

• • • • •



Auchan | RETAIL

MOVEMENT _p. 14 SAVOUR LIFE IN BLUE _p. 26.60
 SEAMLESS CUSTOMER EXPERIENCE _p. 35.38
 AUCHAN MINUTE _p. 40 TASTE THE GOODNESS _p. 24
 FAVOURITES _p. 49 SOLIDARITY _p. 70.71
 PLANET _p. 30 WELLBEING _p. 60 O2O _p. 39
 TRACEABILITY _p. 16 KEEPING IN STEP _p. 12.37.58
 FRESH FOOD ARTISANS _p. 22 CO-CONSTRUCTION _p. 14.62.66
 TOP EMPLOYER _p. 74 SUPPLY CHAIN _p. 52 LOCAL _p. 38
 AUGMENTED RETAIL _p. 44.55 TRAINING _p. 62.66
 CONTROVERSIAL SUBSTANCES _p. 29 FOCUS GROUPS _p. 68
 COMMUNITIES _p. 66 EXCLUSIVE PRODUCTS _p. 50
 WORK-STUDY _p. 64 SINGLE BRAND _p. 36

.....
 Our Vision 2025 "Auchan changes lives" signalled a new dynamic in the way we operate, setting a bold, campaigning tone and putting people at the heart of everything we do. We're already seeing progress from Shanghai to Turin, from Lisbon to Marseille, and it's in evidence everywhere – in our stores, digital apps, warehouses and products, in the customer experience and how staff feel about their work, and in our ways of thinking and acting. With so much going on, it's hard to know where to start – we have so much to tell...

Here are Auchan Retail's 25 steps towards 2025.

.....
 CAMPAIGNERS
 FOR GOOD,
 HEALTHY AND
 LOCAL

p. 10

.....
 MULTIFORMAT
 & PHYGITAL

p. 32

.....
 PASSIONATE
 ABOUT PEOPLE

p. 56



Wilhelm Hubner, CEO

.....

2017 was the year we began rolling out all over the world our Vision 2025 "Auchan changes lives", and our progress to date shows how our staff picked up the vision and ran with it.

.....

The first advance was adapting to consumers' increasingly omnichannel shopping habits by shifting our retailing over to phygital, which meshes together physical retail and digital retail.

The alliance we struck with Chinese online giant Alibaba propels us to the forefront of modern retailing and consolidates our position in China, the world's biggest market for food.

Teaming up like this marks the beginning of a new business saga – together we'll accelerate the growth

of online shopping in China and build the country's top phygital food retailer. For Auchan Retail, the experience will act as a learning lab for every other country. We've seen further advances in China on the phygital front, under the banner of our subsidiary Sun Art. And 182 Auchan Minute outlets – the new concept of 18 m² fully automated convenience stores accessible via smartphone – have been rolled out in 6 months. Meanwhile, RT-Mart Fresh, the pilot scheme for home deliveries in less than an hour, was clocking up 1,000 orders a day just 6 months after launch. Today we need to stay one step ahead of the customer, not wait for them to come to us as in the past. We also have to be there in both the digital and physical channels, whereas before it was enough to have locations where physical footfall was high, like next to motorways or in the heart of busy neighbourhoods.

The second advance relates to our formats.

In these digital times, we want to give consumers choices and provide them with a clear and streamlined shopping journey, wherever and whenever they choose. It's a priority, and we're getting it right.

The 14 Auchan Retail countries went multiformat in 2017, with convenience stores winning out overall to account for 84% of the year's store openings. By year end we had 2,642 convenience stores worldwide. In tandem with this multiformat revolution, we're also shifting over to a single brand per country. Of all the stores set for rebranding under the Auchan banner, 26% had been completed at the end of 2017. The rebrand is accompanied by store modernisation and a redesign of the products and services on offer, and in every instance, it has generated a leap in footfall and revenue ranging from 5% to 13%, depending on the country. Given these positive results, we're accelerating the programme and aim to have 50% of stores under the single brand by the end of 2018.

Our commitment to good, healthy and local

is a headline feature of our Vision 2025 "Auchan changes lives" and it has generated tremendous campaigning momentum across the whole Auchan Retail ecosystem.

Our customers now benefit from nutritional guidance with the input of specialists in the field. Today we have 80 supply chains, and in the future there'll be 100 more each year with producers and stock breeders from Luxembourg, Spain, Poland and as far afield as Senegal, Vietnam and Russia, where Auchan Retail has invested €50 million in the country's largest meat supply chain. Every single one of the recipes for Auchan-branded products have been reformulated from scratch with our manufacturers in France, for example. When big-name chefs were invited to prepare good, healthy dishes in cookery displays at some of our Vietnamese and Russian stores, it brought benefits to both customers and staff. We're campaigning on every front, and we've even made improvements to the food we serve in our staff canteens. We also reoriented the objectives of the Auchan Retail foundations to focus on health and nutrition for young people, and for the workers in countries we source from. We see these actions as part of a holistic crusade, and we're finding our employees are enormously motivated by it. This bodes very well for the future, helping us put meaning back into the retailer's role. We set ourselves a big challenge with our bid to build Auchan Retail's appeal partly around

non-food products, but we're already seeing success stories there. Cosmia has launched 771 items in under a year, and its shower gel is now the top seller in its category, ahead of the big-name brands. On the clothing side we also racked up some great results, with 168 million In Extenso garments sold in 2017 – that's 730 items of clothing a minute!

Our Vision 2025 will only change the lives of our customers, staff and partners if we put people at the heart of all our actions.

That's why we've built our approach around a symmetry that balances consideration for our customers with consideration for our staff. We want to reinvent the Auchan Retail customer experience in tandem with reinventing the staff experience. This focus on people is central to our Vision 2025, and it was developed in 2017 with input from everyone as a means of satisfying the three main aspirations expressed by employees: "I want wellbeing", "I want self-fulfilment", and "I want my job to have meaning". 2017 saw us make good, wide-ranging headway in these areas. On the wellbeing front, we have a programme that offers every employee a health check, and this has now been rolled out in several countries. Many of our workspaces have been redesigned to make the working day more satisfying, and improve teamworking. To further self-fulfilment, the emphasis has been on e-learning, social learning, training staff in the food-related trades, and encouraging collaborative working between countries. To inject more meaning into what we do, we've created opportunities to carry out charitable and community work during working hours. Last year, we made a start on changing the lives of our customers, staff and partners. This is just the beginning of a root-and-branch transformation of our business over the years to come. The "25 steps towards 2025" that you'll find in this annual report are beacons of our desire to initiate new-generation retailing that's more centred around what's right and just for people, but that's also more intuitive and pleasurable for all stakeholders.

“
Auchan Retail's alliance with Alibaba marks a turning point in our story as new-generation retailers.
 ”

AUCHAN RETAIL'S EXECUTIVE COMMITTEE

Auchan Retail is sustaining its transformational momentum by restructuring governance around a more international Management Board, whose closeness to the ground is more in line with local expectations. Around the central figure of Wilhelm Hubner, CEO, this new board is made up of the country directors and the directors of support services.



1/ Wilhelm Hubner
Auchan Retail CEO

2/ Ionut Ardeleanu
Director of Auchan Retail Romania

3/ Pedro Cid
Director of Auchan Retail Portugal

4/ Patrick Coignard
Director of Auchan Retail Spain

5/ Pascal Delval
Director of Auchan Retail Taiwan

6/ Cyril Dreesen
Director of Auchan Retail Luxembourg

7/ Dominique Ducoux
Director of Auchan Retail Hungary

8/ Jordi Fernandez
Director of Auchan Retail Vietnam

9/ Gérard Gallet
Director of Auchan Retail Poland

10/ Ludovic Holinier
Director of Auchan Retail China and General Manager of Sun Art

11/ Ali Khosrovi
Director of Auchan Retail France

12/ Laurent Leclerc
Director of Auchan Retail Senegal

13/ Viktoria Lucenko
Director of Auchan Retail Ukraine

14/ Vincent Mignot
COO Auchan Retail China

15/ François Rémy
Director of Auchan Retail Russia

16/ Americo Ribeiro
Director of Auchan Retail Italy

SUPPORT SERVICES

17/ Oleg Alkhamov
Performance Director

18/ Isabelle Bouvier
Finance and Asset Management Director

19/ Xavier Defretin
Sales Concepts and Brand Director

20/ Jean-Denis Deweine
Product Director

21/ Claire Koralewski
Customers and Innovation Director

22/ Xavier Prévost
Efficiency Director

23/ Philippe Saudo
Human Resources Director

AUCHAN RETAIL IN 2017

INTERNATIONAL OPERATIONS

17

countries on
3 continents

13th

largest food
retailer in
the world⁽¹⁾



PEOPLE FIRST

351,282

employees

including

266,788

employee shareholders

35th

largest employer worldwide⁽²⁾



ENGAGED EMPLOYER

48%

women managers

10,172

disabled employees

52,271

hires under
permanent contracts

13 million

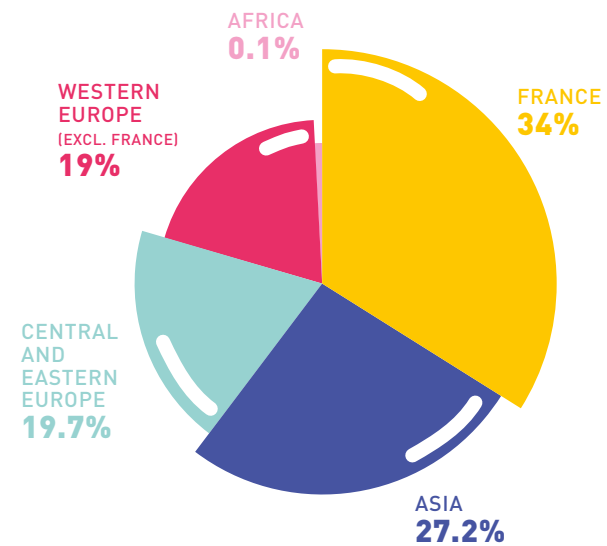
hours of training
delivered



REVENUE

€52

billion in consolidated
revenue excluding taxes



EBITDA⁽¹⁾

€1.91

billion

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

CURRENT INVESTMENTS

€1.34

billion
in current
investments

CUSTOMERS

2.64

billion
customer
checkouts



(1) Source: Deloitte ranking.
(2) Source: Fortune.

AUCHAN RETAIL WORLDWIDE

Auchan Retail is continuing with its ambitious worldwide expansion drive, with the priority on multiple formats and convenience stores.

