



SUSTAINABILITY-LINKED FINANCING FRAMEWORK

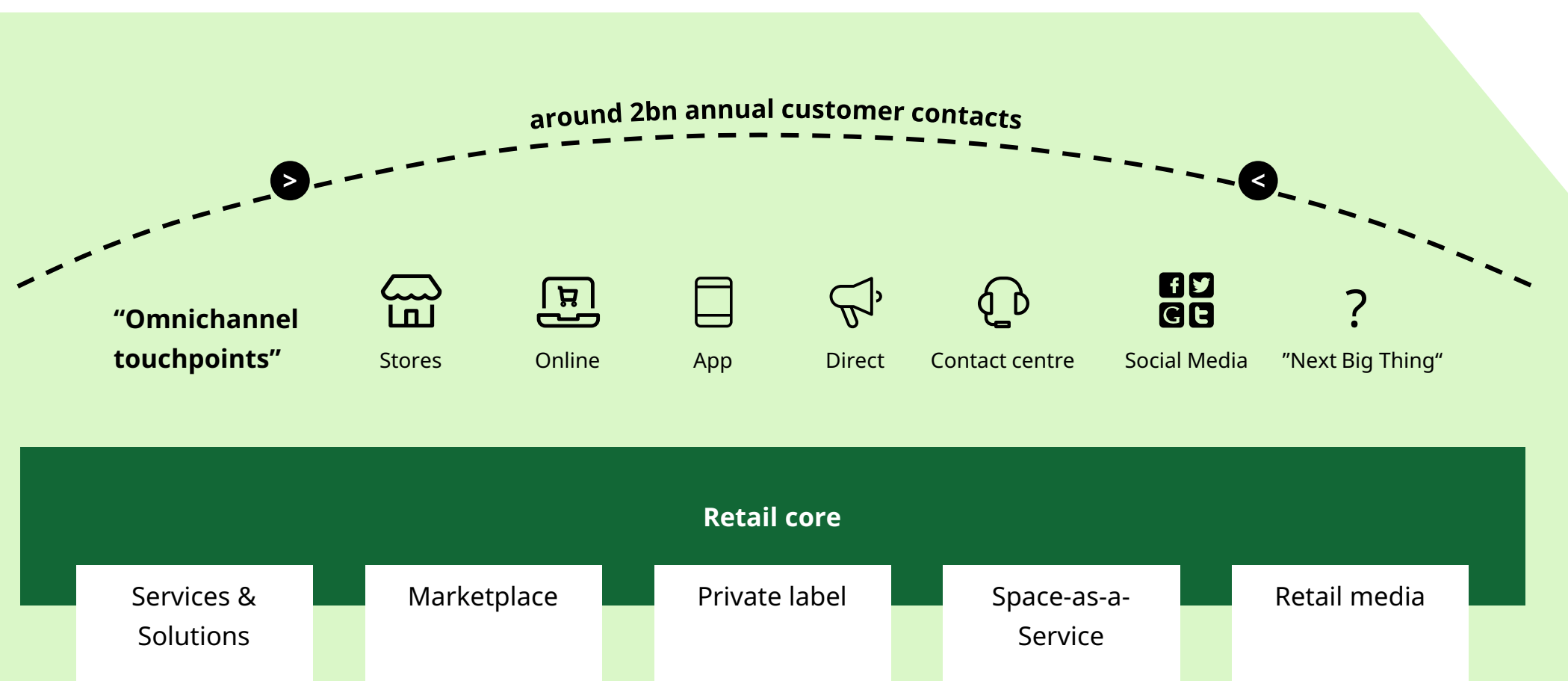
Duesseldorf, 21st June 2024

A. OVERVIEW OF CECONOMY

Our business model: omnichannel service platform

CECONOMY is an international omnichannel consumer electronics retailer with over 1,000 stores supported by a team of approximately 50,000 employees. CECONOMY operates in eleven countries across Europe and Turkey under the retail banners MediaMarkt, MediaWorld and Saturn. In the financial year ended September 30, 2023, CECONOMY achieved sales of €22.2 billion, a growth of 2.2% compared to the previous financial year, with an adjusted EBIT of €243 million, a growth of 16.8% compared to the financial year ended September 30, 2022.

CECONOMY operates an omnichannel service platform with a reach of around 2 billion customer contacts a year. The platform offers customers and partners a broad spectrum of opportunities to get in touch with consumer electronics and to make use of relevant services. The aim is to turn satisfied customers into loyal customers. This stickiness is the basis for the continuous growth of the various platform business models.



Retail of consumer electronics and related product categories is the core of the business and is complemented by margin-boosting business models – consisting of services in direct relation to the product purchase, but also product independent services.

- ✓ **The basis is the retail core business** – i.e., in-store and digital retail of consumer electronics products. The focus is on a well-curated and increasingly sustainable offering. CECONOMY regularly expands the range with high-growth categories such as gaming, health, and electric mobility.
- ✓ **The Services & Solutions business** offers a constantly growing portfolio of services such as repairs within a category specific architecture. This not only maximizes customer benefit but is also an important lever for profitability. Based on the recent enhancement of billing and self-service capabilities, new and existing services are increasingly being sold as subscription models, resulting in long-term customer relationships with recurring cash flows.
- ✓ **MediaMarktSaturn’s Marketplace** offers an extensive product range in addition to its own retail business. Customers can seamlessly access a manufacturer’s full range as well as complementary offerings from third parties. CECONOMY benefits from commissions without taking on inventory risk.
- ✓ **The private label business** offers attractive value-for-money alternatives in the main product categories and thus increases the relevance of the assortment for customers. CECONOMY can generate higher margins thanks to the greater vertical integration. To fully utilize the potential, the focus is put on optimizing and integrating the assortment.
- ✓ **The space-as-a-service business** offers industry partners access to store space, allowing them to benefit from CECONOMY’s reach. Here, leading manufacturers can present their brand and product innovations embedded in a unique shopping experience. CECONOMY thus increases the value of retail space, generates recurring cash flows, and deepens its relationship with the industry.
- ✓ **Retail media** enables manufacturers and advertisers to use the wide reach of CECONOMY’s digital channels for their own marketing activities. For end customers, this means an enhanced shopping experience thanks to more relevant offer communication, while CECONOMY taps into a highly scalable business that it will expand with additional products.

The targets of the individual business models for financial year 2025/26 are clearly defined, and the capital markets are informed about the progress at regular intervals with complete transparency.

