



ESG REPORT



ESG Report

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4.1 A Word from the Chairman



Technology for Positive Retail

Thierry GADOU
Chairman & CEO,
SES-imagotag

2022 was a very busy year in terms of the advancement of our ESG strategy, marked by the ISO 14001 certification of our environmental management system, the finalization of our total carbon footprint calculation (scopes 1, 2 and 3), the development of our climate strategy, the ethical audit of our supply chain, the pursuit of our efforts to promote the development of our employees, greeted by a notable increase in their satisfaction, the improvement of our governance, and finally by the award of a Platinum rating by EcoVadis (top 1%).

As announced last year, we continued to develop our climate strategy based on two main areas: firstly decarbonizing our products and our supply chain, and secondly contributing to decarbonizing retail by the use of our solutions. On these two areas, strategies, indicators, objectives and action plans have been defined, in line with our ambition to be GHG-neutral by 2030, taking into account the assessment of avoided emissions. We already have a measurement of our total scopes 1, 2 and 3 carbon footprint, and a detailed action plan to continue reducing our carbon intensity. Significant work remains to be done on the precise measurement of emissions avoided by the digitization of physical stores, in close collaboration with our customers.

We intensified our “Second Life” program based on the eco-design and reparability of our products and further extended the geographical coverage of our sorting and recycling centers.

Much work has been done in terms of formalizing and communicating our environmental policies, particularly in terms of purchasing, logistics, supply of minerals from countries at war and compliance with ROHS and REACH regulations. The same applies to social and societal policy.

For the second year, we renewed our commitment to the United Nations Global Compact as well as our membership of the Women Empowerment Principles and our partnership and support for the Women Initiative Foundation. Internally, we continued to increase the number of women in the workforce (34%) thanks to a proactive recruitment policy (41% women in 2022) and an increase in the number of female managers (27%). We will continue to intensify our efforts until we achieve gender parity.

Employee shareholding is one of our major convictions to create a sense of belonging and has long since been a source of motivation in a philosophy of shared value creation. We continued to increase the rate of distribution of employee capital partnership instruments, which now reaches approximately 30% of personnel. The entrepreneurial dimension of our group is an undeniable strength, and we are very proud of the design of our plan, which combines the short and the long term, the key to sustainable performance. We are coming to the end of the previous 2020-23 plan and will submit a new plan at the next General Meeting for the period 23-27.

In terms of governance, our Board of Directors now includes 50% women and 50% independent directors. I am very proud and grateful for the arrival of Peter Brabeck-Letmathe on the Board. Lastly, the Nomination and Remuneration Committee has been enhanced with the ESG component and its charter has been extended accordingly. Our governance policies are also available on our website (www.ses-imagotag.com).

In a context of a climate and energy crisis, both more acute than ever, we will continue to intensify our work in 2023 and in the years to come to contribute to the decarbonization of retail.

Our shared purpose

We invent IoT and digital technologies that create a positive impact on society by enabling sustainable and human-centered commerce.

Enabling the new world of unified sustainable commerce

We are convinced that digitizing physical retail can contribute tremendously to sustainability and social justice in the world.

Retail is the leading private sector employer (15% of jobs) and the leading economic sector in the world (~20% of global GDP). It is associated with major societal and sustainability issues: employment, waste, health, food safety, responsible consumption, CO2 emissions (product mix and origins, logistics, packaging, construction, energy, last mile...) as well as social well-being in cities and communities.

It is, however, a sector under economic pressure, as in-store retail (over 80% of total retail) is challenged by rapidly shifting consumer behavior towards different sales channels, particularly digital, increasing labor costs, unfavorable tax policies (vs. e-commerce), eroding margins and market capitalization, hindering the reinvestment needed to transform physical stores.

The social and environmental risks of the current retail evolution are multiple:

- strong and continuous growth in e-commerce (15 to 20%/year) which can lead to a market share of 30 to 40% within 5 to 10 years to the detriment of physical stores - this is already the case in China;
- the current acceleration of the "warehouse" (direct-to-consumer delivery from the warehouse) e-commerce model may continue to weaken brick & mortar retailers, cause more store closures around the world and lead to major negative repercussions on employment, communities, social well-being, equality of access to essential goods and the marketing of local products;
- in terms of the carbon impact, this development model will lead to the accelerated construction of millions of m2 of automated warehouses. This massive construction of new infrastructure could lead to the emission of half a billion tons of CO2 over the next 5-10 years.
- therefore, the current evolution of retail carry substantial environmental and social risks that, surprisingly, are not at the heart of current discussions on sustainable development and appear as a "blind spot" in the debate.

A more sustainable and responsible retail development model exists

Millions of physical stores (20 million) already exist, putting essential consumer goods within easy reach of consumers every day. Digitalization could revitalize these "stranded" assets and turn physical stores into very efficient omnichannel ("phygital" i.e. physical and digital) and local e-commerce tools, offering exceptional quality of service to all consumers (express local delivery or quick click & collect pick-up) in the most sustainable and low-carbon way.

With our technology (cloud, IoT, image recognition, AI, big data), many visionary retailers are pioneering this unified model, towards more sustainable and positive retail development in terms of service quality, local employment and social links.

A convergence scenario such as the "physical e-commerce" scenario would have multiple positive impacts:

- contribute to the Net-Zero agenda by enabling "physical e-commerce" with the least possible carbon impact;
- protect jobs and communities by stemming the tide of store closures;
- protect the environment by avoiding the creation of e-commerce order picking centers and the procession of carbon emissions caused by the artificialization of the soil and the robotic equipment necessary for their operation;
- fostering lower carbon and positive local-for-local production and consumption patterns;
- enabling better collaboration between manufacturers and retailers through the availability and sharing of real-time in-store inventory data;
- harnessing the potential of on-shelf marketing and digital communication to create new sources of revenue for retailers, ensuring the long-term sustainability of physical stores while reducing the paper consumption linked to the massive production of paper coupons and catalogs.

Time is of the essence: any delay in the digital transformation of physical commerce increases the likelihood of environmental and social risks associated with the status quo and current developments.

The launch of the Positive Retail Research Program, a worldwide study

Accelerating such a positive development of retail requires many decision makers (public & tax policy makers, investors, analysts, CEOs of the CPG-retail ecosystems, etc.) to become aware and convinced about the opportunity of creating positive shared value by revitalizing physical stores through technology.

Research and knowledge is currently missing around the stakes, risks and opportunities related to retail's future development. The subject requires more visibility and knowledge building efforts.

This is why, as part our roadmap for Positive Retail launched in 2019 under the supervision of our ESG governing bodies, we have decided to launch a series of projects addressing the role of digitization in the revitalization of retail and its potential positive societal and environmental impact.

We have mobilized a number of major corporations with which to partner and contribute to this research (Qualcomm, Microsoft, McKinsey) and have become a partner of the World

Economic Forum's Future of Consumption Platform in order to advance, share and promote knowledge around positive retail.

The objectives of the research program are:

- raise global awareness on the importance of Retail in terms of the environmental and social impact;
- analyze the various possible future retail development scenarios with regard to their respective social and environmental impacts;
- positively influence economic and political decision-makers to build more sustainable commerce over the years to come: participation of our Chairman and CEO in CGF Sustainability in Amsterdam, COP 27 and DAVOS 2023.

Non-financial performance, ESG: achievements in 2022

2022 was a very busy year for us in terms of the advancement of our ESG strategy: please find below a breakdown of the achievements.

Report
section

ENVIRONMENT	<ul style="list-style-type: none"> • ISO 14001 certification of our environmental management system • EcoVadis Platinum rating obtained with a score of 80/100 on the environmental component • Carrying out our second total carbon footprint calculation for scopes 1, 2, and 3 covering the complete life cycle of ESLs. (122 KT) and our carbon intensity (200g CO₂/€ revenue) • Development of our plan to reduce our carbon intensity to -40% by 2027, excluding emissions reduced or avoided by the use of our solutions. The reduction in our carbon intensity covers scopes 1, 2 and 3 of the Group's 2022 audit. 	4.3	
	<ul style="list-style-type: none"> • Definition of the use cases of our solutions by our customers generating reductions in carbon emissions or avoided emissions. Estimate of the potential of this carbon impact allowing SES-imagotag to reach carbon neutrality by 2030 (this neutrality being composed of the reduction in our carbon intensity, to which would be added the calculations of avoided emissions thanks to the cases used by our customers). 		
	<ul style="list-style-type: none"> • Continuation of our low-carbon logistics policy 		
	<ul style="list-style-type: none"> • Continuing our "Second Life" program including the eco-design and repairability of our products and the extension of the geographical coverage of our sorting and recycling centers 		
	<ul style="list-style-type: none"> • Formalization of our environmental policies (the text of which is available on our website): <ul style="list-style-type: none"> ◦ General environmental policy ◦ Policy regarding the supply of minerals from countries at war ◦ Policy regarding compliance with ROHS and REACH certification ◦ Sustainable sourcing policy 		
	<ul style="list-style-type: none"> • Audit of our supply chain in terms of ethics, raw material purchasing ("conflict minerals") and occupational safety; 		
	<ul style="list-style-type: none"> • Renewal validated for the second year of our commitment to the United Nations Global Compact. 		
	<ul style="list-style-type: none"> • Achievement of the EcoVadis Platinum medal after receiving a silver medal in 2020 and a gold medal in 2021 - we were placed among the "top 1%" of companies audited by EcoVadis, with a score of 80/100 in social and societal matters 		4.5.1 and 4.5.2
	<ul style="list-style-type: none"> • Partnership and support for the Women Initiative Foundation and Membership of the Women Empowerment Principles. 		

Report
section

SOCIAL & SOCIETAL

- Improvement in the number of female employees thanks to the increase in the percentage of women hired (41%)
- Mentoring program to accelerate the careers of females and increase the % of female managers (27%)
- Establishment and dissemination of our social and societal policies (the text of which is available on our website www.SES-imagotag.com):
 - Human rights policy
 - Anti-discrimination and harassment policy
 - Commitment to the values of the United Nations International Labor Organization
 - Occupational health and safety statement
 - Labor rights policy
 - Diversity and inclusion Policy

4.5.3

GOVERNANCE

- Change to the structure of our Board of Directors, which now includes 50% women and 50% independent directors
- Change to the Nomination and Remuneration Committee, which was entrusted with the responsibility of overseeing the ESG strategy: its name was therefore symbolically changed to “ESG, Nomination and Remuneration Committee”, and its charter was extended to ESG issues, which the Board of Directors approved on March 28, 2022
- Formalization of our governance policies (the text of which is available on our website www.ses-imagotag.com):
 - The Code of Ethics is signed annually by all our employees to ensure its renewal
 - A Supplier Code of Conduct was signed with our most significant suppliers
 - Annual declaration of potential conflicts of interest by managers and directors
 - Coordination and monitoring of the reporting of ethics alerts received
 - Governance issues relating to listed companies were managed under the aegis of the Board of Directors and its two Committees: section 3 of this Universal Declaration Document details this monitoring

2 and
4.2.3

4.2 Market and challenges

The Retail Sector: An economic model in transition

Physical commerce is the world's largest economic sector. It is critically important to the vitality of our societies, our cities, and our lives. However, it is a sector under pressure: inflation, rising energy and personnel costs, stagnant consumption, price wars, online competition, declining market capitalizations, changes in the behavior of consumers who aspire to greater transparency and quality, etc.

Conversely, e-commerce is experiencing dynamic growth - a CAGR (compound annual growth rate) estimated at 20% worldwide over the last seven years - and is virtually the only source of growth for global trade sales. Despite this growth in e-commerce and the pressure it exerts, in-store retail still carries the bulk of transactions (80%). But the line between physical and digital is becoming blurred. The largest global retailers are thus pushing forward with their strategies towards a homogeneous omnichannel model. Retailers are

striving to offer consumers the best of both worlds: the agility of e-commerce and the expression of the five senses of the store. There are now multiple purchasing paths: online ordering, home delivery from the store, drive, click & collect, traditional purchases at the point of sale, etc.

To support these profound changes and the associated challenges - transparency, uniformity and synchronization of information available on all channels - it is necessary to integrate certain technologies and contribute to improving efficiency, profitability and sustainability and the overall consumer experience.

It is within this context that SES-imagotag invents and produces solutions for retailers, thus stimulating their digital transformation in response to their problems.

4.2.1 Business model

SES-imagotag is the partner of retailers in the use of digital technologies at the point of sale. SES-imagotag has developed a complete digital IoT platform that allows retailers to connect and digitize their points of sale, automate low value-added processes, better understand, inform and serve customers, and produce quality information to optimize at shelf life at all times, avoid disruptions and waste, and create an omnichannel service that builds loyalty and is adapted to new consumer expectations.

Commerce is a retail business, where performance comes from the ability to have quality information in-store at all times to act with precision, to automate all tasks that can be automated and thus maximize the added value of each employee serving customers who no longer want to choose between in-store consumption (80% of transactions, 20% of global GDP) and the convenience and practicality of the Internet. Today, retailers

must offer the best of both worlds, digital and physical, combined in a unified service. This convergence is at the heart of the digital transformation of retail. Revitalized by digital technology, physical points of sale are entering a new era by becoming:

- a) ultra-efficient assets thanks to operational data, the automation of low value-added processes and the focus of personnel on customer service and perfect shelf-keeping;
- b) connected and interactive environments able to better identify, know, serve and communicate with customers.







Our business model shown below describes the assets and the know-how that we produce and exploit in order to offer solutions for in-store retail, whose impact is humanly and societally positive.

OUR SHARED PURPOSE: We invest IoT and digital technologies that create a positive impact on society by enabling sustainable and human-centered commerce

Making the Physical Store a Digital Asset



Our Business Model

	Assets & Ressources	Value	Stakeholders
 <p>HUMAN</p>	<ul style="list-style-type: none"> › 600+ People, › 43 nationalities › Average age: 37 	<ul style="list-style-type: none"> › e-NPS 32 › Gender ratio: 33% women › 41% new recruits are women › 50% Board of Directors are women › 27% of Managers are women › Employees participating in LT compensation plans: 30% 	<ul style="list-style-type: none"> › Our People › Proactive human capital development › Long-term motivation
 <p>INTELLECTUAL</p>	<ul style="list-style-type: none"> › 7 R&D Excellence centers › 200+ Engineers › 30% of global staff › 2022 R&D spend €36m (~5% of revenues) › 500+ active Patents › 110 active Patent Families 	<ul style="list-style-type: none"> › VUSION: The World Largest IoT Hub › 50 million IoT devices connected 	<ul style="list-style-type: none"> › Future proof technology for Physical commerce
 <p>CUSTOMERS</p>	<ul style="list-style-type: none"> › 350+ Retailers › 35 000 Stores › 62 Countries 	<ul style="list-style-type: none"> › Customer satisfaction, NPS > 55 › 40% of the world Top 250 Retailers › 50% of the world Top 100 Retailers 	<ul style="list-style-type: none"> › Protect jobs, communities and consumers by enabling better and more sustainable stores › Physical Retail: 20% of the Global GDP › 15% of Jobs
 <p>PARTNERS, ALLIANCES</p>	<p>A powerful ecosystem</p> <ul style="list-style-type: none"> › 10 World class Alliances › 4 World class Electronic Manufacturing Partners › A network of 100 resellers 	<ul style="list-style-type: none"> › Extended global presence (60+ countries) › Indirect sales = 20% of our overall revenue › ESG EcoVadis Platinum 	<ul style="list-style-type: none"> › Win Win Partnerships › Long term profitable growth
 <p>ENVIRONMENT & SOCIETY</p>	<p>Roadmap for Positive Retail</p> <ul style="list-style-type: none"> › Decarbonizing our solutions › Decarbonizing Retail › Build sustainable stores for sustainable cities 	<ul style="list-style-type: none"> › Carbon assessment Scope 1,2,3 - Carbon intensity › Enabling Local & Low-Carbon E-Commerce › Reducing Food Waste › Influencing Responsible Consumption at the Shelf 	<ul style="list-style-type: none"> › Communities › Consumers
 <p>FINANCIAL</p>	<ul style="list-style-type: none"> › 621 M€ Sales › Euronext listed SBF 120 › World Class Investors 	<ul style="list-style-type: none"> › 2 billion Market Cap, SBF 120 › 5-year CAGR% 31 › +122% in 2022 vs 2021 › +977% over 10 years 	<ul style="list-style-type: none"> › Long Term Shared Value for Shareholders

4.2.2 ESG strategy: the roadmap for positive retail

SES-imagotag has established itself as the trusted technology partner of retailers for the last 30 years. Due to its unique positioning, SES-imagotag has a major role to play.



This is why SES-imagotag has launched a global program, presented as its "roadmap for positive retail" as presented below:

Our Positive Retail commitment

Our Positive Retail project is built on the following pillars:

Turning the physical store into a digital asset. Contribute to the adoption of digital technologies by physical stores and sustain the economic health of the sector	
Protect the environment by making the digital transformation of commerce low-carbon and sustainable: aiming to reduce the carbon footprint of our solutions and contribute to reducing that of our customers thanks to the many use cases enabling the avoidance of additional issues.	<p>Challenges # 1 to 4</p> <ul style="list-style-type: none"> • number of patents related to low-carbon solutions, carbon intensity, number of recycled labels, avoided emissions scenarios.
While aligning itself with the guiding principles of the OECD and the United Nations in terms of human rights, the fight against corruption and compliance with competition law.	<p>Challenges # 5 to 12</p> <ul style="list-style-type: none"> • Ethics: audit of the supply chain and signature of the supplier code of conduct; • Social -the Group's compensation policy, the ENPS employee satisfaction survey, the proportion of female managers, • Governance: External assessments, diversity and independence on the Board of Directors, signature of the Code of Ethics by employees.

1) Turning the physical store into a digital asset

KPI	Report section	GRI Code	Topic	Sustainable Development Goals (SDG)	Topic
Committing to Positive retail, our technology and solutions	Positive Retail	203	Indirect economic impacts		Build resilient infrastructure, foster innovation
Committing to Positive retail, our technology and solutions	Positive retail	203	Indirect economic impacts		Decent work and economic growth

We have developed the VUSION Retail IOT technology platform to help retailers transform their physical stores into high value digital assets, more automated, data-driven, and connected in real-time to suppliers and consumers. VUSION improves the flexibility, precision and accuracy of prices, whilst ensuring the omnichannel synchronization of prices, product information and marketing campaigns. The platform developed by SES-imagotag also optimizes in-store order preparation and restocking.

Contribute to the adoption of technology by democratizing the Internet of Things (IoT) for physical stores:

To support the large-scale adoption of our connected technologies, we are investing heavily to remove all types of obstacles (economic, operational, etc.). We do this by reducing the total cost of ownership (TCO) of connected solutions (Retail IoT) through programs that aim to optimize the cost of engineering and manufacturing. We simplify our solutions to help their mass adoption. We are developing technical and security standards to reduce technological and intellectual property risks, and to enable large ecosystems of partners to enter this new market. This is, for example, the objective of the strategic cooperation with Qualcomm.

For more details on the societal impacts of our solutions, refer to section 4.5.1 of this report.

2) Protect the environment by making the digital transformation of retail low carbon and sustainable

Imagine and build a low-carbon solution

Our IoT technology is very energy efficient and we are constantly striving to reduce our energy consumption and redesign the ESL solutions so that they can eventually operate without batteries. We have also launched a program to leverage the circular economy across the lifecycle, from design to supply chain to repackaging and refurbishing or recycling, with the objective of making the label a low-waste product with a minimal carbon footprint.

The store: a local ultra-service.

The growth in online sales, 15 to 20% per year, leads us to believe that e-commerce could account for more than 40% of the total by 2030 compared to 20% today. This scenario would require the construction of millions of m2 of distribution warehouses, with a significant increase in CO2 emissions (estimated at 0.5 giga-tons). However, there is another possible solution. We believe that physical stores represent the ideal local logistics network to serve this growth while being the best response in terms of impact on the environment, employment and society. There are 20 million stores worldwide, i.e. one store for every 400 inhabitants. They do not require any new construction of highly carbon-emitting warehouses. They capitalize on both the proximity and the advantages of the physical point of sale as well as the acquisition of internet-related services thanks to technologies (localization of products, pick-to-light, continuous monitoring of inventories, etc.). They respond to the new purchasing behaviors of consumers and make it possible to differentiate between normal restocking orders (online) and “pleasure” or “discovery” purchases in-store. It’s the synthesis of physical and digital.

