



2014
ACTIVITY AND CORPORATE
SOCIAL RESPONSIBILITY REPORT

AUDACIOUS RETAILERS



We are first and foremost a group of retailers rather than just shopkeepers. We enjoy connecting with people and relationships, we want to satisfy our customers, and we know and love our products. Our retail businesses hinge on initiative and intuition. For us, retailers, audacity means a zeal for enterprise, the capacity to rise to challenges and take commercial risks, a desire to innovate... and to succeed in the long term.



BUY TOGETHER TO BUY CHEAPER

With Système U in France, Sisa in Italy and Metro Group internationally, Groupe Auchan has sealed 3 major purchasing partnerships that give it an even greater competitive edge.

PAGE 18



4.4
MILLION HOURS OF TRAINING
IN 2014
(excl. RT-Mart)

PAGE 14

ENERGY REDUCTION PROGRAMME

To improve its energy efficiency, an ambitious voluntarist project has been launched by Groupe Auchan and positively experienced in Spain.

PAGE 61



+14%
RISE IN OWN-BRAND AND NO-NAME
PRODUCTS IN HOUSEHOLD
EQUIPMENT, TEXTILE AND BAZAAR
SOLD IN ALL THE COUNTRIES
OF THE GROUP

PUBLIC NOTICE TO ENTREPRENEURS

30 additional A2pas stores in Paris, a first multi-business line franchise in Reunion Island, a promising new partnership in Vietnam... More than ever, franchises and partnerships are driving the Group's development around the globe.

PAGE 34



CHARGEZ-VOUS CHEZ NOUS

Result of a partnership between Auchan France and Nissan, the first hypermarket fast charging stations were installed on the parking of 40 stores.

PAGE 66



POLAND NOW TRANSFERRED UNDER THE AUCHAN BANNER

After Ukraine, Russia and Romania, where all 38 hypermarkets have been successfully transferred to the Auchan banner, it is now Poland's turn. 57 hypermarkets and 11,000 employees joined Groupe Auchan in 2014.

PAGE 36

SOUS-TRAITANCE : LE DEVOIR DE TRANSPARENCE

Defined in 2013, an action plan in 8 axes for secured supplies was developed in 2014. Its encouraging results have been communicated in a fully transparent manner.

PAGE 68



1,035
HYPERMARKETS AND 2,849 SUPERMARKETS
MANAGED IN THE WORLD

PAGE 40



LILLAPOIS, THE NEW ITALIAN BEAUTY

This small store specialised in beauty, hygiene and household cleaning products has already seen rapid development less than one year after its launch.

PAGE 32

Our agreement
with Système U
and Metro
makes us
the leading
purchasing
organisation
in Europe."

Jean-Denis Deweine
Head of the International Product
Sourcing and Purchasing Department



GROUPE AUCHAN: EVERYWHERE, THE SAME VISION OF THE FUTURE

After a revamp in 2013, the new Group Vision was distributed, shared and appropriated by all 330,700 employees in all countries and core businesses.

PAGE 44



Feiniu.com
THE 1ST B2C E-COMMERCE PLAYER TO
ACHIEVE ABOVE RMB100 M TURNOVER
IN ITS 1ST YEAR OF OPERATION

PAGE 27

TAKING FURTHER GROUPE AUCHAN'S **AUDACITY**

"We are audacious retailers": these are the words Groupe Auchan chose to summarise its corporate Vision. In the current changing environment, only the audacity of its employees will enable the Group to seize opportunities for growth and development. Even if Groupe Auchan went through a mixed year in 2014, it has implemented a number of structuring projects that allow it to look to the future with confidence. Vianney Mulliez, Chairman of Groupe Auchan's Board of Directors, reviews the year in question.

2014 was a particular year for Groupe Auchan. On the one hand, our financial results fell short of our expectations in a strained environment, and on the other, all our core businesses, in all areas, achieved various successes. **Thus, if I were to summarise 2014, I would choose the words lucidity, resilience, and preparation for the future.**

First of all, we need to be lucid about the current situation. The global economic environment remains difficult. Economic turmoil persists in the euro zone, with Italy in a particularly deep crisis, while an aggressive price war is being waged in France. In Eastern Europe, while the fundamentals in Poland and Romania are still good, Groupe Auchan had to contend with a complex geopolitical situation in Russia and Ukraine, which caused a slowdown in the Russian economy and a sharp depreciation of local currencies. In Asia, China saw a relative slowdown in its economy. At the same time,

many countries are seeing a significant increase in regulatory and fiscal pressure, particularly France and Hungary. But the environment is one element; it is up to us to draw on our professionalism and our commitment so that we can make a difference.

At the same time, we must be lucid about our performance. Despite the dedication shown by all of our employees, in all countries and core businesses, Groupe Auchan's 2014 results fell short of our expectations, and once again showed mixed trends. Consolidated revenue excluding taxes amounted to €53.5 billion, up 11.2% (+3.7% at constant exchange rates and +0.8% after restatement for exchange rate effects and the consolidation of 100% of Sun Art Retail Group). Organic growth was

again driven exclusively by Eastern Europe and China.

In France, Groupe Auchan's revenue fell by 2.2% to €19.7 billion, mainly due to the decrease in prices. Similarly, revenue in the euro zone excluding France fell by 6.0% to €10.4 billion, primarily due to difficulties in Italy. However, Central and Eastern Europe saw growth of 5.9% and Asia, after restatement for the impact of the consolidation of 100% of Sun Art Retail Group, saw growth of 5.8%. Both regions fulfilled their role as growth drivers.

Our historical core business, the hypermarkets, accounted for 81.2% of Groupe Auchan's revenue, at €43.6 billion (+1.2% after restatement for the impact of the full consolidation of Sun Art Retail Group). The supermarkets, for their part, had a more difficult year, with a 3.1% decline in revenue to €7.6 billion. Our retail



property activity (+1.7%) and our bank, Oney Banque Accord (+0.7%), turned in good performances, while e-commerce, the Drive format and the other activities saw growth of 2.2% to €1.2 billion.

In 2014, despite this strained environment, Groupe Auchan once again demonstrated the resilience of its core businesses and its business model. Indeed, we generated revenue growth in Central and Eastern Europe and Asia. Our sales formula proved virtuous almost everywhere. Even in France, we saw growth in customer numbers and in articles sold per customer thanks to substantial investment in prices. Groupe Auchan therefore fulfilled its mission as a responsible discounter in all countries in which it operates, with healthy fundamentals: cash flows from operations increased by 4.0% and financial debt almost halved from €3,164 million in 2013 to €1,833 million at the end of December 2014.

There were also several successful operations during the year, and first of all in the area of purchasing partnerships. With markets showing zero growth and competition very tough, the consolidation of the retail sector had become inevitable, particularly in the euro zone. Yet, **our ambition is to be "a group of major, audacious retailers through our determination to always and everywhere be cheap and cheaper"**. If we are to uphold this commitment to remain a discounter without impacting our long-term profitability, inevitably we must also purchase cheap and cheaper... For this reason, we signed several purchasing partnerships, in France with Système U, in Italy with Sisa, and internationally with Metro Group. Alongside our partners, we are now the leading purchasing organisation in Europe, thanks to which we can pursue our discount policy.

Despite a tense environment, Groupe Auchan demonstrated once gain the resilience of its activities thanks to a strong sales performance in Eastern Europe and Asia, and reduced its financial debt.

And we will continue to study all opportunities to consolidate our purchasing power in the countries in which we operate. Thus, in January 2015, Alcampo and Simply Market signed a partnership with Euromadi Ibérica SA in Spain covering the negotiation of own-brand products.

Being a discounter means being cheap and cheaper. Naturally, therefore, I am very happy with the price awards our companies won in several countries, and in all regions: Eastern Europe, Asia, the euro zone, including Portugal and Spain, where Alcampo was recognised for the 6th year in a row as the country's cheapest banner, and for the first time in Italy. In France, Auchan launched a recapture plan in March 2014 which involved a significant reduction in its average selling prices, the goal being to offer customers the cheapest shopping basket in everyday shopping. Everywhere, we are working to give purchasing power back to ever more customers. 2014 also saw a stronger sales dynamic. Among the various powerful promotional drives we implemented to win over our customers were the "Black Friday" in Spain and France, and the innovative "11-11" in China.

Finally, we continued to modernise our offering and offer customers real quality thanks to own-brand products such as Qilive household equipment, In Extenso textiles, and Cosmia, our new personal care line in Spain.

In Eastern Europe, the integration of the Real hypermarkets was successful on both a commercial and human level. In Romania, Ukraine and Russia, the results confirm the relevance of Auchan's business model and our choice of acquisition. In Poland, where integration only began in February 2014, the initial trends are also positive: sharp fall in prices, significant increase in the number of customers and articles sold, establishment of a virtuous sales formula. The current economic difficulties in Russia and Ukraine confirm, if this were needed, the relevance of a general discounter for consumers in these countries. Parallel to this, the Group continued its rapid development in Russia, where our business models are attracting customers. We opened 5 hypermarkets and 29 supermarkets in the country over the year.

We also continued to develop our partnership activities, thanks notably to the success of the "supermarkets" division. A2pas is now developing successfully as a franchise in Paris, with the banner gaining 30 points of sale located in strategic areas in the capital, and is well placed to reach its objective of 100 points of sale in 2016. In January, the first multi-business franchise was launched on Reunion Island. In June, Groupe Auchan signed a partnership involving an equity investment with CT Group to develop the supermarkets activity in Vietnam. We expect this partnership to replicate the success we encounter in Tunisia, where, with 86 supermarkets (11 opened in 2014), our association with Société Magasin général made us the leading food retailer in the country in 2014.

Our sales, business and human resources model must constantly be adapted so that we continue to respond to the changing demands of our markets, particularly given the transformation brought by digital technology to our everyday lives as customers, citizens and employees.

Drawing on our revamped Vision and our 4 strategic axes, we plan to concentrate on our core businesses to accentuate, where possible, how we stand out for our customers: our offering, choice, prices, reception, purchasing experience.

In France, we used cross channel offers to increase the number of Auchan brand shopping routes for our customers. We now offer in-store pick-up of items bought online, the possibility of ordering Auchan.fr's broad range of products in the hypermarkets, and 1-hour pick-up in stores, all of which generated more than 1 million order pick-ups at our hypermarkets and helped to strengthen the weight of our brand and the appeal of our sites.

Finally, our audacious human resources policies and our determination to become "our employees' preferred employer" were rewarded in several countries, notably in China where Auchan is one of the only 2 retailers ranked as one of the 100 best companies in terms of human resources, and in Spain where Alcampo was recognised for its policy of awareness and integration of disabled people.

Groupe Auchan's business strategy was built around 4 structuring axes and 15 operating decisions, whose implementation is designed

to help us meet the challenges of tomorrow as best as we can. First fundamental axis: "to be a group of audacious retailers, promoting the superiority of our offering and our aim to always and everywhere be cheap and cheaper". Our leadership in terms of prices, the development of cross-channel offers, the appeal and relevance of our offering... all are factors that help us to stand out and attract customers. The next 2 axes, "to improve the Group's efficiency and profitability" and "to pursue audacious, closely-managed and profitable development in own-brands and partnerships", are designed to establish a lasting and profitable dynamic for our companies. Finally, all of this must be achieved while remaining "a group apart through our policies of corporate and social responsibility and by listening to the women and men who work for us". From 2015, the Group's companies will face a certain number of challenges: to transform the partnerships signed at a national and international level into purchasing gains; to strengthen the appeal and relevance of our offering, notably through our own brands, particularly in non-food products; to finalise the integration of the Real hypermarkets in Poland, with the same success that was achieved in the three other countries; to pursue cross channel development; to strengthen Auchan's business and sales model in France and Italy; to speed up the roll-out of the innovations developed via Creative Attitude, our participative innovation programme... Groupe Auchan's success is only possible through the dedication of the women and men who work in it, its service and quality of execution, and efficient steering of our stores and shopping centres. **All of this will play out at a local level, through our relationship with our customers. It is up to us to set the scene so that we can maintain and demonstrate the appeal of our business and the audacity of our teams.**

The Executive Committee, chaired by Vianney Mulliez, implements the Group's corporate vision and values. It conducts the Group's global projects, organises and supports synergies. It proposes a development strategy to the Board of Directors according to the outlook for growth, profitability and risk. It encourages the development of the Group's human and financial resources and submits their allocation to the Board of Directors.

The Board of Directors defines the Group's strategic orientations and ensures they are implemented by the Executive Committee. It sets out the corporate vision, establishes the rules of governance and appoints and assists the executives. It allocates resources between the different business lines, oversees the ownership and security of the Group's assets as well as supervising risk management. The Board of Directors creates the conditions for lasting and sustainable business growth.

Composition of the Board of Directors on 5 March 2015:
Vianney Mulliez, Chairman
Marion Buchsenschutz
Jean-Louis Clavel
Christophe Dubrulle, Representing Ausspar
Barthélémy Guislain
Benoît Leclercq
Didier Leroy
Valérie Vendeville



We are audacious retailers who enjoy connecting with people and relationships, and put priority on knowing our products and satisfying our customers. Our audacity can be seen every day in our zeal for enterprise, our capacity to rise to challenges and take commercial risks, our desire to innovate and succeed, and the pleasure we take in satisfying and surprising our customers, by all possible means.

Vianney Mulliez
Chairman of the Board of Directors



In every country in which Auchan operates, our customers have been hit heavily by crisis. For this reason, Auchan's retailers have been working harder than ever to improve their purchasing power and quality of life... This is our company's purpose, as expressed in our Group Vision.

Philippe Baroukh
General Manager, Hypermarkets



While our performance has fallen in the euro zone due to an unfavourable environment, our banner's positioning in fresh products, convenience and low prices, in every country, is appreciated and sought out by consumers.

Philippe Saudo
General Manager, Supermarkets



Immochan has been reorganised and is now the best generator of traffic at its retail and living spaces. By being ever more audacious, we can increase traffic, grow our trade, and become the preferred brand of banners and customers alike.

Benoît Lheureux
Chief Executive Officer of Immochan



Despite a difficult year, marked by a persistently drab environment in the euro zone and a tense geopolitical situation in Eastern Europe, Groupe Auchan once again demonstrated the resilience of its business model. Thanks to good control of its financial debt, the Group can look to the future with confidence. Oney Banque Accord, for its part, turned in a very good year in almost all countries.

Xavier de Mézerac
Chief Financial Officer of Groupe Auchan and Chief Executive Officer of Oney Banque Accord



Because our employees are close to both products and customers, they play a central role in the success of our audacious trading business. It is up to us to give them the necessary tools to be able to act autonomously and take on responsibilities that can produce results every day.

Philippe Gracia
Director of Human Resources of Groupe Auchan

WE ARE AUDACIOUS RETAILERS

Formalised for the first time in 1994, our Vision incorporates the bedrock, meaning, direction and cohesion of all of Groupe Auchan's companies. Since its last update was in 2008, it had become necessary to adjust this Vision and especially to share it again with all of our employees.

In 2013, a major collaborative project was launched to update the Group Vision, drawing on Groupe Auchan's culture of enterprise, and involving every management committee in every country and core business. Once completed, it was distributed over the course of the year, to be shared and most importantly appropriated by all our employees.

With the Group's business models facing challenges in mature countries, the online shopping experience raising new questions about the company's customer relations and the value of its brands, it had become necessary for the teams to focus again on the Group's purpose, objectives, and commitments. The renewed Vision can be summarised in a few words, which are relevant anywhere: "We are audacious retailers".

Our Vision helps to clarify the future, reflecting our shared ambitions.

Madalina Dumbraveanu
Head of Human Resources, Auchan Romania

While our purpose and values have not changed, the Vision has been enhanced to include strong convictions, such as the importance of listening to our customers, the strength of team work, simplicity, decision-making based on close contact with customers, and our long-term performance, all of which now guide the behaviour of all our employees every day.

We are simple, serious, friendly and united retailers.

Mohammed Amrioui
Referent Store Manager, Simply Market France

These values are within each of us. We just need to know how to express them, and our Group gives us the opportunity to express them every day.

Bénédicte Lenoire
Head of Human Resources, Immochan Italy

Any employee from a core business, whether it is Oney Banque Accord, a hypermarket or a supermarket, can easily integrate into any other core business thanks to our Vision and our shared values.