3,778 POINTS OF SALE⁽¹⁾

966
hypermarkets

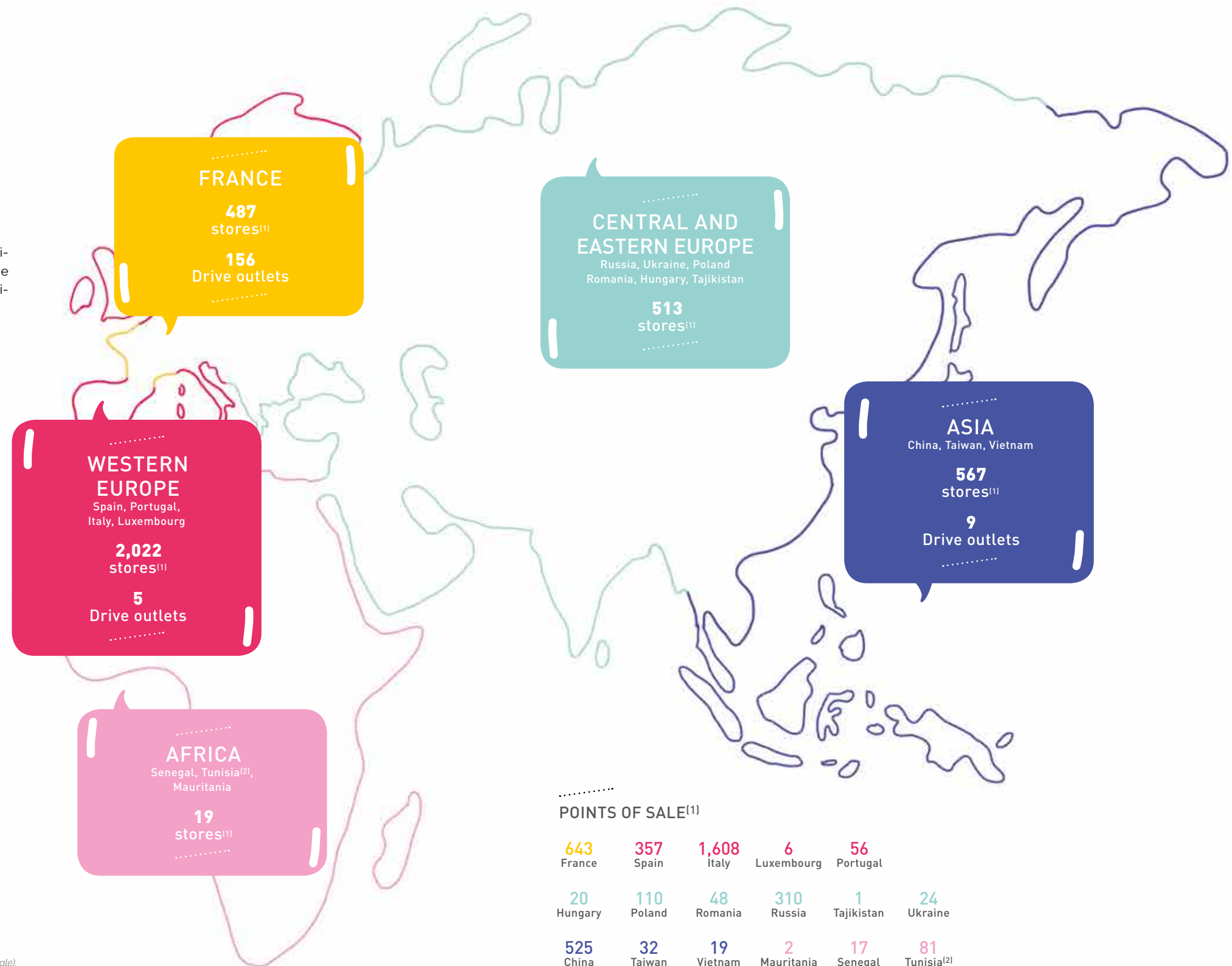
2,395
supermarkets

247
ultra-convenience stores

170
drive outlets

AUGMENTED BY E-COMMERCE

⁽¹⁾ Points of sale under banner at 31 December 2017.
⁽²⁾ Equity partnership with Magasin Général (81 points of sale).



CAMPAIGNERS

FOR GOOD, HEALTHY AND LOCAL

Taking care of everyone's health, of our customers and staff, of our citizens and our planet – that's the first pillar of the "Auchan changes lives" vision, and the most powerful lever for an unprecedented transformation. It motivates everyone in the Auchan Retail ecosystem – from the producers and manufacturers through to nutritionists and celebrated chefs, our butchers and fishmongers, our aisle managers and cashiers, to the teams that handle logistics and digital systems, spreading as far as our partner associations – in one sweeping movement that revisits everything, from field to fork.

.....

IN STEP WITH A CHANGING WORLD

Consumers and staff are increasingly careful about what they eat, concerned about their health and the quality of the environment. They want products with real flavour, without additives or other controversial ingredients, sourced from producers who put their heart and soul into their work and protect the planet by passing on their know-how.

#HEALTHY

- Seasonal, ultra-fresh fruit and vegetables so you can fill up on flavour and vitamins.
- Meat of local origin and freshly caught fish ensure our food tastes its best.

#UNPACKAGED

- To reduce packaging and avoid waste, you can buy exactly the amount you need of things like spices, tea, coffee, fish, cakes, washing powder, oil, and more.

#SAFE

- Food safety has to be provable and it must be possible to track products from field to fork.
- Ingredients and origins should be clearly stated, and there must be proof to back up what it says.

#VEGAN&ORGANIC

- A vegan range that's meat- and dairy-free but still delicious.
- A wide product range so you can make an organic meal from starter to sweet.

#SIMPLE

- Complete balanced menus that are weighed, packaged, and ready in 5 minutes!
- And what about having a chef prepare my dish right in front of me?

#LOCAL

- Regional products boost the local economy and cut down on the carbon footprint.
- Products sourced from small producers, who perpetuate traditions and look after nature.

THE BIRTH OF A MOVEMENT THAT WANTS TO – AND CAN – CHANGE LIVES

Yes, the world is changing – and Auchan Retail has vowed to be its favourite retailer. Our Vision 2025 “Auchan changes lives” sets the course. The goal is very ambitious: to enable the 8 billion inhabitants of our planet to live better. We’re in it for the long haul.

APRIL 2017 saw the beginning of a huge new movement, as Auchan Retail rallied its 350,000 employees and its stakeholders across 14 countries around “Campaigners for Good, Healthy and Local” – and signed up to its first concrete pledges.

- > **For its customers**, Auchan Retail will revisit all its own-brand products and share the keys to living better.
- > **For its employees**, it will become a benchmark for wellbeing in the workplace.
- > **For society**, it will fundamentally harness its energies around eating well.
- > **For the planet**, Auchan Retail will elevate itself into the top 3 socially responsible food retailers.

ONE YEAR ON, the movement is consolidating with the enthusiastic involvement of our staff, and the first changes are plain to see. Panels of scientific experts are helping customers better understand preconceived ideas about food and nutrition. Responsible supply channels are bringing on board the agricultural sector across 3 continents,

and Auchan Retail France made a commitment to balanced trade relations with producers at France's National Food Conference.

Auchan Production staff in every country are making good progress with reviewing the recipes of Auchan brand products. In France, the Nutri-Score label – applauded by the scientific community and recommended by the French Ministry of Health – helps customers choose healthier products by setting out their salt, fat and sugar content. Food-related departments are becoming the main draw within supermarkets and superstores. The *La Vie en Bleu* (Life in blue) programme gives customers and staff top tips on healthier eating, getting more exercise and taking care of themselves. The weed-killer glyphosate has been taken off the shelves for good in France, and permaculture has arrived on planet Auchan Retail. New-generation retailing is under way!

**We're better together!
Auchan Retail is working
hand in glove with its
ecosystem in each country
so results are faster and
more effective.**





FOLLOW FOOD DOWN THE CHAIN, FROM FIELD TO FORK

The "responsible supply channel committed to your wellbeing" was born in France, and it sets the tone for new-generation procurement that puts local suppliers first. The movement Campaigners for Good, Healthy and Local has taken the idea and run with it – and it's spreading fast.

The "responsible supply channel" is a long-term partnership concluded between Auchan Retail, the farming world and food processing operators, aimed at delivering a clearly defined product and to moving forward together. This supply model secures procurement by guaranteeing local producers a steady volume of sales. It reassures consumers by offering total traceability of products and an assurance that they're healthy. The delicious and exclusive products this model provides will boost the appeal of Auchan Retail.



Auchan Retail changes lives in Russia!

Auchan Retail Russia's meat supply chain is a means to fulfil the dual commitment to guarantee consumers traceability of quality meat, and offer farmers guaranteed outlets for their products. The newly built 14,000 m² meat-processing plant will be supplied by local pork, poultry, rabbit and beef farmers under contract. A logistical framework is in place to manage deliveries to the stores, and consumers will have a QR code on product packaging tracing it all the way back to the farm – it's a model that changes everyone's life.

Tambov, 450 km from Moscow
€50 million invested
200 tonnes of meat per day within 5 years

A VIRTUOUS PROCESS

The model was invented in France with the veal farmers of the Aveyron and Ségala region. Auchan Retail came up with specifications for its responsible supply channel, resting on four pillars: choice meat, respect for the environment and animal welfare, respect for working conditions, and a sharing of value between everyone involved. The model began to be actively rolled out in 2014, and three years later there were 59 such supply chains in France, while Spain, Italy, Portugal and Hungary have followed suit and Russia is to set up its first supply chain on the same model.

CAMPAINING TOGETHER

The responsible supply channel is a shared venture. It brings together all three parties – farmers, food processors and the Auchan

Retail team – right from the drawing-board stage. A chain is approved after a hearing with the Auchan Retail Supply Chains Committee that meets once a quarter (50% of members are independent experts). The three-party candidate team presents its case and provides samples for the Committee to taste.

ALL OVER THE WORLD

Each country has its own agricultural practices, and Auchan Retail adapts to these. The framework of each supply chain is set out on a by-country basis. Local regulations and Auchan Retail's non-negotiable imperatives form its foundations. Differentiating factors (no GMOs, for instance) are added, and longer-term objectives drive the progress of each supply chain.



“They wanted to help us defend our honey.”

Francis Peyrac, beekeeper, France

Between them, this collective of 110 beekeepers – whose regional and floral honeys include Provence lavender and Aveyron chestnut tree – account for 10% of France's honey production. The cornerstone of their supply chain is 8 honeys from different terroirs. If one of them runs out because of particular weather conditions, the others will fill the gap so that Auchan's shelves always stock French honey, come what may. “Auchan Retail were proactive in this, they wanted to help us defend our honey,” explains Francis Peyrac. “We found a true partner in them, someone we can talk to about the real problems beekeepers face – including the risk of not having enough stock.”

“We make Iberian charcuterie like our ancestors used to.”

