



Corporate Social Responsibility

- Fiscal year 2016* -



Tipiak, it's all about the recipe

() Extract from the 2016 annual report*



July 2017

Thanks to an ethical approach built over the years, shared values and high standards, Tipiak Group has been able to implement action plans in its different business areas to become a truly sustainable and responsible company.

Tipiak's daily ambition is to ensure customer satisfaction and contribute to the sound development of the company through:

- Product quality
- The individual development of employees who are placed at the heart of the company's vision
- Respect of the environment and natural resources

Tipiak has been a member of the Global Compact since 2003. The Group is committed to taking the necessary measures to comply with the principles of the Global Compact in the firm's daily activities.

Tipiak's executive management is renewing its commitment to respecting and implementing the ten principles presented in the management report.

*Hubert Grouès
Chief Executive Officer*

Tipiak, it's all about the recipe

The information presented in the following sections is published in accordance with Article 225 of the Act known as Grenelle 2, its implementing decree and Article L225-102-1 of the French Commercial Code. This information is the subject of an audit examination carried out by the Environment and Sustainable Development Department of Ernst & Young. The indicators have been calculated in line with the Group's reporting procedures, which are available on request at the following address: tipiak@tipiak.fr.

The information provided below covers the activities of all divisions of Tipiak SA, except for Tipiak Inc, a two-person business unit located in Stamford near New York, USA, the impact of which is not considered significant in terms of Corporate Social Responsibility.

1. The Social Agenda

The Tipiak Group is committed to creating a social environment that is conducive to developing long-lasting professional relationships with its employees. The Group prioritises ongoing dialogue and collaborative and transverse management methods aimed at motivating and empowering as well as upholding our common values. It also actively promotes diversity and the development of talent, which are the best guarantees of the Group's long-term success.

1.1. Workforce Numbers and Organisation of Labour

In 2016, the Group employed a total of 1,127 people (*average number based on full-time equivalents, excluding those employed on a temporary basis*).

The organisation of labour in working hours agreements (into 1, 2 or 3 shifts) varies depending on the production site, workshop and time of year (quieter or busier period). Employees can work in shifts (mornings or afternoons) or at nights. A new agreement on variation in working hours was signed at the Fouesnant site in 2016.

Average Annual Workforce Numbers in Full-Time Equivalents

Contract Type	Central Services	Dry Sector	Cold Sector	2016 Workforce	Summary 2015	Summary 2014
Permanent Contracts	31	234	561	826	815	795
Fixed-Term Contracts*	1	24	276	301	318	314
Total Tipiak Workforce	32	258	837	1127	1133	1109
Temporary Employees	3	36	96	135	134	125
Total Workforce	35	294	933	1262	1267	1234

(*) As of 2015, work-study contracts (training/ professionalisation, etc.) are counted as 1 FTE and not 0.5.

The average size of the Tipiak workforce (excluding temporary employees) decreased by 6 full-time equivalents, or -0.5%, from 2015 to 2016. This includes an increase in open-ended contracts and a decrease in fixed-term contracts. They strengthen the production line teams at year end and have also helped with the modernisation of the information systems project which continued in 2016.

The average number of temporary workers was stable, rising slightly from 134 to 135 full-time equivalents. This represents 10.7% of the total average workforce, the same proportion as in 2015.

The company does indeed employ seasonal and temporary staff due to the highly seasonal variability of its business in the Cold Sector.