Agata Bettencourt
Head of Human Resources Development, Oney Banque Accord Portugal

KEY FIGURES



LARGEST
**FOOD
RETAILER**
IN THE WORLD

(Source: Deloitte)

330,700
EMPLOYEES⁽¹⁾



PRESENT
IN
16
COUNTRIES

**888 HYPERMARKETS
IN 12 COUNTRIES⁽²⁾**

21 BILLION CHECK-OUT TRANSACTIONS



**862 SUPERMARKETS
IN 6 COUNTRIES⁽²⁾**

473 MILLION CHECK-OUT TRANSACTIONS



E-COMMERCE

(AUCHAN.FR, GROSBILL, AUCHANDIRECT)

**182 DRIVES
26 ALINÉA
17 LITTLE EXTRA**

15.8 MILLION CUSTOMERS

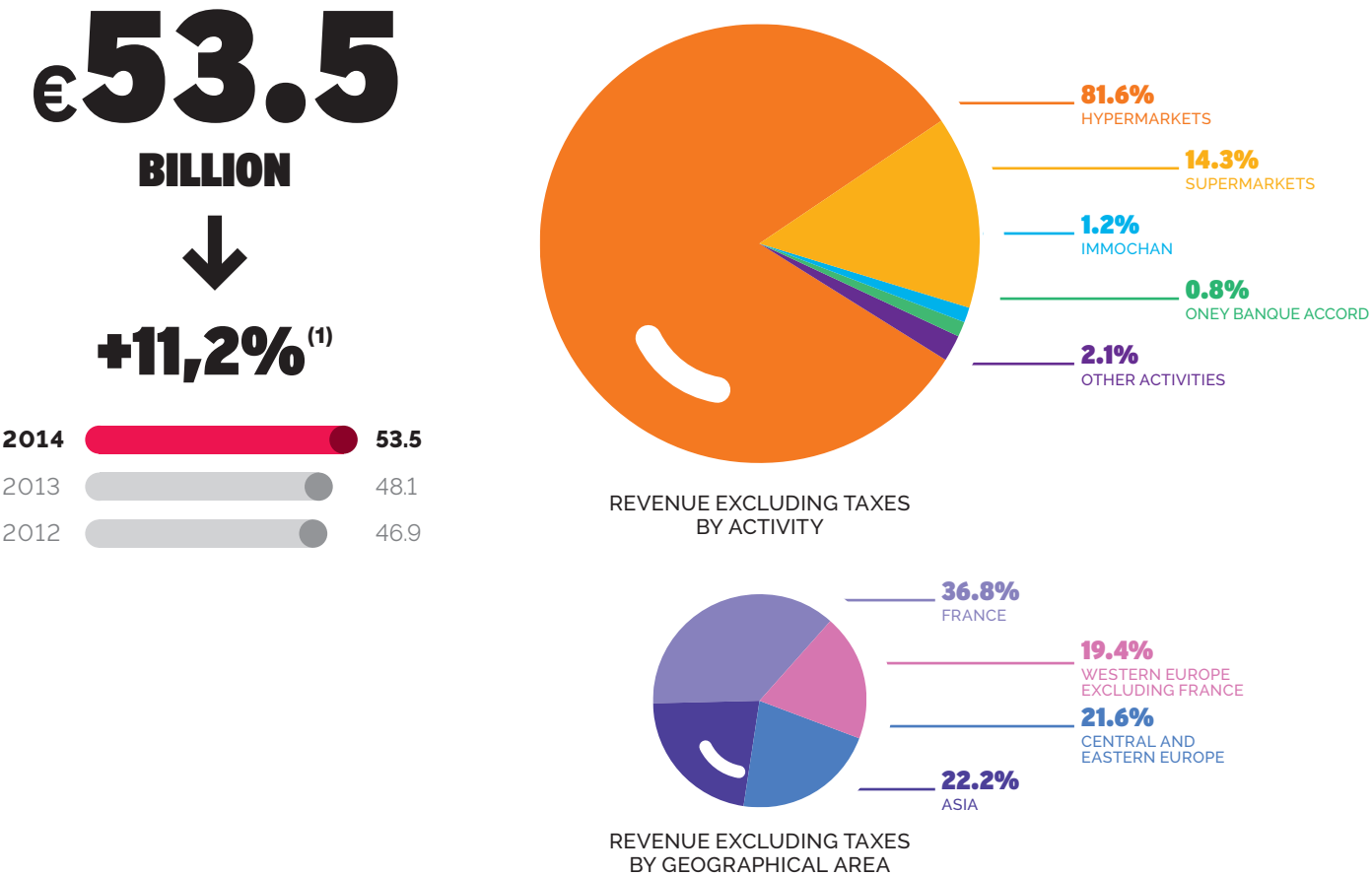
**370 SHOPPING
CENTRES
MANAGED IN 12 COUNTRIES**

15,000 RETAILER PARTNERS

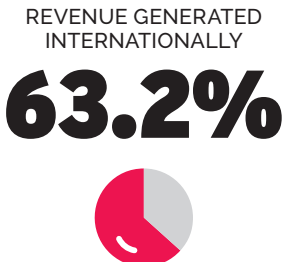
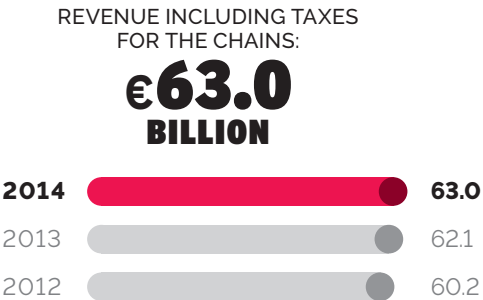
**7.7 MILLION ONEY BANQUE
ACCORD CUSTOMERS
IN 11 COUNTRIES**

(1) Consolidated scope, average full-time equivalent.
(2) Consolidated perimeter.

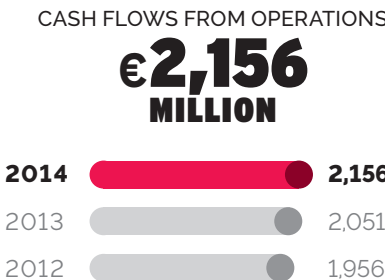
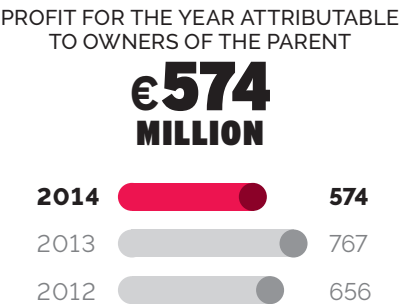
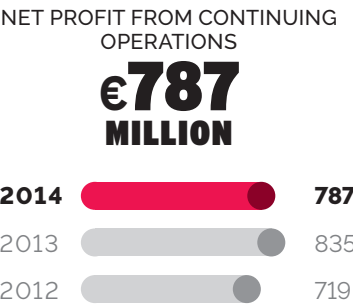
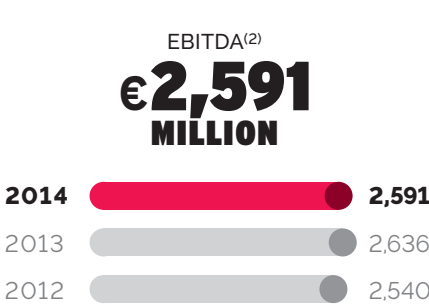
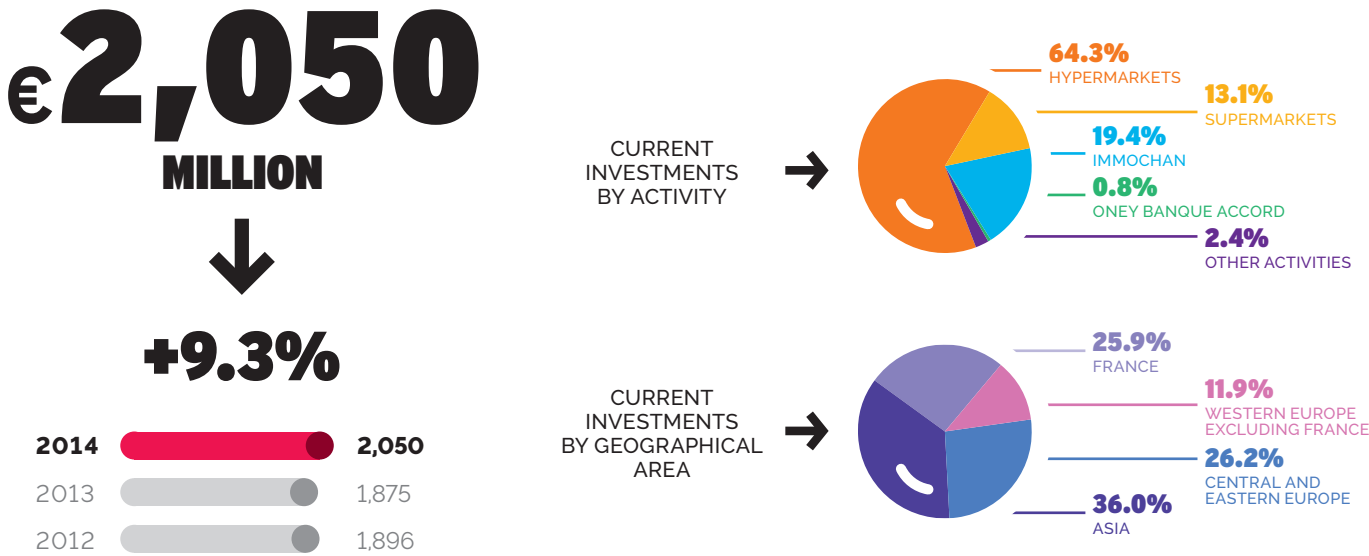
CONSOLIDATED REVENUE EXCLUDING TAXES – 31/12/2014



(1) At current exchange rate.



CURRENT INVESTMENTS



→ The simplified financial statements are available at the end of the report. The 2014 Financial Report can be downloaded on www.groupe-auchan.com

(2) Operating profit from continuing operations excluding other operating profit and expenses and excluding depreciation, amortisation and impairment.

SOCIAL

Groupe Auchan's aim is for employees to be "responsible, enthusiastic and highly regarded". To achieve this goal, its businesses are committed to promoting diversity, encouraging personal development, employing participative management methods, ensuring good quality working conditions and sharing the fruits of its success.



330,700
EMPLOYEES⁽¹⁾

(Consolidated scope – average full-time equivalent – 31/12/2014)
(1) Excluding RT Mart China.



4.4

MILLION TRAINING HOURS PROVIDED

41,500

PERMANENT APPOINTMENTS

7,800

DISABLED EMPLOYEES IN THE WORKFORCE



163,000

EMPLOYEE SHAREHOLDERS

WITHIN THE GROUP IN 9 COUNTRIES



11,885

MEETINGS HELD WITH EMPLOYEE REPRESENTATIVES



47%

OF GROUPE AUCHAN'S MANAGERS ARE WOMEN

ENVIRONMENTAL

The environmental footprint produced by Groupe Auchan's various activities makes it necessary to constantly seek novel energy-saving solutions and new environmentally-responsible products in order to help combat climate change and safeguard biodiversity.



464

KWH/SQM AVERAGE ELECTRICITY CONSUMPTION RATE IN RELATION TO HYPERMARKET SALES AREA



67%

OF WASTE RECYCLED ON AVERAGE BY HYPERMARKETS



12,200

TONNES OF PACKAGING ELIMINATED SINCE 2004 ACROSS OWN-BRAND PRODUCTS



BIO

7,880

ORGANIC PRODUCT LISTINGS SOLD BY HYPERMARKETS AND SUPERMARKETS



29

HYPERMARKETS CERTIFIED ISO 14001

423

HYPERMARKETS HAVE SELF-DISCOUNT DEPARTMENTS

SOCIETAL

By ensuring sustainable supplier relationships and seeking dialogue with stakeholders, the Group's businesses demonstrate a desire for shared progress. The main aim of Groupe Auchan's solidarity initiatives, which it implements with the help of its foundations and programmes, is to create momentum for solidarity at local level by involving its employees.



186
NON-PROFIT PROJECTS

SUPPORTED BY THE AUCHAN, SIMPLY AND IMMOCHAN FOUNDATIONS

€1.9

MILLION ALLOCATED TO SUCH PROJECTS



13

MILLION MEAL EQUIVALENTS DISTRIBUTED IN THE FORM OF FOOD ITEMS BY AUCHAN FRANCE TO FOOD BANKS



3,457

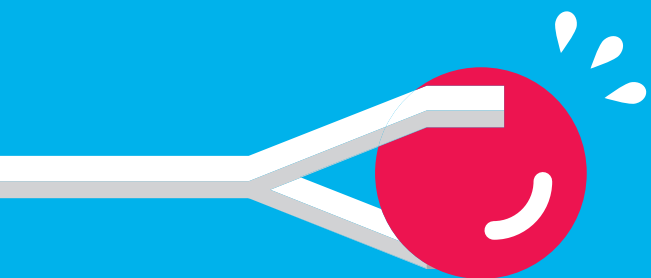
OWN-BRAND PRODUCTS LABELLED IN BRAILLE

175

SCI SOCIAL AUDITS CONDUCTED IN 2014

→ The CSR reporting methodology is available at the end of the report.

→ The CSR section of the 2014 Management Report can be downloaded on www.groupe-auchan.com



OUR RETAIL

**AUDACIOUS
AND
PIONEERING
CHOICES**

BUY ALLTOGETHER TO BUY BETTER

Thanks to the signature of purchasing partnerships, at both national and international level, Groupe Auchan succeeded in increasing its purchasing power, making it the largest in Europe. A strategic move at a time when price remains the decisive criterion for the consumer.



51

**ALCAMPO
HYPERMARKETS
NOW HAVE
SELF-SERVICE
BAKERY AND
PATISSERIE
UNITS WITH AN
ASSORTMENT
OF 176 PRODUCT
REFERENCES**

A drab economic environment, tougher competition, price wars, sector concentration... like many of its rivals, Groupe Auchan operates in increasingly difficult environments. In the euro zone especially, deflation is destroying value and the prospects for growth are slim. To deal with this, the Group decided to team up with other retailers to increase its purchasing power. Its main goal: to do much greater business with major international suppliers, and in this way improve its purchasing terms.

UPHOLD OUR COMMITMENT OF AUDACIOUS RETAILER

Central to Groupe Auchan's business strategy is its determination to be "a group of major, audacious retailers through our determination to always and everywhere be cheap and cheaper." If we are to uphold this commitment to remain a discounter without impacting our long-term profitability, inevitably we must purchase cheap and cheaper again... The first necessary step Groupe Auchan took was to split up the supply and purchasing functions in 2012. Groupe Auchan's central purchasing department now concentrates solely on its primary function, to negotiate purchasing terms with suppliers and leave each banner complete autonomy to define their own offering and sales policy. Since then, several purchasing partnerships have been signed to strengthen Groupe Auchan's positions: with Système U in France, Sisa in Italy, and Metro Group

internationally. The choice of partners meets 2 criteria: compatibility of values (Groupe Auchan shares the same human values, business concept, and desire to be a responsible company with Système U) and little or no competition downstream (as proven by the complementary nature of our geographical presence and core businesses with Metro Group).

REPOSITIONED AMONG THE BIGGEST MASS RETAILERS

To begin with, the same observation was made everywhere, particularly in euro-zone countries: due to downbeat domestic markets that show little growth, large suppliers no longer hesitate to give big discounts to the largest retailers to secure the biggest possible markets for their products. In France, Groupe Auchan was the main player in the recomposition of the competitive landscape.



JANVIER 2015

Alcampo and Simply Market joined forces with Euromadi in Spain

> Desarrollo de Marcas SA, a subsidiary of Euromadi Ibérica SA, will now handle negotiations for Alcampo and Simply Market's own-brand products in Spain. At present, Groupe Auchan has an assortment of 3,500 food, hardware and cosmetic items, which it retails at 55 Alcampo hypermarkets and 270 Simply supermarkets. Euromadi is the leading central purchasing and multi-sector services department in Europe, and its market share in food, cosmetics and hardware products is now topping 20% in Spain.

To compete with the Carrefour / Dia / Cora group (market share of nearly 23%), the Intermarché / Casino group (market share of nearly 24%) and Leclerc (market share of 20%), Groupe Auchan and Système U signed a purchasing cooperation agreement exclusively covering major national and international brands. Together they represent nearly 21% of the market, and have repositioned among suppliers as a major mass retailer in France.

Similarly in Italy, by signing a partnership with Sisa, a group of 450 partners with nearly 1,600 points of sale, the Auchan-SMA central purchasing department boosted its position as leader in Italy's 5 most populated regions, and together with its partners it now has a market share of 14%.

Finally, the international agreement signed with Metro Group is along similar lines. By being in a position to negotiate specific terms and services at an international level with major international suppliers or by implementing new sourcing solutions enabling the joint purchase at a global level of non-food products, Groupe Auchan, along with its partners, has doubled its purchasing power and at the same time found ...

Interview

“TO IMPROVE THE BALANCE OF POWER WITH OUR MAJOR SUPPLIERS AS INDUSTRIAL GROUPS CONCENTRATE WORLDWIDE”



Arnaud Tardy,
Directeur
international
alimentaire,
Groupe Auchan

What are the benefits of a partnership like this for Groupe Auchan and Metro Group?

Firstly, we are shifting the balance of power with our major suppliers, as industrial groups concentrate worldwide, making us more competitive when it comes to purchasing and we can pass this on to our end-customers. In addition, we can take advantage of our shared sourcing expertise to better supply our no-brand and own-brand non-food offerings. Finally, by purchasing larger volumes together, we can now sit down with major suppliers that previously were out of our league because our volumes were not large enough.