Simón Martín Bernardo, Iberian ham producer, Guijuelo, Spain

The Spanish supply chain provides a limited production of sausages, hams and shoulders of “acorn-fed quality” from free-range pigs who are mainly fed on acorns. We now have over 100 products showcasing the authentic flavours and admirable know-how of our Spanish SME partners – an expertise that allows them to “make Iberian charcuterie like our ancestors used to,” as Simón puts it.

“We’re building up a varied, high-quality offer for the long term.”

Sylvain and Laurent Tamisier, fruit growers, L'Isle-sur-la-Sorgue, France

Apples, pears and plums are grown in fully organic orchards with lengthy selection processes in a bid to create exclusive Auchan Retail varieties. This is the secret behind Selena pears and Jujuve apples, which – just a year ago – were elevated to join the ranks of the official supply chains. “Ethically, we believe firmly in organic cultivation,” asserts Sylvain Tamisier, “and we're one step ahead of the game. We burn spoiled fruit to heat the seasonal workers' accommodation and the greenhouse growing organic exotic fruit – it's a first in France.” Certainly something to inspire future Auchan supply chains.

“We want to be recognised in the premium ultra-fresh segment.”

Tomek Karapuda, organic fish farmer, Dreżewo, Poland

Poland joined the movement in 2017 and set up 5 very different supply chains in the space of a year: pork, free-range chickens, cheese, salmon and tomatoes. They fulfil high-quality criteria and are produced 100% within the country by producers committed to environmental and social progress. Tomek is now starting a new organic fish farming supply chain. He says: “Collaborating with Auchan Retail will enable us to get into a rare category that's very sought after by customers, and to gain recognition in the premium ultra-fresh segment.”



100 RESPONSIBLE SUPPLY CHANNELS created each year in the 14 countries, and a QR code to trace food right back to the seed and access 1,000 recipes to get it onto the plate – that's Auchan Retail's campaign promise to its customers.

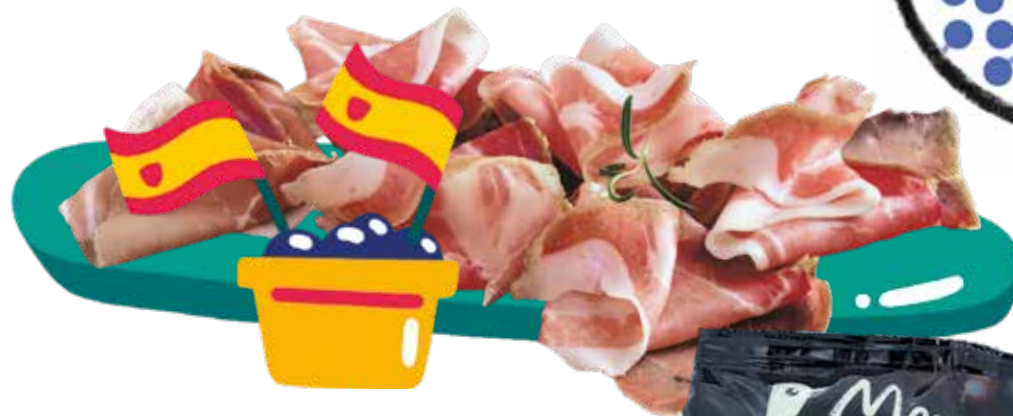
AUCHAN PRODUCTION, CAMPAIGNING AND EXCLUSIVE

All the own-brand products are being reformulated in every country to put good, healthy and local products at the heart of our ranges and build the best worldwide sourcing framework.

In each country, an Auchan Production team liaises with catering experts and leading-edge food processing operators to design, test and approve the brand's own-label food products. There are budget lines offering quality that's equivalent to the big national brands, and organic and regional ranges with scents and flavours that showcase local talent and bring it to a worldwide audience, thanks to Auchan Retail.

IN THE NAME OF WHAT'S HEALTHY

Auchan Retail is committed to revisiting every one of its own-brand products with the help of a panel in each country made up of medical experts including nutritionists, oncologists, allergy specialists, toxicologists, psychologists and sociologists. Together they scrutinise the ingredients, nutritional values, additives and preservatives in all the national own-brand products, which are then reformulated one by one in line with the panel's recommendations.



“*Bœuf Bourguignon à la Auchan* means not only a signature flavour, but ingredients sourced 100% through the brand's own supply chains.

Pierre-René Tchoukriel



AUCHAN PRODUCTION IN A FEW COUNTRIES

In France the team consists of 80 people, a mixture of product managers, quality engineers and packaging designers. “We’re the ‘enforcers’ of the selection,” explains Pierre-René Tchoukriel, Product Director of Auchan Retail France. Vision 2025 now informs their methodology. “Each Auchan branded product is part of the Auchan Retail campaign – it’s good, healthy and local. The other products around it are complementary, bringing a specific added value, such as an iconic brand or a unique recipe.” They’ve been engaged in this crusade for a year now: “In France, we revisited 400 products in 2017. In 2018 we’ll tackle 1,500, and over 4 years we’ll get through a total of 6,000 – complete with recipe and packaging!” They’re taking the opportunity to build bridges between the supply chains, with one ultimate goal in mind: “*Bœuf Bourguignon à la Auchan* means not only a signature flavour, but ingredients sourced 100% through the brand's own supply chains.” Russia entered into the spirit of the campaign in early 2018 by launching a range of premium and exclusive Auchan-brand chocolate: 12 references featuring unique recipes made from cacao beans rigorously selected from different regions of the world.

A WORLD OF FLAVOURS

Each country offers the best of its local foods, from the flavours of Italy to the traditional dishes of Vietnam. Sharing this bank of information opens up horizons for a range of food that's truly global – giving a window onto the very best of the world's terroirs, changing the lives of Auchan Retail's customers as well as its suppliers, who gain a conduit for exporting abroad. And in Italy Auchan Retail is exporting more than 1,300 product references from 150 SMEs to 27 countries.





A LEADING ROLE FOR FRESH FOODS AND FOOD ARTISANS

At the heart of Auchan Retail's campaign, of its new-generation supermarkets and superstores, and of the reinvented customer experience, are the fresh foods and delicatessen products, and the people who lovingly craft them – the “food artisans”.

Campaigning means standing up for what you believe in. Auchan Retail has incorporated food artisans into its management at global level, so as to make more difference than ever. How? By reinventing the customer experience within its stores through more of an active focus on fresh “deli” foods – demonstrations and displays where you can watch and learn – and also through offering home delivery of its fresh artisanal foods.

“ Every day I show customers how to cook up balanced dishes, using products taken directly from the store. Word is spreading further and further afield among local office workers at lunchtime. ”

Jonathan T.,
Auchan Supermarket, Lesquin, France



COOKERY IN THE HEART OF THE STORES

Here's how Alain Fretellière, Director of the Fresh Foods Section, explains it: “It all goes back to the ‘eater’, the person who eats the food. That's who Auchan Retail is now addressing, and that person is at the centre of the way we organise things.” First, people have to be reassured about the origin of the products. “The whole point of our responsible supply channels, and what makes them so interesting, is how they link the eater to the seed.” The next step is to get the food onto their plate. “We have to extend the scope of our food departments, from the raw materials presented instore to cutting them up where the eater can see and even turning raw ingredients into a meal right there in front of them.” Which naturally brings us to cookery classes in the stores, and remotely. “To enrich people's experience of food, there's nothing like bringing customers closer to Auchan Retail's food artisans.” Their lively counters become a main attraction within stores, and with pathways leading to qualifications, the butchers, fishmongers, bakers and pastry-makers are elevated from “apprentices to culinary artists”.



MEET AN “ARTIST OF THE TASTEBUDS”

The fresh food and deli counters are the locomotive force at the Kirchberg hypermarket in Luxembourg, and Georges Legac, head of the fish department, is a recognised star of the trade. A trained chef, he's passionate about his products, and the display on his counter is mouthwatering. Georges is a native of Brittany who sources his fish directly from fishermen who put aside the pick of their catch for him.

There are fish to suit every budget, from the least costly to premium quality – he even supplies Michelin-starred restaurants. Another secret to Georges' success is how well he knows each customer, so he can call and let them know when their favourite fish has just come in. “Some of my customers will drive an hour and a half to come and buy their fish from me!” Those giant online food retailers have met their match in Georges!

“ Some of my customers will drive an hour and a half to come and buy their fish from me! ”

Georges Legac,
Auchan Supermarket,
Luxembourg





AT THE WOK, DIEU THAO IN PERSON

In Vietnam people eat everywhere and at all hours. Auchan Retail wants to become the best caterer in the country by offering good, healthy and local dishes cooked with fresh ingredients, live in store. Vietnamese star chef Dieu Thao is devising 90 dishes and running a one-year programme to train Auchan Retail's catering teams through online seminars and practical exercises at the instore stoves. The taste for fresh ingredients and eating well is being developed everywhere. In Taiwan, the cookery classes delivered by eminent chef Fenny Kuo in the Pingzhen, Zhongli, Bade and Neihu stores have drawn more than a hundred customers.

WIDENING THE FIELD OF POSSIBILITIES

Our food and catering professionals have embraced their mission of exploring fresh ways for consumers around the world to enjoy food. The garden department can now sell you pots of ready-to-grow vegetables. A smoothie bar shows you new ways of enjoying fruits and vegetables. Flash tastings of oysters from different regions give you time to chat with the fishmonger and pick up some connoisseur tips. You can get a dish prepared on request, with the ingredients you just bought in the store. In the future, we'll even take orders instore for our Auchan Retail chefs to prepare dishes that we'll deliver to customers in their homes.

THE READY-TO-COOK BASKET: GOOD, HEALTHY AND AFFORDABLE

In the Faches hypermarket in France, Auchan Retail dietician Chloé devises balanced and delicious recipes, gathers up the ingredients around the store, and makes up ready-to-cook meal baskets that feed two or four people. All the ingredients you need including the fresh produce, the recipe and a few top tips are in the bag. All you have to do is cook, then enjoy.

