

Date: July 2024

## **Environmental Policy**

Dear Customers, Suppliers and Partners,

At VusionGroup, we believe that long-term growth goes hand-in-hand with environmental responsibility. Our vision is to leverage the transformative power of technology to drive positive change for society and the environment. Recognizing our responsibility to adopt business practices that consider both the bottom line and the impact of our activities on the environment and society at large, we are dedicated to addressing climate change through an effective action plan.

Our strategy focuses on continuous improvement across all business operations to minimize our environmental footprint and thus our overall environmental impact. We are committed to decreasing our GHG<sup>1</sup> emissions, reducing energy consumption and waste, promoting recycling, and minimizing the use of hazardous materials.

This Environmental Policy<sup>2</sup> reaffirms our commitment to improving our corporate social responsibility and environmental performance. This policy is designed to outline the necessary guidelines and action plans to reduce our environmental impact and related GHG emissions. The policy details goals and measures put in place to deliver on these commitments. This policy reflects our Roadmap for Positive Retail.

### **Roadmap for Positive Retail: the root of our Environmental Policy**

The *Roadmap for Positive Retail* demonstrates our dedication to addressing environmental and social challenges within the retail sector. It aims to create enduring sustainable value for our clients, partners, suppliers, employees, investors, and the community at large. This Roadmap is built on three axes, which encompass VusionGroup's strategy and its commitments in the digitalization of the physical retail sector. These axes are:

- 1) Making physical stores a digital asset first: contributing to the adoption of digital technologies by physical stores and sustaining the economic health of the sector
- 2) Protecting the environment by making the digital transformation of commerce low-carbon and sustainable: aiming to reduce the carbon footprint of its solutions and contribute to reducing that of its customers through the many use cases enabling the avoidance of additional issues

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<sup>1</sup> Greenhouse Gas

<sup>2</sup> In tandem with the values and principles set out in VusionGroup's Policies, Code of Ethics and its Supplier Code of Conduct.

- 3) 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.

Thus, one of the key pillars of the Positive Retail Roadmap is to reduce its environmental impact, making it a priority for the Group.

### **Areas of Commitment**

VusionGroup's environmental focus is on:

- Reducing its GHG emissions in absolute value and intensity
- Recycling and accelerating the circular economy
- Developing lower impact products
- Educating its employees on sustainability

To achieve these goals, we align our principles with the most stringent national and international laws, norms, and technical standards, including major international conventions. This commitment is underscored by VusionGroup's participation in the [UN Global Compact](#) since 2021, which emphasizes five key themes, including the environment.

**Reducing our carbon footprint is thus the cornerstone of this policy.** Since 2021, we have been precisely calculating our carbon footprint annually using the GHG Protocol. This allows us to develop a business model scenario that aligns with the goal of limiting global warming to below 1.5°C.

At this stage of our organizational development, we are focusing on reducing emissions through proactive and direct actions on our Scope 1, 2, and 3 GHG emissions. This approach demonstrates our commitment to making tangible contributions to the mitigation of our carbon footprint, without using carbon credits counted as emission reductions.

Keen to be proactive, we have opted to set reduction targets in line with the SBTi<sup>3</sup> methodology. In 2023, the CSR Team committed to the SBTi and the targets will be submitted for approval in 2024. From a baseline year of 2022, we have set two objectives to achieve by 2030:

- For Scope 1 and Scope 2, a reduction of at least 42% in absolute value
- For Scope 3, a reduction of at least 51,6% in carbon intensity

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<sup>3</sup> Science-Based Targets Initiative

## **Policy Goals from 2024 onwards**

VusionGroup has identified the following goals, within several categories, on its journey to reducing its environmental impact and effectively tackling its greenhouse gas emissions:

- a. Ensure compliance with standards and be proactive:
  - Continue to comply with relevant regulations, principles, norms, technical standards and major international conventions regarding sustainability such as the REACH<sup>4</sup>, RoHS<sup>5</sup> and WEEE<sup>6</sup> Directives.
  - In relation to the endorsement of the UN SDGs, strengthen the commitment to:
    - SDG 7: Affordable and Clean Energy
    - SDG 9: Industry, Innovation and Infrastructure
    - SDG 12: Responsible Consumption and Production
    - SDG 13: Climate Action
  - In relation to the endorsement of the UN Global Compact's 10 Principles, strengthen the commitment to:
    - Principle 7: Businesses should support a precautionary approach to environmental challenges
    - Principle 8: Undertake initiatives to promote greater environmental responsibility
    - Principle 9: Encourage the development and diffusion of environmentally friendly technologies
  - Continue to take a proactive approach beyond mere compliance by actively participating in industry initiatives, such as those led by the *World Economic Forum (WEF)*, to enhance global awareness or study groups like *Net Zero Initiative for IT* to understand the role of digital solutions in the global carbon neutrality effort.
  