Will suppliers not benefit all the same?

Our suppliers (essentially international brands) now have access to the largest purchasing group in Europe. This means that with one point of contact, and discussions with our negotiators, they get access to all possible distribution networks (from cash and carry and online through to hypermarkets and supermarkets) and opportunities for more rapid expansion in new geographical areas. Also, we plan to propose a catalogue of shared international services so they can generate greater value added. This will enable them to make various economies of scale on the value chain (logistics, optimisation of product launch campaigns, etc.). Ultimately, our shared decision-making will necessarily help simplify their management procedures.

Finally, what will be the impact for your end-customers?

It was above all with our customers in mind that we signed this partnership. By improving our sourcing and our own purchasing power, we can offer them the best products at the best price. They will also have access to products we did not offer previously, including innovative products that major international groups decide to launch firstly with us, precisely thanks to the high number of customers they can reach at once!



... new suppliers and broadened its offering...

These agreements will improve the Group's positioning as a responsible discounter everywhere and will revive the competitiveness needed to compete in the price war.

BE CHEAPER EVERYWHERE AND FOR EVERYBODY

Act locally, act globally... Retailers today must gain strength in these 2 dimensions if they are to achieve sustainable development and success. Locally because, every-day, shopping requires teams to remain close to the customers.

Groupe Auchan's teams' proximity to their customers, working as closely as possible to each catchment area, has become essential. Through its purchasing agreements, Groupe Auchan is giving consumers access to new products and lower prices, regardless of how they shop: whether online with home delivery, Drive, or at hypermarkets, supermarkets or convenience stores, everyone benefits. But shopping is now a globalised activity, particularly where purchasing is concerned and even more in the non-food segment. In order to participate and sell at cheap and ever cheaper prices, Groupe Auchan must know how best to take advantage of its international presence, and conduct mass purchasing so that it is on an equal footing with the large suppliers of national and international brands. This is where Groupe Auchan is now succeeding. This is also what it means to be an audacious retailer.



INNOVATION

JUMBO PET CLUB, THE CLUB FOR PET OWNERS

With the cost of keeping pets on the increase, Auchan decided to launch Jumbo Pet Club in Portugal, an online platform dedicated to pets, and a completely new venture for the mass retail sector. On this site, owners have access to specialised content which is certified by a veterinary team, and differentiated services such as Pet Dating, to adopt a pet, Pet Radar, to share information on pets that have been lost or found, and MyVET, a forum for discussion with a team of vets. Animals that have been registered with the Club receive an exclusive membership card offering their owners information and promotions that correspond to the characteristics of their pet.

AUDACIOUS RETAILERS: IT'S EVERYWHERE **AND EVERY DAY** AT GROUPE AUCHAN



ITALY: THE GOOD TASTE OF THE MARKET

In Italy, Simply Market began its price repositioning via the fruit and vegetable segment, installing a selection of low-cost seasonal fruit and vegetables at store entrances. These frequently included local products, purchased from regional cooperatives. As of 2015, some will be directly purchased from local producers, so as to broaden our assortment of regional products. This ties in perfectly with customer demand, as shown by the significant increase in sales of these products.



SPAIN: A NEW PRICE POLICY AT SIMPLY MARKET

To further increase its customers' purchasing power, Simply Market revised its price policy to include a Simply Market product (in its most sold format) within each product range that is guaranteed the cheapest on the market. This range now includes more than 550 items. Parallel to this, Club Simply, which now has more than 700,000 customers, conducted more than 500 sales promotions in 2014 and more than 2,000 exclusive offers on which customers could accumulate points for subsequent purchases.



26
LILLAPOIS
(new drugstore concept specialised in beauty, hygiene and household cleaning products)
OPENED IN 2014 IN ITALY



AUCHAN FIGHTING INFLATION IN UKRAINE

In 2014, Ukraine saw a sharp rise in prices and competition. As part of its commitment to restore customers' purchasing power in difficult economic times, Auchan created a Price Committee and negotiated an improvement in its purchasing terms with certain suppliers. Local sourcing was also developed with the result that it was able to reference 130 new companies. The customers were the real winners: price increases at Auchan were lower than the national inflation rate.



ONEY BANQUE ACCORD BOOSTS THE PURCHASING POWER

Give customers back purchasing power: Oney Banque Accord also took measures in this area. In France, the bank now offers credit on a proportion of cash purchases, and advances ranging from €100 to €500 which are repayable in 3 months. Another example, in Hungary, Oney launched a new Auchan card offering the best reductions and cash-back advantages on the market.

AUCHAN, NO.1 IN PRICE IN THE EURO ZONE

Amid the ongoing economic crisis in the euro zone, Auchan continued its efforts to be recognised as the banner with the cheapest prices and to meet its objective of improving the quality of life and purchasing power of as many customers as possible. In Spain, for the 6th year in a row, Alcampo was recognised by the Organisation of Consumers and Users as the cheapest banner in the country. Auchan Portugal was once again ranked first in terms of price in a survey conducted by the Portuguese Association for Consumer Protection, and, for the first time, also first in Italy, based on the independent "Retailer of the Year" survey conducted among more than 140,000 customers.

AUDACIOUS RETAILERS: IT'S EVERYWHERE AND EVERY DAY AT GROUPE AUCHAN



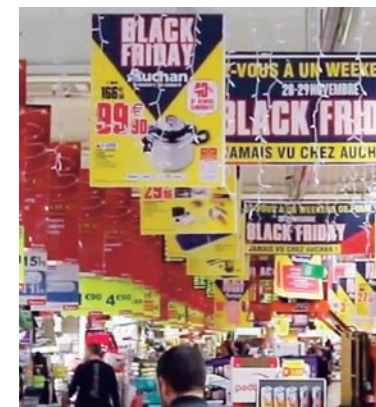
VERTUVIN CLUB, SOLIDARITY WINES

The Simply “Goût du Partage” Foundation has been working since 2009 as an innovative social laboratory supporting solidarity projects steered by the Group’s employees. In 2014, Simply Market accompanied the launch of VertuVin Club, a collective of winegrowers that favour the employment of disabled people. Today, 8 labels are presented on the shelves of all our French supermarkets, with particular know-how and expertise available from our employees, who promote the winegrowers among our customers. VertuVin was a finalist for the “Convergences Europe” prize in 2014.



ALINÉA SHAKING UP FURNITURE RULES

The model of a set shopping route through furniture stores has become outdated. Customers have less time and no longer feel this model is relevant. Audaciously, Alinéa has rewritten the rule book at its new store in Troyes. The shopping path now incorporates a “day” and “night” zone, and was optimised to significantly reduce shopping time. The space was opened up to favour impulse buying, cross merchandising and interior design concepts. Furniture and decoration for each room are laid out on both sides of the aisle, so products are more visible and the shopping experience simpler. A perfect backdrop for the interior design and layout ideas offered as part of Alinéa’s decoration coaching service.



BLACK FRIDAY, AUCHAN MAKING THE NEWS

In the United States, Black Friday has become an institution. Having successfully reproduced the concept in Spain in 2013, Auchan decided to catch its rivals off-guard and launch the first ever version of this concept in France. Thanks to effective digital and radio coverage and the distribution of more than 9 million leaflets, customers came to the store in droves to take advantage of exceptional offers. Over 3 days, Auchan France received nearly 3 million customers and sold more than 48 million articles. This success was equalled on Auchan.fr with nearly 28,000 orders filled, while the sales record for the January sale period was beaten 3 days in a row.

SHOPPING NIGHT AT VOLGOGRAD

The Volgograd shopping centre launched “Nuit des Soldes” during which some 50,000 customers came to shop between 10 p.m. and 4 a.m. to take advantage of reductions of up to 90% and attend various shows that were put on in tandem.



POLISH CUSTOMERS ENJOYING ORGANIC FOOD

In 2014, Simply Market finalised the rollout of its convenience store concept and offerings that cater for the needs of local customers at its 34 Polish supermarkets. Fresh products are central to this new concept, and a full range of organic and ecological products are now available to meet new customer demands. Organic, light, soya-based, lactose-free and gluten-free products, and a range of environmentally-friendly household cleaning products are now offered in-store.

AUCHAN POLAND, STILL THE CHEAPEST

In 2014, the transformation of the Real hypermarkets to the Auchan banner revived business. At all of its stores, Auchan Poland’s teams worked hard to create an offering of product ranges that are even more suited to its customers, while maintaining their leadership record in terms of price. In December 2014, 2 independent surveys (including WP Finanse) showed that Auchan was still the cheapest banner in the country.

FREE-RANGE PORK, FROM THE FARM TO THE TABLE

Auchan Hungary and more than 40 Hungarian breeders launched the “Free-range Pork” project, promoting a product that combines tradition, quality and local know-how. The animals are fed with traditional feed made from grains cultivated by the breeder, which means that very high quality meat is guaranteed. In the future, Auchan Hungary plans to extend this project to more local farmers and to other types of meat.



AUDACIOUS RETAILERS: IT'S EVERYWHERE AND EVERY DAY AT GROUPE AUCHAN



CROSS-CHANNEL EXPERIENCE SECURING THE LOYALTY OF ITS CLIENTS

Quality shopping routes, whether in-store or online: this is Groupe Auchan's commitment. Thanks to its brand power, Auchan.fr surpassed 100 million visitors a year, ranking it among the top 15 online shopping sites in France. This traffic is also of benefit to the stores, where the cross-channel shopping concept has been diversified: with 1-hour store pick-up times and the possibility of purchasing all of the online ranges in-store, the shopping experience under the Auchan brand has been further enhanced.



ALCAMPO: CUSTOMERS TAKING THE LEAD

"Offer the best possible customer satisfaction": to make this commitment a reality, Alcampo intensified work on its customer relations in 2014. It conducted satisfaction surveys, accompanied customers on their shopping route, held focus groups, and set up a desk at checkouts to conduct 36 surveys every day at each hypermarket. A total of 600,000 contacts with customers gave rise to the implementation of more than 1,700 specific measures on the ground.

Alcampo also allows customers to actively participate in the selection or creation of new products. Witness "Cosmia", the Alcampo own-brand personal care line.

IN RUSSIA, AUDACIOUS RETAILERS ONLY

In 2014, to deal with the difficulties encountered by Russian consumers and limit rising prices, the teams at Auchan Russia took 14 concrete decisions to continue to be the cheapest and remain true to their slogan of "Guaranteed low prices". These included, at all of the hypermarkets: the development of new bulk markets (such as household cleaning products), the offering of 150 best-of products cheaper than at the competition, and guaranteed lowest prices in Russia for fruit and vegetables.

FEINIU.COM: WHEN CHINA STARTS BUYING ONLINE

In January 2014, Sun Art Retail Group launched its online shopping site www.feiniu.com to take advantage of the opportunities for growth in online shopping in China. In its first year, Feiniu captured more than 1.4 million members, 29% of which made at least 1 purchase. More than 150,000 references, including fresh, consumer, general, household electronic, fashion and childcare products, are available. Currently Feiniu.com's delivery covers 4 provinces and it is planning to roll out to nationwide from 2015 in the model of online to offline, using the 372 Sun Art's hypermarket as the delivery spots.



AUCHAN AND DISNEY PUT A SPARKLE INTO THE TROLLEYS

In China, own-brands are still struggling to be noticed by consumers. To remedy this, Auchan and RT Mart signed a contract with The Disney Company to use their characters on nearly 100 own-brand food products. They are the first and only retail banners in China to sign a food-product partnership of this scale with Disney. With this, Auchan, RT Mart and Feiniu.com were able to boost their appeal by co-branding a range of innovative copy-protected products for their customers, young customers in particular.



SHOWCASING TALENT AT THE 2014 VOCAL TOUR

As a pioneer in the organisation of national event tours, Immochan launched a Vocal Tour in 2014, which visited all of the main shopping centres in France and proved a genuine springboard for all of the amateur, semi-professional and professional singers who participated. The winner received an opportunity to record and release a single with the help of a studio and media promotion. Unique events like this provide concrete evidence of Immochan's "Better living every day" motto. The purpose was to bring a large public together and continue to transform shopping areas into living spaces and experiences in their own right.

EATALY MAKING THE INACCESSIBLE ACCESSIBLE...

The hypermarkets and supermarkets in Italy signed an exclusive partnership with Eataly, an SME that produces exclusive choice Italian food products, highly sought after by customers. More than 200 references (pastas, sauces, olive oil, etc.) are now offered at the Group's stores at Auchan prices, allowing them to differentiate from their rivals and promote made-in-Italy products as well as Italian SMEs. In fact, Auchan Italy works with nearly 1,200 SMEs, i.e. nearly 40% of its suppliers, promoting more than 17 local gastronomic products either at its hypermarkets or by exporting them to the Group's 16 countries via the Auchan Export programme.

THE CENTRAL PURCHASING DEPARTMENT,

SERVICING PARTNERS AND CUSTOMERS



Definition of the sales project:

each Groupe Auchan banner and partner defines, based on its customers and positioning, the offering they wish to make in their stores, in terms of regular stock and promotional products.



Definition of prices and promotions:

while purchasing prices are negotiated by the central purchasing department, the banner decides freely on the selling prices it wishes to apply in-store and selects the products it wishes to promote.



Implement merchandising:

the space allocated to each product universe, the presentation, promotional drives, etc. are all decided entirely independently by the banner.

ALTHOUGH AFFILIATED WITH A CENTRAL PURCHASING DEPARTMENT, EACH PARTNER REMAINS ENTIRELY RESPONSIBLE FOR ITS OWN SALES POLICY.

THE 5 FUNCTIONS OF A CENTRAL PURCHASING DEPARTMENT

1 - Organise the convergence of format product ranges and of partners

2 - Draw up a purchasing strategy (sourcing, selection of suppliers, share of own-brands, etc.)

3 - Negotiate, establish contracts and monitor the results of negotiations with suppliers

4 - Design, source, negotiate and organise the own-brand supply chain

5 - Manage product-supplier reference lists

ALL FORMATS ARE CONCERNED



Hypermarkets



Supermarkets



Convenience stores



Online shopping



Cash and carry

THANKS TO THE WORK OF THE CENTRAL PURCHASING DEPARTMENT, END-CUSTOMERS BENEFIT FROM LOWER PRICES, AS WELL AS...



Better value for money



Privileged access to innovative or exclusive products



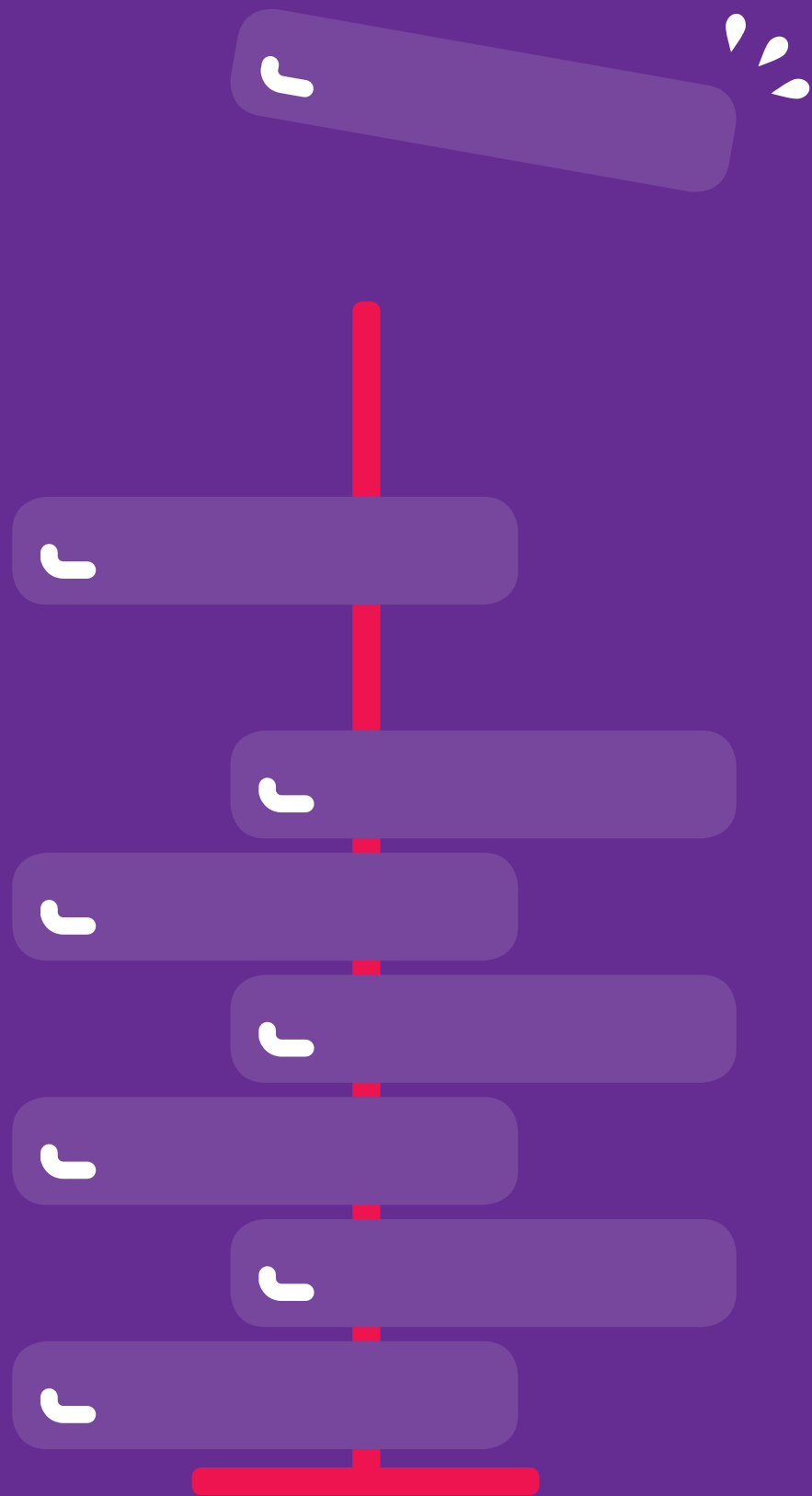
More rapid access to high-end products



New and/or more advantageous promotions

Partners

End-customers



OUR DEVELOPMENT

**AN
AUDACIOUS AND
BALANCED
DEVELOPMENT**

AN AUDACIOUS AND **CLOSELY-MANAGED** DEVELOPMENT IN OUR 3 PRIORITY AREAS

In 2014, Groupe Auchan adapted its development strategy in accordance with the growth potential in each region. Development in the euro zone slightly slowed down while it remained just as strong in the growth markets of Central and Eastern Europe and Asia.