Creating experience electronics to enrich people's lives

CECONOMY places its customers at the centre of its strategy and consistently gears its activities towards meeting their needs. This central strategic principle is also embedded in its purpose: “We create experience electronics to enrich people’s lives.” As a European market leader in the creation of “experience electronics”, CECONOMY sets new standards for customer experience, the conscious discovery of technology and the provision of support to customers in their day-to-day lives, thereby increasing customer satisfaction and loyalty, while remaining focused on significantly higher profitability and cash generation with strict cost discipline.

CECONOMY's four key pillars to this customer-centric transformation:



Employee experience

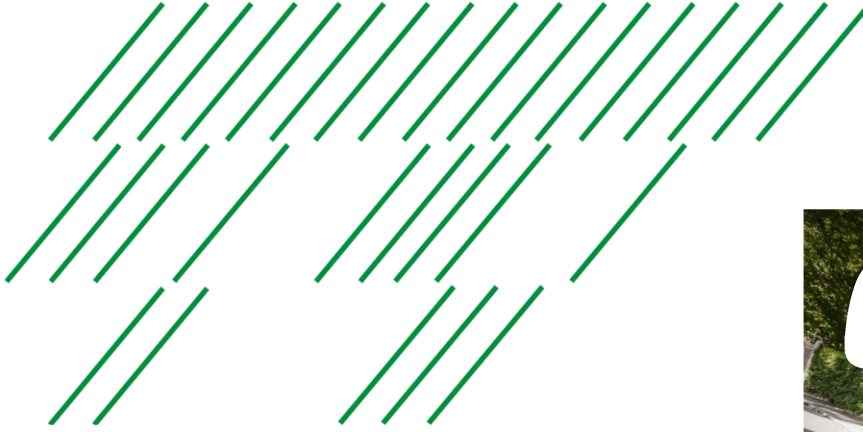
CECONOMY's approximately 50,000 employees offer in-person advice every single day as part of a convenient and seamless customer experience, thereby setting it apart from pure online retailers and ensuring both employee and customer engagement. Service quality is ensured through systematic training, enhancements to the process landscape and the upholding of a strong service culture. The employee experience has been significantly enhanced: an international upskilling program prioritizing the customer and the provision of services have been completed by more than 60% of all employees in the financial year ended September 30, 2023, alongside the provision of digital training opportunities and the implementation of leadership and talent program and diversity and inclusion projects.



Shopping experience

CECONOMY takes a mobile-first omnichannel approach to building a unique value proposition, which integrates personalized customer experiences into the digital and in-store worlds as seamlessly as possible, from a better user experience in the app to modernized stores with “experience zones” that offer the opportunity to experience technology at first hand. The curation of a product assortment with the customer’s needs and wishes in mind is also crucial. An optimized supply chain, including centralized procurement and continuous improvements in logistics, ensures greater availability of goods and faster delivery times.

CECONOMY's strict focus on its customers is paying dividends: Its net promoter score (“NPS”), a leading indicator for measuring customer satisfaction, is at a record high of 53 (financial year ended September 30, 2023). International campaigns aimed at repositioning the brand are underway. CECONOMY has achieved better functionality in digital channels such as the MediaMarkt app, a much wider range of products on the Marketplace (1.4 million stock-keeping units with a gross merchandise value (“GMV”) in excess of €135 million in the financial year ended September 30, 2023) and speedier modernization of the store portfolio, with 55% of stores having already been modernized and 36 stores being run in new, innovative formats as of March 31, 2024.



Usage experience

CECONOMY's strategy defines new standards for the customer experience along the entire lifecycle with a view to creating stickiness. It is increasingly common for a typical customer experience to start with the trade-in of an old product and then be enriched by means of category-specific services – designed to support such sales (e.g., through financing), offer peace of mind (e.g., insurance), and facilitate the use of the products in question (e.g., repair, coffee capsule subscription) throughout the product lifecycle. To this end, CECONOMY is also entering into more strategic partnerships to offer customers the best services on the market.



Impact experience

Sustainability – in the form of a climate-neutral shopping experience and a broad range of sustainable products and services – is a core element of CECONOMY's strategy and operating business, giving customers easier and more holistic access to the circular economy. CECONOMY is significantly accelerating the decarbonization of its business activities and focusing on its social engagement. The share of products certified as sustainable under its own "BetterWay" label increased to 11.5% in the financial year ended September 30, 2023, with energy efficiency and refurbished products playing an increasingly important role in the curation of the product assortment. The trade-in service was rolled out internationally and scaled up to more than 200,000 transactions. At the same time, internal CO2 emissions from Scope 1 and 2 were reduced by 39% to 42.9 thousand tons of CO2 equivalents compared to the base financial year (2018/19).

Sustainability at CECONOMY is giving customers easier and more holistic access to the circular economy.

Next steps on the way forward

In financial year 2023/24, CECONOMY continues to work on innovations to improve omnichannel customer experiences, for example the continuous updating of the product range, the opening of new store concepts and the development of the subscription insurance business with MyMediaMarkt+. In addition, the business will be further improved through the targeted use of new technology and artificial intelligence applications – from chatbots to the generation of content or automation of processes. Consumer electronics products powered by artificial intelligence are expected to enhance the user experience through innovative features, in the areas of smart home, creativity and productivity. Further growth opportunities have been identified in the context of sustainability, premium and new categories, i.e., sustainable and energy efficient products. Introducing more eco-friendly products like those labelled under the "BetterWay" brand, along with refurbished items, demonstrates CECONOMY's commitment to sustainability and customer-centric innovation. By expanding the assortment to include these environmentally conscious options, CECONOMY not only addresses growing consumer demand for sustainable products but also contributes to reducing environmental impact through product lifecycle management.

The incorporation of services like trade-in, allowing customers to exchange their used devices for vouchers, is another strategic move. This service not only promotes customer engagement but also supports circular economy principles by encouraging the reuse and recycling of electronics. By facilitating trade-ins, CECONOMY enhances customer loyalty and provides a more sustainable alternative to traditional disposal methods.



B. SUSTAINABILITY STRATEGY & MANAGEMENT

Step by step on the BetterWay

October 2020 until March 2021

Sustainability becomes an established pillar of the corporate strategy and organization

February 2020

Launch of first gender diversity initiative

December 2018

First non-financial statement for FY 2017/18

End of 2015

Reporting on Scope 1 and Scope 2 emissions

2012

Introduction of repairs and SmartBars

2014

First steps towards direct emission savings (Scope 1 and 2) through green electricity

2014

Introduction of manufacturer obligations and start of supplier audits by IMTRON

Autumn 2021

First groupwide employee survey

January 2022

Introduction of BetterWay logo for sustainable product categories

March 2022

Signing of the European Commission's Green Consumption Pledge

October 2022

Appointment of a Human Rights Officer

December 2023

First complete reporting of all Scope 3 categories

April 2023

Introduction of refurbishment as a new business model

May 2024

Approval of SBTi targets

Big companies should do big things. This applies not only to economic success, but also to taking responsibility. Sustainability is counted as one of the corner-stones of CECONOMY's strategic development. The company pursues a far-reaching sustainability strategy with clear goals. The reduction of green-house gas emissions, the preservation of resources and compliance with the law, combined with the view that sustainability is an integral part in the company's growth, mean higher minimum standards for CECONOMY in connection with business operations and ESG transparency.

