand’s loyalty programme. Waste collected by “Molecoola” is stored and sent to dedicated recycling facilities. In addition, since 2017 **LEROY MERLIN Brazil** offers its customers the opportunity to drop off their used light bulbs in stores, therefore making it possible to send this waste to the appropriate recycling facility. Since 2017, almost 1.4 million lamps have been collected.
- **LEROY MERLIN France** has set up the operation “Samedi, j’ai tri” (on Saturday, I’m sorting) in a dozen of its stores. This initiative is carried out in association with the organisation Eco mobilier and takes place in store car parks, helping to increase awareness in customers who bring in unwanted pieces of furniture.
- This year, **8 ADEO Companies** took part in the international “World clean up day”. The principle behind the movement is straightforward, it involves cleaning up areas of abandoned waste. Thus internal services and stores rallied together for this vast clean up operation.

In addition, given the local sanitary measures in effect, some companies such as **LEROY MERLIN Italy** also set up a digital version of the “World clean up day”. The idea being to raise awareness of the impact of digital activity and to delete unnecessary files and emails, as well as uninstalling unused applications from our smartphones to prolong their life cycle. Finally, most of our Companies provide services to customers such as the rental of certain of products, usually sold in store.



SUMMARY OF INDICATORS

HUMAN DEVELOPMENT

INDICATOR	UNIT	ADEO GROUP 2019	ADEO GROUP 2020
PERSONNEL ON 31 DECEMBER	No.	110,868	124,922
BREAKDOWN BY AGE GROUP:			
• under 25 year-olds	No.	14,316	16,713
• from 25 to 34 years included	No.	39,787	44,407
• from 35 to 44 years included	No.	33,586	37,803
• from 45 to 54 years included	No.	18,457	20,615
• from 55 to 64 years included	No.	4,534	5,213
• 65 years and above.	No.	188	171
BREAKDOWN BY GENDER:			
• Men	No.	62,291	69,235
• Women	No.	48,577	55,687
BREAKDOWN BY GEOGRAPHICAL ZONE:			
• France:	No.	27,730	30,047
of which Leroy Merlin	No.	24,848	26,913
of which Bricoman	No.	1,973	2,171
of which Zodio	No.	909	963
• Russia:	No.	32,345	36,592
of which Leroy Merlin	No.	32,345	35,592
• Spain:	No.	17,140	17,810
of which Leroy Merlin	No.	13,820	14,120
of which Bricomart	No.	3,320	3,690
• Italy:	No.	12,132	12,411
of which Leroy Merlin	No.	7,421	7,386
of which Bricocenter	No.	1,418	1,454
of which Bricoman	No.	3,293	3,571
• Poland:	No.	11,721	12,160
of which Leroy Merlin	No.	11,721	12,160
• Brazil:	No.	9,800	10,926
of which Leroy Merlin	No.	9,800	10,926
• Portugal:	No.	-	4,976
of which Leroy Merlin	No.	-	4,976

INDICATOR	UNIT	ADEO GROUP 2019	ADEO GROUP 2020
Hires	No.	45,979	44,620
Dismissals	No.	3,688	3,669
Total no. hours worked	h	183,455,161	187,591,261
Total no. hours absent for illness	h	7,844,592	10,461,885
Rate of absenteeism for illness	%	4.1%	5.3%
No. training hours	h	2,044,382	2,180,892
No. training hours per employee over the period	h/employee	18.4	17.5
Frequency rate of accidents at work	no. accidents x 10 ³ /h worked	17.2	14.6
Severity rate of accidents at work	no. days of leave x 10 ³ /h worked	0.69	0.60
Percentage of women members of company executive committees	%	20%	16%
Percentage of women members of executive committees in stores	%	36%	37%
Rate of turnover all populations	%	17%	14%
Net Promotor Score (EXI)		33	40

HOME IMPROVEMENT

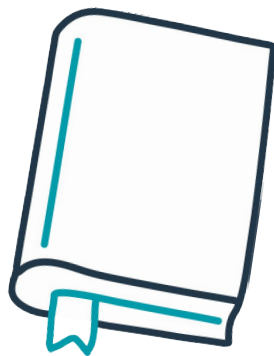
INDICATOR	UNIT	ADEO GROUP 2019	ADEO GROUP 2020
Total quantity of waste related to store activity and collected by a service provider / revenue excluding taxes IFRS (€ million)	tonnes/ revenue excl. taxes IFRS (€ million)	20.5	19.7
Water consumption / inside sales surface area	m ³ /m ²	0.36	0.34
Electricity consumption / inside sales surface area	kWh/m ²	198	186
Gas consumption / inside sales surface area	kWh/m ²	96	93
Energy consumption (electricity + gas) / inside sales surface area	kWh/m ²	233	219
CO ₂ emissions related to store energy consumption (electricity + gas)	teq.CO ₂	297,650	307,414
CO ₂ emissions related to goods transportation (from the logistics centre to stores)	teq.CO ₂	125,514	135,915
Percentage of goods suppliers with an active contract with the company's central purchasing division having signed the responsible purchases ethical code of conduct	%	-	75%
Percentage of wood and/or wood-based products from responsible sources referenced in 2020	%	-	88%