WESTERN EUROPE: GROUPE AUCHAN CAPITALISES

Despite a persistently difficult environment in the euro zone, Groupe Auchan continued to invest, concentrating on maintaining and modernising its premises on the one hand, and development on the other, allocating a total of €776 million (€531 million of which in France).

In 2014, on top of the development of its franchise business, notably A2pas in Paris, Simply Market continued to optimise its store network. 37 points of sale were opened, in France (4), in Spain (4) but mainly in Italy where, in addition to 3 supermarkets, Simply Market opened 26 Lillapoix, a new drugstore concept specialised in beauty, hygiene and household cleaning products. At the same time, 24 points of sale were closed or sold. Immochan continued to successfully implement its asset rotation plan, mainly in France and Italy. Extensions were successfully completed at shopping malls in Le Havre, La Seyne-Toulon and Annecy in France, and Setúbal in Portugal, adding a total of 45,000 sqm.

The concrete roll-out of Groupe Auchan's cross-channel strategy in food (16 Drive outlets opened and ongoing

development of Auchandirect and Auchan Traiteur) and non-food (development of the store pick-up format and in-store availability of the broader online offering) products helped to win and secure the loyalty of new customers. Alinéa, which opened its 26th store in France, completely revamped its business plan and the customer shopping route. Finally, Little Extra opened 4 new stores, giving it a total of 17 outlets.



EASTERN EUROPE: GROUPE AUCHAN CONSOLIDATES

In a region suffering from a major geopolitical crisis and a sharp economic slowdown, all of the Group's core businesses continued to develop.

In addition to the integration of 58 hypermarkets, of which the 57 Real ones in Poland in February 2014, 5 hypermarkets were opened in Russia, 1 in Poland, 1 in Romania and 1 in Ukraine, demonstrating the capacity of our teams to rapidly establish a normal rate of development. The Group now operates 232 hypermarkets in Eastern Europe, compared with 166 in 2013.

At the time of Real's acquisition in Romania, the 20 hypermarkets operated in leased space. In 2014, Auchan acquired 14 of these, confirming its commitment to remain in the country, while rebalancing its portfolio of directly-owned and leased premises.

The supermarkets saw further rapid development, particularly in Russia, with 29 new ATAK stores opened in 2014, giving a total network of 150 points of sale. In Poland, in addition to the opening of 2 supermarkets, Simply Market revised its business model and rolled it out to its 34 stores. 2015 will see consolidation of these activities in preparation for a resumption of expansion as of 2016. Finally, Immochan opened 2 new shopping centres, in Ukraine and Romania, giving a total of 90 in Eastern Europe.

ASIA: GROUPE AUCHAN MOVES FORWARD

In Asia, the goal of 400 hypermarkets is getting closer. With the opening of 9 Auchan and 40 RT-Mart stores, Groupe Auchan now manages 390 hypermarkets in Asia, of which 372 in China through its subsidiary, Sun Art Retail Group. But the biggest highlight was the opening of Feiniu.com, Sun Art Retail Group's online store, at the start of the year. An immediate hit with customers, Feiniu.com is the first Chinese online shopping site to surpass RMB100 million in its first year of operation.

Such a rapid development was still accompanied by Oney Banque Accord and Immochan, which opened 7 shopping centres in China, including the 180,000 sqm Sun Art Plaza in the iconic city of Ningbo.

FRANCHISES

AND PARTNERSHIPS, OTHER GROWTH DRIVERS

"To pursue audacious, closely-managed and profitable growth": this is Groupe Auchan's development strategy, of which franchises and partnerships have become key aspects because they perfectly complement the integrated development of its core businesses.



Société Magasin général, 10% owned by Groupe Auchan, became the leading retailer in Tunisia in 2014. It operates 86 points of sales.

Although Groupe Auchan has always favoured organic activity growth, franchises and partnerships are now a major part of its development plans, not only to rapidly expand its presence within its countries, but also to launch new sales concepts, invest in zones where the overall market size is limited, and obtain a footing in countries in which it is very difficult to invest directly. For this reason, Groupe Auchan has worked for several years to fulfil all of the conditions necessary to convince solid partners (dedicated teams, stabilised and profitable sales concepts, appropriate logistics and competitive purchasing terms).

INDIA, A COMPLICATED STORY THAT WILL TAKE TIME

Auchan benefits from a recognised brand name that is synonymous with quality, solid own-brands, and in particular a powerful business model that is always supported in Eastern Europe and Asia. For this reason, Groupe Auchan is confident it will enter into more successful partnerships for its hypermarket brand, despite the end of its partnership in India.

In 2012, it had signed a franchise agreement with Max Hypermarkets, which at the time benefited from Auchan's brand name and know-how for its stores. This agreement progressed as far as permitted by Indian law. However,

the regulations governing direct foreign investment changed, which led both groups to end the partnership by mutual consent in July 2014.

Despite everything, thanks to this first experience, Groupe Auchan has learned a lot about Indian consumers and is determined to invest in this market in the long term. It continues to explore all possibilities for the development of its brand, particularly in areas where direct foreign investment is authorised.



2014, A PROSPEROUS YEAR FOR THE SUPERMARKETS

The supermarket division had a very successful year in 2014. First of all, in January it signed the first multi-business franchise in Reunion Island. 2 hypermarkets and 6 supermarkets were brought under the Auchan and Simply Market banners. A first success in the French overseas departments and territories, where the Group plans to pursue development in the future.

In Paris, Groupe Auchan seized the best opportunity to develop its new ultra-convenience banner, A2pas. In May 2014, 4 independent partners acquired 30 points of sale as part of the disposal of Parisian stores by the Casino group. Since then, 15 have already changed banner and adopted the A2pas business model. Located at strategic points around the city, these new sites have significantly strengthened the A2pas store network, bringing it closer to its 2016 target of 100 points sale.

Finally, in June 2014, Groupe Auchan signed a partnership with CT Group to develop the supermarket activity in Vietnam. The first points of sales are to open in 2015. The teams on the ground are currently working to bring



1,987

SUPERMARKETS AND 147 HYPERMARKETS OF ALL KINDS OF PARTNERSHIP MANAGED IN THE WORLD

THE SUPERMARKET DIVISION IS DEVELOPING ITS EXPORT EXPERTISE

In 2014, the supermarkets developed their export supply activity, covering 12 destinations, mainly in the French overseas departments and territories, North Africa, West Africa, Eastern Europe, and Asia. The proposed product assortment was enhanced and now includes more than 20,000 entry-level bulk product references of the Auchan and international brands to best meet the demands of customers on these very different markets.

the sales concept into line with the specific demands of local consumers and their lifestyles. The goal is to replicate the success seen in Tunisia. The partnership with Société Magasin général saw a very good year in 2014, with 11 openings (giving a total of 86 points of sale) and the successful adaptation of the business model to different formats: large supermarkets, supermarkets and convenience stores, the brands of which (MG Maxi, MG Super and MG City) were made more coherent for greater impact and visibility.

REAL, A BUSINESS SUCCESS THANKS TO ITS **SUCCESS AT A HUMAN LEVEL**

In February 2014, Groupe Auchan received the green light from the Polish competition authorities to integrate the 57 Real hypermarkets. Its key objective: to integrate this activity at both a human and business level and replicate the success seen in the other 3 countries.



KEY DATES

November 2012

> acquisition of Real activities in Eastern Europe

March 2013

> integration of Real Ukraine: 2 hypermarkets

April 2013

> integration of Real Russia: 16 hypermarkets and 7 shopping centres

September 2013

> integration of Real Romania: 20 hypermarkets and 6 shopping centres

February 2014

> integration of Real Poland: 57 hypermarkets

UKRAINE, ROMANIA, RUSSIA: SUCCESSFUL BANNER TRANSFERS

In Ukraine and Russia, all of the hypermarkets were rapidly transferred to the Auchan banner in 2013. In Romania, where the company tripled in size from 11 to 32 hypermarkets, the banner changeover was finalised in April 2014, less than 6 months after it began. The Group even returned to organic growth in these countries, with the opening of 8 hypermarkets in Eastern Europe in 2014. Each change of banner was a success, as reflected in the significant growth in products and customers. The customers supported Auchan's business model, which immediately brought substantial price falls, and involved significant work on the offering and entry-level prices.

POLAND: INTEGRATION IS UNDERWAY

In Poland, the integration of the 57 hypermarkets began in February and, by the end of December 2014, 12 hypermarkets had already been transferred to the Auchan banner. When integration is complete at the end of 2015, the company will also have tripled in size here (nearly 90 hypermarkets) and will be established in 17 new cities. While the Auchan business model is not yet in operation everywhere, the trends are already promising: here also customers

approve the Group's business policy. Attracted by a sharp fall in prices, customer numbers are increasing and more and more articles are being purchased. The relevance of Auchan's business model is being confirmed each day.

Nevertheless, over and above the sales challenge and significant investment to transform the stores, the company must optimise the management of this phase of transition and strong growth.

THEY CHOSE THE AUCHAN ADVENTURE

Real is not just a business success, but also a human one. Thanks to its recognised business and managerial model, Auchan succeeded in convincing a large majority of the 20,000 former Real employees to remain and work

for Groupe Auchan. In Russia, for example, 89% of employees and 98% of the management stayed to work alongside Auchan's teams, and 20 who show strong potential have already been pinpointed for subsequent advancement within the company. The skills and expertise of the former Real teams were also put to use. In Ukraine and Romania, Auchan identified the strengths of the Real business in order to replicate them at all of its hypermarkets. In Russia, a plan to provide training in the Group's policies was launched for store managers and sector heads from Real. Finally, in Poland, a sponsoring system was implemented at all stores and the working conditions improved.



After all banner changeovers, in Ukraine as well as in Russia, in Poland and in Romania, numerous customers immediately came shopping to benefit from the huge cut in prices.

AUCHAN ROMANIA CELEBRATES THE COMPLETION OF REAL'S INTEGRATION

To celebrate the completion of the transfer of the Real hypermarkets to the Auchan banner, Auchan Romania launched the Auchan Anniversary, a major company event held at its 32 stores. Over 19 days, employees and customers enjoyed competitions, raffles, even lower prices and promotions on products introduced for the first time into Romania: 3D printers, aquariums, ostrich meat, and more. In the end, more than 4 million customers came to purchase more than 55 million articles. A genuine success that demonstrated the strength of Auchan's business and the audacity of its teams.

IMMOCHAN, FROM ALWAYS MORE TO ALWAYS BETTER

In order to better accompany the Groupe Auchan banners, Immochan constantly reinvents its development and asset strategies. This may involve enhancing its existing premises, disposing of assets or entering into partnerships. Its goal is to obtain the resources to achieve its ambitions and acquire levers for business value creation, while at the same time factoring in the impact on the Group's finances.



2,39
MILLION SQM OF
SHOPPING CENTRES
MANAGED IN THE
WORLD BY IMMOCHAN

ADDED
130,000
SQM IN 2014

A RECORD NUMBER OF INVESTMENTS

Working closely with Groupe Auchan's banners in all countries, the number of projects and investments made by Immochan reached a record level. In 2014, Immochan completed 7 extensions in France, China and Portugal, where the reopening of the Alegro Setúbal shopping centre was a genuine success. Parallel to this, Immochan opened 10 new shopping centres in Ukraine (1), Russia (1), Romania (1) and China (7), including Sun Art Plaza, a regional shopping centre and public space.

Over the next 3 years, 70 new creations or extensions are planned. These include service malls and large regional shopping centres, such as the Saisons de Meaux (France), Coresi (Romania) and Sosnowiec (Poland) centres which will open in 2015. Immochan expects to invest a gross amount of nearly €1.5 billion in development between now and 2017.

A REVISED PATRIMONIAL STRATEGY

"Continue to be a group of audacious retailers": this is Groupe Auchan's ambition. Immochan shares this ambition completely, which is why it decided to review its development and asset valuation strategies, placing the property sites at the centre of its organisation. With this in mind, Immochan created an asset management division in 2014

which conducted an in-depth review and overview of all of the shopping centres and malls. The aim is to help improve the operating performance going forward, the appeal of each of the sites, and better accompany the Group's banners.

PARTNERSHIPS, A GROWTH DRIVER

Since 2013, to speed up its development while paying attention to the impact on Group's finances, Immochan implemented a dynamic asset management policy, conducted asset arbitrage, and outsourced specific mature sites.

In 2013, 23 shopping malls and activity parks were sold, mainly in France and Italy, in the context of 3 partnerships. In 2014, Immochan transferred a portfolio of 3 shopping malls in Italy to a

property fund managed by Antirion SGR. It also entered into a strategic and innovative partnership concerning the shopping centres of Zenia Boulevard (Spain) and Alegro Alfragide (Portugal) with a well-known US investor, Alaska Permanent Fund Corporation (APFC), as part of its first acquisition in Western Europe. In the majority of cases, Immochan retained the management and marketing of the sold sites. In 2 years, Immochan thus generated more than €1.7 billion on asset transactions. By reinvesting part of the proceeds from disposals in projects designed to generate profitability and value creation, Groupe Auchan continued to increase the value of its asset portfolio while effectively managing its debt.



The word from
ALI KHOSROVI,
GENERAL MANAGER
OF IMMOCHAN
FRANCE



During growth periods, our commercial property policy hinged on the concept of "more": more leases, more sqm, etc. Now, we are focusing on the concept of "better". This includes dynamic re-marketing and the integration of innovative banners. It involves enhancing

our existing sites, making them into urban centres and public spaces. And it also means being innovative in our development and with regard to the strategic partnerships we enter into to enable us to invest selectively and audaciously in tailored projects.

GROUPE AUCHAN IN THE WORLD

(as at 31 December 2014)



WESTERN EUROPE

France
(71,920 employees)
– 128 hypermarkets
(o.w. 119 Auchan)
– 257 supermarkets
(o.w. 247 Simply Market)
– 106 shopping centres
(o.w. 8 contract-managed)
– Oney Banque Accord
– E-commerce (Auchan.fr, Auchandirect and Grosbill)
– 174 drive outlets
(99 AuchanDrive and 75 Chronodrive)
– 26 Alinéa
– 17 Little Extra
– 15 hypermarkets and 175 supermarkets under franchise / associated

Luxembourg
(650 employees)
– 1 Auchan hypermarket
– 1 shopping centre (contract-managed)
– 3 drive outlets

Italy
(16,870 employees)
– 50 Auchan hypermarkets
– 290 supermarkets
(264 Simply Market and 26 Lillapois)
– GCI⁽¹⁾ : 45 shopping centres
(o.w. 18 contract-managed)
– Oney
– 2 drive outlets
– 7 hypermarkets and 1,535 supermarkets under franchise / associated

Spain
(15,260 employees)
– 55 Alcampo hypermarkets
– 127 Simply Market supermarkets
– 31 shopping centres
(o.w. 1 contract-managed)
– Oney
– 191 supermarkets under franchise

Portugal
(7,660 employees)
– 32 hypermarkets (22 Jumbo et 10 Pão de Açúcar)
– 9 shopping centres
(o.w. 3 contract-managed)
– Oney
– 116 outlets supplied by Auchan Portugal

CENTRAL AND EASTERN EUROPE

Hungary
(6,160 employees)
– 19 Auchan hypermarkets
– 18 shopping centres
– Oney

Poland
(19,500 employees)
– 86 hypermarkets (37 Auchan, 45 Real and 4 Auchan owned by Schiever Polska⁽²⁾)
– 34 Simply Market supermarkets
– 22 shopping centres
– Oney
– E-commerce (Auchandirect)

Romania
(10,150 employees)
– 32 hypermarkets
(25 Auchan, 2 Auchan City and 5 Real)
– 11 shopping centres
(o.w. 1 contract-managed)
– Oney

Russia
(38,960 employees)
– 84 hypermarkets (55 Auchan, 23 Auchan City and 6 Nacha Radouga)
– 150 ATAK supermarkets
– 35 shopping centres
(o.w. 19 contract-managed)
– Oney

Ukraine
(4,250 employees)
– 11 Auchan hypermarkets
– 4 shopping centres
– Oney

21.2% holding in the capital of Anthousa, the company that owns the Furshet supermarkets.