- b. Maintain high performance:
  - Our Platinum score on the EcoVadis assessment and enlarge the scope of suppliers assessed on EcoVadis to include also non-industrial suppliers
  - Our ISO 14001 certification
  - Keep innovating by filling more patent related to low carbon solutions

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<sup>4</sup> REACH: Regulation for Registration, Evaluation, Authorization and Restriction of Chemicals (EU chemical control policy)

<sup>5</sup> RoHS: Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment

<sup>6</sup> WEEE: Waste Electrical and Electronic Equipment

c. Raise awareness and educate:

- Training all employees to educate them with a culture of sustainability
- Educate and involve key VusionGroup stakeholders regarding sustainable procurement, resource use, efficiency, sustainable design of products, recyclability and greenhouse gas emission reduction<sup>7</sup>

d. Preparing for the future:<sup>8</sup>

- Continue to build a business model in line with the Paris Agreement in order to limit global warming to a level below 1.5°C compared to pre-industrial levels and in compliance with the United Nations guidelines. Additionally, analyze the various possible future retail development scenarios in terms of their respective environmental impact

This is built along three axes:

- Reduce VusionGroup's carbon footprint each year to reach our SBTi targets after their validation
- Decarbonize further VusionGroup's products and solutions
- Help decarbonize the retail sector
- Positively influence business, financial and political decision-makers towards building a more sustainable retail sector over the coming years
- Conducts studies with our first-tier industrial suppliers on water usage and the related impact to produce our solutions and define analysis and action plans

## **Policy Measures to reach the goals listed above**

These ambitious goals require the implementation concrete measures and effective action plans on two levels:

1. Our core business
2. Our office activities

Many of these measures are specifically designed to reduce our carbon footprint and improve our environmental performance.

1. Core Business

- a. Ensure compliance with standards and be proactive:

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<sup>7</sup> VusionGroup also promotes environmental awareness among its suppliers and business partners through the Supplier Code of Conduct and the EcoVadis assessment.

To assess and ensure compliance with social and environmental standards in its industrial supply chain, the Group developed a Supplier Code of Conduct. It is signed by more than 98% of its industrial purchases. Additionally, VusionGroup evaluates the quality and CSR aspects of its supply chain through three types of assessments:

- Self-Assessment Questionnaires: completed by potential new suppliers, these questionnaires identify any major breaches of the Group's social and environmental requirements.
- Internal Audits: conducted on a yearly basis by our product quality teams, during regular on-site visits to our subcontractors and suppliers.
- Third-Party Assessments: the Group has commissioned EcoVadis, the world's most trusted provider of business sustainability ratings on a yearly basis, to analyze its suppliers.

We developed the [Sustainable Procurement and Purchasing Policy](#) to detail how VusionGroup incorporates environmental and social considerations into its procurement practices and we carefully select suppliers that are compliant with this policy.

We also ensure compliance with environmental standards by effectively managing waste and recycling our IoT devices. For instance, our ESL<sup>9</sup> devices, which contain batteries, are subject to both the Batteries Directive (2006/66/EC) and the WEEE Directive (2012/19/EU). To fulfill our responsibilities, we financially support several eco-organisms across Europe for the end-of-life management of our products.

Additionally, we ensure that our products and our suppliers are compliant with REACH and RoHS Regulation.