CHEF THAO'S SECRETS

Tofu with sauté mushrooms and oyster sauce (feeds 4)

Ingredients

- 100 g black fungus
- 100 g tinned tomatoes
- 10 g Chinese Shacha sauce
- 100 g leeks
- 50 g chopped onions
- 30 g oyster sauce
- 20 g tapioca flour
- 6 g vegetable sauce base
- 800 g tofu
- 20 g soy sauce
- 20 g annatto oil
- 200 g oyster mushrooms
- 30 g red pepper
- 250 g carrots
- 10 g sesame oil

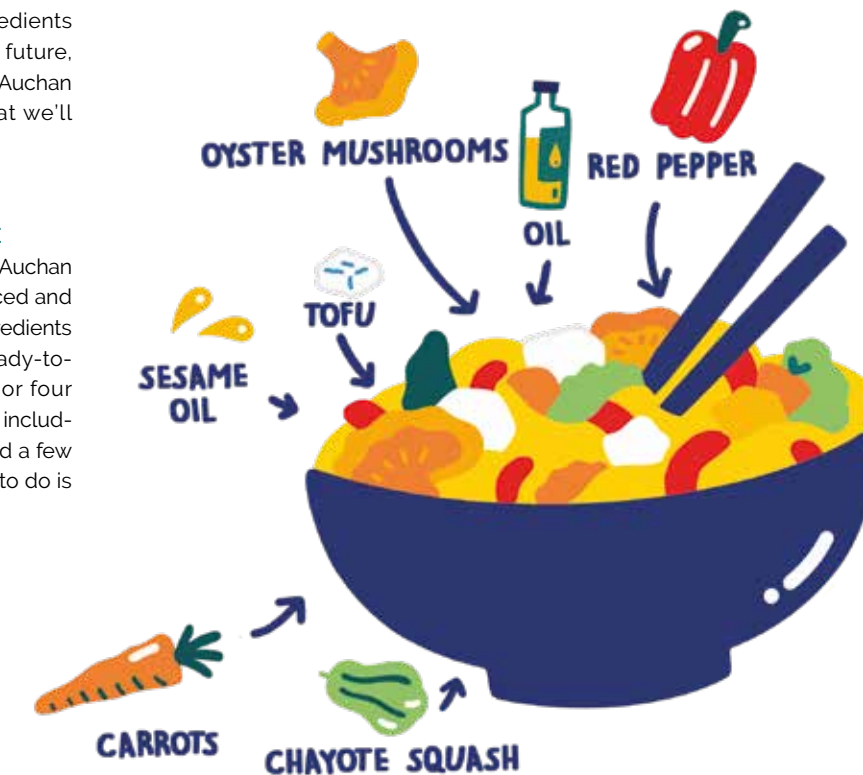
For the stock

- 200 g jicama or yam beans
- 500 g oil
- 200 g chayote squash
- 200g turnips

Preparation

- Cut the vegetables, then cook 15 l of stock for 30 min
- Split the oyster mushrooms and mix with soy sauce, oyster sauce, Shacha and vegetable sauce base
- Cut the tofu into cubes, then fry for 10 min
- Sauté the grated whites of the leek in annatto oil
- Add the oyster mushrooms and 100 g of stock, and sauté for 3 min
- Sauté together tofu, carrots, red pepper, black fungus cut into strips, onion, tomatoes, and 100 g of vegetable stock for 3 min
- Add the oyster mushrooms to the pan 2 min
- Add tapioca flour
- Add the sesame oil and cook 10 min
- Add the chopped leek greens 2 min

All the ingredients are available in Auchan Retail's Vietnam stores.



A MOUTHWATERING EXPERIENCE IN OUR STORES

In Vietnam, Taiwan, France, and right across the world, we keep coming up with fresh ways to put good cuisine at the heart of our stores. From cookery classes by acclaimed chefs, meal baskets specially put together by dieticians, to tasting sessions, Auchan Retail is opening up its aisles to the new style of consumption – easy, and delicious.

SAVOUR LIFE... IN BLUE

A selection of products, a coaching app and personalised advice – Auchan Retail's *La Vie en Bleu* programme helps customers take charge of their health in all countries and across all formats.

Health tips

TRY DIFFERENT OILS TO RING THE CHANGES

Using a variety of oils in your cooking ensures you get your fill of the omega fatty acids the body needs to function properly. Choose from olive, walnut, soya, grapeseed, sesame, coconut, and many other oils to put some extra zing in your dishes!

“
Changing eating habits
is a courageous and useful
thing to do. It's a first
big step towards changing
people's lives.
”

Zacher Gábor,
toxicologist, member of the panel
of experts in Hungary

“
Auchan Retail's
approach
is ambitious
and interesting,
because
it's voluntary.
”

Professor David Khayat,
oncologist, Honorary President
of the National Cancer Institute, Paris

“
My first nutrition
assessment said my dietary
balance wasn't great. I showed
it to the kids, and together
we made some changes
to our weekly shopping list.
Our score's improving now!
”

Marta V.,
customer, Spain





BLUE LABEL PRODUCTS FOR ALL

Who has the time and patience to decipher the lists of ingredients written in tiny letters on the packaging, especially when the wording is only intelligible to clued-up nutritionists? Auchan Retail got together with a panel of independent experts to do the job for its customers, going over every single product on its shelves. Now you can easily spot the products that offer the best nutritional value in each category, because we've labelled them in blue. Neither the brand name nor the price enters into the equation. Over and above their nutritional value, Auchan Retail also pledges not to give a blue label to any product with controversial ingredients, such as GMOs, palm oil or glutamate. Blue Label products are easy for customers to find. The label becomes part of their purchasing criteria and incites us – and our suppliers – to drive forward this virtuous process, and not get left behind. In Poland, for instance, the Blue Label selection was rolled out in all stores in summer 2017. The initial line indicated 210 products in the hypermarkets and 120 in the supermarkets, including 25 Auchan brand items, and the selection is constantly expanding so people can eat even better.

THE COACHING APP FOR EVERYONE

What if your till receipt was a key to better eating? In this era of big data, it can be! The Auchan app's *La Vie en Bleu*

programme analyses the health impact of each product you purchase and sets out its nutritional profile. Then you receive personalised advice for ways to improve the whole family's eating habits, along with encouragement so it gets easier every day. This free health coach also informs you about products to avoid if you have any of the food allergies established to date. It's been tested and taken up in countries including France, Hungary, Ukraine, Spain and Taiwan.

AND THERE'S MORE...

A Blue Label section is directly accessible on the French online shopping website auchandirect.fr. There are tips for eating better, taking more exercise and looking after yourself, broadcast on the auchanetmoi.fr website and on TV through short programmes that go out in several countries. In France they're presented by Dr. Michel Cymès, who's been France's favourite TV personality for the last 4 years. Thousands of posts are there to be shared on Instagram, and the Auchan Retail Data team has designed a new algorithm so customers can have personalised offers emailed to them singling out 3 products among their top picks. French and Hungarian customers already enjoy these extras.

.....
Health tips

LESS SALT, MORE FLAVOUR!

Paprika, cardamom, curry powder, nutmeg, turmeric – spices are an excellent substitute for bringing out the flavour of certain dishes, and also offer loads of health benefits.



GMOs, PALM OIL, GLUTAMATE, sweeteners, azoic dyes, trans fats, glyphosate – today Auchan's own brand products say stop to controversial substances!

CHANGING LIVES ON OUR PLANET

ETHICAL FISHING

Aquaculture is a way of preserving our ocean resources. True – but did you know it takes a third of the world's fish catch to feed farmed fish? Auchan Retail and InnovaFeed joined forces to come up with a way of replacing wild-caught fishmeal with insect meal, and in early 2018 this led to a responsible supply channel for farmed trout. Early results show that these fish have firmer flesh, are healthier, and put the real taste of fish back on your plate.

PESTICIDES

By 2020 Auchan Retail will offer a complete range of fruit and vegetables guaranteed to contain no pesticide residues. To achieve this, producers are going to have to diversify the flora they plant, and preserve wildlife. This minor revolution began with 8 different types of citrus fruits, marketed in 4 countries: France, Poland, Romania and Spain. Vegetables are next, with peppers, aubergines and cucumbers – and more to come in 2018 and 2019, with a target of 50 in total. This ground-breaking "zero pesticide residue" supply chain could amount to as much as 140,000 tonnes in volume by 2020.

ANTI-WASTE

It's now 10 years since Auchan Retail began its worldwide crusade against food waste, ranging from donating products, used for millions of meals, and offering products sold loose to cut down on waste, to raising awareness among staff and customers and Auchan Retail France's joint production of a MOOC aimed at the general public, showing people how they can combat food waste. Auchan Retail is taking waste recovery to another level, installing an anaerobic digester for organic matter in its Haimen store in China. Every day, 700 kg of waste is transformed into fertiliser and biogas – that's the equivalent of 310 kWh of green energy!

COMING SOON...

Market garden areas in hypermarket car parks.



-4.5%
Electricity
consumption per m²
of floor area

64%
Waste recovered
at hypermarkets

12
Auchan Retail countries
have already
stopped giving out
free plastic bags
at the tills

+16.7%
Weight of
Auchan Retail
waste sorted
worldwide

100%
of stores
offer products
sold loose

Figures at 30 September 2017.

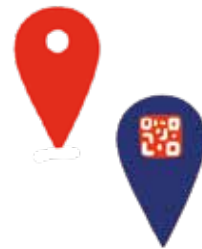
MULTIF ORMAT & PHY GiTAL

With so many ways to shop – online at midnight, in a hypermarket on a Saturday, at all hours in automated ministores, or just popping downstairs to the My Auchan convenience store to sample some newly arrived Iberian ham – the experience is different every time. The products and services on offer vary, so do the people you encounter and how it makes you feel. This mix is changing lives, and enticing customers to keep coming back.

.....

“
This alliance with Alibaba stems from our shared vision for the future of commerce in China.
”

Wilhelm Hubner,
Auchan Retail CEO



“
By fully integrating online and physical channels together with our partners, we look forward to delivering an original and delightful shopping experience to Chinese consumers.
”

Daniel Zhang,
Alibaba Group CEO



ALIBABA ALLIANCE DRIVES RETAIL FORWARD

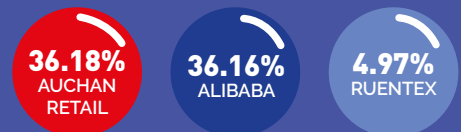
We see huge potential for this alliance, which offers Chinese consumers a new way of shopping that perfectly blends their online and offline experience, while also acting as a proving ground that all the other Auchan Retail countries can learn from.

The announcement made the headlines because of the scale of the deal between these 2 heavyweights, which have more in common than you might think. Here are 2 leaders joining very complementary forces. Auchan Retail is China's No.1 bricks-and-mortar retailer, with 490 Auchan and RT-Mart hypermarkets in 224 cities. Alibaba heads the digital retail league in China, and the alliance is founded on 2 converging corporate visions. Alibaba's New Retail strategy and our Vision 2025 "Auchan changes lives" both position the future of retail in a place where physical and digital are in perfect harmony, underpinned by data. The single-minded aim is to offer a seamless shopping experience that's personalised and considerate. It's an eminently strategic alliance for both partners, who intend to build the foremost phygital food retailer in China – home to the world's largest market for food. It will enable Auchan Retail to accelerate its digital advance in China, to develop cutting-edge offline/online solutions based on Alibaba's digital platform and ecosystem, and to get to know its customers better through use of data.