Average Annual Workforce with Full-Time Equivalent Status

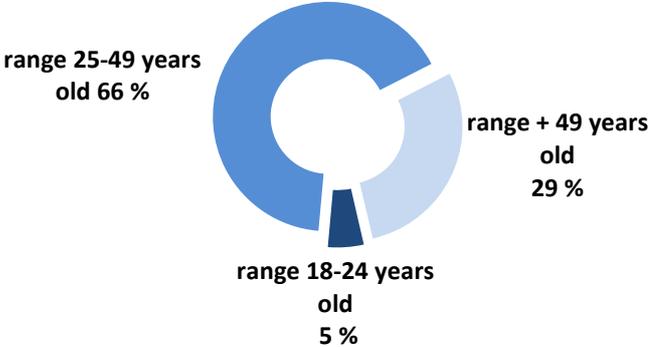
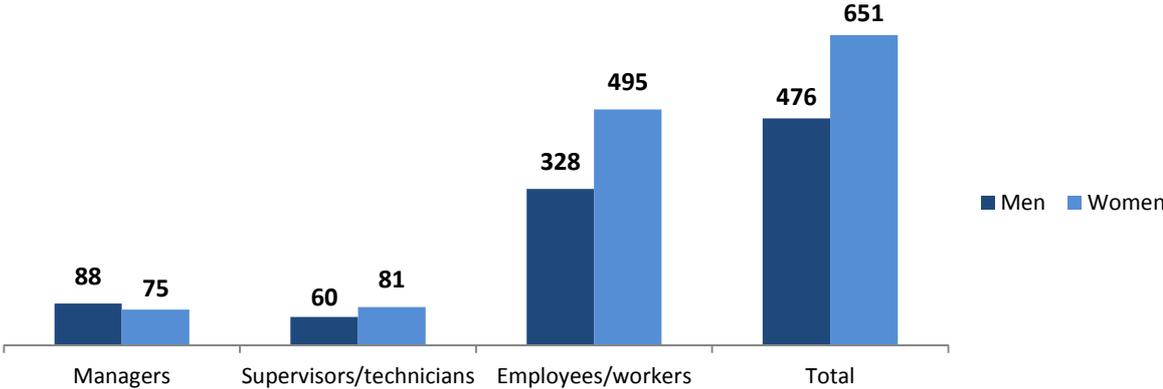
Contract Type	Central Services	Dry Sector	Cold Sector	2016 Workforce	M 2016	F 2016	Summary 2015	Summary 2014
Managers	13	65	85	163	54%	46%	155	156
Supervisors and Technicians	9	50	82	141	43%	57%	134	122
Employees/Workers	10	143	670	823	40%	60%	844	831
Total Tipiak Workforce*	32	258	837	1127	42%	58%	1133	1109

(*) As of 2015, work-study contracts (training/ professionalisation, etc.) are counted as 1 FTE and not 0.5.

Location of Workforce in Relation to Gender and Age Group

> The Group’s 1,127 employees are spread across 8 industrial and administrative sites concentrated in western France from Pont l’Evêque (Calvados) to Marans (Charente Maritime). Three quarters of the workforce are situated in the Nantes area (in the Loire Atlantique region).

> The total workforce (excluding temporary employees) is made up of 42% men and 58% women (a small change compared to 2015). As regards the employee/worker status, the Party Food Division traditionally employs a high proportion of female employees in production.



> As of 31 December 2016 (excluding temporary staff), the workforce consisted of 5% salaried workers in the 18-24 age range, 66% in the 25-49 range and 29% above the age of 49.

The age pyramid has changed compared to 2015: an increase in the +49 age range to the detriment of the 25/49 age range.

Size of Registered Workforce as of 31 December 2016 (excluding temporary staff)

Contract Type	Central Services	Dry Sector	Cold Sector	Total Workforce as of 31/12/2016	Summary 2015	Summary 2014
Permanent Contracts	33	246	637	916	901	870
Fixed-Term Contracts	2	23	47	72	82	77
Total	35	269	684	988	983	947
<i>Part-Time</i>	3	10	66	79	87	89

Employees with fixed-term contracts make up 7.3% of the total workforce of the Group as of 31 December 2016 (8.3% in 2015). These contracts are mainly appointed to replace absent employees and in response to increases in business activity, which is linked to the variability of the activity.

As of 31 December 2016, part-time employees make up 8.0% of the total registered Group workforce (8.9% in 2015). These are "chosen" part-time jobs, most notably in production in the Cold sector and in administrative positions in the Dry sector.

Absenteeism

In 2016, the company recorded an absence rate of 8.2%, including maternity and paternity leave. As in previous years, the most common reasons for absence are sickness (in particular for the Frozen Ready Meals Division due to long-term absences) and accidents at work or occupational diseases. The rate is up compared to 2015, notably on the other grounds.