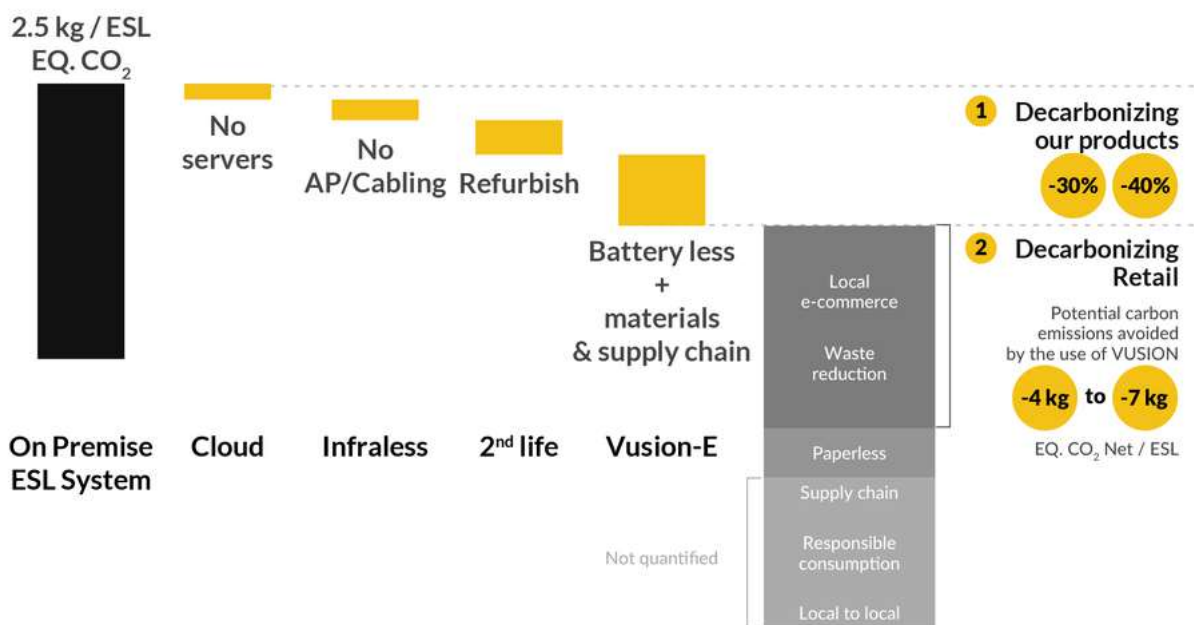
The infographic below symbolizes the decarbonization trajectory and levers identified at this stage, both for our entire range of solutions and for the potential decarbonization effects induced by our customers' use:

Based on the unit carbon footprint (unit carbon footprint of 2.5 kg Co2 per EEG calculated according to the GHG protocol) of a label installed according to the “traditional” methods within a store (i.e. operating using a local server) this graph symbolizes current or future decarbonization steps, such as:

- serverless switching in stores, i.e. in the “Cloud”,
- technological partnerships that have enabled us to integrate our radio frequencies into “access points” already present in stores for other uses (internet access, etc.), thus eliminating the need for cabling and additional access points,
- the growth of our “second life ESL” program, or ESL recycling, to extend the life of our labels,
- the elimination or reduction of the number of batteries included in each of our ESL, the use of recycled plastic rails, etc.
- These are all levers, present or future, to be used in the reduction of our carbon intensity (as calculated in 2022) by -40% by 2027, as described in section 4.3.2 of this report.

Finally, the section of the infographic entitled “Decarbonizing the distribution sector” symbolizes the avoided emissions scenarios as identified by us at this stage, and for which the in-depth work is explained in section 4.3.3 of this report.

For more details, see “Our technology and solutions” in section 4.3.2. as well as the avoided emissions scenarios for our customers in section 4.3.3.



3) Conduct this strategy in compliance with the guidelines of the OECD and the United Nations

The Group’s commitment to ethical and sustainable growth is based on the fundamental value of respect for Human Rights and Fundamental Freedoms.

The guiding principles were set out in the Code of Business Conduct (or Code of Ethics) rolled out in 2021 and reaffirmed as part of the human rights policy, available on the Group’s website. This Code reiterates that the Company is committed to providing a work environment free of any form of discrimination, harassment or intimidation and that its employees, customers and partners must be treated with respect in all circumstances.

This Code of Ethics is supplemented by several policies that highlight and explain several aspects of ethical behavior: the sustainable purchasing policy, the anti-discrimination and harassment policy, the commitment to the values held by the United Nations International Labor Organization, the

declaration on health and safety at work, the labor rights policy, the diversity and inclusion policy and the conflict minerals policy.

All of these policies are available on our website at www.ses-imagotag.com

To manage and mitigate the risks of non-compliance in terms of Human Rights and Fundamental Freedoms, the Group particularly relies on:

- its online e-learning training course to understand the rules of ethics and its whistleblowing procedure; and
- carries out, as part of its sustainable purchasing policy, a detailed assessment of compliance with these main principles by its tier-one suppliers (see section 4.5.2).

Our objective is to prevent the risk of discrimination and moral or sexual harassment, and to guarantee working conditions that ensure the health and safety of people (see also section 4.5.3).

Recognition of our commitment



KPI	Report section	GRI Code	Topic	SDG	Topic
Ecovadis rating	Reporting Practice	102	External assurance		Responsible production

SES-imagotag monitors the evolution of its overall ESG performance via an annual external assessment, carried out by EcoVadis, one of the world's most trusted providers of business sustainability ratings. SES-imagotag was awarded the platinum rating in 2022:

This platinum rating is based on EcoVadis' evaluation of our actions and policies, and how they relate to sustainable procurement in four areas: Labor & Human Rights; environmental considerations in the supply chain; social issues such as diversity, racism, non-discrimination and equity; and business ethics. We received excellent ratings for our Labor & Human Rights policies and actions, and our initiatives and approach to Ethics.

Following its ISO 9001 certification, the Group also obtained ISO 14001 and ISO 27001 certifications at the end of 2022 and early 2023 respectively:

- ISO 14001: this standard provides a framework for controlling the environmental impacts generated and

intends to lead to a continuous improvement of its environmental performance. It is a framework that includes personnel awareness, the handling of external requests and, to a lesser extent, voluntary external communication.

- ISO 27001: this standard defines the requirements for the implementation of an information security management system. This management system lists the security measures, within a defined scope, in order to guarantee the protection of the organization’s assets. The objective is to protect functions and information from any loss, theft or alteration, and IT systems from any intrusion or IT disaster. This will instill trust in stakeholders.

Other awards

In 2021 SES-imagotag received two major awards, from LSA and Perifem. These awards are widely considered to be the highest recognition of innovation, excellence, and long-lasting and sustainable solutions in the retail technology industry.

4.2.3 Values and governance

Our ESG strategy is fully in line with the core values that guide our mission: to use our technological solutions to drive the digital transformation of in-store retail. The description of these values is available on our website at www.ses-imagotag.com.








This commitment is perfectly aligned with our Positive Retail program, which lies at the heart of our vision and strategy for the future.

SES-imagotag commitment to the UN Global Compact

The Group has pledged to further extend its ambition to build a better and positive retail business by committing to the ten universally accepted principles of the UN Global Compact in the areas of human rights, labor standards, the environment and climate, and the prevention of corruption.



The table below summarizes the intricate connexion between our value and our ESG priorities:

					ESG Priorities
Positive Retail	 Innovative	 Entrepreneurial	 Customer centric	 Global/ International ambition	Make the physical store a digital asset
Environment	 Positive impact				Address Climate change : committing to net zero carbon emissions in operations and across the value chain
Social			 Humanism		Create positive impact : jobs, consumer protection, communities Be a good place to work : inclusive and diverse, professional opportunity and development
Governance			 Integrity		Highest standard of business ethics
	Long-term				

Ethical conduct of business and fight against corruption

Overall, the Group operates in geographic areas where ethics in business practices are applied. The Group's revenue can be presented by geographical area and classified according to the 2022 corruption index, published by Transparency International and available on the website: <https://www.transparency.org/en/cpi/2022>

Revenue by geographic area

corruption index between *	€M	%
12 and 39 and/or geographical area not analyzed	3.10	0.5%
40 to 60	92.00	14.8%
60 to 90	525.70	84.7%

* Corruption indexes between 12 and 39 reflect a generally very corrupt business practice and indexes close to 100 are qualified as very ethical.


Code of Ethics: dissemination and adherence by stakeholders

- Section 4.5.2 of this report details, in the context of a sustainable supply chain, the methods for disseminating and auditing ethical practices with our suppliers,
- Section 4.5.1 of this report details the method of dissemination and training in ethical business practices to our employees.

Governance of the climate and ESG strategy

The governance of our ESG strategy is summarized below and based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) which, although very focused on climate and environmental issues, remains a good way to reflect corporate governance in terms of ESG, particularly in the description of the first “governance” table.

In the absence of a formalized materiality assessment, the Group relied on the quality of its discussions with its stakeholders to facilitate its risk identification process.

KPI	Report section	GRI Code	Topic	SDG	Topic
Stakeholders dialogue	Governance	102	Governance		Sustainable communities

SES-imagotag communicates on a regular basis with its many stakeholders via numerous methods:

- Customers: Trade shows, satisfaction surveys, NPS questionnaire, after-sales service
- Retail Partners: Business reviews, training, prospecting, technical support and marketing support
- Employees: Intranet, message from the Chairman, management meetings, works councils, health and safety committees, bi-annual review process and ENPS questionnaire.
- Suppliers: Self-assessment questionnaires, safety questionnaires
- Investors: Video conferences, investor interviews, roadshows, General Meeting, website
- Supervisory authorities: Regular direct contacts with AMF, tax authorities, legal updates
- Regulator: refer to section 2 of the URD for more information on tax and regulatory compliance.

TCFD recommendation	SES-imagotag TCFD reporting	Source
GOVERNANCE		
Describe the organization's governance in relation to ESG and climate risks and opportunities		
a) Describe how the Board of Directors oversees the risks and opportunities related to climate change and the ESG strategy	<ul style="list-style-type: none"> • The ESG strategy and the climate strategy are presented and discussed with the Board of Directors during the presentation of the universal declaration document. • IAB: The International Advisory Board, responsible for promoting a high-level approach to sustainability, transparency and consumer protection, was created in 2019 to guide the implementation of our strategy for positive retail. The International Advisory Board is made up of very senior level leaders from global CPG companies, economic think tanks and associations, international financial institutions and public sector administration. • The Group's management is committed to building a business model in line with the Paris Agreements in order to limit global warming to a level below 2°C, and in compliance with the United Nations guidelines. Building on this commitment, the Group's strategy is to put into practice its roadmap for positive retail: decarbonizing its solutions, recycling these products, calculating its customers' avoided emissions, analyzing the societal effects of its organization and offering of solutions both upstream of its value chain (suppliers) and within its organization (employees), and downstream (customer use cases), 	
b) Describe the role of the management in the assessment and management of climate change risks and the implementation of the ESG strategy	<ul style="list-style-type: none"> • The Group's management assesses the risks and opportunities related to climate change in two stages: firstly, by looking at its own operations (analyzing of the life cycle of its products has made it possible to target the major challenges of scope 3) and then by considering customer use cases (assessing the positive impact of the Group's solutions on its customers' carbon footprint); • The Group's management assesses the risks and opportunities of a social or societal nature throughout its value chain, through in-depth work carried out by the Purchasing Department and the Human Resources Department; • The coordination of the ESG strategy is supervised by the EVP ESG and Legal. The objectives and missions of the various contributing departments are established in coordination with this manager: <ul style="list-style-type: none"> ◦ campaigns related to the mentoring of women, managerial diversity objectives, campaigns to sign the Code of Ethics or the implementation of the whistleblowing procedure, the drafting of various social policies (human rights, health and safety, etc.) in collaboration with the HR Department, ◦ supply chain audit campaigns, as well as the drafting of the supplier Code of Ethics and the conflict minerals policy in collaboration with the Purchasing Department, ◦ cyber risk awareness campaigns as well as ISO 27001 certification in collaboration with the Information Systems Department, ◦ ISO 14001 certification and the drafting of the environmental policy in collaboration with the Quality Department. • The objectives specifically related to climate change are reviewed and organized and an action plan is very closely coordinated between the R&D Department, after-sales services, logistics and ESG (carbon audit calculation campaigns, life cycle analysis procedure before any product launch, used label recovery campaigns, carbon intensity calculation). • A reflection in a global context: the Chairman of SES-imagotag actively participates in the global dialogue (World Economic Forum, Davos forum, etc.) on the digital transformation of the distribution sector and how this is a major lever for the decarbonization of this sector. 	

4.2.4 Challenges and ambitions

Our ESG strategy which is part of our roadmap for positive retail aims to address the needs of all of the Group's stakeholders and to contribute constructively to the environmental and social issues at the heart of the retail sector. The risks and challenges below have been identified as key to creating long-term sustainable value for the Company's clients, society at large, partners, suppliers, employees, investors and the environment.

The main social, societal and environmental challenges and opportunities have been identified through internal reviews and discussions, independent expert advice and comments from our clients.

The Group's **climate strategy** is clearly in line with priority objectives, as we are committed to producing a business model scenario compatible with limiting global warming to 2°C, and to developing low-carbon IoT devices, thus contributing to the reduction of carbon emissions in the in-store retail sector.

Our main indicators and ambitions in this area are, respectively:

- the carbon intensity of our solutions, calculated for the first time in 2022
- innovation and more specifically the share of innovation dedicated to the decarbonization of our solutions and retail
- the number of recycled labels, an emblematic indicator of eco-design and the creation of an internal reparability process for our products

Section 4.3.1 of this report develops each of these points.

Given the importance of our industrial supply chain and the attention paid to ethical principles, as the one practiced by our subcontractors, (to the working conditions and health and safety of the employees, as well as the conditions of supply, particularly in terms of minerals), we prioritize compliance with ethical standards by our suppliers: this is checked through ESG audits carried out on site or through documentary audits. Thus, indicators chosen in this **societal area** are:

- ratio of purchases subject to ESG audit (scope of purchases audited)
- the signature rate of our Supplier Code of Conduct

Customer satisfaction (NPS) and the economic stability of our customers remain relevant indicators in measuring our societal contribution, but are now recurring indicators, resulting from action plans already in place. We have therefore chosen to retain only 12 indicators below reflecting current progress plans that will be managed until 2027.

With regards to social matters, being a great place to work for our teams is an ongoing priority and continues to be measured by the ENPS, an employee satisfaction survey conducted twice a year. Two other indicators reflect the importance given to two major topics: the proportion of female managers in a technology company, on the one hand, and the measurement of employee shareholding growth through the allocation of employee performance shares, on the other:


- Proportion of employees benefiting from performance share plans
- ENPS
- Proportion of female managers

Lastly, in terms of governance, the Group strives to encourage the adherence of its employees and suppliers to its ethical values, through signature campaigns renewed each year, and ensures the proper performance of its ESG strategy by requesting an external assessment annually.

- Code of Ethics signature
- Code of Supplier Conduct signature
- Diversity on the Board of Directors
- External ratings

Please note the KPIs reported below are **rounded figures of our performance** so that they are easier to read - please refer to each section to get the detailed KPIs.

Non-financial issues	#	Action plan	Indicator	Contribution to the SDGs	2021 performance	2022 performance	2027 ambition	Report section
ENVIRONMENT Climate	1	Innovation in favor of the decarbonization of our solutions	Number of patent families dedicated to reducing the carbon footprint of solutions		45/108 or 40%	47/115 or 40%	>40%	4.3.2
	2	Reducing our carbon intensity (scopes 1, 2 and 3)	Kg CO2/€		Start of carbon footprint calculations	0.197	-40%	4.3.1
	3	Circular economy: a "second life" for labels	Number of labels recycled		2.5 million	1.6 million	15 million	4.3.1
	4	Contribution to the decarbonization of Retail	Avoided emissions	 	N/A	Developing the plan	Progress to 50% of the Net Zero 2030 plan	4.3.1
SOCIAL AND SOCIETAL Ethics	5	Audit of our supply chain	Audited suppliers	 	Action plan	components: 88% goods: 80% External Manufacturing Services (EMS's): 100%	100%	4.5.2
	6	Supplier Code of Conduct	signature rate	 	Action plan	components: 100% goods: 94% External Manufacturing Services (EMS's): 100%	100 %	4.5.2
	7	Remuneration policy	Employees participating in LT compensation plans	 		30%	100 %	4.5.3
Diversity	8	Employee satisfaction	ENPS		4	32	50	4.5.3
	9	Diversity policy for women	Proportion of female managers			27%	35 %	4.5.3







Non-financial issues	#	Action plan	Indicator	Contribution to the SDGs	2021 performance	2022 performance	2027 ambition	Report section
GOVERNANCE	10	Promoting the Group's ethical values among employees	Code of ethics signatures	 	Action plan	95 %	>95%	4.5.3
	11	Composition of the Board of Directors	% women, % independent directors, % attendance	 	33% independent directors	50% women, 50% independent directors, 84% attendance	50% women, 50% independent directors, 100% attendance	3.2.1
	12	External ratings	EcoVadis rating		Gold	Platinum	Ecovadis Platinum and "upper quartile" ratings for ISS, MSCI, CDP	4.2.2

4.3 Climate strategy: environmental ambitions and objectives

SES-imagotag has renewed its pledge to the UN Global Compact and confirmed its climate pledge in line with the Paris Agreement, by committing:

- To produce a business model scenario compatible with limiting global warming to less than 2°C;
- To work to improve its carbon intensity, thus contributing to the reduction of CO2 emissions in the distribution sector;
- To refine its customers' use cases, to avoid additional carbon emissions;
- Finally, with a view to validating these assumptions and scenarios, in 2023, the Group will commit to the certification of these objectives, which will attest to their alignment with the objective of the Paris Agreement.

We have developed several programs in order to address these priorities with concrete solutions as outlined below. We believe that the measurement and scope of our accomplishments are captured in the following reporting standards and KPIs:

KPI	Report section	GRI Code	Topic	SDG	Topic
Scope 1, 2, and 3 carbon emissions and carbon intensity	Climate strategy	301, 305	GHG emissions	 	Industry, innovation & infrastructure, Climate Action
# of patents dedicated to low-power displays	Climate strategy	305-3	Environmental footprint of infrastructure		Responsible production
# of labels recycled and reporting of waste issued	Climate strategy	301-2; 301-3	Recycled input materials used		Responsible consumption & production
Packaging improvements/paper savings	Climate strategy	301	Materials		Responsible production
Measures taken to protect the scope 1 environment	Climate strategy	305	Carbon emissions		Climate Action

The Group obtained ISO 14001 certification in 2022: ISO 14001 certification is the reference tool for taking into account environmental issues, improving environmental performance and its monitoring, and thus contributing to the Sustainable Development Goals (SDGs) of the UN.

Committing to carbon neutrality by 2030, in our operations and throughout the value chain

SES-imagotag's primary purpose is to use our innovation and technology to drive the digital transformation of physical retailers, thus supporting them to achieve their goals in an evolving industry with a multi-faceted agenda.

The solutions we provide our clients can contribute to their carbon footprint optimization by automating a number of functions in-store and in warehouses, eliminating or sharply reducing the need for repetitive tasks such as keeping track of inventory on shelves, avoiding stock-outs, assuring virtually effortless price integrity, and streamlining the information provided to consumers. The optimization of in-store and warehouse logistics through the implementation of our IoT solutions can contribute to a more efficient use of energy and reduced carbon emissions, in particular by avoiding the construction of new order preparation centers for e-commerce.

In addition to the environmental benefits that we can bring to our customers, we have set out to calculate and then reduce our own emissions. Measuring and quantifying our carbon footprint is the first key step towards any strong measure and it has already been done. In 2022, we developed the comprehensive modeling of our GHG (greenhouse gas) emissions across our operations and our entire value chain.

The analysis carried out has measured and mapped the carbon emissions of our activities, exhaustively and as described in section 4.3.1 and in the methodological note described in section 4.6.