To meet these demands, CECONOMY works constantly to implement its sustainability strategy. This also ensures that business operations are in line with the expectations of all stakeholders.

For people and environment
Sustainability strategy



01

CECONOMY offers a climate-neutral shopping experience



02

CECONOMY provides the most sustainable range of sustainable products and is circular business pioneer in Europe



03

CECONOMY takes social responsibility for its employees, suppliers, and communities

01. CECONOMY offers a climate-neutral shopping experience

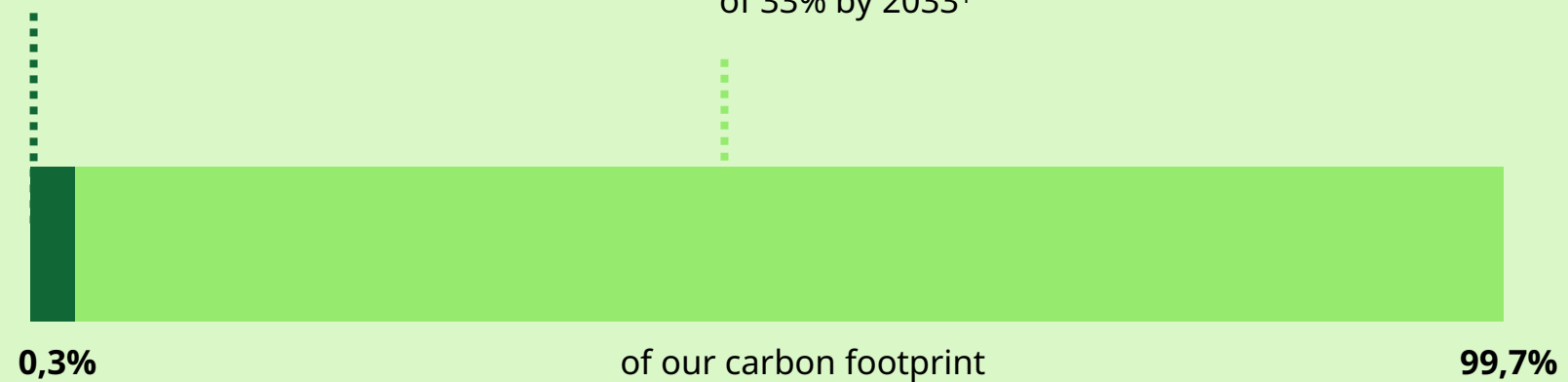
CECONOMY set itself ambitious climate targets in order to reduce its emissions (Scope 1 to 3). Through the ongoing optimization of business processes, increasingly stringent demands on suppliers, and carbon-neutral delivery, CECONOMY enable its customers to protect the climate when buying at CECONOMY.

- ✓ Approved Science Based targets (SBTi) and participation in the EU Sustainable Consumption Pledge
- ✓ Net-zero carbon emissions for scope 1 & 2 by 2024, scope 3 by 2040
- ✓ Renewable electricity use in 100% of our stores, head-quarters, central hubs and warehouses since January 2024
- ✓ CECONOMY will engage 74% of its retail suppliers by emissions to set climate targets until 2028

Reducing carbon emissions

Scope 1 & 2 (our operations)
Net-zero by 2024

Scope 3 (upstream / downstream)
At least absolute target reduction of 33% by 2033¹



¹ in private label, external brands, transport and distribution, baseline 2022, SBTi targets



02. CECONOMY provides the most sustainable range of sustainable products and is circular business pioneer in Europe

CECONOMY supports the circular economy thanks to energy-efficient, sustainably produced, and packaged products as well as offerings that make products more attractive to customers and usable for longer. The product lifecycle is extended through repairs and other resource-conserving services, and products are made available for secondary and tertiary use. At customer level, CECONOMY aims to help customers lead a sustainable lifestyle and enable them to consume in a responsible way that conserves resources – from purchase and the longest possible usage to the proper disposal and recycling of their products.



Sustainable products

Extended warranties and insurance



Waste management

CECONOMY targets to double the number of BetterWay products in its assortment to c. 7,000 in FY 25/26 and to increase the number of refurbished devices sold to 220,000 by 2025/26. The services established by CECONOMY such as repairs and product trade-ins and new, sustainable business models relating to financing, including options to return products, are also making an effective contribution to the circular economy. The number of products traded in is expected to reach 600,000 by 2025/26.





Visibly green: our sustainable product range

To this end, CECONOMY is continuously increasing the share of sustainable and energy-efficient products as well as the number of refurbished products in its assortment. A product is considered sustainable and labelled as a 'BetterWay' product if:

BETTER WAY

A. It is certified with a Type 1 ecolabel.

Type 1 ecolabels (based on the standard ISO 14024) are recognized internationally as labels with the highest standards:

- ✓ Independently awarded, often with the involvement of the government.
- ✓ Only awarded to the best products and services and thus indicate a special level of environmental quality. The entire service life of the product is taken into account during the assessment.
- ✓ Clearly defined, publicly accessible environmental criteria and verification rules.
- ✓ Criteria are developed during a transparent process with the involvement of stakeholders.
- ✓ Award criteria are also regularly revised.
- ✓ The labels are very credible and are usually well-known.



B. The product meets the internal "BetterWay Criteria".

For large household appliances like washing machines and freezers no third-party ecolabels are commonly used. Therefore, MediaMarktSaturn developed in collaboration with TÜV Rheinland own BetterWay criteria to be able to highlight the most sustainable products for domestic appliances. As a rule of thumb, the sustainability of domestic appliances is mostly determined by the energy use of the product during its lifetime. The larger and more energy consuming the product is, the more this is true. That is why, the BetterWay criteria always consider the energy label of a product. When other criteria also determine the energy use or lifetime of a product, these criteria are also considered. Examples are a "no frost" function for freezers improving energy use or a cleaning program for coffee machines improving lifetime.

03. CECONOMY takes social responsibility for its employees, suppliers, and communities



CECONOMY's business is based on social responsibility to its own employees, to suppliers throughout the supply chain and in the communities CECONOMY touches. This includes fairness, transparency, and diversity.