	2016	2015	2014
Absenteeism	8.2%	7.7%	7.8%
<i>Share of absences due to illness</i>	54%	55%	58%
<i>Share of absences due to work accidents or occupational diseases</i>	25%	27%	26%
<i>Share of absences related to other reasons (maternity and paternity leave, unpaid absences, etc.)</i>	21%	18%	16%

1.2. Employee Recruitment, Induction and Turnover

Tipiak's recruitment policy is designed to retain employees by providing them with a motivating and empowering career. It is based on the principles of diversity and non-discrimination. The candidate selection criteria are based on competency. For the recruitment of qualified workers to the Party Food Division, there are tools (training and appraisal grids) to help managers select or approve candidates. For the recruitment of seasonal posts in the Frozen Ready Meals Division, 'job-dating' sessions were once again organised (short recruitment interviews) in conjunction with the Employment Division to encourage candidates to meet employers.

The Group is using this policy to develop a culture and identity founded on shared values to motivate and empower the teams. The company's three core values – Anticipation, Differentiation and Professionalism – are explained in our company brochure and are shared values right across the workforce.

Staff Movements	2016	2015	2014
Recruitments	70	87	62
<i>of which new posts</i>	13	24	17
Staff Turn over (all grounds combined)*	7.3%	8.2%	6.7%

*Calculated on the permanent employee perimeter; intra-group mobility is included in the movements.

In 2016, 70 employees were hired on permanent contracts within the company, including the creation of 13 jobs responsible for half of production. In particular, the Fouesnant site hired a dozen employees for "key skills" positions (cooks, line managers, line operators, machine operators). Turnover increased to 7.3%, including all reasons for leaving (8.2% in 2015). Three movements concern a case of internal transfer and transfers from fixed-term contracts to open-ended contracts. The decrease in turnover is partly explained by a lower number of entries related to the decrease in the number of new jobs created in 2016. 58% of former employees left voluntarily (67% in 2015). A total of 6 employees were dismissed (same as in 2015).

New employees are given an official welcome to the company as well as an individual and team induction programme. For those sites welcoming seasonal or temporary employees on a regular basis, specific programmes allow these new employees to familiarise themselves with issues of health, safety and their environment (using short films, quizzes, etc.). All seasonal staff members participate in these activities as part of their induction. In the same spirit, the Party Food Division developed a mentoring system to facilitate the induction of its new seasonal workers (with around 520 people inducted in 4 months). For certain posts requiring a specific skill set (piping, for example), permanent employees are commissioned to train and supervise newcomers and thus ensure that the correct movements are learned. In the Cold sector, a tutoring system or training on the job is also in place to assist with the on-the-job training of skilled workers.

For many years, Tipiak has organised an induction programme for its newly appointed "managerial staff". Named "PIRAT" (*Pour une Intégration Réussie Au sein de Tipiak* [A successful start at Tipiak]), this seminar aims to provide new or recently promoted employees with an understanding of Tipiak's culture and values, its working methods, as well as skills needed in communication and the management of human resources. This mix of welcome and exchange also includes apprenticeships in "project management", which is very much embedded in the corporate culture. On average, two sessions with around twelve employees are organised every year.

A new starter's manual is also given to each new employee to provide information on the Group's social environment.

Since 2014, the Dry Grocery Division has established a way of introducing the company to new permanent recruits by way of welcome breakfasts with the Head of Division and the Heads of Social Relations/ Training/ Internal Communication. These convivial breakfasts encourage conversation and the proper induction of new employees.

Finally, the Group encourages employee mobility between different sites and divisions. A well organised communication system keeps everyone updated about the different jobs available within the Group, thereby promoting in-house professional development without discrimination.

1.3. Remuneration

The Tipiak Group strives to ensure that remuneration is fair, empowering, competitive and respects the non-discriminatory principle at all levels of the company. Pay structures are specific to each unit. For non-supervisory staff, pay is subject to an annual increase following negotiations with staff representatives from each company.

Remunerations (K€)	2016	2015	2014
Salaries and wages	36,508	36,064	35,264
Profit-sharing	895	311	823
Payment in shares	588	360	182

For management teams, this remuneration is partly fixed according to the pay grade for each post, and partly variable, depending on individual and collective results. A yearly performance appraisal system helps to determine both the qualitative and quantitative objectives that form the basis for performance-related pay. In addition, certain managers, depending on individual performance and level of seniority, can benefit from free shares or free share options. Payment in shares amounted to EUR 588,000 in 2016.