In this section dedicated to the Group's environmental strategy, we will address:

- a) The environmental impact of our solutions and the calculation of our carbon footprint and carbon intensity;
- b) How we will reduce our carbon footprint across our operations and supply chain;
- c) The description of customer usage patterns that will enable us to work on avoided emissions scenarios in 2023 and thus contribute to reducing the GHG emissions of our customers and partners in the in-store retail sector.

4.3.1 Scope 1, 2, and 3 carbon footprint and carbon intensity

Carbon Footprint

Devise and build a low-carbon solution

KPI	Report section	GRI Code	Topic	SDG	Topic
Scope 1, 2, and 3 carbon audit and the carbon intensity of our solutions	Climate strategy	103	Environmental footprint of infrastructure;		Climate Action
		305	Carbon emissions		
Life cycle analysis	Climate strategy	301	Product Lifecycle		Industry, innovation and infrastructure

Understanding our carbon footprint is the first key step in any decisive action to reduce it. This is why in 2020 we launched a series of ambitious projects to model our carbon footprint comprehensively (scopes 1, 2, and 3), taking responsibility for emissions across the entire value chain, including at the level of our support functions, as well as across the whole life cycle of the product, from the supply of materials to production, including the use, transport, and recovery of materials at the end of their lifecycle. We completed our carbon audit in 2022 with a view to establishing a solid and strong base from which to draw up a multi-year action plan. We have already been able to establish a key performance indicator (KPI) linking our CO2 emissions to our revenues (CO2 weight per euro of revenue or carbon intensity).

As a reminder, the GHG Emissions Protocol defines the method for calculating carbon emissions and the scopes to be considered:

Scope 1 emissions are those greenhouse gases resulting from fuel combustion from sources we own or operate – like vehicles or natural gas for heating.

Scope 2 emissions refer to those resulting from use of electricity.

Renewable energy generates minimal Scope 2 emissions, whereas burning coal, oil, or natural gas to produce electricity releases carbon dioxide and other greenhouse gases into the atmosphere.

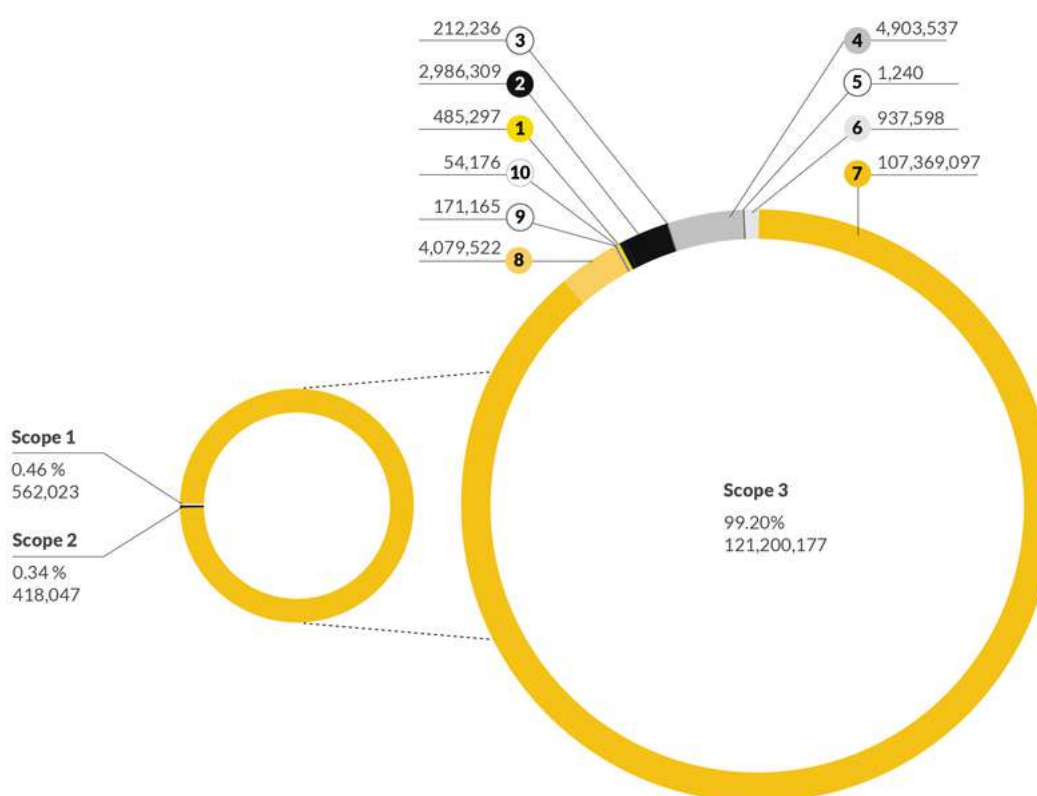
Scope 3 emissions correspond to all other indirect emissions that occur in a company's value chain, including upstream and downstream activities: more specifically, the life cycle analysis of all products marketed by the Group, from mining to industrial assembly, from the packaging and transport necessary for each of these stages to the emissions caused by the use by customers and the end of life of these products. Scope 3 also includes carbon emissions from the goods used (offices, warehouses), servers, emissions related to employee travel both through business trips and for home-work journeys, and finally, purchases of goods and services.

The carbon assessment is detailed below: unsurprisingly in our technology business sector, the life cycle of our products represents the major part of this footprint.

Ton CO ₂	2022
Scope 1	562
Scope 2	418
Scope 3	121,200
Total	122,180

The carbon footprint of the core business (i.e. the production of IoTs) is significantly marked by the contribution of the raw materials necessary for the manufacture of the various electronic components (about 88%), such as the PCB (Printed Circuit Board) which is predominant.

Electronic components have a significant impact on climate change because they require a large number of steps between mining, mineral processing, metallurgy, heavy chemicals, fine chemicals, which consume energy and water.



1	Scope 3 - 3.1 Business travel	485,297	6	Scope 3 - 3.6 Transformation of products sold	937,598
2	Scope 3 - 3.2 Fixed assets	2,986,309	7	Scope 3 - 3.7 Products and services purchased	107,369,097
3	Scope 3 - 3.3 Commuting	212,236	8	Scope 3 - 3.8 Upstream freight transport and distribution	4,079,522
4	Scope 3 - 3.4 End-of-life of products sold	4,903,537	9	Scope 3 - 3.11 Use of products sold	171,165
5	Scope 3 - 3.5 Fuel and energy emissions (not included in scope 1 or scope 2)	1,240	10	Scope 3 - 3.12 Waste generated	54,176

Carbon intensity

The company has established a carbon intensity indicator to measure the carbon efficiency gains of its business model and all initiatives undertaken throughout the value chain. The

objective is to reduce emissions for each euro of wealth created. The carbon intensity will be measured and published each year.

	2022
Total Carbon Audit (kg CO2)	122,180,247
Revenue (€)	620,860,000
Carbon intensity (Kg CO2 per € of revenue)	0.197

The carbon intensity calculated on the basis of the 2022 carbon footprint (calculated according to the GHG protocol) and 2022 revenue is the initial basis for measuring our trajectory towards a -40% reduction in 2027 vs. 2022.

This ambition is based on:

- our capacity for innovation, enabling both a reduction in the intrinsic carbon footprint of our IoTs and a reduction of the carbon footprint of the entire installed solution (as shown in

section 4.2.2 section 2) by reducing the infrastructure required for its operation;

- our ability to manage a recycling stream for our IoTs, the target of which is 15 million units recycled in 2027.

Section 4.3.2.1 below further explains the levers that will be activated.

4.3.2 Decarbonization of our solutions: Low-carbon IoT

4.3.2.1 Decarbonizing our solutions

The structure of our solutions

We estimate that the use of our products by our customers represents a very small percentage of our overall carbon footprint. The ultra-energy efficiency of our products is an advantage and helps to reduce the overall carbon footprint.

Our IoT technological solutions are very energy efficient and we are constantly striving to reduce our energy consumption and improve designs so that they can, in the long term, operate without a battery.

We have also launched a program to leverage the circular economy across the lifecycle, from design to supply chain to repackaging and refurbishing or recycling, with the objective of making the label a low-waste product with a minimal carbon footprint.


Ultra-low consumption IoT

The Group has unparalleled expertise in color e-Paper (electronic paper), a display technology that we use. It mimics

the look of paper and consumes minimal energy. The electronic ink-based displays (EPD) use the same ink as the traditional printing industry. They consist of tiny capsules filled with particles loaded with ink. After applying the correct electrical charge, an EPD creates high-resolution images with the same level of contrast and readability as a printed medium. Once the text and images are visible, the EPD no longer needs energy to maintain the display (bi-stable technology). Our DTP (direct thermal printable) labels use a dual-transistor pixel, a patented process that demonstrates additional expertise in low-energy displays.

We support this technology through continuous Research & Development efforts, with more than 40% of the Group's patents related to energy savings topics: 47 out of 115 patent families are dedicated to low energy systems. Our R&D works continuously on reducing this low power consumption and on redesigns to ultimately make these ESLs battery-less.

Each year, the Group spends approximately 6 to 7% of its revenue on R&D projects (see Note 1 intangible assets, section 6 Consolidated financial statements).

KPI	Report section	GRI Code	Topic	SDG	Topic
# of patents dedicated to low-carbon IoT	Climate strategy	305	Carbon emissions		Responsible production

Providing a cloud-based solution to our Customers

The VUSION platform

SES-imagotag created the VUSION Cloud Retail IoT platform to help retailers accelerate their digital transition and transform their physical stores into true digital, automated, and data-driven environments connected to consumers and suppliers.

Both cloud computing and sustainability are emerging as transformative trends. Cloud computing is defined as large-scale online shared IT infrastructures. It is revolutionizing the way in which IT services are provided and managed in companies. Cloud computing makes it possible to collect, store

and analyze huge quantities of data, reduce the total costs of ownership of IT, and increase business agility. These new trends also enable us to reduce our environmental impact: since 2018, we have begun to reduce our infrastructure and on-premise IT resources in favor of cloud-based and serverless solutions. With 50 million cloud-connected ESLs today compared with 31 million in 2021, we have built the first global in-store retail IoT platform. The VUSION platform is hosted on Microsoft's Azure cloud, which has committed to powering 100 percent of its data centers with renewable electricity by 2025 (Microsoft_Cloud_Carbon_Study_2018, updated 2020). See also section 4.5.1 Societal impacts.

Our Cloud solution is based on four key factors:

	Factor and benefits	Technology
1	Dynamic provisioning of resources: optimization of active servers enables energy savings of up to 47%.	Based on latest technologies to provide capacity on-demand; able to activate resources when they are needed, independent of server capacity. New servers and computing resources are automatically activated when there is a peak in demand. Capacity resources are disabled when "idle threshold" is reached.
2	Multi-tenancy: allows many users in one building to utilize less power overall than the same number of users each using their own infrastructure	SaaS delivery architecture that enables all clients to access the same software on one or a set of linked servers. By combining demand patterns across many organizations, the peaks and troughs of computer resource requirements flatten out, reducing the need for additional infrastructure.
3	Server utilization: increasing resource utilization rates (from current low levels of 10 to 20%) to significantly improve energy efficiency	Applications based on serverless architectures so that computing power, storage, networks and security are distributed among the available services; the virtual distribution of software ensures that various applications run "separately" on a physical host, leading to greater data center efficiency. Eco-designed friendly software that uses more energy-efficient algorithms, reducing execution time, memory utilization and unnecessary features, and optimizing the volume of generated data.
4	Partnership with Microsoft Azure	Very clear and ambitious goals for the environmental footprint of data centers.

Pooling of infrastructures

SES-imagotag has forged partnerships with the main manufacturers of Wi-Fi technology to simplify its solutions and avoid any proprietary or additional infrastructure for connecting its IoTs. Our IoT communication protocols are now integrated into Wi-Fi access points. As a result, next-generation highspeed Wi-Fi deployments ensure the convergence of all back office and store connectivity needs. Stores' investments in equipment and services are considerably reduced and their return on investment is amplified while significantly limiting the carbon footprint of the solution (saving on a dedicated infrastructure).


Today, the Group has a powerful technological ecosystem and international alliances with all the major global manufacturers, such as Cisco Meraki, Aruba, Huawei, Lancom, Mist Juniper, Extreme Networks, Fortinet, etc.

Circular economy: Eco-design, Recycling and Reusing shelf labels

Eco-design has been at the heart of SES-imagotag's expertise since its creation. In addition to innovation, the Group launched a flagship program in 2016 aimed at leveraging the circular economy throughout the life cycle of labels, from design to the supply chain, including refurbishing and recycling, with the clear objective of making the label a low-waste product with a minimal carbon footprint. The labels are designed so that they can be repaired, reconditioned (ease of disassembly, availability of spare parts, price of spare parts and associated services) and then recycled. Through improved energy management, increased usage of recyclable material and improved refurbishing as well as recycling processes, a refurbished label accounts for approximately only 20% of the GHG emissions required for a new one.

Every time a customer replaces an old generation ESLs with a new generation range (usually after six to eight years of use) we collect the old tags and make a determination as to whether they should be refurbished, recycled or destroyed.

The retiring generation of ESLs to be reused or recycled is carefully inspected and sorted with the aim of recovering the components that can be reused, and to carry out the necessary repairs to supply a specific channel with “second life” labels. Our internal recycling flow centralizes the reverse logistics for used ESLs at two major partners’ sites (one in France and one in Poland).

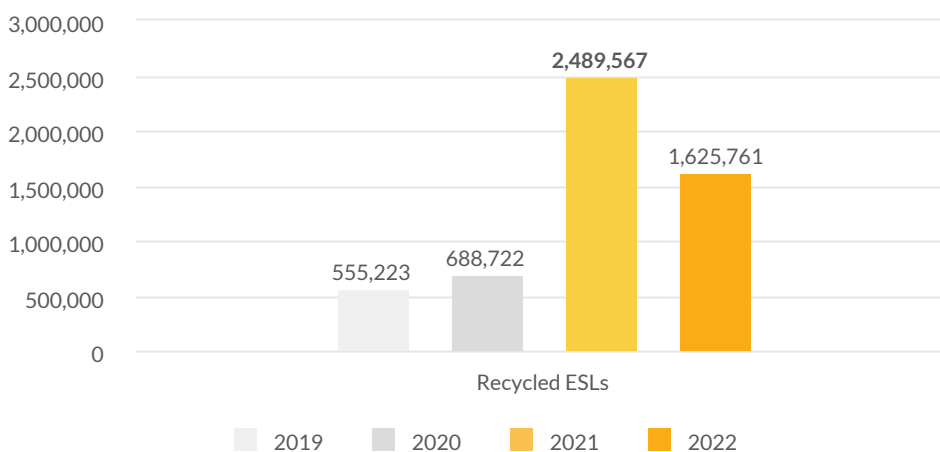
KPI	Report section	GRI Code	Topic	SDG	Topic
# of labels recycled	Climate strategy	301	Recycling		Responsible consumption & production

This ESL Second Life process primarily involves our customers in Europe, which is home to most of our mature markets. In the coming years, customers located in Asia and North America will begin the switch to new generation ESLs, thus triggering the same type of reverse logistics flows. We will endeavor to organize these flows in Europe and North America, as close as possible to the markets, so as to avoid too much transport-intensive return logistics.

In 2021, the ESL Second Life program reflected the project to take back labels from a major distribution chain in Northern Europe. While in 2022, the main recovery projects took place at the end of the calendar year, with the recovered quantities being stored without reprocessing at the year-end: the actual recycling of labels collected in 2022 will only be carried out in 2023, the figures must be analyzed in terms of labels collected and recovered in 2022 but awaiting refurbishment in 2023 (around 2.7 million labels awaiting a second life as of 12/31/22).

Note: recycling statistics vary according to our customers' projects and their schedules. We are therefore dependent on our customers' decisions to dispose of their fleet of old-generation labels. In addition, depending on the size of the customer concerned and the renewal schedule of these labels, the quantities collected for reconditioning may vary significantly over a given year. As such, the figures given in terms of the quantities collected and awaiting refurbishment provide a slightly longer term vision than the fiscal year alone.

Second life ESL



For ESLs that cannot be repaired or reused, we partner with eco-organizations in Europe to collect old or damaged labels, modems and routers from our customers to transport them directly to recycling centers, thus ensuring a compliant electronic waste and battery disposal process.

For our readers who are not familiar with this European regulatory system: European rules require a priori funding future destruction of end-of-life products. These systems are based on the principle of extended producer responsibility,




according to which producers, i.e. those responsible for marketing certain products, can be made responsible for financing or organizing the prevention and the management of waste from these end-of-life products. Taking the example of this European system of financing electronic waste, batteries, and packaging according to the weight of the latter placed on the market during the fiscal year, the table below summarizes the quantities placed on the market in Europe and North America, during the 2022 financial year:

Marketed weight in 2022 (in kg)	IoT	Batteries	Packaging
Total	3,872,821	966,287	765,455

* The Group's information systems enable the reporting of these quantities for a scope representing 93% of the Group's revenue in 2022.

4.3.2.2 Decarbonization of our organization: logistics, packaging, vehicle fleet

Improvements made to packaging and logistics

KPI	Report section	GRI Code	Topic	SDG	Topic
Packaging improvements	Climate strategy	301	materials	 	Responsible production Climate Action
Inbound logistics carbon footprint	Climate strategy	305	GHG emissions		Responsible production

We have leveraged the efficiency of our supply chain to decrease the volume of packaging used in the shipment of our products. Close cooperation with one of our industrial partners in Southeast Asia has resulted in packaging optimization, including a reduction in the boxes' volume, the removal of protective plastic sheets from the label screens and, the use of

recyclable material for all of the final packaging of electronic devices. In addition to reducing the weight and volume of packaging, this has significantly improved shipping container filling rates and the number of shipments. It has also led to an increase in the load density of pallets, and a reduction of the carbon impact per ESL transported.


The action plan being launched in the course of 2021, the outcome in kilograms savings, for H2 2021 for our three best-selling ESL references, which account for 70% of our sales, is shown in the table below:

ESL size	ESL Qty	PE bag reduction (Kg)	Cardboard reduction (Kg)
1.6	8,809,590	8,810	41,846
2.2	8,479,478	8,479	36,462
2.6	23,463,573	23,464	77,723
Total	40,752,641	40,753	156,030

Regarding inbound freight from our EMSs (External Manufacturing Services: industrial partners for the assembly of our electronic equipment) in Asia, we have continued to monitor the logistics mix between air freight, maritime cargo

and train transport, so as to favor these last two modes of transport. This mix of transport methods is taken into account in the carbon footprint calculations detailed in section 4.3.1.

Carbon footprint of our employees

KPI	Report section	GRI Code	Topic	SDG	Topic
Measures taken to protect the scope 1 environment	Climate strategy	305	Carbon emissions		Climate Action

Optimizing employee travel & incentives to reduce carbon footprint

Our travel policy has been developed with the aim to reduce our employees' travel-related carbon footprint.

On the one hand, successive lockdowns have introduced new digital working methods between employees in different countries and, on the other hand, we have a travel policy that favors train travel for journeys of less than or equal to 2.5 hours (basic train). In the case of a trip that takes more than 2.5 hours (basic train time), air travel is authorized, but trains may still be preferred. In major cities, the use of public transportation is mandatory.

Our efforts also include a two-day-a-week teleworking policy for the majority of our employees, which avoids recurring daily commutes (see section 4.5.3).

In addition, office premises are chosen based on their accessibility by public transport, in order to enhance recruitment and reduce the carbon audit of employees' home-workplace travel.

Finally, we have placed great emphasis on the engine quality of our **company car fleet**, detailed below, whose proportion of vehicles equipped with hybrid or electric engines has increased by 20 points:

	2022		FY 2021	
	Hybrid or electric engines	combustion engines	Hybrid or electric engines	combustion engines
Number of vehicles by engine type				
Group total (*)	41	56	24	84
In %	42%	58 %	22%	78%

Water and energy consumption at our corporate offices: the impact on our carbon audit is not deemed significant.

4.3.3 Decarbonization at our customers' premises: avoided emissions


Bringing together physical and e-commerce is at the heart of the omnichannel model, and is a crucial step in the transition of retail. This convergence enables consumers to have the shopping flexibility they seek. In parallel, as physical stores are revitalized by digital tools, a reduction of carbon intensity should result from the automation of low value-added processes, the optimization of inventory management which will be enabled by the generation of continuous quality information, and reducing overstocking and waste.