However, our commitment extends beyond these regulations. Recognizing the importance of proactive environmental action, we launched the Second Life Program in 2019 to refurbish ESLs globally. A refurbished label emits 40% of greenhouse gas emissions and requires 47% fewer resources compared to a non-refurbished label. This program aims to extend the life of our labels to promote a circular economy. This initiative highlights the significant recyclability of ESL components: over 80% of the battery, 100% of the easy-lock mechanism, and up to 99% of the casing can be recycled. Since its inception, the Second Life Program has successfully refurbished more than 7 million ESLs. Our Second Life ESL program is now a strategic pillar in our business plan and will be expanded in the coming years.

b. Maintain high performance:

The three types of assessments performed across our supply chain not only ensure regulatory compliance but also uphold high standards of social and environmental responsibility. Furthermore, we aim to have more than 99% of industrial suppliers sign the Supplier Code of Conduct by 2027 and extend this commitment to all other relevant suppliers across our value chain.

Additionally, VusionGroup is able to maintain the quality of its solutions while at the same time decarbonize them, by depolluting stores of electronic equipment: it no longer sells portables

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<sup>9</sup> Electronic Shelf Label

to its clients to initialize the ESLs, they can use portables, infrastructures and WIFI access-points they already own.

VusionGroup pursues excellence by prioritizing direct emissions reduction over carbon offsetting, showcasing its dedication to proactive environmental responsibility and sustainable innovation.

Innovation is a priority for our Group, enabling us to develop low-carbon solutions. We have filed more than 700 patents, with over 40% dedicated to sustainable technologies. EdgeSense best depicts our low-carbon advancements through innovation. It offers a more resource-efficient and energy-efficient way to deploy electronic shelf labels (ESLs). Instead of using multiple individual ESLs, each with its own battery, a "smart" rail centralizes and supplies the necessary energy and data to six or seven "passive" ESLs placed on the rail.

To build on these advancements, we must continue conducting Life Cycle Assessments (LCA) to evaluate and improve the environmental impact of our products, their materials and components. This will help us identify and integrate appropriate measures during the design, material selection and production phases.

c. Raise awareness and educate:

VusionGroup recognizes not only its power to decarbonize its core business but also its role in raising environmental awareness among its stakeholders.

Indeed, VusionGroup promotes to its customers low-carbon products and prioritizes circular economy through its Second Life program, this increases transparency for customers to choose the lowest-carbon ESLs.

The implementation of initiatives such as the Second Life program and EdgeSense require extensive collaboration among employees and suppliers to develop low-carbon products. Before these solutions could be offered, numerous stakeholders carefully reviewed and refined the approach to enhance its effectiveness and raise awareness. Working on these solutions not only fosters innovation but also heightens environmental consciousness among all parties involved.

d. Preparing for the future:

VusionGroup understands that tackling climate change requires a forward-looking approach. This involves planning for the future by minimizing the carbon impact of our current practices:

Our primary goal at VusionGroup is to reduce our carbon footprint and the one of our products. Therefore, before bringing an ESL to market, we evaluate its entire lifecycle (from design and supply chain management to refurbishment and recycling) to ensure we minimize its environmental impact.

- Our labels are designed to be repaired, refurbished and recycled. Everything we put on the market is also energy efficient: we are constantly striving to reduce our energy consumption and redesign our IoT solutions. We must continue the development and improvement of this action plan to ensure the complete reuse and recyclability of these products. By 2027, VusionGroup is committed to full eco-design of its products and refurbish 15M in 2027.

- Performing the Life Cycle Assessments (LCA) for potential products before actual development will allow us to evaluate the environmental impact of our products, their materials and components. This will support our advancement in designing and producing low-carbon solutions.

The impact of packaging and parcel delivery on the environment is also a crucial aspect for VusionGroup Environmental Policy. The Group reduces the environmental impact of transportation by identifying and promoting efficient and lower impact transport systems without compromising operational efficiency and delivery times. To realize this, we collaborated with a Southeast Asian industrial partner to optimize packaging:

- It led to reduced box sizes, elimination of protective plastic sheets, and the use of recyclable materials. This initiative has improved shipping container utilization, increased pallet load density, and decreased the carbon impact per ESL transported.
- Starting in 2021, this effort has resulted in significant reductions in packaging waste, with 56,338 kg less PE bag and 212,152 kg less cardboard reported for our top three ESL SKUs in 2023.
- Moving forward, VusionGroup aims to use 100% recyclable consumables for all packaging, having already switched to recyclable label holders and planning to introduce recyclable adhesive tapes in 2024.