Auchan Retail should attract Chinese customers eager for this new state-of-the-art shopping experience, with its stores' catchment areas counting 600 million people within a 3-km radius. China will also serve as a life-size laboratory for developing new-generation retailing, and lessons learned there can be applied in all the other countries.

AUCHAN RETAIL MAIN SHAREHOLDER IN SUN ART

Sun Art is China's dominant multiformat food retailer, with 525 stores in 224 cities including 461 hypermarkets under the RT-Mart and Auchan banners, and Auchan Minute outlets. To seal the alliance, Alibaba has acquired a stake in Sun Art through buying up shares initially held by Ruentex, while Auchan Retail increased its holding to become the main shareholder.





KNOWING WHAT OUR CUSTOMERS WANT

Auchan Retail now operates a "multiformat phygital" model, meaning our 4 physical bricks-and-mortar retail formats are augmented with e-commerce to provide a reinvented shopping experience that matches up to what customers want.

APART FROM PRODUCTS, WHAT DO CONSUMERS REALLY WANT?

Nowadays customers don't follow a linear buying path. They mix'n'match formats to suit their mood, their needs, and how much time they have. They're harnessing digital technology to become omnichannel and are eager for their shopping to be hyper-personalised. That's what's driving one of the most significant transformations at Auchan Retail, which is giving each format its own purpose in a fluid online/offline blend that makes customers feel at home wherever they are in the world, under a single, connected banner.

A CHOICE OF FORMATS

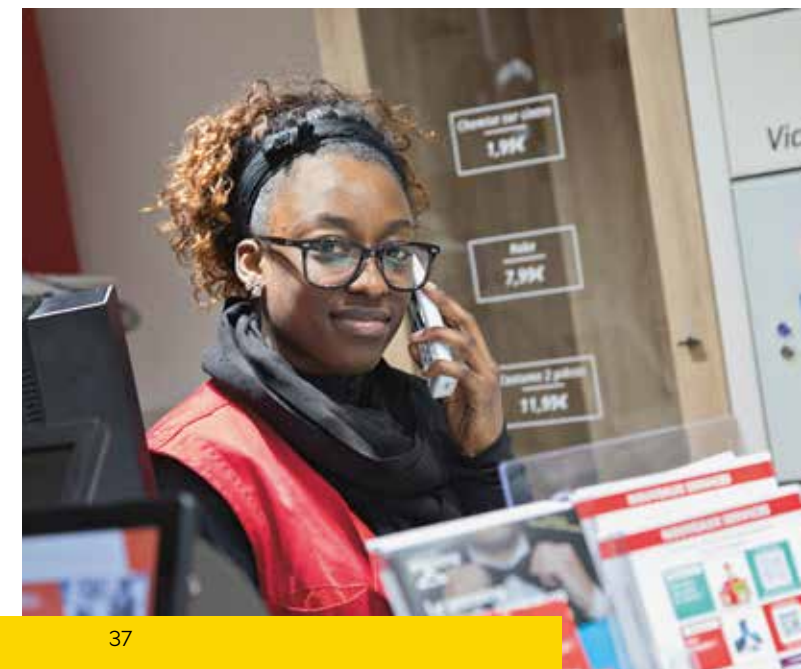
Auchan Retail is making its priorities concrete. At the end of 2015, only 5 countries offered more than one format. By the end of 2017, all 14 countries were multiformat, and our focus



on convenience had moved to the fore – 84% of the year's 186 store openings were convenience stores and brought Auchan Retail's estate to 2,650 stores in city centres, close to people in their everyday lives.

A BRAND OF SUBSTANCE

All of Auchan Retail's stores are converging in a single retail brand per country, augmented with digital channels under the same banner: Alcampo in Spain, Awah in Russia, RT-Mart in Taiwan, and Auchan in France, Italy and Senegal. At the close of 2017, 26% of stores that were required to rebrand had transitioned to the new single banner, and momentum is increasing – 50% will have completed their changeover by the end of 2018. Each store that makes this strategic switch undergoes a total refurbishment and an overhaul of its offer (more focus on fresh produce, dishes prepared or cooked from scratch on site, snacks to go, etc.) and of its range of services like Click & Collect, pick-up locker stations, and IT support. Results are promising: this convergence is generating a significant increase in the stores' footfall and revenue, ranging from 5% to 13%, depending on the country.



100% MULTIFORMAT = 100% LOCAL

We're determined to stay ahead of the retail pack in each country, embedding ourselves as deeply as we can in the fabric of everyday life so we're better placed to answer consumers' needs. Our multiformat model is constantly evolving, augmented by the force of our digital offer.

CONVENIENCE STORE / the daily stop-off

These 200 to 500 m² stores are sited in neighbourhoods with the liveliest buzz and aim to satisfy people's daily requirements. They offer unexpected treats like dedicated display islands showcasing rotisserie products or snack foods, a corner selling staples by weight, and a choice line of beers, along with all the services that make life easier, such as home delivery and the full Auchan Retail range available online.

SUPERMARKET / the efficiency of self-service

Offering a wide range of foods alongside everyday non-food products, this format provides between 500 and 1,500 m² of self-service aisles. The shopping experience is enlivened with soup and apéritif bars, bottles of oil or washing detergent that you refill yourself, and of course the full Auchan Retail range available online.



SUPERSTORE / like going to the market

Across floor areas ranging from 1,500 to 5,000 m², food professionals enliven the counters of fresh fare with their passion for the products they're showcasing. You can also get seasonal non-food items, beauty advice and wine suggestions tailored to you, with home delivery within a local radius and of course the full Auchan Retail range accessible online.

HYPERMARKET / the unabridged experience

Auchan Retail's first and biggest format lays out the brand's full, XXL product range alongside its latest innovations across floor areas of up to 30,000 m², where the products sold under the digital banner are also on display.

In 2017 the acquisition of Ukrainian distributor Karavan consolidated Auchan Retail's foothold in the country by bringing its total presence up to 24 hypermarkets and supermarkets in 9 cities. In Senegal, the 9 Citydia supermarkets in Dakar were bought up so the brand could embed itself more deeply in the country. 15 My Auchan stores opened at Petrom service stations have put Auchan Retail in the daily path of Romanian customers.



AUGMENTED WITH DIGITAL

In this phygital age of bricks-and-mortar dovetailing with digital, our stores take on new roles as well as being destinations offering a reinvented shopping experience. Hypermarkets become the logistics platform for nearby convenience stores, superstores have order pickers selecting fresh foods for home deliveries, and convenience stores double as collection points for the full Auchan Retail range.

> From virtual to IRL

O2O (online to offline) means enticing online buyers to come into the stores so they can enjoy tastings and tips, product trials, and home deliveries direct from the store. Making it real gives the customer a richer experience, putting people at the heart of new-generation retailing. It's a practice we're developing in China and France.

> Fresh foods delivered within the hour

In China the RT-Mart Fresh service delivers fresh foods and consumer packaged goods in under an hour to homes within a 3-km radius of the shop, and the customers love it. At the end of 2017, the pilot store counted over 1,000 customers a day – ordering 50% fresh foods – and 1 million downloads of the app. The system is based on instore order picking, with products conveyed from point to point through the ceilings. This success is encouraging Auchan Retail to roll it out in China and some other countries it operates in.

> Thousands of products just a click away

2 million people living in and around Budapest can now get home delivery, and Auchan Direct Hungary is changing lives by offering 20,000 products right to their door.

> Click & Collect

Ordering online and going to pick up your shopping instore has become standard practice thanks to Click & Collect, which is now available in all 14 of Auchan Retail's operating countries. In Russia this is what happens with 85% of online orders, and France's biggest Click & Collect puts 250 pick-up lockers at the disposal of auchandrive.fr customers.



The pilot store opened in the Yangpu neighbourhood of Shanghai in summer 2017 and a mere 6 months later, there were already 182 Auchan Minute stores around the country.

Auchan Minute is a trailblazer illustrating the many facets of Auchan Retail's transformation.

WE'RE TAKING A NEW STANCE towards our customers, as a new-generation retailer. Auchan Retail is getting closer to people. In China the plan is to locate Auchan Minute stores within a 3-km radius of hypermarkets in such a way that consumers on foot come across the banner every 7 minutes! The concept is a visual means of embedding the brand in the locality and placing it in the path of people going about their daily business. It gives Auchan Retail a simultaneous

presence in today's digital flows and revisited physical flows.

BEING ABLE TO ADAPT TO THE LOCAL CHARACTER is the other key to this project. Chinese consumers are hyper-connected, very used to 24-hour retailing, and enthusiastic early adopters. Some 800 million Chinese people are on WeChat and 22% of the population uses their smartphone to pay through Alipay. To keep up with the pace of innovation in China, Auchan Retail teamed up with Chinese partners like multimedia specialist Hisense, who designed, developed and manufactured the retail containers and will oversee their maintenance. The speed of the rollout was down to Hisense's agile approach to design.

chan
minute



TRYING OUT THE STORES OF THE FUTURE

Each country has an Audastore for each format, which is like a laboratory trying out the innovations under development. This is where the augmented shopping experience that is set to change people's lives is taking shape.

Studies have proved that stores are still the prime buying channels for everyday shopping. Auchan Retail decided to put them back at the heart of the experience, with each format playing a key role again. The Audastores are hard at work in Spain, Vietnam, Romania, Hungary, and elsewhere. They're analysing consumption trends, prototyping, testing and developing, and

rethinking store layouts, products and services from every angle. Nothing is sacrosanct – staff are deconstructing all accepted truths about the store format and rebuilding it from the ground up. The goal is to create a retail and community space centred around delicious food and conviviality, where there are always more opportunities to learn and to connect. Everyone who works in the store gets involved in brainstorming, testing and sharing ideas to come up with the best initiatives that will filter through into the formats in their country. Some of these innovative offers and services can already be seen on the shelves of Auchan Retail across the world.



SPOTLIGHTING THE PRODUCTS

The best of our fresh foods are strikingly showcased in a real market atmosphere: 35 to 50 wild-caught fish delivered each morning, prize-winning specimens cut up in the nearby hypermarket's cool rooms, meat hung on site from 20 to 35 days, 300 cheeses originating from 14 countries, 38 different kinds of tomato! And 30 permanent fresh fruit items, as well as fruit juice freshly squeezed on request. #Luxembourg, superstore



VARY THE PLEASURES

You can pay for purchases wherever you like – in the sandwich and salad section, at the deli counter, or in health & beauty, or in jewellery... So you get to focus on the shopping you enjoy. #Spain, hypermarket



CAFÉ CULTURE

Take a moment to sample ground coffees and rare teas at the counter, have a chat and maybe even learn something. #Italy, supermarket





PERSONALISED ADVICE

In our wine section you will find a vintner who'll tell you about the châteaux and vintages, with some top tips on the best food and wine pairings. The beauty boutique has an expert adviser on hand all day long to help you choose your makeup and show how to make the best use of it.