Make retail paperless

Over the past couple of years, we have witnessed a significant acceleration in the frequency of price changes across retail outlets. The volume of online orders received by retailers has also increased as a result of a dramatic shift in consumer priorities and behaviors. Growing use of Click-and-Collect and "shop and go" check-out solutions are examples of this trend.

In response to these evolving consumer behaviors, retailers everywhere have had to quickly adapt their business models and operational practices to manage price changes quickly, efficiently, and across many outlets and channels all at once. To achieve this agility and precision, the retail sector requires technology to enable stores and their workers to implement more intelligent in-store processes in real time. SES-imagotag's electronic gondola labels (ESL) meet this technology need. They bring fluidity, intelligence, price synchronization, and responsiveness across all channels.

Replacing paper labels with electronic ones was already attractive. It has now become imperative to keep up with the challenges ahead. ESLs transform store operations and massively reduce paper consumption. In 2022, we estimate that we saved 10,000 tons of paper on an annualized basis from the 35,000 stores equipped with our ESLs.

KPI	Report section	GRI Code	Topic	SDG	Topic
Paper savings	Climate strategy	301	Materials		Responsible consumption & production

Avoiding the construction of order-picking warehouses


The growth in online sales by 15 to 20% per year, and the projected weight of e-commerce (40% of total retail by 2030 compared to 20% today) raises the question of the construction of millions of square meters of distribution warehouses, resulting in a significant increase in CO2 emissions (estimated at 0.5 gigatonnes).

We believe we can help avoid this increase in CO2 emissions because physical stores represent an ideal local logistics network to respond to this growth while being the best option in terms of the impact on the environment, employment and society. There are 20 million stores worldwide, i.e. one store for every 400 inhabitants. There's no need for any new construction and they capitalize on both the proximity and the advantages of the physical point of sale as well as the acquisition of Internet-related services thanks to technologies

(localization of products, pick-to-light, continuous monitoring of inventories, etc.). They respond to new consumer purchasing behaviors and make it possible to differentiate between normal restocking orders (online) and in-store "pleasure" or "discovery" purchases. It's the synthesis of physical and digital.

Faced with the continued growth of e-commerce, by leveraging the storage and distribution infrastructure already available in existing stores, the Group is developing a technological offering that reduces the need to build new warehouses and avoids the resulting increase in CO2 emissions that would result from the increase in the number of warehouses.

In order to demonstrate the major effect of this use case on our customers, in 2023 the Group will undertake an in-depth analysis and modeling of this calculation of avoided emissions.

KPI	Report section	GRI Code	Topic	SDG	Topic
Calculation of avoided emissions	Climate strategy	203	Environmental footprint of infrastructure		Industry, innovation & infrastructure

Avoided emissions measure an organization's contribution to the decarbonization of an economy outside its scope of activity. The avoided emissions are estimated based on a counterfactual reference scenario that reflects the most likely situation that would have occurred in the absence of the low-carbon solution. A solution avoids emissions if it allows a reduction compared to the baseline situation.

The quality of an estimate of avoided emissions is therefore based on the attention paid to the assumptions used.

The estimation of avoided emissions by "picking" involves comparing the emissions generated in a reference situation, where this mode of distribution is absent, or less developed, and a situation in which its development is encouraged.

The estimation of avoided emissions cannot be limited to calculating any emission reductions brought from the optimization of delivery routes or the construction of fewer warehouses compared to standard e-commerce (Amazon model). It must also ensure that there is no rebound effect: the development of picking, if it were to establish a new market

and increase overall consumption, would, for example, be likely to generate more emissions. Therefore, the modeling proposed in the two scenarios must ensure that all parameters likely to affect the level of GHG emissions are taken into account.

Total emissions, in both scenarios, are obtained by adding together the emissions generated by the three market segments that distribute the products:

- traditional in-store distribution (physical purchase),
- standard e-commerce (Amazon model), and
- the so-called "picking" model.

The goods and services sold by each of the three channels are produced ahead of time (upstream of distribution). These goods are then transported from the place of distribution to the end customer (either via a delivery person or by the customer themselves). Lastly, in the event that demand exceeds the logistics capacity, spaces are artificialized, and storage sites (stores or warehouses) are built.

In theory, picking could avoid emissions in at least two ways:


- 1) by optimizing transport routes and vehicle fill rates: one delivery person can deliver ordered products for several customers by following an optimized route and with a utility vehicle with the maximized load rate, and thus, reduce the total distance traveled and the carbon intensity of the journey (savings compared to traditional in-store retail).
- 2) by using existing infrastructures to develop e-commerce: unlike the Amazon model, the picking model takes advantage of existing infrastructures and avoids the construction of new infrastructures (mainly warehouses).

However, these two potential benefits must be analyzed in conjunction with all the changes brought about by the development of picking, some of which are also likely to increase the quantity of GHG emissions (rebound effect on consumption, etc.).

Product disposal and food waste are significant issues in the retail sector. Stores are faced with the need to rid their stores of products that are unfit for consumption, past their expiration dates, or not wanted by their customers, hurting profitability and the environment.

Food waste is a massive problem. Of the 5 billion metric tons of food produced each year, 40% is wasted. Retailers are responsible for 20% of this waste as they are forced to throw products away, particularly if they are unfit for consumption or expired. The VUSION Retail IoT platform allows retailers to closely monitor these products, prices, and expiration dates. By combining this solution with artificial intelligence (directly from SES-imagotag solutions or those of its partners), it is now possible to adjust the prices, promotions, or placement of these products when they reach their end of life. The platform allows retailers to closely monitor the evolution of a shelf and precisely identify products with a high breakage rate (expiration). Corrective actions are then developed, leading to the launch of targeted campaigns to reduce this rate.

Reduce food waste

KPI	Report section	GRI Code	Topic	SDG	Topic
Fight against food waste	Climate strategy	203	Indirect economic impacts		Responsible consumption & production

In 2021, SES-imagotag announced a partnership with Smartway, a start-up that offers retailers an artificial intelligence (AI)-powered solution to control food waste while also improving profitability. Together, we have developed Smartdetection Flash Evo, a unique solution for detecting products with short expiry dates in stores. This solution eliminates the need to check products individually and spend hours in the aisle to identify and remove soon-to-be-expired products. The solution works via flashing labels, signaling soon-to-be expired products. In less than 4 minutes, more than 500 products can be checked and discounted.

In 2021, this solution received multiple awards such as the LSA and Perifem prizes for sustainability.

In 2023, the Group is committed to modeling this avoided emissions scenario:

SES-Imagotag believes that its solution, by allowing for an automated and rapid adjustment of prices, limits food waste and thus avoids emissions. At constant demand, reducing waste makes it possible to reduce production, and therefore emissions. Demonstrating the existence of avoided emissions presumes that the Group’s solution, when combined with a dedicated application, makes it possible to limit waste. If this is the case, by how much?

4.3.4 TCFD (Task Force on Climate-related Financial Disclosures) reporting

For the purpose of presenting its climate strategy in accordance with international recommendations, SES-imagotag has presented its strategy below, along with its risk management and its ambitions in terms of climate strategy according to the TCFD format (the governance having been detailed in section 4.2.3)

TCFD recommendation	SES-imagotag TCFD reporting	Source
	STRATEGY	
	Describe the proven and potential climate risks and opportunities for the Company, its strategy and financial planning, where this is substantive.	
a) Describe the risks and opportunities identified in the short, medium, and long term.	<p>Climate-related risks and opportunities have been put into a time line for the Group with a deadline set for 2030:</p> <p>The risks:</p> <ul style="list-style-type: none"> • In the short term, all SES-imagotag stakeholders expect measures to be taken to tackle climate change. Not responding to these expectations constitutes a risk factor that could affect the Group's reputation. • In the medium term, as we transition towards a more sustainable economy, one major challenge relates to potential new regulations enforcing a global or regional carbon pricing system which would have direct financial consequences on all companies. • Then in the long term, if the global ecological transition does not happen apace, rising temperatures and water scarcity could have a direct impact on our upstream supply chain as well as the energy supply for our data centers; <p>Opportunities:</p> <ul style="list-style-type: none"> • addressing these issues in an appropriate fashion can generate opportunities: <ul style="list-style-type: none"> ◦ There is high demand from customers for technologies enabling them to innovate more sustainably and SES-imagotag's digital solutions are fostering the development of a sustainable retail; our project for Positive Retail is very clearly focused on these issues. ◦ The employer brand for companies demonstrating a voluntary and ambitious approach to combating climate change is elevated; ◦ While investors tracking publications and indicators will place the Group in their portfolio of businesses fighting global warming. 	Section 2.1.1.3

TCFD recommendation	SES-imagotag TCFD reporting	Source
STRATEGY		
b) Describe the impact of these risks and opportunities on the business, strategy, and financial planning of the company.	<p>Short-term risks, which include responding to climate change and to the expectations of our stakeholders, have generated the forecast of consulting costs specific to ESG and particularly climate topics. By surrounding ourselves with recognized specialists in the analysis of life cycles, carbon footprints, modeling avoided emissions, auditing and reviewing our publications and indicators, the costs incurred in order to be supported in our approach are budgeted each year.</p> <p>In addition, the implementation of an ESG strategy has required the creation of a dedicated team of two people. Recruitment is planned for 2023.</p> <p>In the medium term, carbon tax issues do not, at present, result in provisions for risks - on the other hand, European regulations on the environment have triggered on one side consulting and audit budgets in the context of taxonomy compliance and, on the other side, eco-contribution costs in various European countries, paid at the time of marketing, which is a prerequisite for the eventual destruction of our IoTs at their end of life, in accordance with industry standards and the safe recycling of the lithium batteries contained in our labels.</p> <p>In the long term, financial planning ensures that R&D budgets are sufficient for advancing research projects in favor of low-carbon IoTs. Business plans include a "carbon intensity" component in order to verify that the Group's strategy has a "product and service mix" component that makes a positive contribution to the environment.</p> <p>Opportunities revolve around contracts and tenders won thanks to the Group's low-carbon strategy and product and services offering: the demonstration of a climate strategy is very well received, and even increasingly demanded, by our customers. In addition, this same positive effect is observed when debt is raised. It is no longer uncommon to partially link a loan interest rate to one or more ESG indicators.</p>	Section 4
c) Describe the resilience of the organization's strategy in different scenarios, including the 2°C or lower scenario.	<p>The resilience tests of the Group's organization in response to the consequences of climate change have not yet been carried out in an exhaustive and in-depth manner. The Group's ability to cope with these scenarios will be the subject of a study in 2023. It will focus mainly on physical risks and climate disasters and be carried out in two stages:</p> <p>Risk assessment:</p> <ul style="list-style-type: none"> • Review exposure to climate hazards for operations, suppliers, or markets • Assess the resilience of operations • Evaluate potential impacts on the business plan <p>Risk management:</p> <ul style="list-style-type: none"> • Identify priority action levers • Develop its climate change adaptation strategy • Support business lines during the change <p>However, the Group began a partial analysis in 2022, in cooperation with the risk management unit of its insurance broker. The analysis focused on the security at 360° (including climate risks) of the Group's main storage sites. At this time, natural risks were identified and their management will be addressed in 2023 during the analysis mission described above.</p> <p>In addition, the Group diversified the geographical distribution of its industrial subcontracting sites, historically concentrated on the Asian continent, by signing a new label assembly subcontracting partnership in Mexico, making it possible to both reduce the carbon impact of logistics supplying the North American market and to reduce the geographical concentration of its production areas. The Group recently commissioned a production facility in Chihuahua, Mexico. This new facility in North America offers a geographical diversification of risks as well as a supply of its offer as close as possible to the market, which should be its largest contributor to growth over the next five years (United States).</p> <p>With regard to the management of data storage and cloud service providers necessary for the proper functioning of the Group's digital management tools, as well as the databases useful to customers, ISO 27001 certification has enabled the Group to achieve, also in this area, an initial inventory and the formalization of restart and continuity procedures, which are essential for the resilience of our organization.</p>	

TCFD recommendation	SES IMAGOTAG TCFD reporting	Source
RISK MANAGEMENT		
Describe the processes used by the organization to identify, assess, and manage climate risks.		
a) Describe the processes for identifying and assessing climate risks.	<ul style="list-style-type: none"> The Group uses a two-way risk identification method: top-down by a team of senior managers with regard to strategic risks in particular, with this analysis being supplemented by a bottom-up study of the Company's managers in charge of identifying what they consider to be low, medium or high risks in their area of responsibility. Operational risks are thus carefully banished. The materiality analysis still needs to be carried out to confirm what the stakeholders consider important. 	Section 2.1
b) Describe the climate risk management processes.	<p>To address climate risk, the Group is managing its carbon emissions in order to identify priority levers and continue its efforts to offer innovative solutions in this area. The following indicators are closely monitored:</p> <ol style="list-style-type: none"> Product life cycle analysis Number of innovative patents promoting decarbonization Creation of an internal label recycling channel <p>The 2023 resilience analysis mission will enable the Group to consolidate and/or redirect its action.</p> <p>To address potential supply chain disruption due to climate-related risks and/or related regulatory changes, the company:</p> <ol style="list-style-type: none"> Wished to have its environmental management system audited, which received ISO 14001 certification in 2022. Audited most of its suppliers via the "EcoVadis Responsible Procurement Program", which ensures compliance (among other things) with international environmental management standards such as water management, waste handling, chemicals, and the non-use of conflict minerals. <p>To address risks related to extreme natural disasters and events, the measures in place aim to ensure the continuity of operations both in services (Cloud platform) and in production (IoT devices).</p> <ol style="list-style-type: none"> Cloud platform continuity strategies have been implemented in collaboration with the Company's subcontractors and partners at various sites. The company obtained ISO 27001 certification (information systems security). A multi-sourcing and multi-site strategy for the supply of components as well as industrial subcontracting as described above. <p>Support for business lines in the process of change began with training on global warming, provided to all our employees in 2021, followed by the strong awareness-raising initiatives taken over the past three years: teams have evolved their work by addressing customer requirements, current or future regulations, questions from insurance companies, and ESG audit company questionnaires completed by the Group for self-assessment purposes.</p> <ol style="list-style-type: none"> For the purchasing teams, supply chain and quality audits, which were supplemented by ESG questionnaires during annual visits to factories and subcontracting suppliers, For the quality, IT, legal, and customer services teams, the ISO 14001 and 27001 certifications have contributed significantly to cyber risk awareness: the risk of corruption and fraud, etc. For the HR teams, the ESG assessment audits as well as the desire of the ESG, nomination and remuneration Committee, to focus on diversity, have modified recruitment campaigns. Lastly, for the R&D teams, the carbon audit calculations have given rise to a product approach that focuses more attention on the carbon impact than the latter. 	Section 4.3
c) Describe how climate risks are integrated into the company's general risk management system	The Group's ESG Manager is responsible for risk identification, the Group's insurance program and the Group's governance. Therefore, the identification of climate-related risks, the management and the global strategy to integrate climate-related issues into the Company's governance, strategy and objectives fall within its remit. She works closely with the company's operational and administrative teams whose activities address climate-related issues, to assess risks and establish relevant objectives for each department to address these risks.	

TCFD recommendation	SES IMAGOTAG TCFD reporting	Source
INDICATORS AND OBJECTIVES		
Publish indicators and objectives to assess and manage material climate risks and opportunities		
a) Publish the indicators used to assess climate risks and opportunities as part of the investment strategy and risk management process.	Number of patents filed relating to low-energy consumption	Section 4.3
	Number of labels recycled: 1.6 million and 2.7 million collected pending recycling	
	ESG rating: Ecovadis Platinum	
	carbon intensity (kg of CO ₂ per € of revenue): -40% vs. 2022, 2027 ambition	
	Life cycle analysis of any new product (before launch)	
b) Publish indicators on greenhouse gas (GHG) emissions and associated risks for scopes 1 and 2, and, if relevant, scope 3.	<ul style="list-style-type: none"> • Scope 1: 562 tons CO₂ 	Section 4.3
	<ul style="list-style-type: none"> • Scope 2: 418 tons CO₂ 	
	<ul style="list-style-type: none"> • Scope 3: 121,200 tons CO₂ 	
c) Describe the objectives set to manage climate-related risks and opportunities, as well as the results achieved in the pursuit of these objectives	The following commitments have been made:	Section 4.3
	Decarbonize Retail: the carbon intensity (kg CO ₂ per € of revenue of our solutions must decrease by -40% by 2027	
	Increase label recycling with the aim of reaching 15 million labels in 2027.	
	Carry out the climate risks analysis in relation to the business model in 2023	
	Quantify avoided emissions scenarios in 2023	
	Obtain carbon footprint and carbon intensity certifications	

4.4 European taxonomy

4.4.1 Context and consistency

This publication is part of the application of Article 8 of Regulation (EU) 2020/852 on the European Green Taxonomy, hereinafter the ("Regulation") and its delegated act relating to publications published on July 6, 2021.

Explanation of the European Green Taxonomy

The European Green Taxonomy of Sustainable Activities or "Taxonomy" aims to establish a classification of economic activities considered environmentally sustainable on the basis of stringent technical criteria. The implementation of this framework, intended to identify economic activities contributing to the European objective of carbon neutrality by 2050, highlights the extent of the economic and industrial transformations to be achieved. Building on its environmental, social, and societal commitments, SES-imagotag closely monitors the work of the European Commission to analyze activities in order to direct the investments of public and private players towards projects contributing to the transition to a sustainable and low carbon economy.

The Taxonomy is a system for classifying economic activities according to their contribution to one of six environmental objectives:

- climate change mitigation;
- adaptation to climate change;
- sustainable use and protection of aquatic and marine resources;
- the transition to a circular economy;

- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

In accordance with Article 8 of the Taxonomy delegated act relating to the content and presentation of information to be disclosed, the SES-imagotag Group is required to publish the share of its economic activities classified as sustainable within the meaning of the classification and criteria defined in the Taxonomy for the first two climate objectives of mitigation and adaptation.

The Group must then present the share of its revenue, capital expenditure ("Capex"), and its operating expenses ("Opex"), associated with eligible and aligned economic activities, where applicable, activities, and associated technical criteria as defined by the Taxonomy.

An economic activity is eligible when it is explicitly described in the list included at this stage in the annexes of the Regulation and it is likely to contribute substantially to one of the six environmental objectives.

An activity then becomes aligned when it meets all the technical screening criteria, consisting of specific conditions and the performance thresholds necessary to demonstrate a substantial contribution to one of the six environmental objectives and do no significantly harm the other environmental objectives and do comply with minimum safeguards related to human rights, corruption, taxation, and competition law.

Definition

Eligible activities become aligned if they meet the following technical criteria:

1

Substantial contribution (SC)

The activities comply with the technical screening criteria set for each environmental objective.

2

Do no significant harm (DNSH)

The activities do not have a material impact on any of the other five environmental objectives.

3

Minimum safeguards (MS)

Activities are carried out in accordance with the International Charter of Human Rights and the principles set by the OECD, the UN, or the ILO, in particular on corruption, taxation, and competition law.

To meet these regulatory obligations, SES-imagotag has set up a working group composed mainly of members of the ESG Unit and Management Control. This team has worked to analyze the eligibility and alignment of the Group's activities, in particular on the basis of the Climate Delegated Regulation of

June 4, 2021 and its appendices supplementing the Regulation, by specifying the technical criteria for determining under which conditions an economic activity can be considered as contributing substantially to the mitigation of climate change (or adaptation to it).

4.4.2 Assessment and methodologies

Qualification of the business model's eligibility for Taxonomy

Determination of activities eligible for taxonomy

The SES-imagotag Group is convinced that a more sustainable and responsible retail development model exists: millions of physical stores already exist today, putting all essential consumer goods within close proximity of everyone. Digitalization could revitalize these existing "stranded" assets and turn physical stores into powerful omnichannel "phygital" outlets, enabling exceptional quality of service to all consumers thanks to in-store order preparation (ultra-fast availability for click and collect or delivery) in the most sustainable and low-carbon way (see section 4.3.3 of this report).