**WE
MAKE HOME
A POSITIVE PLACE
TO LIVE**



adeo



APPENDICES

APPENDIX 1: Table of concordance with the 10 principles of the United Nations Global Compact

<u>Principles of the United Nations Global Compact</u>	<u>Chapter(s) of the document</u>
Human rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights	1. Human development 2. Home improvement
2. Businesses should make sure that they are not complicit in human rights abuse	1. Human development 2. Home improvement
International labour standards	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	1. Human development
4. Business should contribute to the elimination of all forms of forced and compulsory labour	2. Home improvement
5. Businesses should contribute to the effective abolition of child labour	2. Home improvement
6. Business should contribute to the elimination of discrimination in respect of employment and occupation.	1. Human development 2. Home improvement
Environment	
7. Businesses should support a precautionary approach to environmental challenges	2. Home improvement
8. Businesses should undertake initiatives to promote greater environmental responsibility	2. Home improvement
9. Business should encourage the development and diffusion of environmentally friendly technologies	2. Home improvement
Anti-corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery	1. Human development

Methodological note of CSR reporting

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

PRESENTATION OF THE METHODOLOGY

Pursuant to the provisions of article L.225-102-1 of the French Code of Commerce, this declaration seeks to present the way in which the Company and all of its subsidiaries (again, hereinafter referred to under the term “ADEO Group” or “ADEO”) take into account the social, environmental and societal consequences of their activities.

The methodology used to build this declaration consisted of analysing the materiality of the environmental, social and societal issues at stake:

- a) by drawing up a cartography of the stakeholders that made it possible to identify 13 environmental, social or societal issues;
- b) by drawing up a cartography of the risks, which were classified according to i) the risk's degree of impact in terms of brand image, regulations and operational capability, ii) the importance of the issue in relation to the sustainable development goals, the expectations of stakeholders and the company strategy, and iii) the degree of control. Thus, an initial risk rating makes it possible to define a gross risk, which then leads to a net risk after objective qualification of the degree of control.
- c) by comparing the cartography of risks against the identified issues.

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

This declaration of non financial performance does not, therefore, constitute an exhaustive presentation of the CSR initiative (Corporate Social Responsibility) of the company ADEO GROUP and its subsidiaries, but presents the primary and/or significant risks with which they are confronted.

Finally, it should be noted that the data presented is consolidated data.

The scope of reporting includes all the companies consolidated in the financial statements representing more than 2% of the Group's revenue excluding taxes on December 31st of the previous financial year. For the financial year 2020, included in this scope are the retail brands **LEROY MERLIN Brazil, LEROY MERLIN Spain, LEROY MERLIN France, LEROY MERLIN Italy, LEROY MERLIN Poland, LEROY MERLIN Russia, BRICOCENTER Italy, BRICOMAN France, BRICOMAN Italy, ZÔDIO France, BRICOMART Spain and LEROY MERLIN Portugal.** The scope of reporting for the DEFP 2020 thus covers more than 90% of ADEO Group revenue excluding taxes. The rules for entry into and exit from the scope as well as specificities concerning some indicators are detailed in the paragraph “Scope”.

1 Reporting protocol

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

ADEO's reporting protocol is made up of a *Reporting guide for the preparation of CSR performance data for the management report* and of associated key performance indicator sheets available in French and English.

This protocol is updated every year and communicated to all contributors.

2 Reporting period

The data collected covers the period from January 1st to December 31st of year N, without distinction between the different data. Escalation of data is carried out annually, with 2 collections for quantitative information (on September 30th and December 31st).

3 Scope

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

- Only companies consolidated in the financial statements according to the global integration method are included in the scope of CSR reporting.
- The scope of reporting used for the year N includes all the subsidiaries representing more than 2% of the Group's revenue excluding taxes on December 31st of the year N-1.
- Entities integrated or exceeding thresholds over the course of the year N will be included in reporting for the year N+2 in view of adopting a gradual approach.
- Entities transferred or passing below thresholds over the course of the year N will be excluded from the scope of reporting for the year N.

By way of exception, although Bricocenter represented less than 2% of Group revenue excluding taxes on December 31st of the year N-1, it was decided that it should be maintained in the reporting.