#France, supermarket



THE BUTCHER'S TIPS

The store may be small, but the help is huge. Get your meat cut to the exact thickness you want, sample a new kind of sausage, and find out what original recipes you can make with it. Moje Auchan bends over backwards for you.

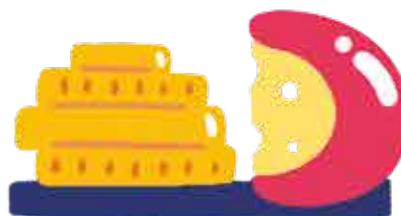
#Poland, ultra-convenience store



AN INVITATION TO PHYGITAL SHOPPING

We have big digital screens above the tills that are visible from the whole shop and encourage people to order online, along with terminals where you can access our entire online offer and get it delivered to your door.

#France, ultra-convenience store



COMFORT IN ALL ITS FORMS

The aisles are wide, the display islands tempting, the low shelving easy to access – and the lively bistro adds new atmosphere to the food and drinks area.

#Spain, hypermarket



ONLINE 2 OFFLINE

Code name: ROPO, or Research Online, Purchase Offline. This immersive experience was developed at the Audastore in Militari. It allows the customer to enter a store virtually, stroll along its aisles, check out almost 3,000 electrical and electronic appliances and read all the technical details, make their selection, click to buy, and simply pick their order up instore when it's ready.

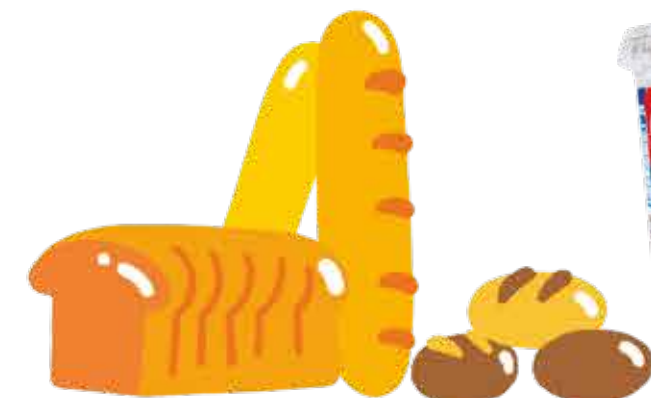
#Romania, hypermarket



FINE FOODS

Enjoy gluten-free, organic and speciality breads or a loaf kneaded by our onsite bakers, along with dozens of products sold by weight including coffees, teas, spices, olives, rice and pulses. We stock foods from around the world – Spanish, Italian, Asian, and more – as well as kosher and halal lines.

#France, supermarket



INSTANT CATERERS

Auchan Retail's onsite cooks make ready-to-eat dishes of the day, and you can also select your own ingredients from the fresh food aisles and ask them to prepare your dish to order.

#Vietnam, supermarket



SPOTLIGHTING THE TALENT

We've recruited dozens of food industry experts and given staff thousands of hours of training to help us better serve and assist our customers.

#Hungary, supermarket

TIME TO TAKE A BREAK

Need a breather between 2 errands, fancy a quick coffee with a friend, or a catch-up with your mum? My Auchan's refreshments corner provides high stools and free Wi-Fi so you can take a break and stay connected.

#Portugal, ultra-convenience store

AUDASTORE HACKATHON

48 hours to invent the store of the future in the 4 formats – that was the challenge set by the first innovation marathon launched in late 2017 in the 14 Auchan Retail countries. Some 160 managers of countries, formats and stores got together in national teams to dream up ways to disrupt retail through inspiring interventions, collaboration, design thinking and coaching. All the countries will put their myriad ideas to use in consolidating Vision 2025 and changing everyone's life, everywhere, every day.

STEPPING UP

We put lots of efforts into our trials and innovations because we want to finetune the reinvented shopping experience. People are already enjoying the fruits of our labour in different countries. Auchan Retail creates loyal customers, they say so themselves.

Russia TOP OF THE LEAGUE

Auchan Retail Russia heads the Forbes list of the top 50 foreign companies operating in the country. That's an accolade to be proud of!

France GOLD PRIZE

Chronodrive scooped gold in the Food & CPG Website category at the 2018 Nuit des Favori e-commerce awards.

France CHATBOT WINS PRIZE

The Mets et Vins chatbot came third in the Best Robot Experience at the Client Strategy Trade Fair.

Ukraine TOP CHOICE

When it comes time for shopping, Ukrainian consumers know what they like. They singled out Auchan hypermarkets as their "top choice"!

Italy THE CHAMPIONS

We do it better in Italy! Our hypermarkets have been recognised for the 3rd year running as offering "best customer service". Meanwhile *Altroconsumo* magazine dubbed Auchan "the country's most inexpensive brand" for the 1st time.

Spain ALCAMPO

The Consumers' and Users' Organisation designated Alcampo "Spain's least expensive chain of distributors" for the 9th year running. Customers are won over by quality at discount prices!

Senegal LEADER

The conquest continues, with Auchan Retail Senegal becoming the country's leading name in modern convenience retail in 2017.

Poland SUCCESS

Auchan Retail Poland is recognised as Poland's leading distributor, with its Cosmia, Mmm! and Krowk brands voted "best consumer choice 2018".

China NEW RECORD

The 48-hour promotion surrounding Singles Day racked up revenue of 356 million yuan from 1.8 million customers – that's the equivalent of 12 normal trading days.

Portugal JUMBO

Jumbo supermarkets won the accolade "least expensive stores in the country" for the 2nd time in a row.

COSMIA UNLOCKS A WORLD OF BEAUTY

The Cosmia team set themselves the considerable challenge of creating a global beauty care brand that respects the codes of each culture – and they did it!

The brand originates in Spain, hence the name Cosmia, short for "Cosmético mia". Beauty is in its DNA, inspiring an international rollout that began in late 2016. Cosmia meets the needs of local people in each of Auchan Retail's 14 countries of operation. There are shower gels and beauty creams for even the most sensitive skins, makeup to suit every shade of skin on the planet, and a third of the products are specially tailored to the individual country and designed with local mores in mind. For instance in Russia, 9 out of 10 customers choose their shampoo for its fragrance rather than how effective it is. Cosmia set about mapping the aromas of the entire globe with one of the world's largest flavour and fragrance houses, Givaudan, to come up with the smells that people all over the world unanimously like, as well as those that are only popular in certain countries.

Cosmia signed partnerships with a select group of 10 European SMEs to design its ranges, deliberately limiting itself to companies known for their innovative approach and stringent quality standards.



There were many technical challenges to overcome, like surpassing legal minimums in product composition, creating one collection with 95% natural-origin ingredients and a paraben-free line, and coming up with imaginative packaging to enhance product presentation. It all adds up to an exclusive experience that customers are clearly satisfied with. The endorsement of dermatologists and toxicologists is seconded by consumer opinion. In 2017, a group of 1,400 customers were involved in tests to compare Cosmia products with an equivalent item by the leading brand on the market. The verdict was unforgiving; unless it at least matched the quality – and still cost 30% less – it would undergo total redesign. Results so far are promising. In under a year, 771 products have made their way onto Auchan Retail's shelves in all countries and across all formats, from the 10 essentials in the ultra-convenience stores to the totality of the beauty care range in the hypermarkets.

Sales in the segment increased by 8% in volume while the market was down 4% overall. And the cherry on the cake for the international team is that Cosmia shower gel is now the No. 1 best seller in its category, ahead of the iconic brands. With Cosmia, the experience of shopping at Auchan Retail just got a good deal more beautiful! The brand is accelerating its strategy of building destinations – a key step in reclaiming supremacy in the non-food segment.

A VIRTUAL TOOLBOX FOR AUGMENTED BEAUTY

> Instore video tutorials showing step-by-step beauty routines.

> A virtual mirror app to create your look, product by product, and get it flawless.

> Blogs to build a community around the brand. Auchan Retail begins a new era in the non-food segment.



771
ITEMS

1/3
TAILORED TO
LOCAL TASTES

14
COUNTRIES



THE SUPPLY CHAIN: THE STRONGEST LINK IN THE MODEL

Being a good distributor begins well upstream of the stores, in an efficient supply chain where logistics, IT and all the various teams work in tandem to deliver the offer without interruption, and on time. Here's how the model works.

Auchan Retail intends to reconquer the non-food segment by advancing on 4 flanks, each with its own brand: Cosmia for hygiene and beauty, In Extenso for clothing, Qilive for electronics and multimedia, and Actuel for homeware and interiors. To ensure the requisite exclusivity, Auchan Retail keeps all the design, production, warehousing and supply logistics in-house by orchestrating a highly efficient global supply chain. Specifications are demanding. On the one hand, mass procurement, often from far away, has to be achieved at best cost. On the other, thousands of different flows have to be handled simultaneously towards all the stores in all the countries, and even directly to customers' homes in the case of online orders. It all calls for incredibly precise management along with infrastructure that's up to the job. By way of an illustration, products in the Cosmia range are shipped from an amalgamated stock in a warehouse that supplies several national markets so it can absorb fluctuations in sales between countries. With such an accurate supply chain, we can deliver several pallets of shower gel to a hypermarket in Russia and



three bottles of raspberry nail varnish to a service station in Romania simultaneously. Our clothing supply chain is just as impressive. It's based on a flow management model that's particularly suited to fast fashion, minimising stockouts and facilitating decisions about how to allocate stock so the stores that are doing brisk business take priority. With a state-of-the-art logistics tool, items can be shipped one at a time in line with actual sales in the store. That way, as soon as a customer buys the last remaining item on the rail, it triggers an alert at the warehouse. A package is prepared and sent to the store, where the garment is directly put on a hanger out on the floor. This added visibility and availability are having a positive impact on results.

THE XXL HUB (FRANCE)

A single warehouse serving 8 European countries, with teams on standby 24 hours a day, 6 days a week, to instantly restock 430 hypermarkets of all formats with the latest In Extenso products – that's Auchan Retail's model for reconquering the fashion world. With a floor area of 48,000 m², 210,000 shelf locations, over 4,400 flow lanes, and 43 new-generation "put-to-light" carts that can prepare up to 8 orders at a time, this warehouse is one of the very rare facilities in the world able to supply so many countries by the item.





ITEMS DELIVERED IN 2017

168 MILLION GARMENTS DELIVERED IN 2017 by In Extenso in 10 countries of the world served by Auchan Retail – that's around 5 pieces of clothing every second.

TOWARDS AUGMENTED RETAIL

Auchan Retail is making the digital revolution its own, introducing new technologies into its business and partnering with agile startups to make shopping a richer and more streamlined experience – thereby changing the lives of both its customers and staff.