Recognizing the impact of fossil fuels on global warming, VusionGroup is committed to supporting the sustainable energy transition. In line with its Science Based Targets initiative (SBTi) commitment and the RE100 indications, the Group has purchased for the first time in 2024 renewable energy certificates (RECs) across the world. This aligns with our broader strategy to reduce our environmental impact and contribute to global sustainability goals. VusionGroup will continue to purchase RECs and support the renewable energy transition in accordance with internationally recognized standards.

VusionGroup believes that its solutions contribute in several ways to the decarbonization of the retail sector. Several concrete examples can already be cited, all directly enabled by the use of VusionGroup solutions:

- More connected, profitable, and attractive physical stores, and therefore capitalization on existing infrastructures and a physical channel with many advantages
- Facilitating the preparation of e-commerce orders and therefore fewer dedicated warehouses needing to be built
- Fight against food waste
- Better transparency for the consumer, in particular on ESG ratings that could benefit the customer and potentially generate new and more virtuous consumption habits

In order to demonstrate in more detail, the major effect of these use cases on our customers, in 2024 the Group will undertake an in-depth analysis and modeling of the calculation of avoided emissions.

## 2. Office Activities

The Group implemented numerous initiatives and office guidelines to reduce our carbon footprint, waste, single use and energy consumption. These include:

- VusionGroup rents its offices in the most environmentally efficient offices and warehouses operating to the best environmental standards to minimize energy consumption while promoting employee wellbeing.
- Turning off computers (laptops are switched to sleeping mode after 4 minutes of inactivity), monitors, lights and air-conditioning when not in use
- Using small meeting rooms for small groups to reduce the electricity used
- Providing wired IT accessories or rechargeable batteries (mouses, keyboards, headsets)
- Removal of Fix IP telephony to reduce material waste, as well as reducing energy consumption from servers to phones. Promote dual SIMs mobile phone (or eSIM) to avoid the use of two mobile phones
- Stay on standard features while using cloud software features to benefit of power consumption optimization proposed by software vendors
- Minimize employee commutes by offering flexible working arrangements (at least 2 days per week) and extend this to all entitled employees and encourage employees to adopt environmentally friendly transport solutions<sup>10</sup>
- Reduce CO2 emissions by fostering the use of technologies (video conferencing solutions - Microsoft Teams) to support interaction between employees, thereby reducing business travel
- Regularly monitor business travel to cut Scope 3 GHG emissions
- Optimize the Group's car fleet by switching remaining car leases from standard to electric/hybrid vehicles
- Develop a more sustainable end-of-life program for IT equipment (cell phones, computers) through:
  - extending the use and warranty of PC (5years) and phones (3years)
  - refurbishment,
  - recycling most electronic equipment
  - donating equipment that can no longer be used to schools

All these solutions support the reduction of our carbon footprint and train our employees in sustainable practices.

VusionGroup recognizes not only its power to decarbonize its core business but also its role in raising environmental awareness among its stakeholders:

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<sup>10</sup> E.g., provide employees with a higher reimbursement on their transportation card to foster the use of public transportation - 50% is currently reimbursed.



To this end, the Group has launched several initiatives. For instance, our ESG Team in Nanterre has conducted the "Fresque du Climat" workshops to more than 50 employees. We must multiply this type of initiative, which also connects employees with each other and supports the deployment of sustainability across all levels.

Additionally, recognizing our global reach, we developed a customized e-learning module on 360Learning for all our employees around the world. It explains global warming and its consequences, outlines the Group's initiatives and innovations to combat climate change, and suggests impactful actions employees can take. We emphasize that every action counts and provide scale comparisons to help employees engage effectively. Employees also have access to numerous CSR e-learning modules on LinkedIn Learning and the EcoVadis academic platform.

To raise further employees awareness, we implement guidelines and programs focused on reducing the use of paper, water, plastic, toner, and energy. We advocate for sustainable consumption practices, such as setting printers to idle mode when not in use, limiting printing, and using eco-friendly settings like "black-and-white" and "double-sided" printing. To ensure proper recycling, we made a dedicated infographic, and we inform employees about drop boxes available in IT offices for recycling electronic equipment and drop boxes dedicated to batteries.