ASIA

Mainland China
(134,875 employees)
– 68 Auchan hypermarkets and 304 RT-Mart hypermarkets consolidated in Sun Art Retail Group
– 66 shopping centres
– Oney
– 1 drive outlet
– E-commerce (Feiniu.com)

Taiwan
(4,440 employees)
– 18 RT-Mart hypermarkets
– 3 drive outlets
– 22 shopping centres
(o.w. 3 contract-managed)
– 8 hypermarkets contract-managed

Vietnam
– Signature of a partnership with CT Group in June 2014

REST OF THE WORLD

Senegal
– 4 supermarkets

Tunisia
– 86 supermarkets in partnership

Kurdistan
– 1 hypermarket under franchise

Average FTE headcount, consolidated scope – 31 December 2014.

(1) Gallerie Commerciali Italia SpA, wholly owned by Immochan since January 2012.

(2) Subsidiary 50% owned by Groupe Auchan and 50% owned by Schiever group.



OUR TEAMS

**AUDACIOUS
AND
ENTERPRISING
RETAILERS**

TO REMAIN A COMPANY **APART,** A CENTRAL AXIS OF THE GROUP'S STRATEGY

"To be our employees' preferred employer": a commitment made by Groupe Auchan as part of its updated Vision. To meet its objectives and the expectations of its employees, the company must make progress in detecting, integrating, promoting and retaining talented employees, now and in the future, and enhance its ability to deal with changes in its core businesses and environment.



OUR PURPOSE

To improve the purchasing power and quality of life of as many customers as possible through our responsible, professional, committed and esteemed employees.

A SHARED VISION

"We are audacious retailers": these few words, simple but which carry meaning and reflect our values, are how Groupe Auchan summarises its corporate Vision. A Vision that the General Management does not impose on its companies and employees, but rather one that has developed gradually as part of a collaborative process.

Based on the Group's history and values over more than 50 years, the last Vision dated from 2008. It needed to be updated to take account of the new global economic environment, the Group's international development, and its new ambitions. As part of a collaborative process, in which

the management committees of each country and core business participated, representing all 330,700 employees, the Vision was updated and enhanced to better correspond to today's realities.

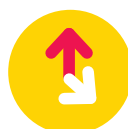
Shared by all of the Group's core businesses, the Vision reflects its ambitions for customers and employees. It defines the company and its commitments, highlights its convictions, and confirms the fundamental principles of its corporate culture. In all countries, it mobilises our teams and sets Groupe Auchan apart from the competition.

To bring everyone into line with this Vision, 26 employees representing the Group's countries and core businesses met for 2 days to discuss how it could be reflected on a day-to-day basis. They demonstrated in a concrete manner that it was actually already



41,443

EMPLOYEES HIRED
IN PERMANENT
CONTRACT BY GROUPE
AUCHAN IN 2014



4.4

MILLION HOURS
OF TRAINING GIVEN TO
GROUPE AUCHAN'S EMPLOYEES
(EXCLUDING RT-MART)



↓
During 2 days, 26 employees representing all countries and business lines met in Villeneuve-d'Ascq (North of France) to enhance the Groupe Auchan's Vision.



shared by all. They then actively launched the collective procedure of appropriating and distributing the Vision. In all countries and at all sites, it was presented to everyone to ensure all could understand it, appropriate it and, in particular, put it into practice every day.

HUMAN RESOURCES ARE CENTRAL TO OUR BUSINESS STRATEGY

Parallel to this, Groupe Auchan fine-tuned its business strategy, which breaks down into 4 axes and 15 operating decisions, and in which our human resources ...



OUR IDENTITY

We are a federation of autonomous companies and audacious retailers, sharing values and convictions with a view to sustainable economic and human development.

Interview

"AN INVITATION TO INNOVATE IN A WORLD MOVING AT TOP SPEED"



Viktoria Gots (V. G.), in charge of training, Auchan Ukraine
Mohammed Amrioui (M. A.), directeur magasin référent, Simply Market France

How is the Vision expressed on a daily basis within your activity?

V. G.: When we circulated the Vision in Ukraine, it immediately spoke to all of us because it corresponds fully to our daily experience and the meaning of our work. Our values, which have remained unchanged for more than 50 years, galvanise us not only to always strive to better serve our customers but also to put each of our individual strengths to work for all.

M. A.: Our appropriation of the Vision is constantly being renewed, even within each team, because each regional company integrates it according to the specific requirements

of its store. It involves sharing our values and convictions on an everyday basis.

How does this Vision make Groupe Auchan different?

V. G.: Our convictions and commitments motivate us to make decisions based on close contact with our customers, this is how we differ. It also involves showing an interest and paying attention to everyone, an aspect that the Real employees immediately appreciated when they were being integrated. They discovered Auchan's corporate culture, which differs greatly from what they had previously experienced. M. A.: The Vision breathes life into our activity, guides us and inspires us. With audacity to boot, it is an invitation to innovate in a world that is moving at top speed. It lays a lot of importance on the human dimension and places the employee at the centre

of the decision-making process: this is what sets Groupe Auchan apart.

As an ambassador, what did you gain from this experience?

V. G.: I felt responsible for my country, firstly for accurately reflecting what my colleagues believed and experienced, and then for demonstrating that the Vision was being lived, applied and relayed in the same fashion everywhere, with the same concern for the employees who are above all part of one and the same company. M. A.: It was above all an opportunity to meet employees from all countries and all of the core businesses to set out Groupe Auchan's Vision together. As regards my role as an ambassador, it is only beginning...



...play a central role. Not only must they support the sales strategy, enabling Groupe Auchan to recruit and develop audacious retailers, but they must also help achieve one of its biggest objectives: "to remain a group apart through our policies of corporate social responsibility and by listening to the men and women who work for us". In addition to strengthening our CSR policies, 3 priority areas for action were identified. Firstly, help to improve the well-being of our employees, such as in Poland where Auchan fits out the former Real hypermarkets with canteens and training rooms and renovates cloakrooms

during the banner changeover, or in France where Auchan has launched the set-up of a psychological and social assistance service for its employees. Next, develop a culture of working together at all levels of the company, such as at Alcampo, which employs seniors and people with disabilities, or Simply Market, which regularly enters into partnerships with employment agencies to facilitate the recruitment of local staff during store openings. Finally, every employee that contributes to the company's results benefits from the resulting value creation through our participation policies. 163,000 employees, i.e. more than 90% of those eligible, are shareholders of Groupe Auchan. And going forward, our ambition is to "be our employees' preferred employer", a commitment made by the Groupe as part of its Vision.



AWARD

AUCHAN'S HUMAN RESOURCES POLICIES REWARDED IN CHINA

Sponsored by 51job, Inc., the leading supplier of integrated human resources solutions in China, Auchan China was selected as one of the "100 best companies for Human Resources Management in 2014" and was the winner in the category "Best Performance for the development of e-learning in 2014". Along with Metro Group, Auchan China is one of only 2 retailers to have won a prize.

This rewards the fundamental work conducted by Auchan China in its human resources management, bearing in mind that Auchan China had already won the title of "Best Employer in 2013". All of this demonstrates that our Vision, values, and corporate culture are being effectively applied at Auchan.



BECOME OUR EMPLOYEES' PREFERRED EMPLOYER: AN EVERYDAY'S CHALLENGE



AIMING TO BE A REFERENCE COMPANY FOR YOUNG PEOPLE

One of the objectives of Auchan France's HR policy, as part of its goal to be a reference company for young people, is to recruit, accompany and train young people to enhance their employability. In 2014, this involved the reception of more than 6,000 interns and the signature of more than 2,500 apprenticeship and professional training contracts. Parallel to this, 15 food industry apprenticeships received support via the payment of an additional apprenticeship tax, while a "grant for excellence" was distributed to 36 students of partner schools. Auchan France continued its work with the association "Passerelle" which facilitates the integration of students with disabilities into business schools.



SIMPLY MARKET TOSSES GENERATIONS AROUND

In France, Simply Market implemented the generation contract it signed in September 2013 to incorporate specific measures for young people (better integration during sandwich courses, proposition of as many open-ended employment contracts as possible at the end of sandwich courses, implementation of tutoring and sponsorship schemes) and seniors (priority in terms of internal promotion, presence of the company on forums dedicated to the recruitment of seniors, implementation of an orientation/training passport, specific fit-out of work stations, etc.) and to promote the transmission of know-how.



"16 SUMMERS", TV DEPICTION OF THE LIFE OF AN RT-MART EMPLOYEE

RT Mart enjoys an excellent reputation in Taiwan because it is the only mass retail banner founded by a local family. TVBS, the leading national television channel, naturally turned to RT Mart when it wanted to create a TV series covering the life of a hypermarket employee. "16 Summers" tells the story of a young woman starting work and her career path over 16 years until she becomes store manager. Through her experiences, viewers discover life at RT Mart. Broadcast over 17 weeks on Saturday night prime time, "16 Summers" received top audience ratings in Taiwan and China. Thanks to this, RT Mart benefitted from several positive mentions in the press, greater interest from customers in the banner, and a surge in applications to join the company.



SIMPLY MARKET HELPING THOSE IN MOST NEED FIND EMPLOYMENT

In September 2014, Pôle emploi and Simply Market signed a regional agreement in Rhône-Alpes to develop a partnership around sustainable employment. While Pôle emploi works on cooperating with companies to help find employment for those in most need, Simply Market enhanced its policy to recruit locally, its position as a local economic player, and its commitment to employment. In collaboration with Pôle emploi and based on the expertise of its advisors, Simply Market works to combat professional exclusion and discrimination.

ALCAMPO, RANKED THE BEST LARGE PRIVATE COMPANY BY THE TELEFÓNICA ABILITY AWARDS

Awarded by the Queen of Spain, this prestigious prize was awarded to Alcampo for its integration policy concerning employees with a disability, the access it provides to employment, and the awareness it raised among all of its employees. This project was initiated in 2000 with the signature of the ONCE Foundation/Convention Inserta plan, which promotes the integration of people with disabilities. The prize highlights Alcampo's commitment to the Groups' Vision: to be a reference employer and a responsible player in society. As proof, 4% of its employees have a disability, while the minimum legal level is only 2%.



7,828
EMPLOYEES OF GROUPE AUCHAN
HAVE A DISABILITY
(+9%)

BECOME OUR EMPLOYEES' PREFERRED EMPLOYER: AN EVERYDAY'S CHALLENGE



GIVING AGAIN THE TASTE OF WRITING

In 2014, Oney Banque Accord pursued its efforts to improve writing skills within the company. 42 employees participated in the “Écrire sans faute” training course and 700 were part of the “Projet Voltaire”, the aim of which is to improve writing skills and simultaneously the quality of the customer relationship. 15 employees even participated in the “Trophée Voltaire des Entreprises” competition as part of the “Journées de la Francophonie” or francophone celebration days.



HIGH-POTENTIAL EMPLOYEES GETTING TRAINING EXPERIENCE IN FRANCE

In the wake of the Fly programme developed by Auchan China, Auchan Russia now offers some of its high-potential employees the opportunity for training experience in France. They are placed in a management position for 3 years, such as deputy store manager followed by store manager, while also benefitting from personal development measures such as individual coaching and mentoring. On their return to Russia, they are assigned strategic functions such as CFO, Head of human resources, or regional Director. 7 managers have already benefited or are currently benefitting from this training scheme.



200 MANAGERS AND FUTURE MANAGERS BACK TO SCHOOL

In 2014, 200 Groupe Auchan managers and future managers participated in a training programme for a total of 750 hours. These skills-enhancement programmes were devised in partnership with specialised bodies and recognised business schools, such as the EDHEC and ESCP. 2 new programmes were recently added to this service, one covering the development of human resources management skills and another covering information systems management.

ATAK RUSSIA: PRIORITY ON LOCAL ROOTS AND INTERNAL PROMOTIONS

In Russia, ATAK has enjoyed rapid growth: 26 openings in 2013 and 29 in 2014. To follow this up, ATAK needs to add to its teams regularly. Since the concept of establishing local roots is central not only to its business strategy but also its HR policy, recruitment within its catchment area is prioritised. It also set up a training school for store and shelf managers to prepare them for a swift transition into their new positions. Priority is also placed on internal promotion when manager positions become available. All of this has contributed to the company's success.

IN DIFFICULT TIMES, HUMANIA IS PRESENT

Auchan France already promotes well-being in the workplace as part of a general policy, but it was looking to provide an individualised response for employees experiencing difficulty either professionally or in their personal lives. With this in mind, in December 2013 it launched HumaniA in partnership with Humanis to provide assistance in a variety of areas, including psychological and social assistance to help resolve family, financial, housing and other types of problems. A total of 400 social workers are involved. HumaniA has already received nearly 1,500 calls from employees, and nearly 900 have received care from the service.



WORKING SAFELY, AN AMBITION THAT BECAME REALITY

For several years Auchan has led an intensive campaign to prevent accidents in the workplace in Poland. Thanks to targeted activities (additional training, a communication drive to promote compulsory use of security equipment, an awareness-raising drive entitled “Work safely at Auchan”), the frequency rate of workplace accidents has fallen significantly, even though new hypermarkets are regularly being opened. Auchan recorded 10.6 accidents per million working hours to 30 September 2014, versus 14.3 to 30 September 2013.

"CREATIVE ATTITUDE", FROM PARTICIPATIVE TO COLLABORATIVE INNOVATION

If Groupe Auchan has developed in the same manner for more than 50 years, it is because its managers and employees have constantly innovated, invented and, in short, dared. This is what "Creative Attitude", Groupe Auchan's participative innovation process, is pursuing today.



KEY FIGURES

> **5 countries** (France, Spain, Italy, Portugal, Luxembourg)

> **4 core businesses** (hypermarkets, supermarkets, Oney Banque Accord, Immochan)

> **120,000 employees** are concerned

> **3,000 proposed ideas**

> **200 ideas under way**

MAKING IDEAS AND ENTREPRENEURS EMERGING

For Groupe Auchan, the company's success cannot be envisaged without the creativity, individual initiative and innovative capacity of each employee. From the very beginning, Groupe Auchan has encouraged all of its employees to put forward ideas that help implement the Group's strategy, test them, and, when successful, develop them. The implementation in 2011 of a global participative innovation programme, "Creative Attitude", therefore came about naturally. Its aim is to promote and strengthen innovation in all core businesses, create a permanent dynamic of progress, and favour the emergence of entrepreneurs within all of the Group's companies.

"Creative Attitude" has since become a central part of Groupe Auchan's Vision and strategy. The first edition of the "Trophées de l'innovation" in October 2014 proved the company was advancing very steadily: to date, more than 3,000 ideas have emerged from a population of 120,000 employees, and more than 200 have been selected for testing before potential roll-out. The goal each time is to bring new value added, whether to the Group's business, operational efficiency, development or CSR policies.

A GLOBAL ATTITUDE

It is by moving beyond borders, whether geographical, cultural or mental, that Groupe Auchan will invent its future. To identify new methods of creating value and new services that will appeal to our customers in the future, "Creative Attitude" will shortly be replicated in countries and core businesses, particularly in Asia, a continent on which some of the biggest changes over the last decade were born.

In European countries, "Creative Attitude" will be applied to help implement the Group's major strategies, for example by launching creative challenges related to cross-channel sales and personalised offerings. By providing a platform for those with ideas to get together with our internal or external technical experts, it

will also meet the twin objectives of encouraging more employees to put forward ideas, and bring about a clear improvement in the rate at which these ideas are transformed into innovation. Finally, in 2015, all management levels will be informed of the innovation objectives so that they can allow for initiative and innovation among their employees, who will also be encouraged to organise networks so that we move from a participative to a collaborative approach to innovation.



GOOD TO KNOW

> Among the 3,000 ideas submitted, 10% concern breakthrough innovations or new concepts.

> Automatic was recognised in 2014 as one of the "100 best ideas" in Spain in the "Services" category by the prestigious economic magazine *Actualidad Económica*.



"Creative Expedition", Berlin, 2014. These trips aim at bringing closer top managers to employees by making them more aware of innovation's issues.



WINNERS OF THE GROUP'S INNOVATION AWARDS

– **"Business, products and offering" category**
Boutique sécurité Auchan

France: grouping of security-related products at the store entrance, close to the security guard, who is well qualified to advise the customer.