THE MAGIC OF CHRISTMAS IN 3D

In Spain and France, the 2017 Christmas catalogue swept children up in the joyful wonder of Christmas thanks to augmented reality. The print catalogue worked in synch with a smartphone app to show the toys described by Santa and his elves, and children could create a digital wish list of gifts, send it to Santa to receive a video response, and also transfer it to an alcampo.es or auchan.fr basket to reserve items in a store or even have them delivered to their doorstep! The experience continued instore – as befits the phygital experience – with a "photocall" that let you have your picture with Santa appearing in 3D. This novel treat was developed by Auchan Retail's Innovation team working jointly with a startup that specialises in augmented reality.

A PERSONAL SOMMELIER AT YOUR TABLE

With Auchan Retail's Mets et Vins chatbot, all you have to do is enter what dish you're eating, your budget, and whether you prefer white, red or rosé, and you'll receive 3 wine suggestions selected by the Auchan vintners and be able to chat with a virtual adviser through Facebook Messenger. Artificial intelligence makes meals with your friends even more of a pleasure.

THE CONNECTED LABEL WILL CHANGE ALL OF OUR LIVES

This totally digital label can currently be used on every single item, simplifying tagging of products on the shelf, making price management more reliable in real time, providing data on stock status and upcoming delivery dates, and saving valuable time for staff. In the future it will have the product's geolocation embedded, to guide customers straight to the shelf and to facilitate order picking for home delivery. It's an important tool for the digitisation of stores, and was jointly developed with a Chinese startup exclusively for Auchan Retail.

THE MYAUCHAN APP – MAKING LIFE RICHER

With intuitive navigation, geolocation, and a single omnichannel customer account, the MyAuchan app has a lot to offer with convenient functionalities like mobile payment, the augmented reality Christmas catalogue, managing your loyalty points, and #La Vie en Bleu health coaching. All this is changing shopping, retail, and the lives of all the family.



PASSIONATE ABOUT PEOPLE

Auchan Retail wants to change its customers' lives and to achieve that goal, its employees' engagement is essential. So we've built our approach around a symmetry of consideration for our customers on the one hand, and consideration for our staff on the other. In roles spanning from the furthest end of the supply chain to the very heart of the stores, our employees are spirited ambassadors for what's good, healthy and local. They're leading the way in dynamic multiformat shopping, driving forward the online/offline blend that is phygital, playing a major role in looking after the planet, and forming the motor behind the Auchan Retail foundations.

KNOWING WHAT OUR EMPLOYEES WANT

Happy employees make for happy customers. To lay the foundations for putting people at the heart of all our actions, Auchan Retail began by asking staff to open up to us. We want to change the lives of every one of them – that's a corporate pledge.

So what do our employees want? Initial ideas were thrown into the ring by a working group of 250 fast-track employees and 250 top managers from all countries. Next, over 15,000 staffers across 3 continents were invited to critique the ideas and add their own input. In 2017 the first Engagement and Satisfaction Survey in Auchan Retail's history widened the consultation to 178,000 employees, giving an insight into

their workplace aspirations. These fed into a design thinking workshop attended by all the HR directors, where they put meat on the bones of our definitive "Passionate about People" roadmap. It satisfies our staff's 3 key aspirations, and sets out the initiatives that were set in motion from 2017 onwards.

- **I want wellbeing,**
it's essential to feel good in your job.
- **I want self-fulfilment,**
to take on responsibility and to grow.
- **I want my job to have meaning,**
to know why I'm working at Auchan Retail, to improve quality of life for as many people as I can, and to be a new-generation retailer.

I WANT
WELLBEING

I WANT SELF-
FULFILMENT

I WANT MY
JOB TO HAVE
MEANING



I WANT
WELLBEING

AUCHAN RETAIL LOOKS AFTER ITS PEOPLE

Like its customers, Auchan Retail's employees are paying more and more attention to their wellbeing and quality of life. The needs of our customers and staff are symmetrical, and we think it's vital to look after both in parallel.

Auchan Retail pledges to safeguard its employees' health exactly like it does its customers', to get to know and recognise each of them as it does each of its customers, and to offer among the best workplace conditions in the industry, in each country. In 2017 we launched a "wellbeing at work" drive.

Staff at Auchan Retail Ukraine and Hungary were the first to benefit from free individual health checks from the age of 40. People can get help with healthcare expenses,

ranging from interest-free loans for any outlay that isn't covered by top-up plans to financing of full health insurance, depending on the country. Staff canteens in Italy and France have introduced the La Vie en Bleu menu, while those in Russia and Poland now hand out free pieces of fresh fruit. There are initiatives to improve the working day, whatever job you're in: cashiers get training in smiling and good grooming, warehouse staff do stretching exercises, work areas are redesigned to be light and bright, and in Vietnam, employees' lives are made easier by a workplace nursery.



QUIZZ, THE HEALTH COACH

La Vie en Bleu, our health programme for customers, has a counterpart for staff called "Quizz". This online learning platform is bursting with tips and recommendations for eating a healthier diet, taking more exercise, and looking after yourself and your family better. It's a MOOC⁽¹⁾ covering 40 topics that relate to the 3 overarching themes, with a lively interface that employs videos and quizzes to engage users. It harnesses the power of gaming to encourage healthy challenges among employees, and gets teams to unite through Auchan Retail's internal fitness and wellbeing initiatives.

(1) Massive open online course.



20,000
EMPLOYEES
LOGGED
IN TO QUIZZ
IN 2017



70,000
VIDEOS
WATCHED



OVER 1 MILLION
QUESTIONS
ANSWERED

I WANT SELF-FULFILMENT

AUCHAN RETAIL OPENS UP NEW HORIZONS

Our staff want to be able to express themselves, learn new things, grow, and have a say in building Auchan Retail's future in parallel with their own. Gaining new skills has an impact on their confidence generally.

In 2017 Auchan Retail made 3 commitments to bring out the best in its people: to give all staff access to an online tool that promotes sharing and sparks ideas; to ensure every employee gets some concrete career development each year; and to widen people's horizons by opening up every single position to internal candidates.

Staff in all countries were eager to sign up to the targeted and career-enhancing training courses that were introduced. The Client is the Boss programme in Vietnam trains all the teams in the best ways to welcome customers when they enter the stores, and how best to serve them while they're shopping. The store school in Ukraine allows employees to complete professional training courses on site and improve their skill set in catering and food trades, which is a realm that Auchan Retail is focusing on particularly. In Hungary, too, more

than 500 food trades apprentices have been trained within the hypermarkets. Luxembourg's leadership training programme takes place among the horses on a stud farm. In China, young Chinese graduates of European schools spend 30 months on the Smart Phygital Programme learning about all the different aspects of retail, to prepare them for the role of hypermarket director or team leader. There were 36 rising stars in the Class of 2017. 2 cohorts had been through Auchan Retail's high-calibre international Auchan Executive Graduate Programme by the end of 2017, adding up to 46 alumni – 54% of them female, and 18 of them young Auchan Retail employees.



EKATERINA, who manages 6 hypermarkets in Russia, tells us about the year she spent being trained in France.

"I joined Auchan Retail in 2008 in my native Siberia as head of the interiors section. A year later, I was heading up the consumer packaged goods department. In 2012, they offered me an opportunity to go to France for a year as part of my professional development. I'd been clear that I didn't mind relocating, and especially that I was keen to learn. I wanted to change the lives of people in Siberia!

"I had 5 months to learn to speak French before I landed up in the Paris-la Défense hypermarket. I worked my way through all the grades, from preparing orders in the meat section to management roles. It was a great experience that opened my eyes to the reality of other trades within Auchan Retail. It also took me uniquely far out of my comfort zone, so I learned the fundamentals and best practice.

"When I got back to Russia, I concentrated on 2 things: product quality, and building a strong team. And when I opened the Kuncevo store in Moscow, I did it differently, as a collaboration with the people in my team. We came up with the concept together, so each member of staff felt really invested and proud of making it work, which is essential if you're going to find self-fulfilment in your job."

“
An added reason
why I want to do
this training is so
that I can contribute
to stimulating my
country's economy.”

”
Abou Soyinka C., 26



“
If I hadn't had
this work-study
option, I'd never
have been able to
take up my studies
again and join
Sup de Co Dakar.”

”
Ciré K., 35



I WANT SELF-
FULFILMENT

SENEGAL, THE GUARANTEE OF A FUTURE

In Senegal, as elsewhere, Auchan Retail new-generation retailing dovetails synergistically with the local ecosystem so consumers get what they want, while staff also find opportunities for development.

Auchan Retail aims to work alongside its partners and the local authorities to make modern retail more widely available, accessible, and in synch with Senegalese consumption habits. The first Auchan Retail store arrived in the country in 2014 with 48 members of staff. There are now 19 points of sale and nearly 1,300 employees in Senegal. Our 2020 target is to have 50 stores in Dakar and the regions, with 3,000 jobs

that we intend to recruit for locally. And here's a heads-up to budding department managers, logistics chiefs and heads of procurement – Auchan Retail Senegal has launched a Bachelor's degree in Sales & Distribution jointly with the Sup de Co Dakar Group, Senegal's first business school. It provides a solid grounding in the field of large-scale distribution, and is delivered as a work-study course – the country's first. Auchan Retail pays all the course fees to make it accessible to every young Senegalese worker, and the mix of theory and practice means that people who are already on the payroll can also get trained. Graduates are guaranteed a job with Auchan Retail Senegal after they complete the course, so the future looks bright for the 17 students in the inaugural intake.

“
This Bachelor's
degree is a
wonderful passport
to working in new-
generation retailing.”

”
Tacko B., 23

I WANT SELF-FULFILMENT

BUILDING NEW COMMUNITIES

There are now 287,000 Auchan Retail employees (excluding China) who regularly connect with each other on Birdy, a tool for collaborative working. It's revolutionising the way they work, but more importantly it brings people together irrespective of their job function, nationality or culture. Life in a community of interest or of fellow professionals starts here.

Auchan Retail Ukraine has harnessed Birdy to reinvent its retailing. The Bakery & Patisserie community unites 131 experts in the trade around shared ideas and practices, showcasing their commercial success and – naturally – their creations. This collective knowledge now reaches way beyond Ukraine's borders, with the community drawing contributions from bakers and pastry-makers in Taiwan and China. People post photos of their work on Birdy and communicate through the inbuilt translation tool, so everyone can progress and share their know-how with colleagues around the globe.

UKRAINE: FROM BOOK CLUB TO CUSTOMER RECOMMENDATION

In another illustration of working to the benefit of all, the book department team in Ukraine's hypermarkets share their book reviews and make recommendations to customers – like in a book club. The uptick in customer satisfaction and revenue in the Ukraine book segment bears out how Auchan Retail is harnessing digital to generate new-generation human interaction.