A collective part based on profit-sharing agreements comes in addition to the individual part of the remuneration. The different divisions of the Group have signed profit-sharing agreements related to their economic performance. Furthermore, most subsidiaries qualify for participation contracts. Profit-sharing totalled EUR 895,000 in 2016.

“Salaries and wages” (gross pay excluding social security contributions, remuneration-based taxes, temping fees, profit-sharing, provisions for employee benefits, and remuneration in shares) totalled EUR 36,508 in 2016, an increase of 1.2% from 2015 (to be compared to a -0.5% decrease in the average size of the workforce).

Since 1993 the company has provided a Group Savings Scheme for its employees. The scheme includes six mutual funds, one of which is invested in shares in Tipiak. By 31 December 2016, the amount invested by our employees in mutual funds provided by the Group Savings Scheme totalled EUR 3.6 million (same as in 2015), EUR 2.6 million of which was invested in Tipiak shares (up from EUR 2.4 million in 2015). As of 31 December 2016, mutual employee funds owned 24,000 shares in Tipiak, or 2.6% of the company's capital.

1.4. Skills Development

The main training areas are strengthening professionalism, developing trade skills and business tools (information systems) of employability and adaptability, team management, risk prevention and project management.

In 2016, the Group maintained its policy of providing training for all staff: 705 employees benefited from training at least once during this period; representing a budget totalling EUR 822,000, or 2.3% of total payroll.

Training	2016	2015	2014
No. of employees who received at least one training session	705	719	745
Hours of training received	13,489	15,809	15,582
Total training spend	822 K€	825 K€	878 K€
% of total payroll	2.3%	2.3%	2.6%

Over the past few years, innovative initiatives have been offered to employees. For example, for three years, several groups of production staff have undergone training designed to help them in their personal and professional development, to progress in written and oral expression, to gain confidence, to understand and be understood.

Co-development sessions organised in the Party Food and Dry Grocery Divisions promote cohesion, listening, questioning and the use of collective intelligence to help participants progress on a specific topic.

In the Dry sector, training is offered to people on self-knowledge. This training, based on the MBTI approach, makes it possible to understand the differences of each person as a source of complementarity and not of opposition. It is led by the Social Relations Officer.

A group of 9 professional training contract employees of the Tipiak Party Food Division was able to undergo training to operate machinery before the start of the season. Each year, specific trainings are also offered to the drivers of machines to ensure a rise in skills. In Marans, two employees obtained their Certificate of Qualification (CQP) as line supervisors in 2016 and another one followed a tutor training CQP.

In addition, following the implementation of the SAP software package in the Frozen Ready Meals Division in mid-2015, additional training was offered to production staff and to the purchasing, flow and management control staff, to optimise the use of the tool.

To improve the quality of exchanges during appraisal interviews, training to prepare for this interview was offered to workers in the Dry Grocery Division (launched in 2014 and continued for two years). In two divisions, it is the managers who could improve their skills in conducting interviews and around sixty team leaders have participated in leadership training.

Finally, individual coaching was offered to a dozen employees in 2016 through external coaches and through internal coaches more recently.

All of this activity is aimed at improving the employability and personal development of the employees so that they can access skilled jobs within the company and/or develop their general knowledge in business management in order to develop either internally or externally.

Information on personal development training – which is provided on a voluntary basis – is available on noticeboards and through briefing meetings.

1.5. Health, Safety and Working Conditions

Maintaining the health and safety of all employees is a priority of the Tipiak Group. Providing a secure working environment and safe working conditions is central to our plans for development. Since 2009, project teams have been setting up and piloting action plans in the Cold Sector on each industrial site with the aim of reducing MSD (musculoskeletal disorders), which have been identified as the main risk of occupational diseases related to our business.

For example, in 2016, a number of work stations were set up to limit the severity of working conditions or improve safety, such as assistance systems for lifting weighing scales for washing purposes, setting up the spice station, automated depanning, helping to fill dispensers, mechanising certain manual tasks in pastry making, etc.

When implementing new lines, the Methods department is involved in integrating the "health & safety" dimension from the design of the workstations.