– **"New customer services and customer relations" category**

Client box – Oney Banque Accord Portugal: grouping of customer, marketing and sales information on a single IT platform to better target customers, and simplify analysis of the effectiveness of promotional drives.

– **"Operational efficiency and profitability" category**

Macaron informatif – Auchan France: identification of the boxes used to pick up products for replacement on shelves using a simple fluorescent badge.

– **"Growth drivers and audacious development" category**

Automatic – Alcampo Spain: immediate identification of petrol station customers via their registration plate to ensure quicker payments and shorter queues.

– **"Innovative managerial practices and CSR" category**
Art partout – Immochan

Portugal: integration of a special space for arts and culture at the building site during the work carried out at the Alegro Setúbal shopping centre to benefit from related positive media feedback.

SHARING POLICIES, THE CORNER STONE OF GROUPE AUCHAN'S HR POLICY

Since their launch in 1977, Groupe Auchan's sharing policies have set it apart from other players. Symbols of the value of sharing, they strengthen cohesion within the company, and give our employees a sense of belonging and pride. But because the Group has diversified and developed internationally, it became necessary to update them...



2014 OVERVIEW

> **163,000 employee** shareholders

91% of beneficiaries are Group shareholders

10.2% of the capital is owned by the employees

9 managed funds in 9 countries (France, Italy, Luxembourg, Spain, Portugal, Hungary, Poland, Russia, China) and in all core businesses (except e-commerce)

PARTAGER LE SAVOIR, LE POUVOIR ET L'AVOIR

Our updated Vision and business strategy both express a strong conviction: that Groupe Auchan will only be successful in business and in gaining the trust of its customers through its teams. Business primarily hinges on the human relationship, which is why it is vital that our employees are included and committed. It is therefore valid that all can share the reasons for their work and performance, by broadening the scope of their professionalism, taking on new responsibilities in a growing company, and sharing in the results of their progress. In short, the historical triptych

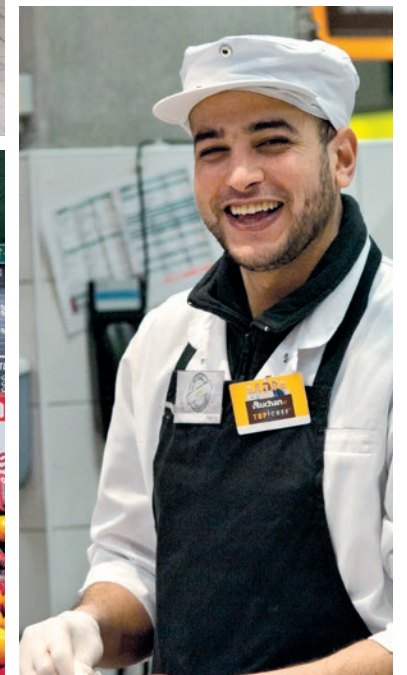


€200
MILLION DISTRIBUTED
IN 2014 THROUGH
THE SHARING POLICIES

that has underpinned the Auchan Group is our shared know-how, power and assets. The sharing of assets therefore is only one component of a much broader policy founded on meaning and values.

REVIVE AND RESTORE MEANING

Sharing therefore is both efficient because it contributes to the company's performance and equitable because it allows our employees to participate in the results of their work. Due to an increasingly difficult economic environment, however, it became necessary to adopt a precise framework for our sharing policies to guide all countries in implementing or reviving their policies. With this in mind, in 2014 the Group created a common reference base designed to ensure



coherence and equity within the Group. Throughout 2015, countries can use it to adapt their own sharing policy. This will be done locally, in close contact with the employees to take maximum account of the specific factors affecting each country and core business, and, while remaining in phase with the Group's historical foundations and strategic ambitions, to value and remunerate as best as possible the individual and collective performance of all.



OUR COMMITMENTS

THE RESPONSIBLE AND HUMAN DISCOUNTER

A NEW PACE FOR THE CLIMATE BATTLE

From 30 November to 11 December 2015, France will play host to the 21st United Nations Climate Change Conference, Paris Climate 2015. The goal this time is to negotiate an international agreement on climate change for the post-2020 period. Groupe Auchan, through its numerous initiatives, is part of this battle.



GLOSSARY

Energy intensity

> energy consumption in relation to GDP

Energy efficiency

> the provision of an identical service with reduced energy consumption

The 2014 IPCC⁽¹⁾ report highlights the extent of the challenges being faced. Despite an increasing number of national policies to reduce greenhouse gas emissions, global emissions are still rising. The annual emissions volume increased at a rate of 2.2% per year in the 2000 to 2010 period, compared with 1.3% between 1970 and 2000. At this rate, the Earth's average temperature could rise by 3.7 °C to 4.8 °C by the end of the 21st century. To limit the rise in temperature to 2 °C, IPCC recommends that greenhouse gas emissions be cut by 40% to 70% between 2010 and 2050.

WIDELY ACCEPTED HYPOTHESES

Making energy efficiency “the world’s first fuel” is one of the key challenges highlighted by the International Energy Agency (IEA) whose calculations show that, over the last 10 years, global energy intensity decreased by 1.6% per year. Under the scenario in which global warming is limited to 2 °C, this decrease would need to be 2.9% per year up to 2035. However, energy is not the only lever for tackling greenhouse gas emissions; there are various others. Agriculture and other forms of crop-related land use are the second biggest source of emissions after the energy sector, accounting for 24% of greenhouse gas emissions. Yet they offer enormous potential as a means of natural CO₂ storage.

Increasing soil carbon stocks is a new challenge for farmers. Forests breathe life into our ecosystem and play an essential role in the fight against climate change. According to a study published in July 2011 by science review *Science*, existing and regenerating forest could absorb half of all fossil fuel emissions. As a result of rainforest deforestation, only a third of such emissions are currently thought to be stored. Waste is an intrinsic part of any activity; there is however great potential to avoid waste, decrease its volume, recycle it and recover methane from it to produce fuel or generate power.



Piece of furniture to recycle client's hazardous waste.

TOWARDS A LOW-CARBON SOCIETY

Household consumption is increasingly identified as a key lever to transform the economy into a low-carbon model. Three main challenges must be addressed: housing, transportation and food. As such, it is the responsibility of Groupe Auchan to develop product ranges which generate lower carbon emissions when manufactured, distributed, used and disposed of. Moreover, it is critical to make these products increasingly attractive to consumers if we one day hope to see “zero-carbon” shopping trolleys. ...



DID YOU KNOW...?

> In France, approximately one third of every inhabitant's CO₂ equivalents are the result of purchases of imports from abroad.

(1) Intergovernmental Panel on Climate Change.

Interview

"TO MAKE CLIMATE CHANGE
A CONCERN THAT IS SHARED BY
OUR MILLIONS OF CUSTOMERS"



**Patrick Coignard,
Chairman of
Auchan
hypermarkets in
Iberian Peninsula
Chairman of the
International
Sustainable
Development
Synergy**

**How can we play an
effective role in the
move towards a low-
carbon economy?**

Our business strategy includes plans to develop responsible consumption and reduce our ecological impact. We aim to reduce our own greenhouse gas emissions and help our customers to do the same. Research on ways to mitigate global emissions, which has long focused on energy matters, has begun addressing other

aspects connected with consumption, resulting in a growing importance for an approach like ours.

**So, would you say
that there are many
possible areas of
action?**

Energy efficiency is already a priority across the Group. Other levers related to our product offering include a growing focus on local and seasonal produce, products resulting from "climate-smart"⁽¹⁾ agricultural practices, eliminating food waste, initiatives to collect recyclable products, and so on.

**Are such initiatives
compatible with your
customer promise?**

Our guiding principle is that these products

must be attractive to consumers for reasons other than their low-carbon content, for example, their price, health benefits or enjoyable taste. We want to make climate change a concern that is shared by our millions of customers. Together, we can develop a low-carbon consumption culture. To achieve this, we need researchers to provide consensus on the most economical ways to reduce greenhouse gas emissions in all food and non-food production chains.

(1) Term used by the United Nations which in 2014 announced the launch of a "global alliance for climate smart agriculture".



...
**FROM CONSENSUS
TO ACTION**

For a large organisation, addressing climate change involves piecing together a jigsaw of many varying initiatives with a common purpose. To be sustainable, these initiatives must all aim to be economically feasible. From Group-wide programmes, such as the BREEAM certification which concerns all shopping centres built or renovated by Immochan, to necessarily local initiatives, such as the methanation of food waste, Groupe Auchan has mapped out an evolving palette of ways that its businesses can tackle

climate change. This map is based on a joint analysis, by numerous stakeholders, of the capacity of a product, initiative or decision to lower carbon emissions. Based on this consensus, Groupe Auchan's businesses have developed their ranges of locally sourced organic produce, the capacity of which to mitigate climate change is commonly acknowledged. Moreover, by developing an own-brand organic range, Auchan seeks to make healthy, eco-friendly products more readily available. The quest to provide the lowest price can therefore also be compatible with climate change concerns. The sale of loose products, which is offered in most of the Group's countries of operation, provides tangible proof of the above. Such an approach significantly reduces packaging and waste. In many countries, Auchan Hypermarkets has the widest range of loose products in the market offering everything from everyday products to frozen foods, liquid products, animal feed and washing powders.

**A COMPREHENSIVE
ENERGY REDUCTION
PROGRAMME**

The decreased energy consumption of the hypermarket division is not enough to offset its environmental impact and prevent price volatility. Based on this conclusion, a programme has emerged. For existing sites, the primary objective is to significantly accelerate energy reductions. In order to assess the potential of such an ambition in a very concrete way, a pilot project was launched in Spain, in association with Schneider Electric, which is recognised for its expertise in energy efficiency solutions. In 2014, a series of recommended measures and investments were implemented at 6 sites of all categories. The outcome was conclusive, confirming the potential for a 19% to 25% reduction in kilowatt hours consumed. As a result, the replication of the programme in other countries is due to be stepped up. Italy and Poland, the most recent countries to have signed up to the initiative, will be among the first countries to benefit from this roll-out.

TREES OF LIFE

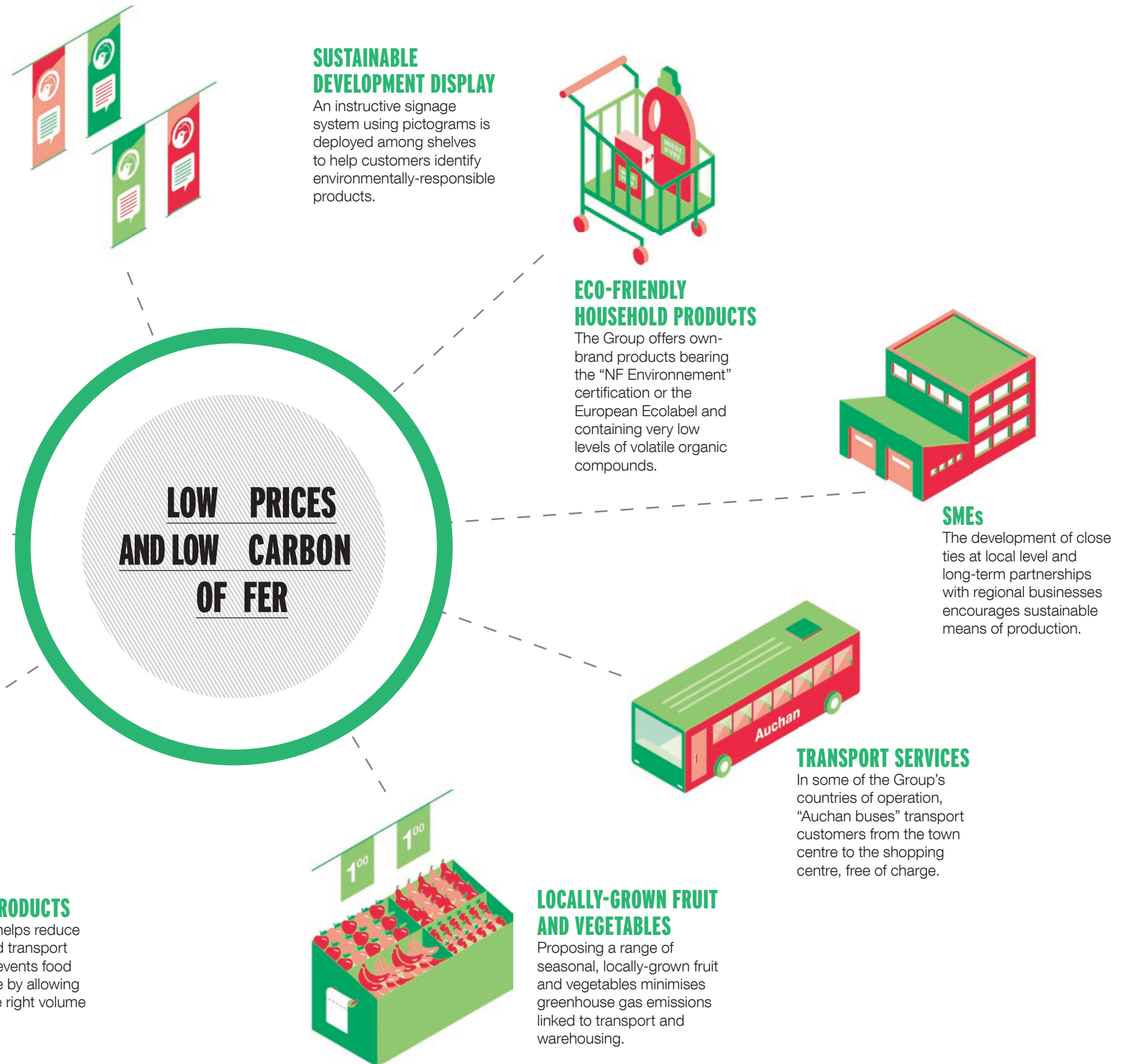
Groupe Auchan formalised its policy on forests in 2011 with the aid of expertise from international non-profit organisation The Forest Trust: (TFT), whose aim is to assist businesses in analysing their product supply chains with an impact on forests. In 2014, a study was carried out to assess the volumes of certain products used internally such as brochures, paper and store décor. A similar study was also performed on certain goods sold in stores: charcoal and indoor and outdoor furniture were identified as priorities. This analysis will allow the Group to establish a comprehensive map of its supply chains, analyse risks by supplier according to the origin and type of wood and then develop recommendations to reduce risks.

(1) The Forest Trust.

BIO **7,800**
**ORGANIC PRODUCTS
LISTED BY HYPERMARKETS
AND SUPERMARKETS**

STORES' STRUGGLE AGAINST THE CARBON EMISSIONS

Groupe Auchan wishes to involve its customers in its pursuit of this policy by offering them attractive and affordable "climate-friendly" products, while at the same time reducing greenhouse gas emissions linked to its business.



THE FOOD-WASTE CHALLENGE

To struggle against food waste, Groupe Auchan is stepping up initiatives linked to its product ranges and raising the awareness of its customers to new buying practices.



UGLY? SO WHAT!

> **Between 15% and 30% of fruit and vegetables go uneaten.**

Too often this is for aesthetic reasons with produce being deemed too big, too small, marked or the wrong shape. In 2014, Auchan France decided to offer "ugly" vegetables to its customers. They can thus buy strawberries considered to be too large or cherries and apricots that are deemed too small at a reduced price, without having to compromise on quality.

SAYING "NO" TO WASTE

2014 was designated European Year Against Food Waste, echoing the campaign launched by the Chinese Government in 2013. Tackling food waste worldwide has become a priority in the fight against global warming. Figures published by the UN speak for themselves: the 1.3 billion tonnes of food wasted annually accounts for greenhouse gas emissions equivalent to the annual total of those of the EU. Another astounding fact is that one third of the food produced for human consumption is wasted. The causes of food waste vary from country to country, depending on how well organised the supply chains are. Household consumption and industry are the most critical levers for reducing waste⁽¹⁾.

THE RIGHT AMOUNT AND NO MORE

How can we help our customers to stop throwing away products which they have not even opened, given that in France, such waste represents 7 kg per person per year? Auchan's marketing teams were the first to introduce the "Buy one now, get one free later" (BOGOFL) concept of commercial operation. For one product bought today, customers can collect the same product for free the following week. Sharing this concern of allowing customers to buy the quantities they actually need, Auchan Production came

up with another idea – to make it possible for customers to buy single units of products usually sold in multi-packs. Multi-packs themselves have a bar code as do each of the items in them. In the frozen foods department, the same idea is being tested with portionable gratin dishes. However, waste is also being tackled with product innovation. In 2014, a small box containing pure tomato powder appeared on the shelves. Depending on how much water is added, it makes coulis, purée, paste or soup and once opened can be kept for up to three months.

In Spain, Alcampo and Simply Market joined in the "Food Waste Reduction Week", launched by the Ministry of Agriculture, Food and the Environment. As part of the initiative, they outlined an awareness campaign aimed at involving all employees in the



← Produced, at reduced prices, close to their best-before date.

common goal of throwing nothing away. One of the features of this campaign was a special recipe competition which attracted the interest of some 1,000 employees.