Emphasis is placed on appreciating the work of all employees and on their targeted development, motivation, and empowerment. The focus here is on employee involvement and talent development, as well as promoting diversity, for example in the form of bias training and ensuring diversity in talent pools. At the same time, CECONOMY undertakes to uphold labor laws and human rights, both in its own companies and in the supply chain. For example, CECONOMY is working continuously to develop its own risk management approach to uphold human rights and cooperates closely with suppliers to tackle potential human rights risks in the supply chain. To this end, CECONOMY has established a concept for sustainable supply chain management and continues to refine this on an ongoing basis.

Sustainability management

To vigorously pursue the group's sustainable transformation, the topic of sustainability management resides with the Management Board of CECONOMY.

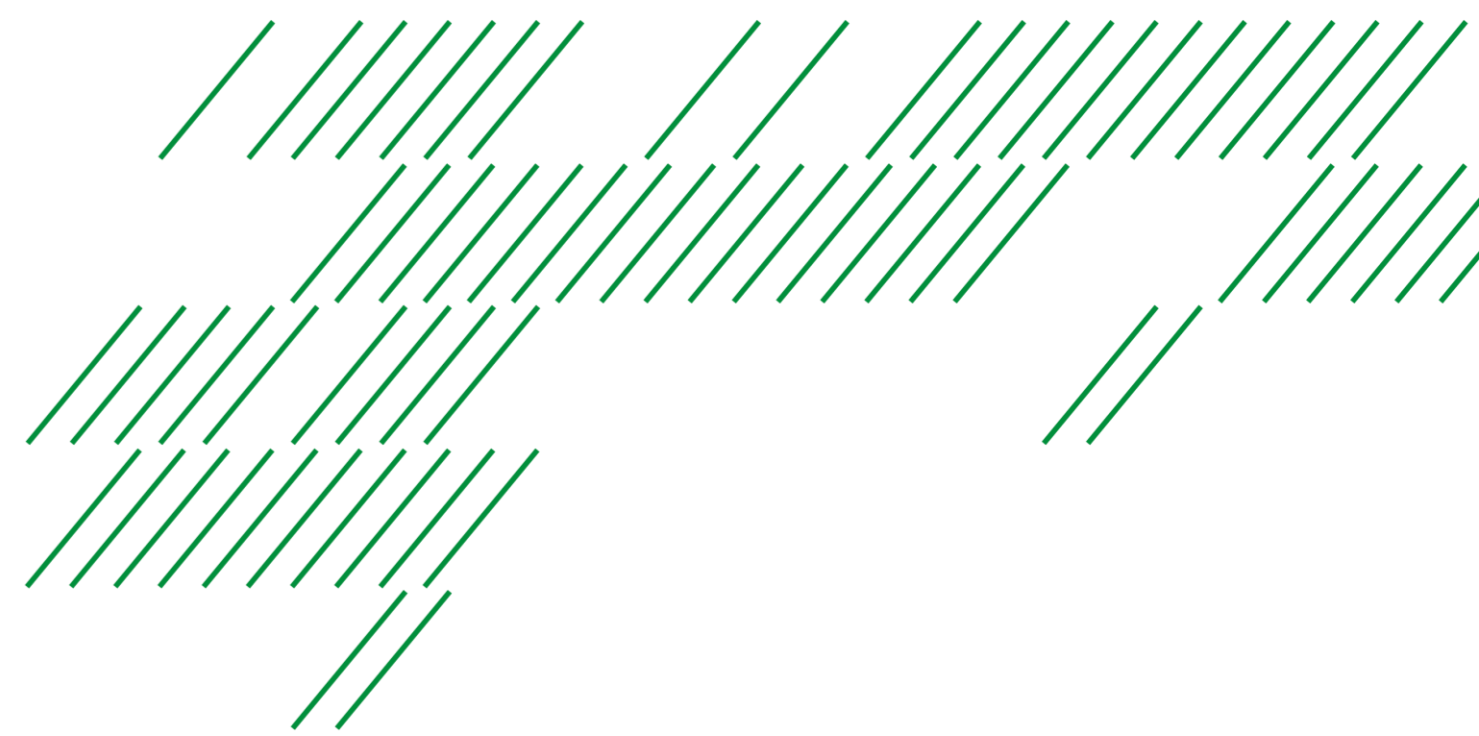
The Vice President for Sustainability reports directly to the Management Board and manages the sustainability concerns of CECONOMY. This department is responsible for devising the strategy, updating the key performance indicators, and tracking all targets and progress. She is supported by the local sustainability managers in the various country organizations, who act as local contacts and have the task of conveying the understanding of sustainability to their countries and deriving appropriate country-specific activities on this basis.

In effective sustainability management, the Management Board ensures a high level of transparency both internally and externally, defines the company's overall strategy, strengthens the conditions for the respective sustainability initiatives and monitors their development. In regular meetings, the Management Board and Supervisory Board, together with the Vice President for Sustainability, assess and update the targets, values, and strategy of CECONOMY. The Management Board also makes the final decision on material topics and the key performance indicators. The Sustainability department at CECONOMY promotes discussion with internal and external stakeholders and further develops sustainability communication.