The calculations of these avoided emissions are being made more reliable with the support of specialized consultants and constitute a first step towards an analysis of the revenue that would then fall within the scope of section 8 of the taxonomy. More specifically, the Group plans to make its activities eligible for section 8.2. Data-driven solutions for GHG emission reductions:

"The development or use of ICT solutions¹ intended to collect, transmit, and store data, as well as to model and use this data when the main objective of these activities is to obtain data and analyses to reduce GHG emissions. These ICT solutions may include, among others, the use of decentralized technologies (i.e. distributed ledger technologies), Internet of Things (IoT), 5G, and artificial intelligence. Economic activities in this category could be linked to several NACE codes, in particular codes J61, J62, and J63.11, in accordance with the statistical classification of economic activities established by Regulation (EC) No. 1893/2006."

In which case, the company would have potential short-term and medium-term KPIs,

- the measurement of its carbon intensity;
- the measurement of avoided GHG emissions, according to the number of ESLs including the marketed picking functionality;
- the measurement of the proportion of revenue eligible under section 8.2 of the taxonomy;
- the measurement of Capex, in particular R&D, which may therefore become eligible.

Part of the revenue generated by the Group could thus meet the definition of the activities in paragraph 8.2 **Data-driven solutions for GHG emissions reductions**. Taking into account the factors described above, the Group could consider its activity as "enabling" because it has the potential to enable its customers to improve their own sustainability.

The Group has chosen to adopt a cautious approach and consider that all of its revenue is neither eligible nor aligned with the Taxonomy, as long as the investigations and analyses are ongoing. Details of the work in progress to document the reduction of GHG emissions and the Group's outlook are presented in section 4.4.4. "Outlook".

Regarding capital expenditure, the Group has applied the regulations by valuing only investment expenses in connection with the so-called individual measures of the Taxonomy that lead to reductions in greenhouse gas emissions (mainly on its real estate assets).

The Group has thus identified activities involving capital expenditure that can be considered as individually eligible activities under the climate change mitigation objective. The capital expenditure used corresponds to the right-of-use expenditure calculated in accordance with IFRS 16, mainly associated with the leases of buildings and vehicles as "individual measures". These investments correspond, in accordance with the provisions of the Taxonomy, to the following categories:

- a) 6.5. Transportation by motorcycles, passenger cars, and light commercial vehicles (including IFRS16);
- b) 7.7. Acquisition and ownership of buildings (including IFRS 16).

Approach to identifying financial indicators (revenue, capital and operating expenditure)

The financial information used is taken from the Group's information systems (investment monitoring and consolidated financial statements) at the annual account closing date. They were the subject of a joint analysis and control by the consolidation and management control teams in order to ensure consistency with the consolidated revenue and the Capex presented in the Notes to the consolidated financial statements.

¹ ICT: Information and Communications Technologies

i. Revenues

Definition: The proportion of economic activities eligible for the Taxonomy in the total revenue was calculated as the share of revenue from products and services associated with the economic activities eligible for the Taxonomy (numerator) divided by the revenue (denominator), in each case for the financial year from January 1, 2022 to December 31, 2022. The denominator of the indicator relating to the revenue is based on consolidated revenue. For more details on the accounting principles applied to consolidated revenue, see section 6.1.2. Note II.1.18 of the financial statements included in the 2022 Universal Registration Document.

Reconciliation: Consolidated revenue can be reconciled with the financial statements, see section 6.1.2. note 15 and section 6.1.1. note 1.2 in the 2022 Universal Registration Document.

ii. Capital expenditure (Capex)

Definition: The CAPEX indicator is defined as the Capex eligible for Taxonomy (numerator) divided by the total Capex (denominator). Total Capex consists of acquisitions of property, plant, and equipment and intangible assets (excluding goodwill) during the financial year, before depreciation and amortization and excluding changes in fair value. It includes, in particular, assets related to right-of-use assets (IFRS 16). For more details on the accounting principles applicable to Capex, see section 6.1.2. note II.1.2. of the financial statements included in the 2022 Universal Registration Document.

Reconciliation: Total capital expenditure may be reconciled with the financial statements, see notes 1 and 2, section 6.1.2 of the financial statements included in the 2022 Universal Registration Document. They correspond to the total of the types of movements (acquisition and production costs).

iii. Operating Costs (Opex)

Due to the absence of eligible revenue to date, operating expenses related to activities contributing to revenue could not be classified as eligible. As a result, the various actions implemented to reduce the carbon footprint of the Group's digital solutions were not taken into account in the performance indicators relating to operating expenses.

The operating expenses used by the Group in application of the provisions of the Taxonomy, as planned for 2022, were restricted to the following categories:

- a) research and development expenses, including, in particular, the associated personnel costs, restated for tax credits received over the period;
- b) short-term leases;
- c) maintenance, upkeep, and repair costs for industrial processes and buildings, including the associated personnel costs.

These categories constitute the numerator of the ratio of operating expenses in relation to the Group's total Opex (see notes 17 and 18 section 6.1.2 to the consolidated statements). Insofar as the value of this ratio is 5.6%, SES-imagotag has used the exemption regime provided for the publication of the Opex indicator.

Methodology for evaluating activities with regard to technical screening criteria (substantial contribution, DNHS and minimum safeguards)

In order to assess the current level of alignment of the activities identified as eligible, the Group carried out a verification of the compliance with the generic technical screening criteria of these activities and the minimum safeguards.

Generic GNHSs listed in Appendix A relating to climate change adaptation:

As part of the Group's operational risk management, several risks have been identified as described in section 2.1 of this Universal Registration Document. However, the company has not been able to carry out a full assessment of the business' climate risk. This analysis should be carried out during the 2023 financial year, with details of the current assessment projects being developed in the outlook section.

Minimum safeguards:

In accordance with the guiding principles of minimum safeguards described in Article 4 of the Regulation, economic activities that contribute substantially to one of the climate objectives and comply with the relevant generic and specific DNHS must also implement procedures to align with the OECD Guidelines for Multinational Enterprises and on the United Nations' Guiding Principles on Business and Human Rights (including the principles and rights set out in the eight fundamental conventions cited in the ILO Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights).

The final report of the European Platform on Sustainable Finance published in October 2022 ("Final Report on Minimum Safeguards") clarified the scope of requirements to be met as part of this first alignment exercise. Four themes are highlighted by the report and must be covered by the minimum safeguards: human rights (including labor and consumer rights), corruption, taxation, and competition law.

The Group's compliance with the minimum safeguards was analyzed with regard to the non-alignment criteria proposed in this report. These latter aim to ensure, on the one hand, that the Group has not been responsible for violations of rights and regulations in relation to these four topics, and, on the other hand, that procedures are in place within the Group in order to identify, assess, avoid, and mitigate such violations.

The Group conducted its review of minimum safeguards centrally via workshops conducted with the departments concerned. Based on these analyses, the Group has concluded that it complies with the minimum safeguards. The results of the analysis are presented below and detailed in section 4.5 of this report:

- **Human rights:** SES-Imagotag is committed to respecting and promoting recognized human rights and fundamental freedoms.

As discussed in section 4.5 of this report, SES-imagotag is committed to respecting human rights (civil, political, economic, social, and cultural) in all its activities, as provided for in the International Charter of Human Rights and the fundamental conventions of the International Labor Organization (ILO).

In particular, the Group has subscribed to the following initiatives:

- United Nations Global Compact and the Sustainable Development Goals (SDGs)
- Women Empowerment Principles
- Women Initiative Foundation
- **Anti-corruption and competitive practices (competition law):** anti-corruption procedures are in place within the

4.4.3 Results

Revenue:

As mentioned above, pending clarification from the European Commission as well as further guidance on market practices and the analysis of technical criteria, the Group has been forced not to qualify its revenue as eligible for 2022. This arbitrage has resulted in the absence of eligible revenue and, as a result, zero alignment.

Due to the absence of eligible revenue to date, investments related to activities contributing to revenue could not be classified as eligible. As a result, the various actions implemented to reduce the carbon footprint of the Group's products/solution were not taken into account in the performance indicators relating to capital expenditure.

Indeed, SES-imagotag is not in a position to declare the eligibility of its research and development programs because, by definition, they do not target an activity that is itself eligible within the meaning of the Taxonomy. It should be noted, however, that SES-imagotag's taxonomic indicators are not very representative of the efforts made by the Group to address environmental issues. Its investments in R&D are not, as it stands, taken into account by the taxonomy.

Group. In addition, the Group's Code of Ethics promotes a culture of integrity throughout the Company as well as responsible business practices, in compliance with the laws on competitive practices. This code is supplemented by the Supplier Code of Conduct to ensure that social concerns are properly taken into account throughout the supply chain. The Group has also introduced procedures to ensure compliance with the Sapin II law, as detailed in section 2.2.2. of this report, on the fight against corruption.

- **Taxation:** The Company considers tax governance and compliance to be important monitoring elements, and appropriate tax risk management strategies and processes are in place. Lastly, the tax practices detailed in section 2.1.3.3. of this report comply in all respects with the BEPS recommendations of the OECD (particularly in terms of tax evasion).

SES-imagotag strictly applied the regulations and was therefore unable to classify its eligible investments as aligned, given the precise technical criteria to be met and the required analyses, which are not, as it stands, extensively available.

It should be noted that as 2022 saw our first alignment exercise, the risk analyses related to climate change adaptation and the other objectives targeted by the Taxonomy could not be carried out with the required level of detail.

Individual measures:

The analysis of the eligibility for investments was therefore only focused on individual measures related to climate change mitigation, which explains the low amount of eligibility given the size of the Group.

Eligible investments as defined by the Taxonomy Regulation amounted to €2.5 million in 2022 (relating to long-term leases of buildings and vehicles), compared to an investment total (as defined by the taxonomy regulation) of €54.5 million, i.e. a Capex eligibility ratio of 4.5%. As for Opex, they present a ratio of 5.6%. As stated previously, the alignment of this expenditure is zero for this first year of publication.

To avoid any risk of double counting, the eligible amounts presented above only concern the climate change mitigation objective.

The Group will continue to adapt its methodology and eligibility analysis as the Taxonomy is implemented and as regulations, listed activities, and technical screening criteria evolve.

4.4.4 Outlook

Environmental effects are fully integrated into the Group's strategic thinking, both in terms of R&D efforts dedicated to reducing the carbon footprint of the carbon assessment of solutions offered to its customers and in terms of thinking about the uses of its solutions within distribution networks:

- a) the Group has invested considerably in R&D to make its IoT technology low-energy, low-carbon, and sustainable. We work continuously on reducing our energy consumption and on redesigning ESLs (Electronic Shelf Labels) to optimize the materials from which they are made and provide them with a longer lifespan. This work has led to the filing of numerous patents, see section 2.1.3.1. of this report.
- b) the Group is also working to transform the physical store into a digital asset:
- in the face of the continued growth of e-commerce, by relying on the storage and distribution infrastructure already available in existing stores, the Group is developing a technological offer that reduces the need to build new warehouses and thus avoids the significant increase in CO₂ emissions caused by an increase in the number of warehouses (see section 4.3.3. of this report);
 - in addition, the conclusion of a few external partnerships has enabled the integration of data management solutions relating to expiration dates in particular, leading to projects to fight food waste, which are very promising in terms of "wasted" carbon emissions savings.

From all these observations, the Group has drawn up ambitions and action plans, described specifically in section 4.3 of this report:

- Measure its carbon footprint and carbon intensity: reduce its carbon intensity year by 40% between now and 2027
- Decarbonize the solutions marketed by the Group
- Work on avoided emissions scenarios (customer use cases)

Certain of the environmental benefits of digitization solutions and their role in the overall reduction of greenhouse gas emissions (see our Positive Retail program), the Group carried out an analysis of its activity as indicated in section 4.3.3. Several favorable factors have been identified as a result, in particular thanks to the benefits of the Group's solutions, the use of which makes it possible to avoid GHG emissions during use by our customers.

The Group has integrated the mitigation of its impact on the environment into its roadmap for positive retail and is naturally looking to make further progress in this area by constituting and implementing a climate change business adaptation plan: in this context, the Group plans to carry out an analysis in 2023 of the resilience of its business model to climate change in order to identify ways in which it needs to adapt.

Seconded by specialized consultants, this analysis, carried out by a team of Group managers, will aim to assess business continuity risks, in particular:

- **Risk assessment:**
 - Review exposure to climate hazards for operations, suppliers, or markets
 - Assess the resilience of operations
 - Evaluate potential impacts on the business plan
- **Risk management:**
 - Identify priority action levers
 - Develop its climate change adaptation strategy
 - Support business lines during the change

The company must therefore ensure not only the demonstration of a substantial contribution (according to the technical criteria of the regulations) to the climate change mitigation objective of the taxonomy but must also ensure that it does not harm any of the other five objectives while exploring the topics of "Minimum Safeguards".

With regard to the latter, in 2023 the aim will be in particular to coordinate the management of policies and procedures related to ethics and corruption, as well as the expansion of the scope of suppliers subject to the EcoVadis questionnaire as part of the "sustainable procurement" campaign, consisting of an audit of our main suppliers. The EcoVadis method consists of a dashboard of 80 specific analysis themes, structured in a framework that covers labor and human rights, the environment, social issues (diversity, racism, non-discrimination, equity), and business ethics.

In terms of making a substantial contribution to the mitigation objective, based on its first carbon footprint, the Group is committed to reducing its carbon intensity by 40% by 2027 compared with 2022, as described in the diagram in section 4.3.1, in order to reduce, innovation by innovation, the carbon emissions necessary to equip a standard store, thus constituting our roadmap for the decarbonization of our solutions.

More specifically, the work of decarbonizing our solutions consists, thanks to the multiple technological partnerships forged and the innovations induced, of eradicating the need to equip stores with radio frequency relays ("access points"), amplifying the eco-design of our solutions, and thus facilitating their recycling through selected partnerships, and, finally, innovating further thanks to the launch of a range of IoTs without lithium batteries. All these innovations are steps in the decarbonization of the solutions offered to our customers.

All of our KPIs relating to this decarbonization must therefore be governed by a recognized and/or certified methodology.

But even more ambitious are the contributions envisaged in terms of our customer's avoided emissions, thanks to the use of our in-store solutions.

Revenues				Substantial contribution criteria							Do No Significant Harm (DNSH) criteria										
Economic activities (1)	Code(s) (2)	Absolute revenue (3)	Share of revenue (4)	Climate change mitigation (5)	Adaptation to climate change (6)	The sustainable use and protection of water and marine resources (7)	The transition to a circular economy (8)	Pollution prevention and control (9)	The protection and restoration of biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Share of revenue aligned with FY2022 taxonomy (18)	Share of revenue aligned with FY2021 taxonomy (19)	Category (enabling activity) (20)	Category (transitional activity) (21)	
	(€m)	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	F	T	
A. Taxonomy-eligible activities																					
A.1. Environmentally sustainable activities (aligned with the Taxonomy)																					
Revenue from environmentally sustainable activities (aligned with the Taxonomy) (A.1)	N/A	0	0.0%																		
A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)																					
Revenue from activities eligible for taxonomy but not environmentally sustainable (not aligned) (A.2)	N/A	0	0.0%																		
Total (A.1 + A.2)	N/A	0	0.0%																		
B. Activities not eligible for taxonomy																					
Revenue from activities not eligible for taxonomy (B)		620.9	100.0%																		
Total (A + B)		620.9	100.0%																		

Capex				Substantial contribution criteria							Does not significantly harm (DNSH) criteria									
Economic activities (1)	Code(s) (2)	CapEx (3)	Share of CapEx (4)	Climate change mitigation (5)	Adaptation to climate change (6)	The sustainable use and protection of water and marine resources (7)	The transition to a circular economy (8)	Pollution prevention and control (9)	The protection and restoration of biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Share of CapEx aligned with FY2022 taxonomy (18)	Share of CapEx aligned with FY2021 taxonomy (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
	(€m)	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	F	T
A. Taxonomy-eligible activities																				
A.1. Environmentally sustainable activities (aligned with the Taxonomy)																				
Environmentally sustainable CapEx (aligned with the Taxonomy) (A.1)	N/A	0	0.0%																	
A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)																				
Acquisition and ownership of buildings	7.7	2.0	3.7%																	
Transport by motorcycles, passenger cars, and light commercial vehicles	6.5	0.5	0.9%																	
CapEx eligible for taxonomy but not environmentally sustainable (not aligned) (A.2)		2.5	4.6%																	
Total (A.1 + A.2)		2.5	4.6%																	
B. Activities not eligible for taxonomy																				
CapEx not eligible for taxonomy (B)		51.9	95.4%																	
Total (A + B)		54.4	100.0%																	

Opex				Substantial contribution criteria							Does not significantly harm (DNSH) criteria										
Economic activities (1)	Code(s) (2)	OpEx (3)	Share of OpEx (4)	Climate change mitigation (5)	Adaptation to climate change (6)	The sustainable use and protection of water and marine resources (7)	The transition to a circular economy (8)	Pollution prevention and control (9)	The protection and restoration of biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Aquatic and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Share of OpEx aligned with FY2022 taxonomy (18)	Share of OpEx aligned with FY2021 taxonomy (19)	Category (enabling activity) (20)	Category (transitional activity) (21)	
	(€m)	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	F	T	
A. Taxonomy-eligible activities																					
A.1. Environmentally sustainable activities (aligned with the Taxonomy)																					
Environmentally sustainable OpEx (aligned with the Taxonomy) (A.1)	N/A	0	0.0%																		
A.2 Activities eligible for the Taxonomy but not environmentally sustainable (not aligned with the Taxonomy)																					
OpEx eligible for taxonomy but not environmentally sustainable (not aligned) (A.2)	N/A	0	0%																		
Total (A.1 + A.2)	N/A	0	0%																		
B. Activities not eligible for taxonomy																					
OpEx not eligible for taxonomy (B) *		86.4	100%																		
Total (A + B)		86.4	100.0%																		

* Only OpEx targeted by the Taxonomy of which €3.3 million in non-capitalized R&D costs

4.5 Social and societal ambitions





The company's main purpose is to invent the technologies of tomorrow for a human, sustainable, and positive commerce.

The main social and societal objectives of SES-imagotag can be broken down as follows:

- To generate widespread positive social impact through our technological innovation and solutions

- To ensure that our supply chain is sustainable
- To be a good place to work for our employees

Regarding effects on society, please find the major KPI's listed in the table below:

KPI	Report section	GRI Code	Topic	SDG	Topic
# of connected stores and # of tracked items	Society and social	203	Indirect economic impacts		Responsible consumption & production
NPS	Society and social	413	Communities		Sustainable communities
EcoVadis rating	Society and social	204, 205, 308, 414	Procurement Practices	 	Responsible consumption & production

4.5.1 Positive societal impacts

Making stores more sustainable

Physical stores are a precious common good that needs to be protected.



For retailers, stores are core assets.

For brands, stores are by far the largest distribution channel, with the highest qualified traffic and conversion rates.

For consumers, stores represent immediate access to products and a five-sense shopping experience.

Stores also play a crucial role in the social well-being of our world.

For society, in the broadest sense, stores represent one-sixth of all jobs globally and are the social hubs and beating hearts of our cities.

KPI	Report section	GRI Code	Topic	SDG	Topic
# of connected stores	Societal	203	Environmental footprint of infrastructure		Industry, innovation & infrastructure
# of connected stores and # of connected labels	Societal	203-1	Indirect economic impacts		Responsible consumption & production

Over the past decade, physical commerce has had to contend with the impact of the growing e-commerce trend, as well as an evolving omnichannel model put in place by the world's largest retailers. A seamless omnichannel model cannot be achieved without the digitalization of stores and the connection of

physical commerce to other distribution channels. But ensuring the relevance and ongoing development of physical commerce is also crucial to the well-being of urban landscapes as we know them, as stores provide a number of social benefits that would be difficult to replace.

	December 31, 2022	December 31, 2021
Number of stores connected to the Cloud	10,398	7,022
Number of connected labels	50,002,301	31,017,610

SES-imagotag's continuous innovations contribute to operating efficiency optimization in stores by granting them access to a Cloud platform for third-party applications through application programming interfaces (API), or by developing a market-leading shelf monitoring technology. Such gains lead to improved store management, with more time for in-store staff to focus on high-value-added tasks, notably providing better customer service. Please also refer to section 4.3.2 of this report.

Enabling shelf efficiency

The VUSION Retail IoT platform enables retailers to closely monitor their products on shelves through smart digital connected tags. It is possible to know at any moment which products are (or are not) on the shelves, and what customers are looking for. This fundamental information significantly impacts the operational and commercial efficiency of the store.