Over the last 10 years, Auchan has developed strong expertise in selling products loose or by the unit with its "self-discount" departments. These departments focus on offering a wide range of products at low prices. In France, a new concept is being tested with the sale of loose products bearing the "Saveurs d'ici et d'ailleurs" label. This range comprises 400 quality grocery products of both local and foreign origin, such as dried fruits, nuts, pulses, herbs, spices, cereals, coffees, teas, etc.

TELL ME WHERE YOU COME FROM AND I'LL TELL YOU WHAT TO EAT

In China, food waste is lower than in Europe. However, it remains a concern for the country as it must feed 21% of the world's population with only 6% of global water resources and 9% of arable land. Auchan China turned its attention towards one particular source of waste, toxicity alerts, which are a regular occurrence in the country. To ensure that quality is a concern right from the production stage,



67%
OF WASTE RECYCLED
BY HYPERMARKETS



423
HYPERMARKETS
HAVE SELF-DISCOUNT
DEPARTMENTS

the retail brand has been focusing on traceability. Priority has been given to pork meat which is a key ingredient of Chinese cuisine. A code displayed on packaging gives customers access to a special Web page providing information on the origin of their meat product, including where the animal was raised and the slaughtering date and location.

RT-Mart Taiwan decided to focus on the concentration of pesticides in fruit, vegetables and oils. Testing rooms are already in place for customers to use in 7 stores. All RT-Mart Taiwanese hypermarkets will be equipped with such rooms by 2016.

⁽¹⁾ Preparatory study on food waste across EU27, October 2010, European Commission.

A LOW-CARBON MODEL

IN JOINT DEVELOPMENT

For Groupe Auchan, the move towards low-carbon consumption will happen all the more quickly if the vision is shared by suppliers and customers.



ELECTRIC VEHICLE CHARGING POINTS ACROSS FRANCE

> In April 2014, Auchan in Mantes-la-Jolie was the first hypermarket to have a fast charging station for electric vehicles installed in its car park, enabling customers to recharge their car in less than 30 minutes. Deployment of these stations, which results from a partnership between Auchan France and Nissan, has been underway across 96 stores and should be complete in 2015.

ORGANIC FOODS: NEW HORIZONS

In Ukraine, Auchan implemented an “Organic food” programme to safeguard the quality of its offering in a country where organic food production is still in its infancy. To this end, the retail chain has been working with the Research Institute of Organic Agriculture (FiBL), which is already present in Ukraine. This joint effort enabled Auchan to increase its organic product range and improve traceability within the supply chain. Today, 500 organic products meeting European standards – including 127 food products – are available on shelves.

FUTURE OF WASTE

To reduce its carbon footprint, Auchan is attentive to solutions that new partners could bring to the Group. This was the case with TT Plast, a company which set up an operation to collect transparent film used to wrap pallets in order to recycle it into carrier bags. The result is an 80% saving in fossil-based raw materials and a 60% reduction in carbon emissions. In 2012, 12 hypermarkets and 70 supermarkets in northern France became raw material suppliers to a plant producing 5,000 tonnes of bags from recycled materials annually. In another partnership in Portugal, Jumbo is working with APED⁽¹⁾ to propose reusable shopping bags

made from recycled plastic bottles in all of its hypermarkets.

CONSUM'ACTORS

The growing interest of consumers for food with closer local links led Auchan's teams to become involved in participative initiatives. During spring 2014, 5 French hypermarkets invited 120 customers to take part in a meeting organised between the central purchasing department and 128 regional SMEs. The customers voted for products that they would



like to find in stores. Among these were 200 regional products which are now available in hypermarkets.

As part of its effort to be responsive to local customer needs, Immochan France organised discussion and focus quality groups at 15 of its sites. In this context, 600 local inhabitants shared their views on what they expected from their local shopping centre. Topping the list were the need for store appearance to blend in with the landscape and respect for the environment. To help achieve this aspiration, the design teams for all new developments being built in line with environmental certification guidelines shall include an environmental consultant. The consultant will help select vegetation that is best suited to the local habitat and assess its capacity to generate a positive ecological impact, while making sure that existing fauna and flora are preserved.

➔ See the CSR section of the management report.

(1) Portuguese Association of Retailing Companies.

SECOND LIFE

Giving objects a second life helps to postpone greenhouse gas emissions by avoiding the production of new objects or the disposal of end-of-life products. In June 2014, Alinéa made it possible for its customers to sell their own belongings in its 26 stores by organising a giant bring-and-buy sale. The retail brand offered price estimates for furniture, decorative objects and crockery, and awarded an Alinéa gift voucher for every object sold. As for all unsold objects, local charities were on hand to receive donations. As a result of the operation, 2,500 pieces of used furniture and 11 tonnes of decorative objects went to new homes.

WORKING WITH SUPPLIERS TO OVERHAUL PURCHASING

Since publishing its first code of business conduct almost 20 years ago, Groupe Auchan has sought to improve the working conditions of its manufacturing suppliers, in accordance with the major principles of international law and with the United Nations Global Compact's 10 principles.



AN ORGANISATION BORN IN POST- WAR TIMES

> The International Labour Organization was founded in 1919 after the First World War, in order "to pursue a vision based on the premise that universal, lasting peace can be established only if it is based on social justice". The ILO brings together governments, employers and workers and has been an agency of the United Nations since 1946. In 1969, it was awarded the Nobel Peace Prize.

A WIDER SPECTRUM OF CONTROL

Before entering into any business with a supplier, Auchan insists that a supplier audit be carried out. The purpose of this audit is to approve manufacturing sites according to social and quality-related criteria. The Rana Plaza disaster highlighted that working conditions in factories were not the only area of concern. In May 2013, Groupe Auchan therefore decided to sign the Fire and Safety Agreement and thus to contribute to financing building safety audits alongside all of the other retail chains party to the agreement.

CONCRETE AND TRANSPARENT

In July 2013, with a view to strengthening the process of control in place for many years, the Group's international product sourcing and purchasing department, DOAPI, began working proactively on an 8-point plan to tackle opaque subcontracting. In 2014, the Group internal audit was asked to verify that the process was being properly applied and regularly monitored. In accordance with the most recent commitments, progress on the implementation of the plan is communicated in a fully transparent manner in the CSR section of the Groupe Auchan management report.

A BUSINESS CONDUCT CULTURE

In March 2014, Groupe Auchan updated its code of business conduct which describes the fundamental principles of responsible purchasing. There are two parts to these guidelines. The first is the "Code of business conduct for suppliers", which all suppliers must accept before working with the Group. The second is the "Code of business conduct for employees", which all buyers must sign and agree to apply.



→ See the CSR section
of the management report.

A fresh approach

"IN BANGLADESH, WE ARE AWARE OF HOW IMPORTANT THE TEXTILE INDUSTRY IS TO DEVELOPMENT AND ARE KEEN TO PROTECT IT."



The very next day following the Rana Plaza disaster in Dhaka on 24 April 2013, Gilbert Houngbo, Deputy Director General of the International Labour Office⁽¹⁾ travelled to Bangladesh.

What role did the International Labour Office play in the wake of the collapse of this textile factory?

The ILO promotes the creation of decent employment and respect for fundamental rights at work. Indeed, in Bangladesh the state of many factories is cause for concern. In this country, we are aware of how important the textile industry is to development and are keen to protect it. However the 3-4 million workers of this sector must be allowed to work in safe conditions. The International Labour Office proposed to all stakeholders – government, unions, employers, local manufacturing

businesses, exporters and NGOs – to work together to prevent another such tragedy from occurring and to set up compensation for victims.

Have these joint efforts resulted in significant action being taken?

A first initiative was brought to the table as early as 15 May 2013. This was the Accord on Fire and Building Safety for clothing factories in Bangladesh. A 5-year work programme, led in partnership with 2 international labour unions and more than 190 companies in 20 countries, was outlined to enable building inspection to be carried out in some 1,500 factories. Details of the progress of inspection are available on the website bangladeshaccord.org. In December 2013, a fund was set up under the auspices of the ILO to provide compensation for those injured in the incident and families of workers who died. Companies which operated in the

workshops destroyed in the disaster were asked to contribute to the fund. Nearly \$21 million were collected. However, estimates indicate that \$30 million are necessary to finance the medical bills and loss of income of victims and their families. Groupe Auchan demonstrated its solidarity in August 2014 by donating \$1.5 million to the fund. Thanks to the support of its development partners, the ILO is today in a position to implement a major scheme to improve working conditions in Bangladesh, addressing, in particular, health and safety, freedom of association and the right to collective bargaining. Ultimately, this should also result in a long-term initiative to insure workers against accidents in the workplace.

⁽¹⁾ The International Labour Office is the permanent secretariat of the International Labour Organisation (ILO).

DEVELOPING A WORLD OF SOLIDARITY WITH OUR FOUNDATIONS



AUCHAN YOUTH FOUNDATION (WORLD HYPERMARKETS)

The Auchan Youth Foundation, set up in 1996, provides support to young people in 11 countries, in neighbourhoods where Auchan hypermarkets are located. In 2014, 58 projects received support. The average grant was €7,480. In Hungary, for example, the Foundation helped to finance a scheme promoting reading, led by a socially-responsible publishing company, the municipal library and teachers from the local neighbourhood.



GREETINGS CARDS FOR A GOOD CAUSE

In 2014, for the fourth consecutive year, the Auchan Youth Foundation produced a greetings card in aid of the charity SOS Children's Villages. The operation raised €100,000 and helped to support 12 of the charity's projects locally. In the Polish village of Bilgoraj, the purchase of IT material gave 100 young people access to the Internet. In the Italian villages of Mantova and Ostuni, where the charity operates, foreign minors will be able to benefit from training in bakeries, agriculture and tourism.

186
PROJECTS SUPPORTED
BY GROUP FOUNDATIONS
IN 2014



SIMPLY TASTE OF SHARING FOUNDATION (FRANCE SUPERMARKETS)

This foundation, set up in 2009, supports solidarity and social integration projects connected with food. In 2014, 22 projects received support. The Foundation also continued its partnership with 280 "social" grocery stores which allow people experiencing difficulties to buy quality food items at low prices. The support provided goes beyond simple financial assistance and results in a transfer of skills. The Simply Market employees involved in the scheme assist the grocery stores, during their working hours, to upgrade their know-how.



THE NEW WOF (WEAVE OUR FUTURE) FOUNDATION

The desire to participate in programmes to improve the working and living conditions of workers in developing countries led Groupe Auchan to set up WOF in 2014. With a budget of \$7.5 million over 5 years, the Foundation is for retail chains wishing to take part in initiatives to aid workers in the textile manufacturing and weaving industries of LDCs⁽²⁾.



IMMOCHAN FOUNDATION FOR SOCIAL ENTREPRENEURSHIP (IMMOCHAN FRANCE)

In France, social entrepreneurs in more than 90 towns and cities receive support from this foundation. In 2014, the foundation supported 15 projects related to green spaces, the transformation of fresh produce, training, and mobility as a means to improving employability. Alongside IESEG⁽¹⁾, the Foundation also organised the CréEnSo award for social business start-ups. The winner of this year's prize was the "Drôle de Pain" bakery which holds training workshops for people facing difficulties and with poor employment prospects.



AUCHAN GENERATIONS FOUNDATION (RUSSIA HYPERMARKETS)

The Foundation supports initiatives in aid of children. In 2014, a budget of more than €1 million helped to implement 89 projects, 44 of which targeted children and young people in difficult situations, 30 of which concerned sporting programmes and 15 of which supported educational schemes. In addition to the 20,000 children who benefited from the Foundation, another 7,000 received stationery items and gifts as a result of two annually held events, "School for all!" and "Give Children a New Year".

➔ See the "solidarity" chapter of the management report's CSR section".

(1) French School of Management.
(2) Least developed country.

FINANCIAL AND EXTRA-FINANCIAL STATEMENTS

73	76
Consolidated statement of financial position	CSR Indicators: Social elements
74	78
Consolidated income statement	Environmental elements
75	79
Consolidated statement of cash flows	Societal elements
	80
	CSR reporting methodology

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEARS ENDED 31 DECEMBER 2014 AND 2013

ASSETS (in €m)	2014	2013
Goodwill	3,630	3,991
Other intangible assets	1,018	109
Property, plant and equipment	11,992	9,802
Investment property	4,161	3,847
Investments in associates	208	88
Customer loans – Credit activities	1,147	1,050
Other non-current financial assets	509	430
Derivative financial instruments (non-current)	320	184
Deferred tax assets	209	203
Non-current assets	23,194	19,704
Inventories	4,511	3,903
Customer loans – Credit activities	1,513	1,528
Trade receivables	442	505
Current tax assets	120	120
Other current receivables	2,346	2,311
Derivative financial instruments (current)	387	134
Cash and cash equivalents	2,673	2,028
Assets classified as held for sale	–	–
Current assets	11,992	10,529
Total assets	35,186	30,233

EQUITY AND LIABILITIES (in €m)	2014	2013
Share capital	633	633
Share premiums	1,914	1,914
Reserves and net income attributable to owners of the parent	6,400	7,113
Equity attributable to owners of the parent	8,947	9,660
Non-controlling interests	2,612	567
Total equity	11,559	10,227
Provisions	296	199
Non-current borrowings and other financial liabilities	4,600	4,083
Debt financing the credit activity	1,079	1,236
Derivative financial instruments (non-current)	12	72
Other non-current liabilities	1,794	247
Deferred tax liabilities	816	469
Non-current liabilities	8,597	6,306
Provisions	273	198
Current borrowings and other financial liabilities	582	1,397
Debt financing the credit activity	1,267	1,034
Derivative financial instruments (current)	39	30
Trade payables	8,557	7,724
Current tax liabilities	106	95
Other current liabilities	4,206	3,222
Liabilities classified as held for sale	–	–
Current liabilities	15,030	13,700
Total equity and liabilities	35,186	30,233

→ Le rapport financier 2014 est consultable sur www.groupe-auchan.com.

CONSOLIDATED INCOME STATEMENT

(in €m)	2014	2013
Revenue	53,454	48,077
Cost of sales	(41,168)	(36,908)
Gross profit	12,286	11,169
Payroll expenses	(5,842)	(5,332)
External expenses	(3,779)	(3,130)
Depreciation, amortisation and impairment	(1,577)	(1,416)
Other recurring operating profit	11	13
Other recurring operating expenses	–	–
Operating profit from continuing operations	1,098	1,304
Other operating profit and expenses	63	88
Operating profit	1,161	1,392
<i>Income from cash and cash equivalents</i>	49	32
<i>Gross cost of financial debt</i>	(124)	(116)
Net cost of financial debt	(75)	(84)
Other financial revenue	60	22
Other financial expenses	(40)	(89)
Profit before tax	1,105	1,240
Income tax expenses	(309)	(402)
Share of net profit (loss) of associates	(10)	(2)
Net profit from continuing operations	787	835
Net profit from assets held for sale and discontinued operations	–	–
Profit for the year	787	835
– of which attributable to owners of the parent	574	767
– of which attributable to non-controlling interests	213	68
Earnings per share from continuing operations, attributable to owners of the parent (in €)		
– basic	18.56	24.75
– diluted	18.54	24.72

CONSOLIDATED STATEMENT OF CASH FLOWS

(in €m)	2014	2013
Consolidated profit for the year (including non-controlling interests)	787	835
Share of net profit (loss) of associates	10	2
Dividends received (non-consolidated investments)	(1)	(1)
Net cost of financial debt	75	84
Income tax expense (including deferred taxes)	309	402
Net depreciation, amortisation and impairment expenses (other than on current assets)	2,573	1,503
Income and expenses on share-based payment plans	1	(3)
Other non-cash items	–	–
Capital gains/losses net of tax and negative goodwill ⁽¹⁾	(1,172)	(220)
Cash flows from operations before net cost of financial debt and tax	2,582	2,602
Income tax paid	(351)	(467)
Interest paid	(213)	(213)
Other financial items	138	129
Cash flows from operations after net cost of financial debt and tax	2,156	2,051
Change in working capital requirement	191	(105)
Changes in items relating to the credit activity	(16)	(22)
Net cash generated by operating activities	2,331	1,924
Acquisition of property, plant and equipment, intangible assets and investment property	(2,034)	(1,831)
Proceeds from sale of property, plant and equipment, intangible assets and investment property ⁽²⁾	540	792
Acquisition of shares in non-consolidated companies including associates accounted for by the equity method	(2)	(3)
Proceeds from sale of shares in non-consolidated companies including associates accounted for by the equity method	88	7
Acquisition of subsidiaries net of cash acquired ⁽³⁾	386	(538)
Sales of subsidiaries net of cash disposed of	–	–
Dividends received (non-consolidated investments)	1	1
Change in loans and advances granted	(38)	111
Net cash from (used in) investing activities	(1,059)	(1,461)
Amounts received from shareholders on capital increases	–	–
Purchases and sales of treasury shares	(64)	(31)
Dividends paid during the period	(374)	(226)
Acquisitions and disposals of interests without change of control ⁽⁴⁾	16	(1)
Change in net financial debt ⁽⁵⁾	(499)	(406)
Net cash from (used in) financing activities	(921)	(664)
Effect of changes in foreign exchange rates ⁽⁶⁾	277	66
Net increase (decrease) in cash and cash equivalents	628	(135)
Cash and cash equivalents at beginning of period	1,771	1,906
Cash and cash equivalents at end of period	2,399	1,771
Net increase (decrease) in cash and cash equivalents	628	(135)

(1) Including, in 2014, a capital gain of €(1,009) million related to the full consolidation of Sun Art and its subsidiaries as of 1 January 2014. Including, in 2013, capital gains on disposals net of tax of property assets in France €(139) million and Luxembourg €(96) million.