„Sustainability is non-negotiable for us“

Dr. Karsten Wildberger





SCIENCE
BASED
TARGETS

Circularity
Social sustainability
Carbon footprint
Environmental footprint



European
Commission
Sustainable
Consumption
Pledge



HDE
Handelsverband
Deutschland



charta der vielfalt

UNTERZEICHNET



Responsible Business Alliance

Advancing Sustainability Globally

amfori @

Trade with purpose

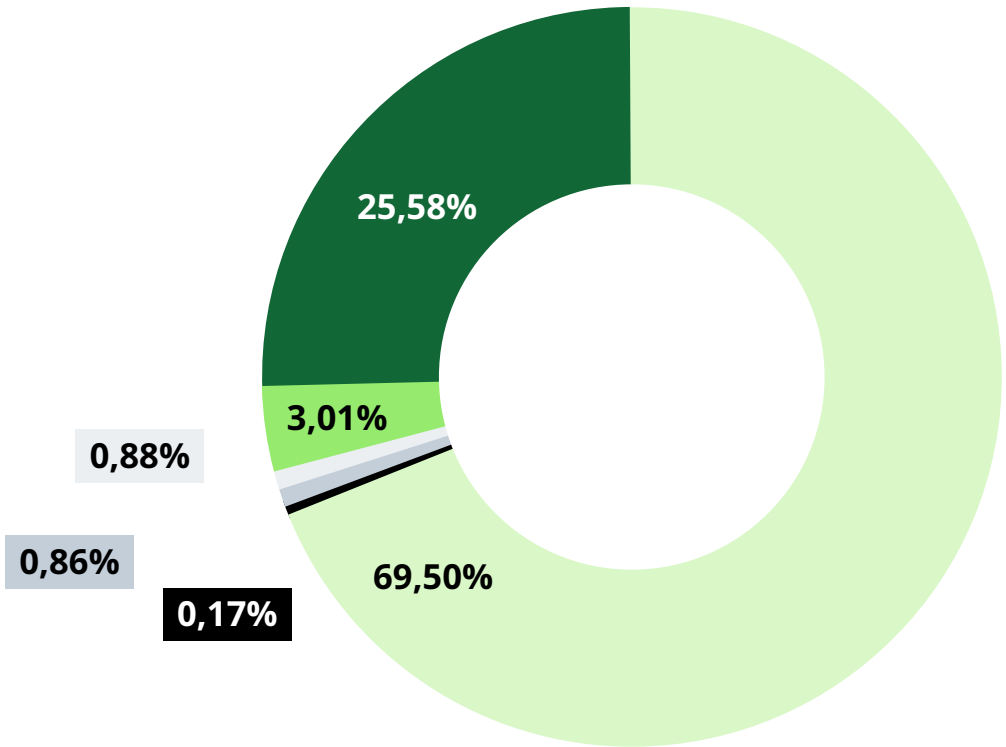
Award-winning sustainability

Networks and initiatives accelerate the transformation to a more sustainable economy through cooperation and shared knowledge. CECONOMY has been part of the United Nations Global Compact (UNGC) for over five years. In financial year 2022/2023, CECONOMY took part in a peer learning group – a discussion between ten to twelve companies from various industries on the specific challenges of climate management. As part of the “Target Gender Equality Accelerator” program initiated by the United Nations Global Compact, CECONOMY also network with other companies to discuss ideas and strategies for a more inclusive economy. CECONOMY has also signed the European Commission’s Sustainable Consumption Pledge. CECONOMY is thus committed to extensive climate targets. The initiative is the follow-up to the “Green Consumption Pledge”. In April 2024, the Science Based Targets initiative (SBTi) validated CECONOMY’s climate targets and has classified the company’s scope 1 and 2 target ambition as in line with a 1.5°C trajectory.

As a member of the Responsible Business Alliance (RBA), CECONOMY looks to industry-wide requirements and is committed to the responsible principles of the RBA Code of Conduct. CECONOMY has also committed itself to sustainable action by signing the uniform principles of action of the German Retail Federation (HDE). In five guiding principles, the HDE sets out the social role of a company, supplier, partner, and employer. Since 2014, CECONOMY’s subsidiary Imtron, which is responsible for the own brands, has been a member of amfori BSCI, which was founded to protect workers’ rights in production facilities. In the field of diversity, CECONOMY is a signatory of the Diversity Charter. CECONOMY thus strive for a respectful and unprejudiced working environment and communicate with other companies and institutions in order to practice and promote diversity. With regard to corporate citizenship, CECONOMY is also learning from experienced international companies in a working group initiated by PHINEO.

C. CLIMATE FOOTPRINT

CECONOMY takes responsibility for the emissions generated by its business activities along the value chain – directly or indirectly – by setting internal targets and commit on Science Based Targets (SBTi) and the EU Sustainable Consumption Pledge.



Overview of CECONOMY's carbon footprint (in 2022/23)

- Scope 3.11 Use of sold products
- Scope 3.1 Purchased goods and services
- Scope 3.12 End-of-live treatment of sold products
- Scope 3.4 Transportation and distribution (upstream)
- Rest of scope 3 categories (3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 3.15)
- Scope 1 & 2

Climate Targets validated by the Science Based Target Initiative (SBTi)

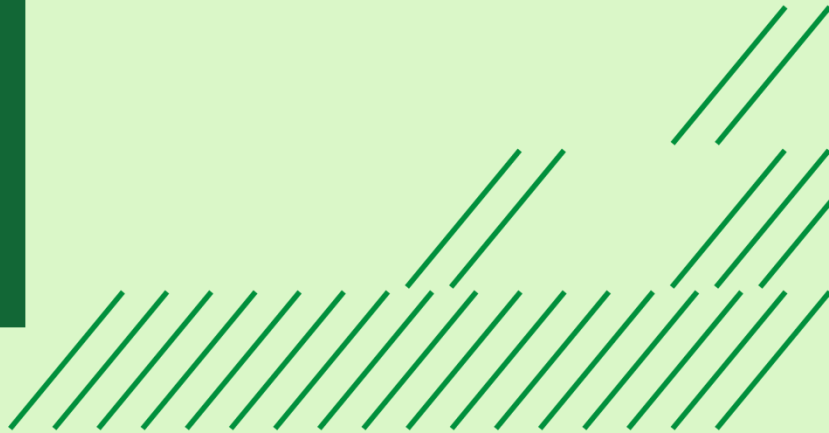
- ✓ **Absolute reduction Scope 1 and 2 target:** CECONOMY commits to reduce absolute Scope 1 and 2 GHG emissions by 58.8% by FY 2032/2033 from a FY 2018/2019 base year.
- ✓ **Absolute reduction Scope 3 target:** CECONOMY commits to reduce absolute scope 3 emissions in category 1 (Purchased Goods and Services), category 4 (Upstream Transportation and Distribution) and category 11 (Use of sold products) by 32.5% by FY 2032/2033 from a FY 2021/2022 base year.
- ✓ **Supplier engagement target:** CECONOMY commits that 74% of its suppliers by emissions covering Purchased Goods and Services will have science-based targets by FY 2027/2028.

SBTi has classified CECONOMY's scope 1 and 2 target ambition as in line with a 1.5°C trajectory. The scope 3 near-term targets fulfill the SBTi's criteria for alignment with a well-below 2°C scenario.



Further goals

- ✓ Net-zero carbon emissions for scope 1 & 2 by 2024 and Scope 3 by 2040
- ✓ 100% directly purchased renewable electricity use in all CECONOMY's stores, headquarters, central hubs, and warehouses until 2030 (has already been reached since the beginning of calendar year 2024)
- ✓ 80 cities with zero-emission delivery capability until FY2025/2026



D. SUSTAINABILITY-LINKED FINANCING FRAMEWORK

Rationale

With the publication of this Sustainability-Linked Financing Framework (the “Framework”), CECONOMY aims to strengthen the link between its funding and its sustainability strategy. The sustainable finance instruments issued under this Framework are intended to support the implementation of CECONOMY’s sustainability strategy.