Some of the management tasks can be automated or managed remotely. In particular, stores are able to considerably reduce out-of-stocks, waste, over-stocks linked to insufficiently reactive and refined pricing policies.

The VUSION Retail IoT Cloud platform is designed to become the open, holistic platform that transforms store digitalization into collaboration. To date, 50 million online connected labels are connected to our VUSION Retail IoT platform and thus offer the benefits of rigorous reference control.

Captana and the SKU² monitoring

The first operational requirement of a store is to know precisely the state of the inventories and shelves at all times. Thanks to Captana and its real-time shelving management functions, the store can know the precise location of each product, the number of facings, and the availability of the product at all times. Anomalies are identified and localized at the store's digital level: shortages, theoretical zero or negative inventories, insufficient sales coverage, insufficient or excessive facings in view of rotations, etc. From the actual planograms thus reconstructed, it is therefore possible to optimize the added value of in-store personnel for perfect shelf life.

The concept of a "transparent SKU", or an SKU that is monitored with unprecedented precision, is enabled by Captana, a solution that addresses the key concerns of data accuracy of stores. Captana enables store employees to have real-time answers to the questions that are key to efficient store management: Which products? Where? How many facings and space share? At what price?

By monitoring shelves in real time, stores are able to improve on-shelf availability, replenishment, overstock avoidance, and the launch of promotions or staff operations with optimal timing, thus avoiding waste and improving operating results.

In 2021, we implemented a new Key Performance Indicator (KPI) related to Captana. To improve shelf performance, we monitor the number of online SKUs digitized with "connected labels".

The number of facings managed thanks to Captana was 2,187,290 in 2022 (vs. 653,949 at December 31, 21): the Captana range is very new and continues to expand over the years.

Providing transparency to consumers

In addition to price, freshness, quality, and local production are the main attributes that count for fresh food purchases. Food that has traveled across the globe to reach our plate has a much higher impact on our environment. More energy is needed to transport, refrigerate, and store it, and often, more packaging is required to keep it fresh. The more time food spends in storage and transit, the more likely it is to spoil and become waste. By eating local, seasonal foods we can help reduce the environmental costs associated with our food. This is why regulations have also introduced new marketing standards concerning labeling such as the nutriscore and the carbon score. In the electronics sector, we have the corollary indices of reparability and energy performance. All these regulations aim to better inform consumers of their choices in terms of quality, health, and the environment. As the amount of mandatory information to display increases, ESLs become the perfect answer to help enable fast, productive, and effective updates, to ensure the information shown to the customer is always accurate and compliant with regulations. Physical points of sale, which still account for 80% of retail sales worldwide, will be able to use this new means of communication with more relevant targeting capabilities for the consumer, in close collaboration with the brands.

² SKU: sales unit or "stock keeping unit" -

At the same time, as information becomes available, consumers learn more about the seasonal purchases, health, and the environmental impacts of their purchases and they increasingly re-evaluate local products, which also positively contributes to local economies and the planet. Consuming fewer animal products such as meat and dairy products, and eating more plant-based foods, such as cereals and vegetables, helps to combat the effects of global warming.

With increasing regulation that aims to protect consumers' health (by preventing health risks and by guiding them to more sustainable products), electronic labels are the perfect answer to enable fast, productive and effective updates to make sure the information shown to customers is always accurate and compliant. Through contactless technologies (NFC, QR codes), electronic labels can facilitate access to broader information such as:

- "Buying local" or local products: consumers may adapt their purchasing habits after they learn more about the seasonality of local products, health attributes and the environmental impact of their purchases. This in turn can contribute to positive impact for local economies and the planet. A growing number of leading supermarkets emphasize local products and sustaining local producers. They also promote better use of fresh produce in food preparation and healthy best practices. This information is more readily conveyed and modified with the use of digital tools such as ESLs.
- Food allergies are a real public health issue, affecting more than 250 million people worldwide. In Europe alone, 17 million people suffer from some form of food allergy; 3% of adults and 6% of children are allergic to certain types of food. ESLs provide an easily used medium for signaling vital information to people who suffer from allergies.
- Nutri-score: International organizations have recommended the use of multiple strategies, including front-of-package nutrition labeling (FOPL), to improve nutrition and prevent chronic nutrition-related diseases. In France, the Nutri-Score was selected by health authorities in March 2017. This is information that can be conveyed, updated and modified through SES-imagotag's digital solutions.

Assuring data privacy:

In the age of connected, intelligent, omnichannel commerce anytime, anywhere, consumers have the right to obtain complete information about the products they purchase and consume. They also have the right to know that their personal data is protected and cannot be used for purposes other than to provide them with full purchasing satisfaction. It is essential to maintain strict confidentiality of data. In this sense, the customer applications that we develop or activate place this imperative at the forefront.

Our applications are based on the following assumptions:

- Consumers expect personalized service, recommendations and offers. As a result, they are ready to be identified and provide data on their preferred choices; and
- For retailers, personalized marketing in-store can unlock significant value.

We thus promote solutions and operate under two guiding principles:


- 1) The deal must be fair. Retailers must earn the right to know their customers and to use the data in exchange for a better and more personalized service, better value for money, time savings, and real value;
- 2) The services are always subject to the shopper's willingness to sign up for a clear and transparent deal, without surprises.

As stores bridge over to digital technology, the actions of retailers regarding privacy must be fully transparent. Smart labels are the perfect GDPR-compliant tool as they are an opt-in only gateway to digital content and services.

Protecting jobs and communities

The digitalization of stores provides obvious advantages for retailers and brands. But driving the relevance and dynamism of stores through digitalization also benefits the broader economy and overall society by enabling physical retail to retain its role as one of the planet's leading suppliers of jobs, and stimulating related employment. Digitalization in physical stores creates greater traceability, facilitates food safety, and – with traceability – contributes to funding the journey toward more sustainable agriculture. Digitalization also drives consumer satisfaction, contributes to maintaining and improving the quality of life in cities (where stores are a crucial component of the urban landscape), and reduces waste.

Guarantee the safety of its products and solutions

KPI	Report section	GRI Code	Topic	SDG	Topic
Compliance with RoHS and REACH standards	Social	205, 102	IoT safety		Responsible consumption & production

In accordance with its environmental policy, SES-imagotag's products comply with the European REACH regulation³ and the European RoHS directive⁴. These aim to reduce and restrict substances that are potentially harmful to humans and the environment.

The EU RoHS directive stipulates that electrical and electronic products sold on the EU market must not contain lead, cadmium, mercury, hexavalent chromium, polybrominated diphenyls (PBBs), polybrominated diphenyl ethers (PBDEs), and other controlled substances (including DEHP/BBP/DBP/DIBP phthalates).


The EU RoHS directive therefore aims to limit the impact and exposure of consumers and the environment to specific hazardous substances. It also reduces occupational exposure

when products or equipment are manufactured, recycled, or sent for final disposal. SES-imagotag ensures that all its products fully comply with all these requirements.

Under the EU REACH regulation, all chemicals manufactured in the EU or imported into the EU market must be registered before the specified number of years when the annual volume used exceeds 1 metric ton.

SES-imagotag requires all parts, components, and raw materials supplied by suppliers and used in SES-imagotag products to be RoHS and REACH compliant. It is not only a question of complying with applicable laws and regulations, but also of meeting customer needs and reducing any environmental impacts.

Measuring customer satisfaction: VUSION's Net Promoter Score

KPI	Report section	GRI Code	Topic	SDG	Topic
NPS	Business Model	203	Indirect economic impacts		Sustainable communities

At the end of 2020, we launched our "Customer First" program, anchored in our belief that high levels of customer satisfaction and loyalty lead to consumers becoming our greatest champions, recommending us to other potential customers. Thus, the Group is dedicated to fostering a positive experience at every key stage of the customer journey in order to set this virtuous cycle in motion.

The indicator we used is the Net Promoter Score (NPS). It is a widely used tool for measuring customer loyalty and satisfaction. It involves asking customers how likely they are to recommend a product or service to others, on a scale of 0-10. Our customer satisfaction survey is deployed worldwide. It is linked to our Customer Relationship Management (CRM) system and our Power BI analysis tool.

Implementing NPS across the work done by every employee will help us measure how customers perceive our service, and how well our business is doing.

With an overall NPS slightly higher than 55 (vs. 38 in 2021), SES-imagotag is in the upper range of the SaaS and software sector and remains on a clear path towards improvement. This positive NPS has been achieved by adopting a truly customer-centric approach. Since a single negative experience is all it takes to turn a potential Promoter into a Detractor, we have learned to pay careful attention to each customer interaction.

NPS	2022	2021
	55	38

³ REACH: Registration, Evaluation, Authorization and Restriction of Chemicals is a European Union regulation dating from December 18, 2006.

⁴ RoHS: The Restriction of Hazardous Substances Directive 2002/95/EC (RoHS 1), short for Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment, was adopted in February 2003 by the European Union

4.5.2 To ensure that our supply chain is sustainable





A clear policy

In 2022, the Group published its Responsible and Sustainable Purchasing Policy. This defines the Group's main guidelines and commitments in terms of responsible purchasing, covering environmental, human rights, and ethical issues. This document is available online.

This document is based on the Group's values and its international commitments through the ILO's fundamental conventions, the United Nations Global Compact, and the OECD Guidelines. This document formalizes the Group's environmental, social, and ethical requirements and expectations of its suppliers.

This purchasing policy is supplemented and enhanced by several fundamental reference documents of the Purchasing Department, which are:

- our supplier Code of Conduct was the subject of a signature campaign led by the strategic purchasing department, with a signature rate of 96% (see audit results below).
- our policy on sourcing minerals from conflict zones.
- our policy on compliance with ROHS and REACH certifications.

KPI	Report section	GRI Code	Topic	SDG	Topic
EcoVadis rating	Social	204, 308, 414	Procurement Practices and Suppliers responsibilities, suppliers social assessment	 	Responsible consumption & production
EcoVadis rating	Social	205	Anti Corruption	 	Responsible consumption & production

Assessing the whole supply chain

We don't own the production plants that manufacture our products. We have opted for a factory-free production model, outsourcing our production processes to External Manufacturing Services (EMSs). Our main assembly partners have long-established programs in ESG and environmental initiatives. They follow global reporting standards for sustainability and are all certified to ISO International Standards that provide guidance on environmentally and socially-responsible behavior for organizations. The scope of their environmental management systems extends far beyond what is typically found in an ISO 14001:2015 system, and includes such elements as product environmental compliance and e-waste management. We subcontract the manufacturing of ESLs to specialized service providers (EMS-Electronics Manufacturing Services), while retaining the design and intellectual property rights of our products. Most of our EMS partners are located in mainland China or Southeast Asia, or more recently in Central America (Mexico).

The Group assesses the quality of its supply chain through three types of audit:

1) **An audit of our suppliers managed by the Group's product quality department**, during visits organized to our subcontractors and suppliers. These audits are formalized using a questionnaire with a section dedicated to ESG and are supplemented by observations made on site. This questionnaire includes topics such as the quality management policy, the environmental policy, human rights, the ethics policy, and sustainable procurement.

This audit consists of an on-site visit to ensure the quality and compliance with the principles of the purchasing policy and the Supplier Code of Conduct. The Group has created an "evaluation of its suppliers" which covers, among other things, the application of the imperatives of health, safety, respect for the environment, conflict minerals, and human rights.

In the event of unsatisfactory performance, the supplier is required to implement the corrective actions identified during the audit and to improve its overall performance with a progress strategy. The implementation of mutually agreed corrective actions is closely monitored by the Group.

2) **Supplier self-assessment questionnaire** to be completed by suppliers: in order to identify any major breach of the Group's social and environmental requirements, a self-assessment questionnaire was designed by the Product Quality Department and the Group's purchasing teams and is systematically submitted to current and potential suppliers.

This questionnaire includes topics such as quality management policy, environment, labor and human rights, ethics and sustainable procurement.

The result is assessed by the SES-imagotag team, and in the event of unsatisfactory performance, the supplier is required to implement the corrective actions identified and improve its overall performance with a progress strategy. The successful implementation of the defined corrective action is closely monitored until its finalization by the SES-imagotag Group.

3) **The Group entrusted a third party (the ESG rating company EcoVadis) with the performance of ESG documentary assessments.** They measure the performance of SES-imagotag's main suppliers on 21 ESG criteria grouped into four themes:

Environment, Labor & Human Rights, Ethics, and Responsible Procurement.

The EcoVadis rating model is specifically designed to measure and benchmark sustainability management systems via an online platform, using a questionnaire adapted to size, industry and location of the supplier, rigorous verification of inputs via a team of analysts and proprietary tools, and a multi-channel approach to verifying the reliability of evidence.

EcoVadis Ratings are then used to engage suppliers in benchmarking, monitoring and improving their sustainability performance.

SES-imagotag also accepts ratings from international companies such as ISS ESG, MSCI, and Sustainalytics.

Suppliers below the target must implement a plan to improve their ESG performance. This is monitored by the Purchasing teams. The successful completion of an action plan is systematically validated by a reassessment. Results deemed structurally insufficient or a lack of commitment to sustainable development issues may lead the Purchasing Department to review its contractual relationship with the supplier or even to terminate it. This decision is subject to a collegial reflection which takes into account the consequences of such a decision.

Supplier qualification process: potential strategic suppliers are also subject to a ESG assessment and/or an audit but these procedures are not reflected in the following tables, which report the audit procedures carried out on the Group's current suppliers.

2022 management

During 2022, all audits carried out focused on suppliers of electronic components and merchandise, and external manufacturing services (EMSs) assembling our finished products (labels).

Reporting and conflict minerals policy

Particular attention is paid to the supply of minerals from conflict zones (tin, tungsten, tantalum, and gold): the Group's purchasing policy stipulates that suppliers and subcontractors must comply with applicable laws and regulations regarding the sourcing of these minerals. It requires them to establish a policy enabling them to reasonably ensure that the purchase of these minerals is not used to finance, directly or indirectly, armed groups whose activities contravene human rights. They must also, as may be required by law, exercise due diligence in the choice of the source and the traceability of the minerals and, consequently, require the same diligence on the part of their suppliers.

Reports on conflict minerals are required from our suppliers and are an integral part of our audits, supplier self-assessment questionnaires or the EcoVadis questionnaire. When no reporting on conflict minerals is available, corrective actions are defined and the supplier is required to implement them with a progress approach. The implementation of mutually agreed corrective actions is closely monitored by the Group.

2022 indicator reporting:

a) All EMS were audited

- in the form of on-site audit visits (or exceptionally remote due to the COVID-19 situation). As travel restrictions are lifted (mainly in China), on-site audits are planned (first half of 2023 for China).
- in the form of an audit questionnaire (including a dedicated ESG section)
- in the form of an external assessment (e.g. EcoVadis). This ESG section examines compliance with our sustainable sourcing policies and our supplier code of conduct, and includes, in particular, the existence of reporting on conflict minerals.

b) In addition, strategic suppliers (of PCBs and batteries in particular) had to answer the ESG questionnaire or the EcoVadis external audit

c) Other suppliers are subject to an external documentary assessment (EcoVadis or equivalent)

Audited scope (see % of purchases covered in each purchase category in the tables below):

- All EMSs
- Suppliers of the most significant components (direct purchase by SES-imagotag),
- Most significant merchandise suppliers of goods (direct purchases)

As this is a rolling process, existing suppliers may be excluded from the assessment in future years and new ones may be added at any time.

Supplier audits carried out in 2022

Supplier category	% of purchases covered in this category
Component suppliers	31% ⁵
EMS (External Manufacturing Services)	100%

Self-assessment based on the SES-imagotag questionnaire

Supplier category	% of purchases covered in this category	presence of reporting on conflict minerals
Component suppliers	97%	97%
EMS (External Manufacturing Services)	99 %	99%

ESG assessment by a third party, Ecovadis or equivalent

Supplier category	% number of suppliers covered	% of purchases covered in this category
Component suppliers	88%	97%
Merchandise suppliers	80%	88%
EMS (External Manufacturing Services)	100%	100%

Supplier Code of Conduct signature rate

Supplier category	Signature rate	% of purchases covered in this category
Component suppliers	100%	98 %
Merchandise suppliers	94%	88 %
EMS (External Manufacturing Services)	100%	99 %

4.5.3 A good working environment

Human rights

SES-imagotag has been a signatory of the United Nations Global Compact since 2021 and is committed to respecting its 10 fundamental principles. The Group also recognizes the OECD Guidelines for multinational enterprises and the UN Guidelines on businesses and human rights. It strives to ensure that the fundamental conventions of the International Labor Organization (ILO) are applied globally and in particular those on respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor, and the effective abolition of child labor.

These principles inspire the internal reference documents:

- the Code of Ethics
- the Group's purchasing policy
- the human rights policy
- the anti-discrimination and harassment policy
- the commitment to the values of the United Nations' International Labor Organization
- the occupational health and safety statement
- the labor rights policy
- the diversity and inclusion policy

Ethical conduct of business and anti-corruption

Code of Ethics: dissemination and adherence by stakeholders


NB: Section 4.5.2 of this report, details, in the context of a sustainable supply chain, the methods for disseminating and auditing ethical practices with our suppliers.

Within our organization, our Code is designed to make sure that each staff member – no matter what position held – knows, understands and acts with the highest ethical standards in every aspect of our work. While the Code cannot cover every workplace challenge, it helps us to spot issues, become more familiar with SES-imagotag's policies and act with integrity. Everyone at SES-imagotag must apply the Code along with the procedures and related policies. This is what we expect when we work together, interact with customers, address shareholders, collaborate with business partners and contribute to our communities.

⁵ The supplier audits to be carried out with component suppliers are already planned for 2023 in order to cover this category of purchases more broadly.

Everyone must use good judgment when making decisions that affect our business and must also ask questions when necessary. Everyone should feel comfortable in promptly reporting any behavior or matter that seems to conflict with

the Code or our policies. Our dedication to our key values, leadership traits and culture of integrity will help further our success.

KPI	Report section	GRI Code	Topic	SDG	Topic
Code of Ethics	Social	205, 102	Organizational profile and anti corruption		Responsible consumption & production

Following the communication and training on business ethics, the Group has set itself a clear objective from the 2021: to ensure that each employee signs the Company’s Code of Ethics, so that our values and fundamental principles are as widely shared and understood as possible, with signature campaigns being organized during the first quarter of each year.

This Code of Ethics has been strengthened by the implementation of three new procedures:

- the gift and hospitality procedure,
- the conflict of interest procedure,

- the ethical alert procedure (available on our internal “Service Now” platform, to ensure both confidentiality and fluidity of flows).

We trained employees and managers on our e-learning module regarding ethical conduct of business, including diverse issues such as Money Laundering, Fair Competition, Conflict-of-interest, Passive and Active corruption, Bribery & Facilitation payments, Gifts and Hospitality, Charity and Patronage as well as the whistle blowing process.

	2022
Code of ethics signature rate	95 %

Focus on the whistle-blowing procedure

Alert system

Since 2021, a single alert system has been deployed within the Group, available in French and English for our employees, but also to customers, suppliers, and service providers via a generic email address with two recipients (one senior HR manager and one senior ESG/Legal Department manager).

The system set up on the internal platform guarantees the principle of confidentiality of reports.

This system makes it possible to collect reports on the existence of behaviors or situations contrary to applicable laws, internal regulations, and the Group’s values and principles set out in the Code of Ethics. It also makes it possible to report a behavior or practice anonymously. As indicated in the Code of Ethics, reports can also be sent through traditional reporting channels: the Personnel Department, the legal function, a manager.

All reports are consolidated and are communicated automatically every month to the two managers receiving emails sent to the generic address.








In 2022, no report was received.

	2022	2021
Number of reports received	0	2 ⁽¹⁾

(1) Alerts not applicable: the implementation of the procedure led, during the first weeks, to the collection of questions that were not related to an ethical problem.

Fostering a highly motivating and inclusive workplace

Our people are characterized by their committed and innovative mindset. They all contribute to creating long-term excellence and value for physical commerce and society in general. They are driven by a strong motivation to design innovative products, solutions and services to improve physical commerce.