(2) Including, in 2014, disposals net of tax of property assets in Italy, France, Spain and Portugal amounting to €187 million, €82 million, €137 million and €63 million respectively. Including, in 2013, disposals net of tax of property assets in Italy, France and Luxembourg amounting to €443 million, €166 million and €98 million respectively.

(3) Including, in 2014, cash acquired from Chinese entities since their full consolidation as of 1 January 2014 amounting to €375 million. Including, in 2013, the impact of the acquisition of Real in Russia, Romania and Ukraine.

(4) Including change in put options granted to minority shareholders.

(5) Including €(98) million in 2014 and €(350) million in 2013 in debt repayments related to the acquired Real companies.

(6) Including, in 2014, the impact of changes in the Chinese yuan for €80 million, the Russian rouble for €194 million, the Ukrainian hryvna for €(20) million and the Hungarian forint for €11 million.

SOCIAL ELEMENTS

WORKFORCE BY GEOGRAPHICAL AREA	Workforce	Percentage of workforce
Western Europe	125,841	56.2%
Central and Eastern Europe	71,145	31.8%
Asia	27,009	12%
Group	223,995	100,0%

As at 30 September 2014, employees on open-ended and fixed-term employment contracts, excluding temporary staff and interns.

WORKFORCE BY CORE BUSINESS	Workforce	Percentage of workforce
Hypermarkets	180,022	80.4%
Supermarkets	32,720	14.6%
Immobilier	867	0.4%
Banque Accord	2,060	0.9%
Others	8,326	3.7%
Group	223,995	100,0%

From 1 October 2013 to 30 September 2014.

WORKFORCE BY AGE	Worforce	Under 25	25-34	35-49	50 and over
Western Europe	125,841	14%	23%	45%	18%
Central and Eastern Europe	71,145	13%	31%	38%	18%
Asia	27,009	24%	35%	36%	5%
Group	223,995	15%	27%	42%	16%

As at 30 September 2014.

WORKFORCE BY GENDER	Male	Female
Western Europe	43%	57%
Central and Eastern Europe	28%	72%
Asia	37%	63%
Group	37%	63%

As at 30 September 2014.

EMPLOYMENT STRUCTURE	Permanent contracts	Fixed-term contracts	Full-time ⁽¹⁾	Part-time ⁽¹⁾
Western Europe	91%	9%	65%	35%
Central and Eastern Europe	93%	7%	84%	16%
Asia	59%	41%	85%	15%
Group	88%	12%	73%	27%

As at 30 September 2014. ⁽¹⁾ Data for part-time and full-time work are based on the legal definitions in each country.

PERMANENT CONTRACTS HIRINGS AND DISMISSALS	Hirings ⁽¹⁾	Dismissals ⁽²⁾
Western Europe	13,077	3,165
Central and Eastern Europe	22,777	1,782
Asia	5,579	235
Group	41,433	5,182

⁽¹⁾ The number of recruits on open-ended employment contracts corresponds to the total recruits on open-ended contracts and fixed-term contracts that have been transformed into open-ended contracts during the reporting period.
⁽²⁾ The number of lay-offs of employees on open-ended employment contracts corresponds to all contracts terminated at the employer's initiative.

PERMANENT CONTRACTS TURNOVER RATE ⁽¹⁾		TOTAL NUMBER OF TRAINING HOURS PROVIDED	
Western Europe	10%	Western Europe	1,922,840
Central and Eastern Europe	32%	Central and Eastern Europe	1,573,073
Asia	25%	Asia	867,020
Group	18%	Group	4,362,933

⁽¹⁾ The turn-over rate of open-ended employment contracts corresponds to the number of employees on open-ended employment contracts that have left the company/average headcount on open-ended employment contracts x 100.
From 1 January 2013 to 30 September 2014.

HEALTH AND SAFETY IN THE WORKPLACE	Number of occupational accidents	Frequency of occupational accidents ⁽¹⁾	Accident severity rate ⁽²⁾	Number of occupational illness ⁽³⁾	Illness absenteeism rate ⁽⁴⁾
Western Europe	9,349	52.89	1.33	435	4.1%
Central and Eastern Europe	613	5.3	0.07	5	2.4%
Asia	308	6.51	0.13	0	1%
Group	10,270	30.23	0.74	440	3.1%

⁽¹⁾ The frequency rate of occupational accidents corresponds to the number occupational accidents with work stoppage per million hours. Work stoppage of one calendar day or more is taken into account.
⁽²⁾ The severity rate of occupational accidents with work stoppage corresponds to the number of days lost due to an occupational accident with work stoppage per thousand hours worked.
⁽³⁾ Number of illnesses recognised by an official body. Data is calculated over the full calendar year 2013 from 1 January to 31 December 2013.
⁽⁴⁾ Corresponds to all hours lost by all employees due to illness divided by the number of theoretical hours worked.

NUMBER OF MEETINGS HELD WITH EMPLOYEE REPRESENTATIVES	
Western Europe	11,321
Central and Eastern Europe	346
Asia	218
Group	11,885

PERCENTAGE OF FEMALE MANAGERS	
Western Europe	36%
Central and Eastern Europe	63%
Asia	50%
Group	47%

As at 30 September 2014.

DISABLED EMPLOYEES WITHIN THE WORKFORCE	Number of disabled employees within the workforce	Percentage of disabled employees within the workforce
Western Europe	5,392	4.3%
Central and Eastern Europe	1,712	2.4%
Asia	724	2.7%
Group	7,828	3.5%

As at 31 December 2013, disabilities recognised by an official body.

SHAREHOLDERS EMPLOYEES	Number of shareholder employees	Percentage of employees holding shares
France hypermarkets	52,474	89%
Spain hypermarkets	11,836	99%
China hypermarkets	13,295	100%
Hungary hypermarkets	5,655	87%
Italy hypermarkets	11,621	96%
Luxembourg hypermarkets	473	80%
Poland hypermarkets	10,495	100%
Portugal hypermarkets	7,598	100%
Russia hypermarkets	23,882	81%
France supermarkets	11,858	99%
Spain supermarkets	4,639	94%
Italy supermarkets	7,161	84%
Banque Accord France	829	88%
Banque Accord Portugal	262	94%
Alinéa	988	40%
Group	163,066	91%

As at 30 September 2014.

ENVIRONMENTAL ELEMENTS

ELECTRICITY CONSUMPTION BY CORE BUSINESS
(kWh/m² sales area)

	Average ratio
Hypermarkets	464
Supermarkets	652
Immochan	258
Alinéa	183
Les Halles d'Auchan	619

ELECTRICITY CONSUMPTION BY GEOGRAPHICAL AREA
(kWh/m² sales area)

	Hypermarkets	Supermarkets
Western Europe	435	647
Central and Eastern Europe	538	683
Asia	425	–
Group	464	652

WATER CONSUMPTION BY CORE BUSINESS
(m³/m² sales area)

	Average ratio
Hypermarkets	1.45
Supermarkets ⁽¹⁾	0.82
Immochan	1.89
Alinéa	0.18
Les Halles d'Auchan	0.64

(1) Excludes Simply Market Italy.

WATER CONSUMPTION BY GEOGRAPHICAL AREA
(m³/m² sales area)

	Hypermarkets	Supermarkets
Western Europe	0.91	0.84 ⁽¹⁾
Central and Eastern Europe	1.45	0.73
Asia	3.40	–
Total	1.45	0.82

(1) Excludes Simply Market Italy.

CO₂ EMISSIONS ASSOCIATED WITH ELECTRICITY
(kg/m² sales area)

Western Europe hypermarkets	98.3
Central and Eastern Europe hypermarkets	209.5
Asian hypermarkets	319.3
Supermarkets	179.6
Immochan	108.1

CO₂ EMISSIONS ASSOCIATED WITH COOLANT LEAKS
(kg/m² sales area)

Western Europe hypermarkets	128.3 ⁽¹⁾
Central and Eastern Europe hypermarkets	84.9 ⁽²⁾
Chinese hypermarkets	80.7 ⁽³⁾
Supermarkets	129.7 ⁽⁴⁾
Immochan	– ⁽⁵⁾

Data calculated for calendar year 2013.

(1) Excluding Auchan Luxembourg and Les Halles d'Auchan. (2) Excluding Auchan Ukraine. (3) Auchan China only. (4) Western Europe only.

(5) Since coolants are essentially used for cold storage of food, coolant leakage at shopping malls is not significant and is not subject to specific monitoring. The coolants used for air conditioning at the shopping malls and hypermarkets are reported by the store.

WASTE VALUATION RATE BY CORE BUSINESS

Hypermarkets	66.9% ⁽¹⁾
Immochan	30.9%
Alinéa	48.0%
Les Halles d'Auchan	52.0%

(1) The data covers most sites.

The supermarkets are not taken into account.

WASTE VALUATION RATE BY GEOGRAPHICAL AREA

Western Europe	80.3%
Central and Eastern Europe	49.5%
Asia	52.5%
Group	66.9%

NUMBER OF ORGANIC PRODUCTS CARRIED ACCORDING
to EU definitions

	Hypermarkets	Supermarkets
	7,060	817

As at 30 September 2014.

RAW MATERIALS SAVINGS IN TONNES SINCE 2004
resulting from packaging optimisation

	12,200
--	--------

As at 30 September 2014.

NUMBER OF HYPERMARKETS WITH A SELF-DISCOUNT DEPARTMENT

423

As at 30 September 2014.

SOCIETAL ELEMENTS

NUMBER OF ICS AUDITS

	Conducted by Groupe Auchan	Conducted in association with other retail brands
	175	183

As at 30 September 2014.

NUMBER OF OWN-BRAND PRODUCTS WITH LABELS IN BRAILLE

	Hypermarkets	Supermarkets
	3,457	1,776

As at 30 September 2014.

FIGURES FOR FOUNDATIONS

	Number of projects supported	Amounts allocated (in euros)
Auchan Youth Foundation (World hypermarkets)	60	608,900
Auchan Generations Foundation (Russia hypermarkets)	89	980,100
Simply "Taste of Sharing" Foundation (France supermarkets)	22	133,800
Immochan Foundation for Social Entrepreneurship (Immochan France)	15	188,600
Total	186	1,911,400

As at 31 December 2014.

CSR REPORTING METHODOLOGY

THE CORPORATE SUSTAINABLE DEVELOPMENT SYNERGY

Since 2008, sustainability policies have been drafted, coordinated and monitored under an International Sustainable Development Synergy. This synergy promotes the sharing of common objectives, the exchange of best practices and an increasing focus on skills development. Monthly conference calls and a yearly face-to-face seminar gather around thirty members representing the Group's different countries, core businesses and certain functions. This synergy is spearheaded by Patrick Coignard, Chairman of Iberian Peninsula Hypermarkets and coordinated by Group communications director Marie-Hélène Boidin Dubrule.

LEGAL OBLIGATIONS

Since April 2012, Groupe Auchan has been subject to extra-financial reporting obligations and to certification by an independent third party pursuant to article 225 of the Grenelle 2 law. Following an internal mock audit, CSR data for 2013 were published as part of the Groupe Auchan annual report. To ensure the information would be more standardised and comparable, an initial reporting protocol was drawn up and made available to everyone involved in providing information. Ernst & Young's certification work is based on this protocol.

The conclusions of the first certified financial year (2013) expressed reservations about the Group HR guidelines, which did not provide sufficiently specific definitions, calculation methods or internal control procedures to track the workforce and its age distribution. The conclusions did not, however, identify "any significant anomalies likely to call into question the fact that the CSR information, taken together, is presented in an accurate manner". Additional observations noted the coverage rate of certain environmental indicators and compliance, still too inconsistent, with internal control procedures.

To address the above-mentioned reservations, the entire reporting protocol was comprehensively revised to make it more specific. In 2014, for example, Group HR explained the deliverables to managers reporting information for consolidation.

A) INFORMATION RELATING TO SOCIAL INDICATORS

The indicators presented include data from all of the core businesses and countries of Groupe Auchan, except RT Mart China hypermarkets, which are currently being integrated. Data is calculated for the period running from 1 October 2013 to 30 September 2014, unless expressly stated otherwise.

There are significant economic, social and cultural disparities between the various Groupe Auchan countries, which explain the sometimes significant variations between different countries

for some indicators. Some social indicators may be defined differently according to local regulations or customs, especially the number of employees with disabilities and the number of occupational illnesses.

Data for some categories cannot be calculated on a rolling 12-month basis due to the collection time required. The number of employees with disabilities and the number of hours of training are among these categories. In 2014, these indicators were thus calculated for the whole calendar year of 2013.

B) INFORMATION RELATING TO ENVIRONMENTAL INDICATORS

The indicators presented include consumption data from all sales sites of Groupe Auchan entities, excluding RT Mart China hypermarkets, which are currently being integrated, E-Commerce International (AECI) and Banque Accord due to the specific nature of these businesses. Data is calculated for the period running from 1 October 2013 to 30 September 2014, unless expressly stated otherwise.

Details regarding indicators

Only sales sites are included in the calculations. Sites used solely for logistics purposes and central services are excluded from the calculations.

Only shopping malls owned by Immochan are taken into account in the calculation of indicators. The shopping malls which Immochan rents or which it operates under contract management, as well as retail parks, are not included in data calculations and coverage rates.

The stores' floor space does not include storage areas, laboratories or the shopping mall.

C) DATA COLLECTION AND VERIFICATION METHODS

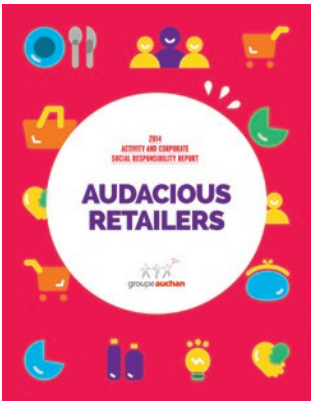
In terms of qualitative information, the country's policies and activities are communicated by email in the form of questionnaires.

For the calculation of indicators, each reporting manager is responsible for checking the data provided. A computer tool helps the reporting manager identify those entities and sites whose indicators fluctuate considerably from one year to the next or demonstrate little reliability based on predetermined ratios.

A second series of checks is then carried out at Group level. Before consolidating data, any inconsistencies and errors found are reviewed with the countries in question and corrected or excluded as necessary.

➔ For more detailed information about Groupe Auchan's CSR policies, the 2014 CSR section of the management report is available on www.groupe-auchan.com.

POUR EN SAVOIR PLUS, RETROUVEZ NOS PUBLICATIONS INSTITUTIONNELLES



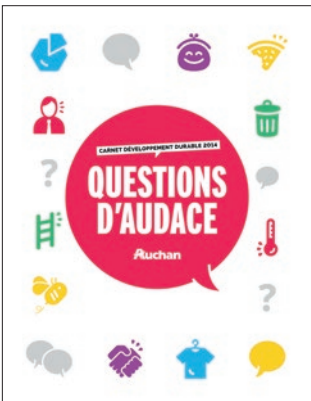
2014 Activity and corporate social responsibility report – Groupe Auchan



Financial Report 2014 – Groupe Auchan



CSR section of the management report 2014 – Groupe Auchan



Carnet Développement durable 2014 – Auchan France



Rapport d'activité et de développement responsable 2014 – Immochan



Activity Report 2014 – Oney Banque Accord

www.groupe-auchan.com.

Design and production: **IAVAS WORLDWIDE PARIS** – March 2015. Photo credits: Sipa Press: W. Alix, M. Cristofani, V. Damourette, S. Dhote, C. Dubreuil, D. Ferenczy, S. Jackson M. Nabrdalik, A. Pungovschi, N. Revelli-Beaumont, A. Rua; David Aubert, Olivier Degoulange, Robert Fleischanderl, Sandra Muehlburger, G. Murat, Studio Focale photographie, Metro AG, Nissan, SOS Villages d'Enfants, Fondation Simply, Groupe Auchan's photo library. Illustrations: Stéphane Manel (portraits), Anne-Cécile Manfré.





Communications Department in charge of sustainable development – 92, rue Réaumur – 75002 Paris – France

Phone: +33 (0)1 58 65 08 08 – Fax: +33 (0)1 58 65 08 15

www.groupe-auchan.com