The Framework covers debt instruments such as bonds, schuldchein loans, other loans, and financing facilities, where the applicable interest is linked to sustainability performance targets (together the “Sustainability-Linked Financing Instruments”). Unless otherwise stated, the proceeds of such Sustainability-Linked Finance Instruments are intended to be used for general corporate purposes.

The Framework is available on CECONOMY’s website.

Alignment with the ICMA Sustainability-Linked Bond Bond and APLMA, LSTA, LMA Sustainability Linked-Loans Principles, 2023

This Framework has been established in accordance with the Sustainability-Linked Bond Principles 2023 (“SLBP 2023”) as administered by the ICMA and the Sustainability-Linked Loan Principles 2023 (“SLLP 2023”) as administered by the APLMA, LSTA and LMA, and their five core components:

1. Selection of Key Performance Indicators (“KPIs”)
2. Calibration of Sustainability Performance Targets (“SPTs”)
3. Financial characteristics
4. Reporting
5. Verification

1. Selection of Key Performance Indicators (I)

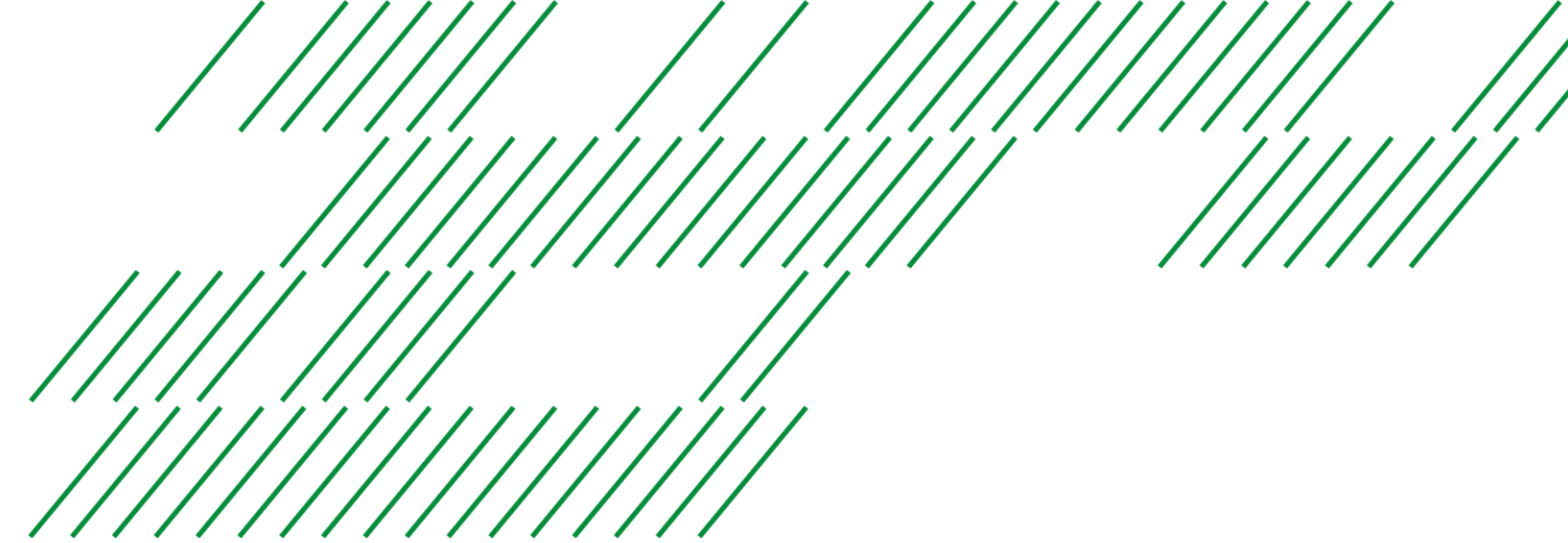


CECONOMY has selected the two Key Performance Indicators (KPIs) that best reflect the climate impact of its operations and of the products it sells. CECONOMY therefore considers these two KPIs as well suited to measure the success of its sustainability efforts in sustainability-linked financing instruments.

KPI 1: Absolute Scope 1 & 2 GHG emissions in kt of CO₂e

Rationale	Scope 1 and 2 GHG emissions are a strategic KPI for CECONOMY to measure its energy and resource efficiency. This KPI is also part of CECONOMY's SBTi Targets. As scope 1 and 2 together represent less than 1% of CECONOMY's total (scope 1-3) emissions, this KPI will always be used in conjunction with KPI 2.																		
Description	Greenhouse gas emissions from scope 1 and scope 2 (market-based) in thousands of tons of CO ₂ equivalents. While Scope 1 measures direct greenhouse gas emissions (e.g. as a result of the vehicle fleet), Scope 2 measures indirect greenhouse gas emissions (e.g. purchase of electricity for the operation of the stores).																		
Scope	KPI 1 covers the consolidated group as defined by IFRS 10, subject to slight exceptions as described below. In addition to CECONOMY, the consolidated financial statements include all companies directly or indirectly controlled by CECONOMY, provided these companies are not insignificant for the consolidated financial statements individually or together. Control exists when a majority in the voting rights, the articles of association, a company contract or a contractual agreement enable control to be exercised over the financial and business policy of a company in order to draw a benefit from its activity. With CECONOMY, 406 German (30/09/2022: 408) and 246 international (30/09/2022: 366) companies are included in the consolidated financial statements. Exceptions: CECONOMY reports carbon emissions within its operational responsibility. Carbon emissions from business entities of financial companies, companies with less than 5 employees and companies with minority share are not reported, as well as carbon emissions of facilities that are not owned by CECONOMY and for which invoices are not available. Temporally rented external warehouses of stores are excluded from reporting too.																		
Methodology	Data are reported using the GHG Protocol Corporate Accounting and Reporting Standard (the "GHG Protocol") ¹ . For all countries without green electricity, country-specific residual mix emissions factors from the Association of Issuing Bodies (AIB) were typically used based on the market-based method for all financial years.																		
Historical data	<table border="1"> <thead> <tr> <th>in kt CO₂e</th> <th>18/19²</th> <th>21/22</th> <th>22/23</th> </tr> </thead> <tbody> <tr> <td>total Scope 1 emissions</td> <td>31.7</td> <td>28.4</td> <td>25</td> </tr> <tr> <td>total Scope 2 emissions</td> <td>73.7</td> <td>46.6</td> <td>23.1</td> </tr> <tr> <td>total Scope 1 & 2 emissions</td> <td>105.4</td> <td>75</td> <td>48.1</td> </tr> </tbody> </table>	in kt CO ₂ e	18/19 ²	21/22	22/23	total Scope 1 emissions	31.7	28.4	25	total Scope 2 emissions	73.7	46.6	23.1	total Scope 1 & 2 emissions	105.4	75	48.1	<p>The baseline in FY 2018/2019 as well as the data for FY 2021/2022 and 2022/2023 for the total scope 1 emissions differ slightly from the data reported in the Annual Report 2022/2023 due to the fact that the Scope 1 emissions as reported did not include fluorinated greenhouse gases ('F-gases'). With a new calculation of Scope 1 including F-gases, we assume a baseline for FY 2018/2019 of 31.7 kt CO₂e, for FY 2021/2022 of 28.4 kt CO₂e, and for FY 2022/2023 of 25 kt CO₂e. This data was used in the SBTi submission and will be audited and published in FY 2023/2024. The Scope 2 emissions are as reported in CECONOMY's Annual Report 2022/2023.</p>	
in kt CO ₂ e	18/19 ²	21/22	22/23																
total Scope 1 emissions	31.7	28.4	25																
total Scope 2 emissions	73.7	46.6	23.1																
total Scope 1 & 2 emissions	105.4	75	48.1																
Contribution to	EU Environmental Objective 1 – Climate Change Mitigation SDG 13: Climate Action																		
Reporting	Annual reporting included in CECONOMY's non-financial group report (or another separate reporting), reviewed on at least a level of "limited assurance" by an independent practitioner (audit firm)																		