MANAGER & COACH

Putting people at the heart of what we do means a new managerial style that's more collaborative and customer-focused – setting high standards, making brave decisions, and providing more feedback. This approach fosters a supportive environment, and a great deal of agility and openness. The challenge is to disseminate our new stance across the world, and enable managers at every level to become encouraging – yet demanding – coaches, from the boardroom to the shop floor. It's a big challenge, and the Audateam training programme launching in 2018 is designed to meet it. Combining 3 complementary methodologies – lean management, design thinking and coaching – it centres on improving the customer and staff experience, based on the principle of meeting their symmetrical needs in parallel.

After being tried out in Vietnam, this training will be rolled out across all countries and in the support departments between 2018 and the first quarter of 2019. Management Board members will be the first to receive the training so that it can be productively adapted.



100% OF AUCHAN RETAIL STAFF CONNECTED, with their own digital identity and working on shared collaborative tools. This massive transition is supported by 1,700 training sessions throughout the world and furthered by nearly 14,000 ambassadors.

(1) Excluding China.

**I WANT MY
JOB TO HAVE
MEANING**

RETAILERS WHO ENGAGE IN USEFUL CAMPAIGNS

Our staff want to have a good reason to get up every morning. Auchan Retail offers them a great one: to change the lives of 8 billion people worldwide. We also give them the means to do their bit.

New-generation retailers need to have a good understanding of health and nutrition. Auchan Retail pledges to train every one of its employees in good dietary habits – for their own sake, as well as their families' and customers'. As the brand's frontline ambassadors both at work and in their private lives, they're in a unique position to promote the story and benefits of the products they're involved in selecting and testing.

EMPLOYEE & CONSUMER FOCUS GROUPS

It's almost lunchtime on a Monday, and a focus group is about to do a taste test on some patés in the Budaörs store. 10 or so employees of all levels and backgrounds have volunteered to do a blind sampling and pick out the best products. There's a lot at stake – Hungary heads the Auchan Top 14 for working with local suppliers, with 75% of its suppliers located in the country and who between them account for 96% of revenue. In the corporate products department, staff also test products throughout the year. Their opinions as consumers are vital if we are to continuously improve our offer to our customers. The way it works is simple: any employee who wants to can join a focus group and test the products at home before filling in an online questionnaire. They receive feedback a few weeks later, with the opinions of everyone in the focus group along with suggestions for improving the products.

**From the label to my table,
I can enjoy discovering
new flavours with products
that respect the environment and
allow me to eat a healthy diet.
My favourites are the Auchan
Bio brand and Mmm!, they're
absolutely delicious!**

**Irina P.,
Corporate Products team**





I WANT MY
JOB TO HAVE
MEANING

COMMITTED TO THE LOCAL COMMUNITY

Our "Campaigners Good, Healthy and Local movement" has percolated through into the Auchan Retail foundations' goals, which are being reoriented towards wellbeing and healthy eating habits for youngsters.

From now on, Auchan Retail's original foundation will support community and charitable initiatives that prioritise promoting nutrition and health among its historic target audience, underprivileged young people. Each country is free to act in line with the conditions its people face on the ground, and all staff are encouraged to get involved in community work or charitable actions. They may use their work time for this – up to one day per quarter from 2018 onwards.



AUCHAN'S YOUTH FOUNDATION in fine fettle

Now 20 years old, Auchan's Youth Foundation is embarking on a new crusade to promote good and healthy food across 13 of the Auchan Retail countries. Initiatives under way include a vision screening programme for underprivileged children in the Sibiu region of Romania; a new vegetable garden in a care facility for disabled children near the Nowy Sacz store in Poland; lessons in healthy lifestyle choices for the residents at the Castelo Branco Children's Home in Portugal; menu reviews for school canteens in Kiev, Ukraine; and our first project in Vietnam: 33 employees at the Luy Ban Bich store in Ho Chi Minh City are teaching children about healthy nutrition.

2017 OUTCOMES: 668 projects supported for a total amount of €700,000 to benefit more than 14,000 young people across the world.



ноКоренне
Ашан

THE AUCHAN GENERATION FOUNDATION in the heart of Russia

Russia's Auchan Generation Foundation was set up in 2011 to support children in difficulty, encourage people to take up sports and to promote training for the retail trade across the country. Vision 2025 is totally aligned with these goals. In Siberia, a new sports track at the Omsk residential facility promises to get its 213 young inhabitants moving. The "master pastry-maker" contest organised in 8 Russian hypermarkets attracted 96 student participants from 32 schools, with the winning establishments taking home kitchen and cookery equipment prizes. For the 5th year running, 80 Auchan Retail Russia employees shared a great adventure for the tastebuds with 165 young orphans from the Moscow region during "The World Around Us" summer camp.

2017 OUTCOMES: 74 projects supported for a total amount of over €1 million.



le goût du partage
Fondation d'entreprise

THE TASTE OF SHARING FOUNDATION in French supermarkets

The people who work in Auchan Retail France's supermarkets are experts on food, and the Taste of Sharing Foundation helps them share this know-how with surrounding communities. It might be by financing a cooling unit for local disabled residents, so they can cook their own meals. Or perhaps making videos to show people with mental impairments how to prepare recipes. The community café Le Fait Tout in Montreuil-sous-Bois, near Paris, promotes a nutritious diet, while Metz's café-restaurant works with socially excluded people and promotes local produce. The Foundation contributed to the cost of both these organisations' stoves. Solidarity and inclusion are the Foundation's watchwords, and it works with community gardens, cooperative low-cost grocery stores, and food parcel distribution to build a new spirit of solidarity around food and nutrition.

2017 OUTCOMES: €180,000 of support to 27 non-profits across France and 114 hours of skills-based sponsorship.





I WANT MY
JOB TO HAVE
MEANING



SUPPORTING SOCIAL PROGRESS

Auchan Retail set up the Weave our Future (WOF) Foundation in 2014, determined to make a lasting contribution to bettering living and working conditions over the long term for factory workers and their families in developing and emerging economies, particularly in the garment industry.

Weave our Future is the only organisation of its kind to be set up by a retailer. It's intended as a kind of small-scale social laboratory that can rally others – factory owners, for instance – to its cause, so as to achieve concrete, sustainable improvements in living and working conditions for as many people as possible. It's active in the fields of health, welfare, training and mediation.

In Vietnam, for instance, the "Phu Nu" (woman) project coordinated by GRET⁽¹⁾ facilitates dialogue between the workers and their factory HR managers, their landlords and social services, responding to the workers' needs and helping them gain a better understanding of their rights. In Bangladesh the WOF Foundation is supporting 2 pilot projects to cover workers' health costs. Run by GK Savar⁽²⁾ and BADAS⁽³⁾, these are already helping more than 16,000 workers, with a target of covering 25,000 people in 4 years.



A MAJOR SOCIAL INNOVATION

Auchan Retail has won the trust of the International Labor Organization (ILO) thanks to the meaningful work the Foundation has carried out. Cambodia's ILO signed an agreement with the WOF Foundation that marks the first public-private cooperation on welfare in developing countries. The 2 partners are teaming up to promote the new welfare scheme put in place by the Cambodian government. It's been trialled with industrial workers since 2016, with a focus on those working in garment-making, and is intended to extend to cover their families, including

18 RESOURCE CENTRES
IN CAMBODIA

16,000 FACTORY WORKERS
IN BANGLADESH
NOW COVERED BY HEALTH
INSURANCE

older relatives. Next it aims to embrace very small enterprises (VSE), including those in the informal sector. The aim is to make it the country's standard welfare system, and the Foundation is contributing to the 1st phase of a communications campaign to promote its rollout to more than 1 million people in the Cambodian workforce. The information is also relayed to workers through the 18 SIPAR⁽⁴⁾ library and resource centres located in factories, which the WOF Foundation jointly with AFD⁽⁵⁾ has been supporting since 2015.



(1) French trade-based solidarity NGO.

(2) Health and development NGO in Bangladesh.

(3) Diabetic Association of Bangladesh.

(4) Support for private initiatives to aid reconstruction.

(5) French aid agency.

AN ENGAGED EMPLOYER

UKRAINE

Top employer 2017

At the 2017 conference on best practice in HR, candidates, students and recruiters voted Auchan Retail Ukraine among the country's Top 20 best employers – and ranked it 1st among distributors. They also awarded it the No. 1 slot in the Equal Opportunities category.

GLOBAL

UNI agreement

Our 4 year agreement with trade union UNI Global Union creates a forum for information and dialogue with all stakeholders, reinforcing best practice in retail sales, labour relations and environmental protection in the 14 countries where Auchan Retail operates.

FRANCE

100% success rate

Auchan Retail France's programme to help workers with disabilities get into food and catering professions salutes its first graduates. All 16 of them obtained their CAP vocational qualification following training courses in around a dozen hypermarkets.

SPAIN

Campaigning for youth

Alcampo was awarded 1st prize in the Mahou-San Miguel Foundation's Promotion of Youth Employment Awards for its Young Talent and Diversity programme, which helps young people improve their employability through training and work placements.

FRANCE

Benevolence

Based on an analysis of 30 criteria, Auchan Retail was recognised among the most benevolent French companies by the *Forbes* ranking. This is a key value for a company that wants to have happy employees.

UKRAINE

Solidarity

Auchan Youth Foundation shone in the international BestinCSR competition. The judges awarded 2 prizes to the 1st ever project jointly run by Auchan Kiltseva and the non-profit organisation Rodyna, for the best CSR and Sustainable Development projects.

ROMANIA

Good for the planet

WWF, the world's leading wildlife conservation organisation, singled out Auchan Retail as Romania's most responsible retail chain in terms of environmental protection. This is a gratifying accolade that recognises our dedication to safeguarding the planet.



35TH BIGGEST EMPLOYER IN THE WORLD

With 351,282 employees, Auchan Retail stands out for its number of employee shareholders (266,788 of them) and how uniquely attached its staff are to their company. All of them are enthusiastically putting their efforts behind our Vision 2025 "Auchan changes lives".



.....

GET INTO STEP WITH AUCHAN RETAIL!

We've called our 2017 Annual report "25 steps towards 2025", but there are plenty more! We'll leave it to you to unearth them in this report thanks to our stickers.

Find out about other steps forward that our employees are taking all over the world by checking out our Instagram account "In step with Auchan Retail".

And we want you to share with us what "changes lives" for you!



.....

Auchan Retail – 2017 Activity Report

Design and production: H² hasas *Paris* – June 2018.

Photo credits: All rights reserved Auchan image bank, Getty Images, iStock, Vincent Bourdon.

Illustration credits: Marylou Faure.

Thank you to all the employees and customers who appear in this annual report.

Printed on FSC-certified paper with plant-based inks.



Auchan | RETAIL

Communication Department
40, avenue de Flandre – BP 139 – 59964 Croix – France
www.auchan-retail.com