We continue to offer sustainable alternatives, such as reusable water bottles, cups, and tote bags, to eliminate single-use items. Our goal is to remove all single-use plastics from the offices and replace disposable paper cups with more sustainable options.

Finally, VusionGroup has developed numerous solutions to achieve its primary goal of limiting its environmental impact on society. Eco-design, Second Life ESL Program, EdgeSense technology, optimized packaging, and various office initiatives all contribute to reducing its carbon footprint. All these efforts align with the targets set by the Science-Based Targets initiative (SBTi), and we are committed to meeting these targets upon approval.

To conclude VusionGroup will continue to improve its Environmental Policy and related action plan to:

- Reduce direct and indirect intensity of its GHG emissions in line with the 2015 Paris Agreement to limit global temperature rises to 1.5°C compared to pre-industrial levels. For this reason, VusionGroup will continue to assess its Carbon Footprint through annual reports on reductions in CO2 emissions
- Quantify, monitor and communicate transparently its direct and indirect intensity of its GHG emissions in line with internationally recognized standards (such as the GHG Protocol).

## Scope and Applicability

This policy outlines VusionGroup's commitment to reduce its environmental impact. Indeed, VusionGroup developed this policy based on the same comprehensive standards across all operations regardless of geographic location and the level of operations (employees, clients, suppliers, vendors and partners). In fact, VusionGroup engages with all these stakeholders to disseminate and respect the same commitments. In particular, VusionGroup asks suppliers and business partners to comply with all applicable environmental rules and regulations in each country in which they operate. They must also comply with VusionGroup's Supplier Code of Conduct and sustainable procurement and purchasing policy.

## Responsibilities

ExCom is responsible for the policy's approval

EVP ESG and the Sustainability team own, endorse and drive the implementation of the policy. They also ensure relevant and proper communication of policy efforts to external stakeholders.

The Sustainability department is responsible for:

- Developing the Group's sustainability strategy and monitor its implementation through KPIs
- identifying sustainability risks
- identifying areas and projects for improvement to contribute to the creation and development of long-term value.

It prepares the ESG annual report and spreads the culture of sustainability within the Group. Lastly, the sustainability department promotes dialogue with stakeholders and handles requests from ESG rating agencies and Socially Responsible Investors.

Relevant Group VPs, Country Managing Directors, regional and local management are responsible for:

- ensuring that this policy and related standards are implemented and adhered to;
- making employees aware of the policy and its requirements.

VusionGroup management and employees are responsible for adhering to this policy. It is essential that the letter and spirit of the policy be complied with. They must also engage and take responsibility for ensuring that all initiatives are developed in line with the policy across all business operations.

Everyone is ultimately responsible for the improvement of VusionGroup's environmental performance within their sphere of influence.

## Reporting Mechanism

Asking a question or reporting a concern requires courage. All VusionGroup employees are expected to speak up. When they do, they protect VusionGroup, its brand and its facilities. This helps improve its operations and prevent potential misconduct.

If you are an VusionGroup employee and you feel you need to report unethical behavior, or if you have a doubt or question, please feel free to contact:

- Any manager
- A member of the Human Resources or Legal Department
- A member of the employee representative committee.

You can also contact the whistleblower service via MyLily, your internal digital platform. There you can choose to anonymously report an unethical situation or behavior through the "Ethics" dashboard or by emailing [ethics@vusion.com](mailto:ethics@vusion.com).

Dear suppliers, vendors and partners:

Developing strong, sustainable and ethical relationships also means that VusionGroup must make itself available to answer queries and questions.

Please reach out to your contact person at VusionGroup or email [ethics@vusion.com](mailto:ethics@vusion.com) should you have any question regarding the application of or want to report the infringement of any of these policies:

- Labor Rights Policy
- Human Rights Policy
- Anti-Discrimination, Anti-Harassment and Promotion of Diversity Policy
- Code of Ethic
- Supplier Code of Conduct

If you are an external or occasional contractor of VusionGroup please email [ethics@vusion.com](mailto:ethics@vusion.com).

For additional information on the reporting mechanism at VusionGroup please read the [Ethical Alert Policy](#).

## Policy Updating

This policy will be periodically updated to reflect:

- relevant changes
- progress on environmental targets
- alignment with VusionGroup's strategy and international best practice

Authorized by the Chief Executive Officer, VusionGroup