1. Selection of Key Performance Indicators (II)



KPI 2: Absolute Scope 3 GHG emissions from category 3.11 (use of sold products) in kt of CO₂e

Rationale	The Scope 3.11 emissions are particularly relevant for CECONOMY because consumer electronic products generate the most significant greenhouse gas emissions during their use. According to CECONOMY internal data per product, 80% of the emissions are generated during this phase. These emissions provide the most complete and transparent overview of CECONOMY's environmental impact, since they account for 69,6% of CECONOMY's total carbon footprint, and guide CECONOMY to promote accountability and commitment to sell more sustainable products (BetterWay Products) and best energy class devices.								
Description	Greenhouse gas emissions from category 3.11 expressed in thousands of tonnes of CO ₂ equivalent, corresponding to direct use-phase emissions for sold own and external brand products over their expected lifetime.								
Scope	All sold products								
Methodology	<p>The emissions calculations are based on the methodology of the GHG Protocol. Every year CECONOMY reduces the assumptions to enable a more accurate calculation of emissions. The assumptions for the calculation of Scope 3.11 are listed below for each year:</p> <ul style="list-style-type: none"> ✓ Assumptions in base year 2021/2022: <ul style="list-style-type: none"> – The number of products purchased is equal to the number of products sold – Use of statistical energy consumption, lifetimes and frequencies of use at main product group level ✓ Assumptions in this FY 2022/2023: <ul style="list-style-type: none"> – Calculation of emissions based on real sales figures – Use of statistical energy consumption, lifetimes and frequencies of use at main product group level ✓ Assumptions for FY 2023/2024 (to be reported at the end of the FY): <ul style="list-style-type: none"> – Calculation of emissions based on real sales figures – Energy consumption per product is used for available data – Use of statistical energy consumption, lifetimes and frequencies of use at product group level 		<p>Recent data improvements include:</p> <ul style="list-style-type: none"> – implementation of the product information management system (PIM) and SAP data in Google Platform – first-time use of product-specific PIM data to calculate product energy consumption more accurately in order to be able to show future adjustments to the product range in the emissions calculation to achieve SBTi targets – automatic data matching and cleansing in Google Platform for better data quality and better results <p>Planned measures to improve data further include:</p> <ul style="list-style-type: none"> – planned further improvements in the area of product data to detail assumptions at product group level (e.g. service life and frequency of use of a laptop) – automated extrapolations of missing consumption values in PIM up to non-financial reporting – implementation of measures to identify more sustainable products using a Global Product ID for further improvement in the quality of energy data and more accurate calculation of CO₂ emissions 						
Historical data	<table border="1"> <thead> <tr> <th>in kt CO₂e</th> <th>21/22¹</th> <th>22/23</th> </tr> </thead> <tbody> <tr> <td>Scope 3.11 - Use phase of sold products</td> <td>17,113.8</td> <td>17,147.8</td> </tr> </tbody> </table>	in kt CO ₂ e	21/22 ¹	22/23	Scope 3.11 - Use phase of sold products	17,113.8	17,147.8	As reported in CECONOMY Annual Report 2022/2023	
in kt CO ₂ e	21/22 ¹	22/23							
Scope 3.11 - Use phase of sold products	17,113.8	17,147.8							
Contribution to	EU Environmental Objective 1 – Climate Change Mitigation. SDG 13: Climate Action								
Reporting	Annual reporting included in CECONOMY's non-financial group report (or another separate reporting), reviewed on at least a level of "limited assurance" by an independent practitioner (audit firm)								

¹baseline

2. Calibration of Sustainability Performance Targets (I)

The targets for the selected KPIs are based on CECONOMY's SBTi-validated 2033 emission reduction targets, contributing to limiting global warming to 1.5°C for KPI 1 and to well below 2°C for KPI 2. To ensure the ambition of its targets considering not only scientific consensus but also market practice, CECONOMY conducted a sectorial peer benchmarking.

SPT 1: Reduction of absolute Scope 1 & 2 emissions

	Baseline	SPT 1
	2018/2019	2023/2033 SBTi validated
Scope 1 & 2 GHG emissions in kt of CO ₂ e	105.4	43.3
Reduction of Scope 1 & 2 emissions in % from baseline	-	58.8%

Action plan

- ✓ Implementation of the Energy Saving Program STUNEC (Stop Unnecessary Energy Consumption) with measures like conversion to LED, reduction of lighting and billboards and adjustment of the specified room temperatures
- ✓ Rolling out temperature sensors to measure and control the temperature specifications
- ✓ Electrification of car fleet in all countries
- ✓ Reviewing the possibility of buying green gas
- ✓ Process improvement for data collection as indication for reduction measures
- ✓ Maintaining purchase of direct electricity from renewable sources

Key factors beyond CECONOMY's control that may affect target achievement

- ✓ Unavailability of renewable energy at reasonable cost, rising energy prices and delivery costs
- ✓ As energy consumption of stores depends to a large extent on the energy efficiency of the buildings housing our stores, the achievement of our goals depends in part on the renovation measures conducted by stores' landlords

SPT Observation Date: 30 September 2033. In line with common market standard, for sustainability-linked loans under this framework, CECONOMY will provide annual targets and target observation dates in the terms and conditions of the loan.