KPI	Report section	GRI Code	Topic	SDG	Topic
Training	Social	404-1, 404-2	Training and Education		Decent work
Workforce by gender - mentoring program - % women in top management	Social	405	Diversity and equal Opportunity		Gender equality
Worklife balance: ENPS, teleworking agreements, collective bargainings	Social	401, 402, 403, 405	Employment, health and safety, freedom of association		Decent work
Employees participating in LT compensation plans	Social	401	Employment	 	Decent work, sustainable communities
Managerial dialogue: rate of completion	Social	401, 404-3	Employment, career development reviews		Decent work
Code of Ethics	Social	205, 102	Organizational profile and anti corruption		Responsible consumption & production

Long-term and stable workforce, in constant growth-driven renewal

Our management team is very stable. Thierry GADOU has been the Chairman and Chief Executive Officer for ten years. The average tenure of Executive Committee members is eight years.

We are also particularly proud to have built an international Group that keeps its employees for the long term, with 51% of staff members at year-end 2022 still with us on December 31, 2022. Our staff includes workers who were involved in the world's very first generation of electronic labeling and who are able to hand down the legacy of being a pioneer company in our field.

The average age of our staff members, which stood at 36 at year-end 2022, has remained fairly stable (as per the previous year) and is witness to the company's expansion and the onboarding of new managers and younger employees. We have a well-balanced team, with stable senior management and a talent bank of new skill sets and capabilities.

Our global and diverse community

In light of our global market and robust growth, we have implemented an agile, horizontal, and internationally-oriented organization. Our geographic expansion strategy has resulted in the mobility or recruitment of local sales teams, which are based as close to our customers as possible, to their physical stores and decision-making centers.

We are committed to offering our employees equal opportunities for recognition and career development, irrespective of national origin, gender or beliefs, and we follow all applicable regulations and agreements. Employees are hired solely on the basis of their education, professional experience and potential to add value.

At year-end 2022, the Group had 608 employees across the world, spanning different cultures, languages, genders, ages, and levels of expertise. They work together across the globe, providing our Group with one of our most significant strengths: diversity.

Our diversity enables innovative thinking and original ideas, generating added value for customer solutions.

We are particularly mindful of the range of backgrounds of our teams and of the expression of the cultures to which each individual belongs. We promote the diversity of our collective cultures and of every individual. Our employees (of which 41% are located in France) represent 46 different nationalities and speak 26 different languages, the most prevalent being English, French, German, Spanish and Italian.

The workforce increased by 10% between 2021 and 2022 under the effect of the organic growth of the Group's activity (+ 46% in revenue business) as well as the significant strengthening of teams dedicated to innovation.

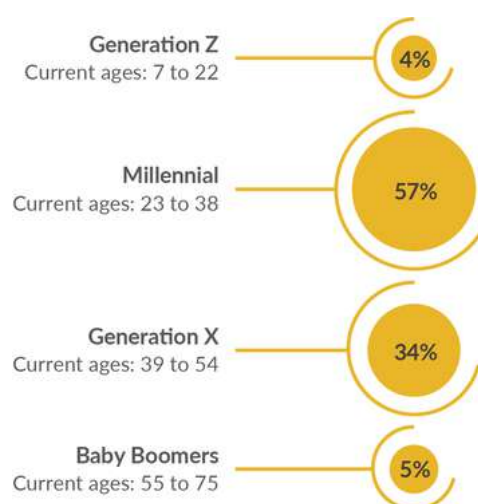
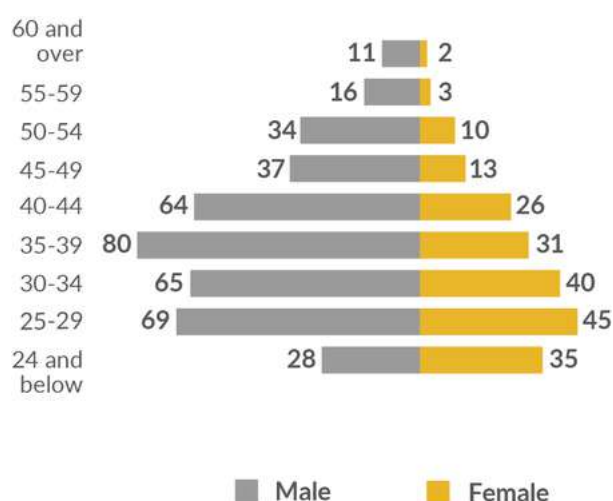
Workforce by contract type	December 31, 2022	% of the workforce	December 31, 2021	% of the workforce
Permanent	570	94 %	525	95 %
Fixed-term contracts	38	6 %	28	5 %
<i>Including apprenticeship</i>	33		24	
Total	608	100 %	553	100 %

Workforce turnover	December 31, 2022	December 31, 2021
Recruitment	206	192
<i>of which permanent</i>	169	162
<i>of which fixed-term contracts</i>	37	30
Departures from the organization	151	119
<i>of which resignations</i>	46	65
<i>of which dismissals</i>	19	25
<i>of which scope effect (exit of BOE Digital Technology Ltd), end of fixed term contract (e.g. apprenticeships), end of probationary period</i>	86	29

Average tenure	December 31, 2022	December 31, 2021
Female	3	3
Male	5	5
Total	4	4

Average age of the workforce	December 31, 2022	December 31, 2021
Female	34	34
Male	38	37
Total	36	36

2022 age pyramid



A goal of leadership parity

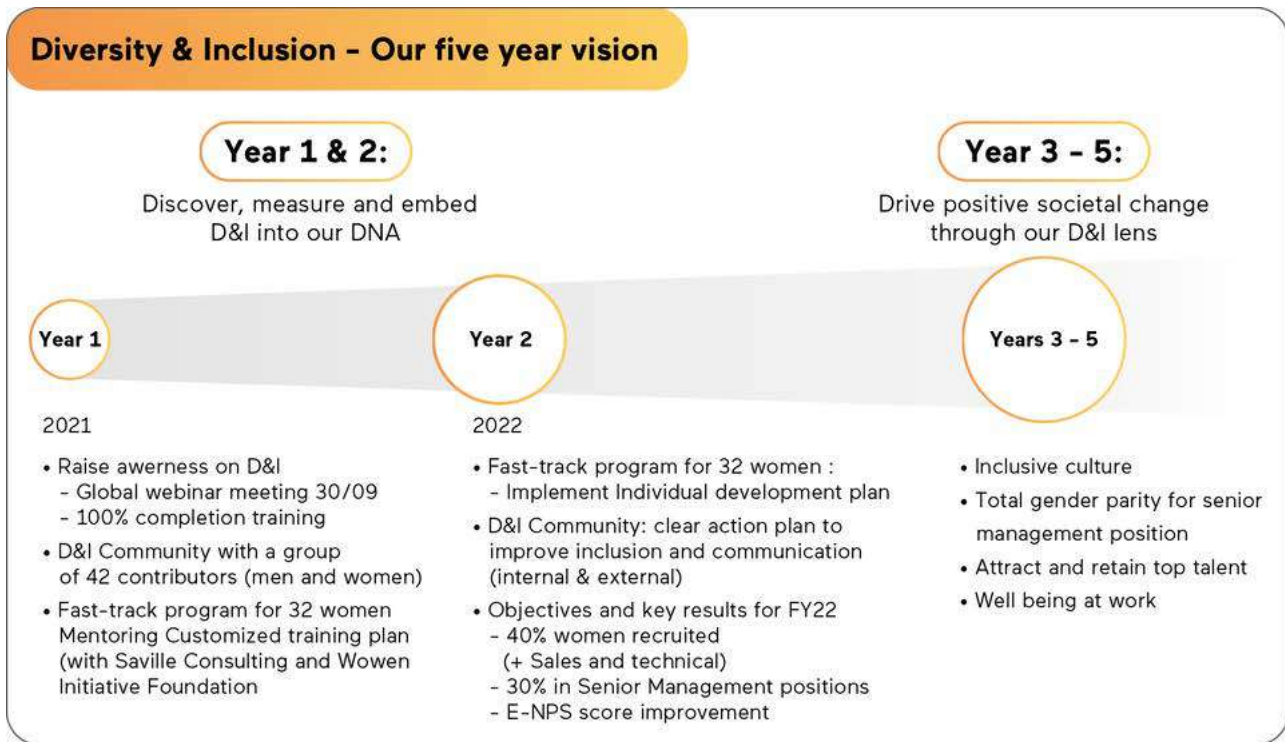
KPI	Report section	GRI Code	Topic	SDG	Topic
Workforce by gender - mentoring program	Social	405	Diversity and equal Opportunity		Gender equality
% of women in top management	Social	405	Diversity and equal Opportunity		Gender equality
% of women among new hires	Social	401	New employee hires		Gender equality

As a global Group encompassing diverse communities, we are committed to providing equal opportunities to every woman and man employed in the Company, wherever they live or work. Despite this intention, under-representation of women in the overall technology sector remains an issue to be addressed. Not only does technology need more female representation, we are also convinced that diversity in management teams leads to better business performance. Therefore, leadership roles in the sector must also incorporate more women in their ranks. For the year 2022, 17% of technical roles were held by women.

SES-imagotag strives to promote equal opportunity and gender equality at all stages of career development. The Company has made strides in improving the gender balance, with women as a percentage of the workforce increasing from 23% in 2016 to 34% in 2022.

To achieve a more gender-balanced workforce, we have adopted a proactive recruitment strategy to improve the gender ratio, with women accounting for 41% of new hires in 2022. Additionally, the Group initiated an internal program aimed at expanding the representation of women in managerial roles by:

- Identifying women who have the potential, in the short to medium-term, to access roles that are in the Company's top 10% most senior positions; and
- Implementing a mentorship program with Executive Committee members and via individual development plans, whereby women are encouraged to make connections with senior management members as mentors who can help to guide them toward the skills that they will require to be able to assume leadership positions in the future.



Thus, the representation of female managers (top 25%) increased from 24% in 2021 to 27% in 2022.

As regards women in leadership roles, female representation in the Company’s top tenth of senior managers currently stands at 26% compared to 20% in 2021.

	December 31, 2022	December 31, 2021
Proportion of women in the workforce	34 %	33 %
Technical roles held by women	17 %	15 %
Proportion of women recruited	41 %	37 %
Female managers (managing at least 1 person)	27 %	24 %
Female managers under 35 years old	49 %	40 %
Among senior executives (GMB members), women represent ⁽¹⁾	22 %	17 %

(1) GMB = Global Management Board - see section 3 of this report for more details.

Commitment to social and professional integration of people with disabilities

SES-imagotag is committed to the social and professional integration of adults with disabilities.

Parts of the second life ESL repair process are sub-contracted to organizations specialized in the social and professional integration of adults with disabilities. The ESAT of Eragny (an organization that places people with disabilities in appropriate work environments, in the Val-d’Oise department of France) has supported our ESL refurbishment efforts since the 2000s.


The Group also directly employs one person in France with a declared disability.

Talent Management

We believe that motivation is the first driver of performance, and that all our employees can achieve strong results if they are motivated, trained, rewarded, filled with a sense of long-term belonging and convinced that their work is important, meaningful and positive. The breadth of the positions we offer, our rapid growth in a global context and a very strong culture of innovation enable us to offer our employees a number of career paths as well as swift and fulfilling personal development.

Our proactive recruitment policy targets talent from the best schools and with an international orientation. We thus benefit from a mix of generations, expertise and experience with the ability to train and on-board new hires.

Training

KPI	Report section	GRI Code	Topic	SDG	Topic
Training and carbon footprint training	Social	404-1, 404-2	Training and Education		Decent work

We are committed to providing our employees with ongoing training. As we operate in a particularly innovative market sector, we aim to ensure that all of our employees have the necessary skill sets to grow within the Company and the industry, and to fully develop their abilities and expertise.

We are encouraging a more flexible learning culture where our associates can access upskilling classes via our e-learning platform, anywhere and at anytime. We have also increased our investment to offer a wider selection of content. Our goal is to move from a mindset of obligation to one of personal choice in which employees can select e-learning training courses that are relevant to their careers and skill sets based on their time availability and their personal motivation.

Additionally, during our bi-annual performance reviews, we consistently aim to identify training opportunities in keeping with our people's needs and the Company's challenges.

The table below details training expenditure per employee over the last two years. It should be noted that the pandemic has had an adverse effect on the number of hours of face-to-face training, but the company has significantly invested in new e-learning licenses with LinkedIn learning to complement the internal e-learning platform.

Year	Number of employees	% of the workforce	Number of training hours	E learning - hours of training	Training number of hours per employees
2022	231	38 %	5,128	1,547	22.2
2021	147	27 %	2 903	1 437	19,75

Note: The 2021 figures were negatively impacted due to a first half of the year still marked by the pandemic.

In 2022, we were back at a more sustained pace with a mix of face-to-face training and e-learning (360° learning for internal e-learning and LinkedIn Learning for off-the-shelf e-learning training).

Focus: Climate change training

In addition to these training hours, a common global training session on carbon emissions was provided in the second half of 2021 to the entire staff by the consulting company performing the independent group-wide carbon footprint. This training program was organized to:


- raise awareness about climate change and its consequences, risks and opportunities;
- improve the company's employees' understanding of the environmental footprint of their activities, products and actions, with a view to reduce the carbon footprint related to our operations;
- integrate climate considerations into risk management policy (reputation, transition or physical risks).

More generally, these training sessions aimed at thinking about how energy and climate issues will become an essential element in the strategies of all economic players, and to anticipate changes that are likely to occur through regulation, taxation or market forces. Getting ahead of future disruptions will enable the Company to plan ahead, to be resilient in the context of transition, and thus ensure the economic sustainability of its operations.

Remuneration policy and long-term incentives

In accordance with the commitments enshrined in the principles set out in the labor rights policy, the Human Resources Department ensures that each employee receives sufficient compensation to achieve a decent standard of living, as stated in the United Nations' Universal Declaration of Human Rights.

94% of employees have a permanent employment contract and are recruited locally, thus contributing to the employability and economic development of each of the countries where we operate.

KPI	Report section	GRI Code	Topic	SDG	Topic
Employees participating in LT compensation plans	Social	401	Employment		Decent work

The rapid growth trajectory in SES-imagotag’s sales and financial performance since 2012 is directly linked to the level of commitment and expertise of our teams. It is thus essential that their variable compensation reflect their contributions to the Group’s growth and success.

The Company’s overall compensation policy is highly performance driven, entrepreneurial and based on individual accountability: variable remuneration is conditional on the achievement of specific and measurable objectives. Individual bonuses are implemented based on a scorecard dedicated to specific personal targets that are adapted to the job description. The scorecards are evaluated twice a year during the appraisal process.

In addition to national-level regulatory collective agreements, which govern profit-sharing plans for employees, the Group has granted free shares or performance shares and stock options to key contributors to the Company’s performance on several occasions since it was listed:


- National plans:
 - A new profit-sharing agreement for the 2020 to 2022 period was signed at SES-imagotag in 2020. It provides for a much larger potential incentive bonus allocation compared to previous periods.

- SES-imagotag Italia also benefits from an incentive agreement since 2016,
- Specific plans have been implemented in the US entity to adjust to local regulations.
- Global stock incentives:
 - Following several performance share plans which allocated free shares to employees, the scheme in place since 2020, based on the VUSION strategic plan, covers a significant portion of our personnel (about 30%) likely to receive free shares of the Company’s stock if specific performance criteria are met. These plans make motivation the primary driver of the Company’s performance and have become key leverage tools for attracting and retaining the most talented employees, and for involving them in our entrepreneurial culture.

In addition, the plans motivate the beneficiaries on essential value creation targets such as Growth, Sustainability (through profitability and cash management) and Stock Price.

Section 7 of the Universal Registration Document provides detailed information on the performance share plans.

Regular management appraisals

KPI	Report section	GRI Code	Topic	SDG	Topic
Managerial dialogue: rate of completion	Social	401, 404-3	Employment, career development reviews		Decent work


The Group conducts biannual individual appraisals. The appraisal interviews evaluate employee performance and set individual objectives, consistent with the Company’s strategy.

In order to standardize practices across the Group and ensure a consistent and fair application of the appraisal policy, we use our “Foederis” tool, a digital platform that creates a paperless biannual individual interview process. This tool is particularly relevant in light of the Group’s rapidly-expanding geographic footprint.

Each employee and manager must complete the process, which is carefully reviewed by the HR department: the identification of training needs, underperformance, outstanding performance, and specific requirements are achieved thanks to this review, and coordinated with HR for careful career tracking.

100% of the Group’s employees are subject to a performance review and managerial discussion.

Employee satisfaction survey

KPI	Report section	GRI Code	Topic	SDG	Topic
ENPS (Employee Net Promoter Score)	Social	401, 403	Employment, promotion of workers health		Decent work

In May and October 2022, we launched an employee satisfaction survey, based on our Foederis platform, and we plan to organize two surveys a year going forward. The goals are to:

a) Measure employee experience based on the Net Promoter Score (NPS) concept;

b) Develop and conduct targeted employee surveys that assess perceptions of specific issues;

c) Track results and progress over time and benchmark the results with comparable companies.

The results of our Employee Net Promoter Score (ENPS) survey were very encouraging, as the participation level reached 77% and as uniformly positive feedback was provided by employees as regards the following statements:

Survey statements	2022		2021	
	Score (out of 5)	Positive response rate	Score (out of 5)	Positive response rate
I trust the leaders of my company	4.3	87 %	4,1	79 %
I see myself working here in three years	4.1	76 %	3,9	67 %
I understand and can identify with the company's values	4.2	81 %	4	74 %
I'm satisfied with my workspace	4.2	80 %	4	74 %
I am able to contribute to the implementation of the strategy	4	75 %	3,9	70 %
I strongly feel that I belong in my company	4.1	75 %	3,9	69 %
development opportunities are the same for everyone (regardless of gender, ethnic origin, religion, sexual orientation, etc.).	4.3	83 %	not measured	not measured
Global ENPS score		32		4

Based on the answers to the question "Would you recommend your company as a good place to work?", 51% of employees are considered "ambassadors" in a rating scale that considers that 20% and more is a very good level. The overall ENPS score achieved for the last campaign in October 2022 was 32.

The improvement in the score is the result of very active policies in terms of diversity, mentoring, investments in the work environment, etc.


Right to Assembly and Collective Bargaining

The Group has formalized its respect for the right to freedom of association and collective bargaining in its human rights policy (available online), and is a signatory of the Global Compact.

Several collective agreements have been negotiated and signed with employee representatives where this body exists in the subsidiary concerned or applied worldwide to ensure consistency of practices:

- Teleworking agreement;
- Code of Ethics;
- IT Charter;

Generally speaking, the Group ensures the best social protection and welfare coverage according to domestic regulations regarding retirement and social security.

KPI	Report section	GRI Code	Topic	SDG	Topic
Collective Bargaining, Health and Safety	Social	403, 407	Employment, freedom of association,		Decent work

Work-life balance: work environments

In 2021, a teleworking agreement has been implemented so that employees are entitled to work 2 days a week from home. These agreements are rolled out in all the countries in which we operate.

72% of employees are covered by a teleworking agreement. This will help to limit travel time and the environmental impact of home-office travel.

We ensure that this new way of working takes place in a secure environment. Remote connection is provided by VPN platforms and is authorized for employees who have read the IT Charter and our Code of Business Conduct. This approach is supplemented by employee support systems in order to preserve balance and quality of life, particularly in terms of connection time and health monitoring.

We recognize the importance and benefits of being an agile organization, both in relation to productivity and caring for our employees. For us, flexible schedules that meet the needs of the organization while catering to each individual's personal circumstances provide the best model.

In order to foster productive teamwork, we have invested in the development of a new coworking area intended to offer all of our employees a ground to foster social interactions, knowledge sharing, reflection and creativity. The new connected space is friendly, airy, bright, flexible and agile enough to allow the organization of internal and external

events in the future, and the installation of a new, more spacious and modern showroom to showcase our products and innovations.


We are also making similar investments at our R&D facility in Austria, which has the second highest number of employees in the Group. Both locations already met state-of-the-art standards for office design and well-being at work. The Group's headquarters moved to a "High Environmental Quality" (HQE) building in 2014 with best-in-class standards regarding comfort, lighting, ergonomics, social spaces and other facilities. In 2019, the R&D center and registered office in Austria were moved to a brand-new building in Fernitz (south of Graz), providing space, catering, a training room for sports, a climbing wall, and recreational areas.