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

Methodological clarifications concerning the environmental and social indicators:

Social data is reported over the scope of stores (exclusive of franchises) and internal services (including warehouses). Environmental data covers the impact of stores (exclusive of franchises).

Note that the scope of calculation for the indicators below is as follows:

- Percentage of women members of company executive committees: scope of CSR reporting for the DEFP + LEROY MERLIN Romania, LEROY MERLIN Ukraine, Weldom Services, Weldom Integrated and Adeo Services.
- Percentage of women members of store executive committees: scope of CSR reporting for the DEFP + LEROY MERLIN Romania, LEROY MERLIN Ukraine and Weldom Integrated.
- Rate of turnover all populations: scope of CSR reporting for the DEFP + LEROY MERLIN Romania, LEROY MERLIN Ukraine, Weldom Services, Weldom Integrated and Adeo Services.
- Percentage of wood and/or wood-based product references coming from responsible sources: LEROY MERLIN France, LEROY MERLIN Russia, LEROY MERLIN Spain, LEROY MERLIN Italy, LEROY MERLIN Poland and LEROY MERLIN Portugal.
- CO₂ emissions related to store energy consumption (electricity + gas): the factors of emissions used for energy consumption related to stores come from the ADEME database.
- CO₂ emissions related to goods transportation (from the logistics centre to stores): the factors of emissions used for goods transportation come from the Polytechnic Institute in Milan.
- Carbon Assessment Scope 1 and 2: scope of CSR reporting for the DEFP + LEROY MERLIN Romania, Kbane, Tikamoon, Adeo Services.
Activities' data is gathered for the stores, internal services and the warehouses. Emissions for scope 1 and 2 include emissions for energy consumption (electricity, natural gas, fuel oil, heating networks, diesel, LPG) and direct fugitive emissions. The factors of emissions used come from the ADEME database and from the IEA.
The measurement of the carbon assessment is subject to the joint approval of ADEO and the consulting firm Carbone 4.

Finally, a very small number of our French sites have the potential to generate risks or hazards and are therefore subject to specific legislation and regulations relating to what are known as "Installations Classified for the Protection of the Environment" (ICPE). In 2020, ADEO's French Companies count seventeen warehouses, including two sites classified as Seveso low and high thresholds and one store that is classified ICPE.

4 Choice of key performance indicators

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

In view of the Group's activities, the following information was deemed immaterial and will not be published for the financial year 2020:

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

5 Consolidation and internal control

Data is gathered from each company included in the scope of CSR reporting using the Oracle reporting tool "GINKGO". Qualitative information on the other hand, is collected via an Excel questionnaire completed by each company included in the scope of CSR reporting. The data is checked and approved by the Group's entities themselves and the ADEO Positive Impacts challenge.

Environmental and societal data

Environmental data is collected by the CSR referents at company level in liaison with the financial directors of each company, who ensure that the reporting process allows reliable data to be collected on time. The data is then transferred to the teams at the Positive Impacts challenge for verification and consolidation at Group level.

Social data

Social data is gathered by the Human Resources departments at BU level and escalated to the Group's HR division who checks and consolidates the data. The data is then transferred to the teams at the Positive Impacts challenge.

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

6 External audits

In application of the regulatory obligations required by article 4 of the decree no. 2017-1265, the ADEO Group asks an independent third-party organisation (ITO) for a reasoned opinion on the compliance and the authenticity of the information provided in the declaration of non financial performance.

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

7 Methodological limits

As part of the continuous improvement initiative, the companies participating in this reporting have increased, whenever possible, the share of real data for each indicator between 2019 and 2020.

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

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

At least 20% of the number of stores in each category, able to provide all the weigh-in notes, was identified.

We estimated for each category a ratio for tonnes of waste generated / revenues including taxes.

We then applied this to other stores with the same category of revenues including taxes.

We then added the number of tonnes thus calculated to obtain the total number of tonnes for the company.

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

- small stores: inside sales surface area = < 3,000 m²
- average stores: inside sales surface area = 3,000 < 7,000 m²
- large stores: inside sales surface area = > 7,000 m²

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

Exceptions concerning quantitative data reported by our companies are as follows:

Information	Scope in question	Description
Waste	LM Italy BC Italy BM Italy LM Poland	Weight of waste collected by local authorities not available (data not communicated by these municipalities)
Waste	LM France LM Poland LM Russia	Weight of waste excluding wooden pallets
Waste	LM Russia	For some stores, the quantities in tonnes of waste removed is estimated based on removal notes that mention an estimated maximum weight per skip removed, and not data recorded from a weigh-in.