2. Calibration of Sustainability Performance Targets (II)

SPT 2: Reduction of absolute Scope 3 emissions from category 3.11 (use of products sold)

	Baseline	SPT 2.1	SPT 2.2
	2021/2022	2026/2027	2032/2033
Scope 3 GHG emissions (category 3.11) in kt of CO ₂ e	17,113.8	14,585.6	11,551.8
Reduction of Scope 3 GHG emissions (category 3.11) in % from baseline	-	14.8%	32.5%

Action plan

- ✓ Improving the database by reducing the assumptions and increasing the proportion of real data in order to be able to represent the real emissions reduction in the calculation
- ✓ Increasing the number of energy-efficient products/Better Way Products in the product assortment in order to reduce the energy consumption of the products in the use phase by the end customer
- ✓ Engagement of suppliers to increase the energy efficiency of products

Key factors beyond CECONOMY’s control that may affect target achievement

- ✓ Supply chain: deteriorated cooperation with product suppliers, warehouse operators and fulfilment partners may interfere with assessing and reducing indirect emissions
- ✓ Consumer choices: unsuccessful or insufficient marketing and merchandising efforts implemented and carried out by us or our suppliers, any inability to adequately respond to consumer tastes and preferences or deterioration of the public image or reputation as a result of unfavorable publicity concerning our BetterWay products, a significant product recall or product related litigation, especially with regard to our own-brand BetterWay products, could cause consumers to make purchasing decisions resulting in emissions from use of sold products that do not allow us to reach our goals

Inability of suppliers to increase the energy efficiency of their products

SPT Observation Date: 30 September 2027 and/or 30 September 2033. In line with common market standard, for sustainability-liked loans under this framework, CECONOMY will provide annual targets and target observation dates in the terms and conditions of the loan.

Recalculation Policy

In the event of any change

- ✓ in the company's business model or perimeter (as a result of an acquisition, a divestiture, a merger, or other restructuring),
- ✓ in, or amendment, to any applicable laws, regulations, rules, protocols, or guidelines relevant for the determination of any Key Performance Indicator baseline, any Sustainability Performance Target, or
- ✓ in data due to better data accessibility, any improvement in the accuracy of emission factors or activity data, or any discovery of data errors,

which has a material impact, CECONOMY may, at its election, revise the relevant Key Performance Indicator baseline, or the relevant Sustainability Performance Target (as defined in the legal documentation of the relevant instrument) in respect of each such change to reflect such change; provided that, in the Company's good faith determination, such revision is

1. consistent with the group's strategy including its SBTi validated climate targets, and
2. in line with the initial level of ambition of, or more ambitious than, the relevant Sustainability Performance Target

The revised Key Performance Indicator baseline(s) or Sustainability Performance Target(s) shall be set forth in the annual report or annual sustainability report, and will be covered by the assurance of an independent external verifier.

3. Financial characteristics

The financial characteristics of sustainability-linked financing instruments issued under this Framework will include a coupon or margin adjustment or a premium payment at maturity (a “Step-up”) if the CECONOMY fails to demonstrate in a satisfactory manner that it has met the relevant sustainability performance targets. If CECONOMY fails to provide a KPI reporting for an applicable target year, or fails to provide satisfactory external assurance on that KPI reporting, the Step-up will apply as well.

The applicable SPTs will be determined based on the maturity of the financing instrument. KPI 1 will only be used in conjunction with KPI 2, while KPI 2 may also be used on its own.

The transaction-specific documentation of each financing instrument issued under this framework will define the KPIs including specific calculation methodologies, and indicate the relevant performance observation date(s), how the interest and repayment amount of the instrument are linked to the evolution of the selected KPIs as of the relevant target observation date, and the applicable conditions for demonstrating target achievement in a satisfactory manner.

4. Reporting

CECONOMY will report annually on the performance of the KPIs within its Non-Financial Group Report (or within any other reporting document publicly available on its website), until all sustainability-linked financing instruments have matured. The reporting will include any relevant information enabling investors to monitor progress against the SPTs, including factors impacting the evolution of the KPI performance. Any recalculation of KPIs, KPI baselines or SPTs will also be described. The KPI reporting will be covered by at least a “limited” level of assurance by an independent practitioner.

In addition, in relation to a target year (a year ending on a Target Observation Date), CECONOMY will publish a report outlining the performance of the KPIs against the SPTs and the related impact, and timing of such impact, on each relevant financing instrument’s financial performance. This report will be covered by at least a “limited” level of assurance by an independent external verifier.

With respect to loan transactions, CECONOMY will provide lenders at least once per year with a sustainability confirmation statement outlining the performance against the SPTs for the relevant year and the related impact, and timing of such impact, on the loan’s economic characteristics.

5. Verification

Pre-issuance external verification

CECONOMY has retained S&P to provide a Second Party Opinion (“SPO”) on the sustainability benefit of this Framework as well as the alignment to the SLBP and SLLP. The SPO is available on CECONOMY’s website.

Post-issuance external verification

- ✓ Annual assurance on KPI reporting: CECONOMY’s annual reporting on the KPIs will be reviewed by an independent external verifier, providing at least a level of limited assurance
- ✓ Assurance on target-year performance reporting: CECONOMY’s reporting on KPI performance against the relevant SPTs in a target year will be reviewed by an independent external verifier, providing at least a level of limited assurance

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This Framework sets out the intended policy and actions of the CECONOMY Group in respect of CECONOMY Group’s sustainability targets and performance, and investor reporting in connection with Sustainability-Linked Finance Instruments. However, it will not be an event of default or breach of contractual obligations under the terms and conditions of any Sustainability-Linked Finance Instruments if CECONOMY or any member of the CECONOMY Group fails to adhere to this Framework and only the provisions in the documentation of the respective instrument will be binding when it comes to CECONOMY’s obligations under the respective instruments.

There currently is no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to, what constitutes or may be classified as, a “sustainable”, “sustainability-linked” or equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as “sustainable” or “sustainability-linked”, and, in addition, the requirements of any such label may evolve from time to time. Prospective investors in Sustainability-Linked Finance Instruments of CECONOMY must therefore make their own assessment of the suitability of such instruments for their purposes. In addition, it should be noted that all of the expected benefits of the sustainability goals and targets as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy, changes in laws, rules or regulations, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives. In addition, each environmentally-focused potential purchaser of Sustainability-Linked Finance Instruments of CECONOMY should be aware that achieving the targets discussed in this Framework may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. Under no circumstances will CECONOMY, any member of the CECONOMY Group or their (current or future) affiliates, representatives, directors, officers and employees have any liability whatsoever (in negligence or otherwise) for any loss or damage howsoever arising from any use of this document or its contents or otherwise arising in connection with the document.

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