The Group continues to promote social events held monthly for employees grouped according to seniority with the aim of fostering an interactive and collegial environment. Ensuring team cohesion is essential in supporting and maintaining strong growth. Within a dynamic and stimulating work environment, it is important to establish an innovative and collective spirit that enables the Company to successfully face the challenges it has set for itself, and we are proactive in promoting this type of interaction.

We organize a monthly CEO update and internal webinars for the sales and technical teams to continue to share and learn more about the Group's projects and strategy.

Health and Safety

The Group has formalized its health and safety policy, which is available online.

KPI	Report section	GRI Code	Topic	SDG	Topic
Collective Bargaining, Health and Safety	Social	403-6, 407	Employment, promotion of workers health		Decent work

The Group directly employs 608 people worldwide and also uses temporary employment agencies and subcontractors. The Group's employees work in very diverse environments and thus face very different constraints and risks depending on whether their working environment is industrial or tertiary, nomadic or sedentary.

For example, in the context of logistics activities and the installation of in-store solutions, both personnel and subcontractors may be exposed to risks:

- related to the equipment and organization of sites (mechanical and electrical risks, risks related to the ergonomics of facilities, forklifts and lifting machines);

In addition, personnel, particularly in the service sector, nomadic or commercial, are exposed to:

- risks related to business travel (accident or health risks);
- psychosocial risks, in particular since the increase in teleworking.

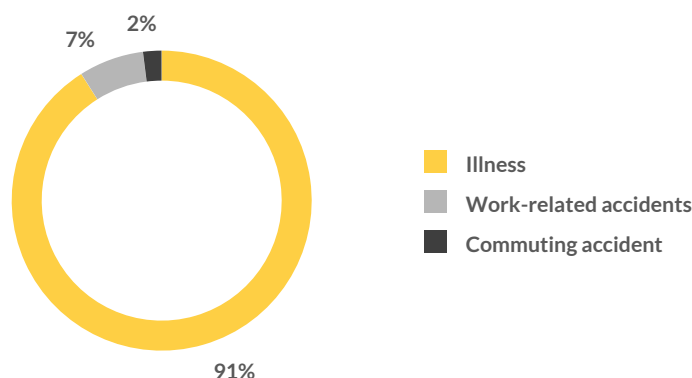
These risks can have consequences on the health and well-being of personnel and subcontractors. They are subject to appropriate detailed prevention and mitigation measures (in particular, individual protective equipment checks for our installation teams as well as for our logistic teams).

The HR contacts of each subsidiary are also the health and safety representatives: each country is responsible for coordinating the health and safety of employees, in accordance with the regulations and the local level of risk. International reporting is centralized, summarizing sick leave on a worldwide basis:

The reporting of days of absence is divided into three categories:

- sick leave
- accidents on the way to/from work
- workplace accidents

Out of a total of 3,945 days of work stoppage worldwide, the reasons for this stoppage are indicated in proportion below:



In terms of sports activities, the Group's Human Resources Department promotes local initiatives such as the provision of a gym for employees in Austria and the organization of yoga or pilates classes at the head office building in Nanterre.

4.6 Scope and methodology

Methodological note on non-financial reporting

The SES-imagotag Group's approach to non-financial reporting aims to address the obligations stipulated in Articles R. 225-105, R. 225-105-1 and L. 225-102-1 of the French Commercial Code.

Reporting period and frequency

The data gathered covers the period from January 1 to December 31, 2022. No distinctions were made between the data. The data is reported on an annual basis. Certain indicators do not include historical data because monitoring for these indicators started in 2022.

Scope

The purpose of the non-financial reporting scope is to be representative of SES-imagotag Group's operations.

It is defined in accordance with the following rules:

- Only companies fully consolidated in the financial statements are included in the non-financial reporting scope;
- Entities consolidated or created during a given year (Y) will be included in the following year (Y+1) in order to implement a gradual consolidation approach;
- Entities divested during a given year are excluded from the reporting scope for that year;
- Group management updates the reporting scope for a given year on December 31 of that same year;

- The non-financial reporting scope for the 2022 fiscal year comprises all of the Group's consolidated entities for all of the indicators mentioned.

The exceptions are:

- the "recycling of labels" indicator, for which the data exclusively covers Europe and excludes entities located in Asia and North and South America. The entities included in the calculations for the "recycling of labels" indicator account for €483 million of the Group's annual revenue, i.e. 78% of the consolidated revenue.

The specificities associated with scope limitations regarding certain indicators are detailed below:

Policy choices and results and non-financial performance indicators

The policy choices and results and the non-financial performance indicators presented in the statement of non-financial performance are made with regard to the main social and environmental risks associated with the Company's operations.

Due to the nature of the SES-imagotag Group's operations, the following information listed in the second paragraph, section III of Article L. 225-102-1 of the French Commercial Code is not considered relevant: the fight against food insecurity, a responsible sustainable and fair food chain, and respect for animal welfare. However, the same nutrition score that applies to food products meant for humans could be applied to pet food and thus may contribute to animal welfare.

Risk policies covering product composition and consumer health as well as food safety, and sustainable food supply chain are being rolled out by the Group, and will be presented in more detail in the coming years.

Consolidation and internal control

Data is gathered centrally or from each entity included in the non-financial reporting scope from the following sources: extractions from information systems, Excel monitoring files, invoices, etc. Qualitative information is gathered centrally by Group management. The data is controlled and approved by the Group's operational departments.

External controls

In accordance with the provisions of Article R. 225-105-2 of the French Commercial Code, the SES-imagotag Group appointed one of its Statutory Auditors to be the independent third party responsible for verifying the statement of non-financial performance as of 2022. The reasoned opinion on the compliance of the statement of non-financial performance, as well as on the accuracy of the information, is presented on the last page of this Non-Financial Performance Report (NFPR).

Methodological Specificities and Limitations

The indicator numbers correspond to the numbering of the challenges and ambitions table in section 4.2.4 and when the indicators have not been included in this table, the section of the report in which they are cited is mentioned:

Indicator 1: Number of patent families dedicated to reducing the carbon footprint of solutions

All patents filed by the Group's entities are managed centrally within the R&D Department in order to manage and monitor any patent filings and potential defenses. The patents filed are grouped by technological families and the identification of their beneficial nature for the carbon footprint of the Group's products and solutions is determined by the R&D Department according to criteria such as: energy savings, waste reduction and the carbon footprint.

Indicator 2: Carbon intensity

Carbon intensity is obtained by simply dividing the Group's total carbon footprint (scopes 1, 2 and 3) by the Group's consolidated revenue.

GHG emissions

Emissions relate to scopes 1, 2 and 3 according to the regulatory methodology for the preparation of greenhouse gas emissions assessments for the year 2022.

SES-imagotag measures the carbon footprint of its activities, that of its employees, and its energy consumption on scopes 1, 2 and 3 according to the general framework proposed by the GHG Protocol. Carbon accounting, common to all Group companies, is based on international standards:

GHG Protocol, International Energy Agency, ISO 14064-1-2016 and ADEME.

The data of all Group subsidiaries are consolidated for the purpose of the statement.

Scope 1 : consideration of emissions from LPG (butane, propane), natural gas, domestic fuel oil or diesel, heavy fuel oil and kerosene for stationary and mobile sources as well as emissions related to refrigerant leaks. The inclusion of vehicles used by the entire Group scope is ensured by monitoring IFRS 16 restatements, making it possible to inventory the fleet of vehicles under a long-term lease, as well as their respective engines.

Purchases of natural gas to heat our warehouses were also recorded.

Scope 2 : consideration of emissions from purchases of electricity, steam, heating and cooling. Electricity emission factors only take into account combustion. Emissions expressed for scope 2 using the location-based method (corresponding to CO₂ emissions calculated using "country" emission factors from ADEME for the years 2018-2020 and from the IEA for the year 2021) calculated on the basis of standard emission factors per country of location, per square meter occupied and per headcount present.

Scope 3 Manufacture and use of products sold: The life cycle analysis of the Group's products was entrusted to RDC Environnement, which carried out a detailed analysis of the components listed in the industrial nomenclature of our IoTs (screen, printed circuit, plastic frame, etc.) from mining to transportation to the assembly plant, taking into account the energy required at each industrial stage, from packaging and transport at each stage to the finished product and its storage. Rails and fasteners are included in this analysis.

Customer use (server consumption, etc.) as well as the end-of-life of the product were also taken into account (destruction by approved organizations), as well as its possible refurbishment ("second life ESL" program) for a comprehensive view of the life cycle, assessed according to the GHG Protocol.

Scope 3 Freight: The scope selected mainly concerns internal freight and upstream freight. The calculation method used is that of monetary emission factors, which make it possible to associate CO₂ emissions with the amounts committed according to the mode of transport (road, air, rail).

Scope 3 Assets used : Assets used by the entire Group are taken into account by monitoring IFRS 16 restatements, making it possible to inventory offices and warehouses under long-term leases, as well as their respective surface areas.

Scope 3 Business travel : Emissions related to business travel within the Group are taken into account thanks to the centralized travel agency reporting.

Scope 3 Commuting : Emissions related to commuting were estimated taking into account the average return distance traveled for all employees. The distance is calculated from city to city for a frequency corresponding to the number of legal working days during the year and taking into account remote working agreements. The calculation is carried out by estimating the modes of transport used to which a CO2 emission factor per kilometer is assigned for each mode: private vehicle (100% internal combustion); public transport (bus, train, tram, metro), moped/motorbike. Emissions from commuting represent an estimate and not an exact calculation due to the availability of data, to be associated with the various assumptions. The level of uncertainty remains significant for this item.

Scope 3 Purchases of goods and services : The emissions caused by the Group's purchases of goods and services have been estimated using monetary emission factors that combine CO2 emissions with the value of purchases made for different types of goods or services. The scope includes all of the Group's consolidated entities.

Indicator 3: Second life ESL (recycling of labels)

Second Life ESL or recycled labels: the calculation of the indicator is based on the quantity of labels that has been in use for more than six years and that has been recycled within our European centers. The data is for Europe only and excludes entities located in Asia and North and South America: the entities included in the "recycling of labels" indicator account for €483 million of the Group's annual revenue (i.e. 78% of the consolidated revenue).

Entities from Asia or North and South America account for €136 million of the Group's annual revenue: these entities would not significantly distort the indicator since the labels installed across these regions are, generally speaking, recent and have been in use for less than six years or, if in use for more than six years (which is the case for Mexico and Singapore), the respective revenue for the entities in question only accounts for 0.65% of total consolidated revenue.

Indicator 4: Avoided emissions

This indicator will be the subject of a methodology in the 2023 report.

Indicator 5 and 6: Audit of our supply chain and signature of the Supplier Code of Conduct:

The department in charge of the Group's industrial supply manages the quality audit and ESG audit of suppliers by selecting the most significant suppliers based on purchases for the current fiscal year (information provided by the accounts departments).

On this basis, internal or outsourced audits (EcoVadis questionnaire) are carried out on the most significant suppliers and make it possible to calculate the number of suppliers and therefore the procurement portfolios that have been audited and/or have signed the Supplier Code of Conduct.

Human resources indicators:

Indicators 7, 9, 10

All of the indicators describing the age pyramid, gender ratios, training hour and managerial interview ratios are based on digitized reports compiled by the HR department, whose scope covers all of the Group's entities, without exception.

Training indicator accounts for each and every training provided to employees (including trainees and "VIE") whether or not they are still in the headcount by year-end.

The long-term remuneration policy indicator is also based on an analysis covering all of the Group's consolidated entities, without exception.

The Code of Ethics signature indicator comes from dissemination platform of this code, coupled with the DocuSign software, allowing a real-time measurement of the return rate: all Group employees receive this request.

Indicator 8: ENPS

Employees Net Promoter Score: feedback from employees may vary from 0 (Not at all likely) and 10 (Very likely). Based on their answer, the respondents are divided into 4 categories: ambassadors (above 8.5), passives (6.5 to 8.49), non-ambassadors (2.5 to 6.49) and detractors (0 to 2.49).

The eNPS score is then calculated using the following formula: $eNPS = \% \text{ of ambassadors} - (\% \text{ of non-ambassadors} + \% \text{ of detractors})$.

NPS scores range from a minimum of -100 (if every team-member is a non-ambassador or a detractor) to a maximum of 100 (if every team-member is a promoter). Employees who rate the company between 9 and 10/10 are promoters; between 7 and 8 are passive; and between 1 and 6 are detractors.

The scope of employees surveyed includes all types of contracts including interns, fixed-term, and VIE (international business volunteer program).

Indicator 11: Composition of the Board of Directors

This indicator reflects the statistics provided in the corporate Governance report and in particular section 3.2.1. This information complies with French regulations as well as the recommendations of the French Financial Markets Authority (AMF - Autorité des Marchés Financiers) and the AFEP-MEDEF Code.

Indicator 12: External ratings

All of the external ratings to which the Group is subject (EcoVadis, ISS, MSCI, CDP) require for the scope of investigation to be a Group scope.

In the case of MSCI or ISS-type external assessments, they are based on public information and, in particular, the information and indicators published in this report.

In the case of the EcoVadis assessment, which is based on a documentary audit, the requirement is the same: a document that is valid only for the parent entity will not be recognized as valid for the Group.

Other indicators

NPS indicator: customer satisfaction (section 4.5.1)

Customers Net Promoter Score: the calculation of this indicator is based on feedback from the Group's clients (scope includes Worldwide customers, except China). The NPS indicator measures the extent to which clients recommend a company.

Clients who rate a supplier between 9 and 10/10 are promoters; between 7 and 8 are passive; and between 1 and 6 are detractors.

The NPS is calculated using the difference between the percentage of promoters and the percentage of detractors.

Indicator: Connected stores and tracked items (section 4.5.1)

The results of this optimized packaging is the following on the three high runners ESL's sizes: 1.6 inches, 2.6 inches and 2.2 inches:

Size	New packaging		Old packaging	
	Weight of packaging material (g)	Gross weight (g/box, GL4)	Weight of packaging material (g)	Gross weight (g/box, GL4)
1.6	320	2,400	795	2,920
2.2	365	3,550	795	4,020
2.6	355	3,390	620	3,650

These results are then applied to the ESL's quantities actually transiting through the upstream logistics since July 2021.

Eventually, in addition to reducing the weight and volume of packaging, this has significantly improved shipping container filling rates and the number of shipments.

The outcome for our three best-selling ESL references, which account for 70% of our sales, is the following:

- ESL size 1.6 inches pallet quantities before optimization: 7,200 ESL's, after optimization: 16,800
- ESL size 2.2 inches pallet quantities before optimization: 7,200 ESL's, after optimization: 16,000
- ESL size 2.6 inches pallet quantities before optimization: 5,760 ESL's, after optimization: 11,520

These improvements, together with a logistic mix effect, led to a major improvement in the carbon footprint of the supply chain.

Connected stores reflect the total number of stores and total number of ESL's connected to the cloud.

Compared to last year, the total number of labels in stores is recorded, whether or not they are connected and active in stores.

Captana technology makes it possible to detect and measure, among other things, the number of SKUs out of stock in stores (SKU = sales unit or "stock keeping unit" - An SKU has a unique code composed of letters and numbers). Captana also makes it possible to monitor and control the "facings" of products displayed on the shelves. Facing is a merchandising term designating the number of products directly facing the consumer on one or more levels of a shelf in a point of sale.

Indicator: Packaging savings (section 4.3.2.2)

The calculation of optimized pallet loads via packaging optimization is the result of a close cooperation with one of our industrial partners in Southeast Asia.

This cooperation resulted in a reduction in the number of boxes, removing the protective plastic sheets from the label screens and using recyclable material only for the final packaging of electronic devices.

Indicator: Employees' carbon footprint (section 4.3.2)

Statistics on the type of engine used in the Group's vehicle fleet were compiled for all Group entities, based on the file of the Finance/Consolidation Department managing all leases subject to an IFRS 16 restatement. The Group does not own any vehicles of its own.

The makes and models of the leased vehicles made it possible to identify the type of combustion engine (hybrid or electric).

Ethical business conduct and anti-corruption indicator (section 4.2.3)

The Group's consolidated revenue is published under a new analytical axis determined by the intersection of the distribution of the geographical areas where the Group invoiced its customers during the fiscal year, and the ranking of the latter in terms of corruption according to the 2022 corruption index, published by Transparency International available on the website: <https://www.transparency.org/en/cpi/2022>

4.7 Report from the independent third party

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

Year ended December 31, 2022

To the General Meeting,

In our capacity as Statutory Auditor of your company (hereinafter the "entity") appointed as an independent third party, and accredited by the COFRAC under number 3-1884¹, we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) of the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter, respectively, the "Information" and the "Statement"), included in the Group's management report pursuant to the requirements of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

Conclusion

Based on the procedures performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial performance statement

The absence of a commonly used generally accepted reporting framework or a significant body of established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the main elements of which are presented in the Statement (or available on request from the entity's registered office).

Inherent limitations in preparing the Information

The Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions and/or estimates used for their preparation and presentation in the Statement.

Responsibility of the entity

The Management is responsible for:

- Selecting or establishing suitable criteria for preparing the Information;
- Preparing the Information: a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main extra-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators, and the information provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- Preparing the Statement by applying the entity's Guidelines as mentioned previously; as well as
- Implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by the Board of Directors.

¹ Accreditation Cofrac Inspection, number 3-1884, scope available at www.cofrac.fr

Responsibility of the Statutory Auditor, appointed as an independent third party

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

- The compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- The fairness of the historical financial information (actual or extrapolated) provided in accordance with Article R.225-105-I(3) and -II of the French Commercial Code concerning action plans and policy outcomes, including the key performance indicators on the main risks.

As it is our responsibility to provide an independent conclusion on the Information as prepared by Management, we are not authorized to help prepare said Information, as that could compromise our independence.

However, it is not our responsibility to comment on:

- The entity's compliance with other applicable legal and regulatory requirements (in particular, the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation), the anti-corruption and tax avoidance legislation);
- The fairness of the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- The compliance of products and services with the applicable regulations.

Regulatory provisions and applicable professional guidance

Our work described below was carried out in accordance with the provisions of Articles A. 225 1 *et seq.* of the French Commercial Code, the professional doctrine of the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this intervention, in particular the technical opinion of the French Institute of Statutory Auditors, the intervention of the Statutory Auditor, the intervention of the independent third party - Non-financial performance statement, in lieu of verification program, and the international standard ISAE 3000 (revised)⁽²⁾.

Our independence and quality control

Our independence is defined by the provisions of Article L. 822-11 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) for statutory auditors. Our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with applicable legal, regulatory and ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors relating to this engagement.

Means and resources

Our work was carried out by a team of six people between February and April 2023 and took a total of about three weeks.

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

Nature and scope of our work

We planned and performed our work to address the areas where we identified that a material misstatement of the Information was likely to arise.

We believe that the work carried out, based on our professional judgment, is sufficient to provide a basis for our limited assurance conclusion:

- We obtained an understanding of all the consolidated entities' activities and the description of the principal associated risks;
- We assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- We verified that the Statement includes each category of social and environmental information set out in Article L. 225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- We verified that the Statement provides the information required under Article R. 225-105 II where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L. 225-102-1 III, paragraph 2;

² ISAE 3000 (Revised) - Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

- We verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- We referred to documentary sources and conducted interviews to:
 - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented; and
 - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Our work was carried out at the registered office of the consolidating entity.
- We verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with Article L. 233-16 of the French Commercial Code, within the limitations set out in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes that we considered to be the most important, as presented in Appendix, we implemented:
 - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
 - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on the consolidating entity and covers 100% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

Paris La Défense, April 28, 2023

KPMG S.A.

Grégoire Menou
Partner

Fanny Houlliot
ESG expert
ESG Center of Excellence

Appendix

Qualitative information (actions and results) considered most important

Commitments and actions to reduce the environmental impact of activities

Commitment to social and professional integration of people with disabilities

Measures taken to promote gender equality and related results

E-learning on ethical business conduct

Systems for assessing the ESG performance of suppliers and subcontractors carried out by a third party and by the Group

Labor and human rights policies and actions

Deployment of technology to optimize inventories and combat waste in retail

Key performance indicators and other quantitative results considered most important

Total greenhouse gas emissions (scopes 1, 2 and 3)

Number of labels recycled

Workforce and breakdown by gender, category and age

Training number of hours per employees

Employee Net Promoter Score (E-NPS)

Net Promoter Score (NPS)

Number of connected stores and number of connected labels