Similarly, work stations in the Dry Sector were refurbished, such as a local dishwashing department within the Crusty Bread Division. The four sites of the Group, based in "Loire-Atlantique" area, have joined the TMS PRO programme initiated by the CARSAT of the department in 2015, which allows the process to be monitored by a consulting engineer.

Steering health committees meet several times a year to validate action plans and to monitor the progress of the projects. The Party Food Division has been tracking highlights related to improving health and safety since 2008 on a timeline. On display on various sites in 2013, this timeline is aimed at raising awareness in employees of the division about how action plans are being implemented. At the same time, this division also installed a safety records library in late 2014 to encourage the communication of guidelines. Each record is the subject of a workshop presentation designed to highlight specific topics and thus contribute to the culture of safety among employees. The initiative is set to continue in 2015 and 2016.

work-related illness	2016	2015	2014
Number of work-related illnesses recorded	18	21	17

The number of occupational diseases recognised during 2016 decreased and returned to levels near those of 2014; they are due to musculoskeletal disorders, mainly in the Cold Sector.

In 2016, diagnoses of the severity of working conditions were completed in all divisions with new factors defined by law, to evaluate the posts concerned. The measures to prevent and improve conditions at work, as defined in the agreement on the prevention of severe workplace conditions in the Cold sector in 2015, have been implemented gradually. The Dry sector is not subject to the severity of working conditions agreement. No other agreements on occupational health and safety were signed in 2016.

Agreements signed in other areas are referred to in the social dialogue section.

Across all factories, the CHSCT (*Comité d'Hygiène de Sécurité et des Conditions de Travail* [Committees for Health, Safety and Working Conditions]) monitor the safety and improvement of conditions in the workshops. All accidents occurring in the workplace are investigated and a corrective and/or preventative action plan is implemented accordingly.

The progress of these actions plans is also monitored through special documents that record workplace risk assessments.

Accidents in the workplace	2016*	2015	2014
Severity rate (1)	1.6	1.1	1.5
Frequency rate (2)	36.0	41.0	44.9

(1) Severity rate = (number of calendar days lost / hours worked) x 1,000

(2) Frequency rate = (number of accidents with work stoppage / hours worked x 1,000,000

(*) Changes to the method of calculation in 2016: calendar days and not working days and accidents at work other than commuting accidents were taken into account, unlike in 2015.

As of 31 December 2016, the group had a severity rate of 1.6 and a frequency rate of 36 accidents at work (excluding temporary workers), according to a new calculation method (which takes into account calendar days - not working days - and non-commuting accidents). The comparison of the two rates using the same calculation method shows a relative stability.

Training on safety or vigilance in the workplace (see below) and regular awareness-raising activities in the workshops on good practices, particularly among seasonal workers, were continued in 2016. One of the sites chose security as the theme of the meeting for its annual staff meeting.

For the past five years, training sessions led by health professionals (physiotherapists, osteopaths) were offered to employees at several different sites (production staff as well as administrative and temporary sales staff) to ensure greater vigilance in the workplace and prevent risks related to the physical demands of the job. For example, 77 new people were trained in the Party Food, Frozen Ready Meals and Dry Grocery Divisions in 2016 and another 27 benefited from a second session. Five internal specialists, trained in 2015 within the Party Food Division, are responsible for ensuring that this training continues in the long term.

Twenty other employees were also able to learn sophrology techniques through training sessions to help people gain personal and professional confidence.

Following major expansion and redevelopment of the social facilities (canteen, sanitary facilities, locker rooms) in 2015, staff at the Pont l'Evêque site enjoy significantly improved conditions at work.

The employee welfare programme continues at two of the sites in the Dry Sector: a social worker is therefore available on a regular basis at those sites for employees wishing to use the service. The scheme was deployed on two other sites of the Party Food division in 2016.

1.6. Social Dialogue and Internal Communications

Social Dialogue

Regular meetings are organised between unions and management teams from the Group's different companies, during which company agreements or action plans are made: annual salary agreements, working time agreements, employment and skills planning agreements, and agreements for the prevention of especially difficult working conditions, for the employment of the younger and older generations, for professional equality between men and women, and profit-sharing agreements.

In addition to the agreements signed in 2015, on the severity of working conditions and professional equality between men/women (for the Party Food Division) and a profit-sharing agreement (for Crusty Bread Division), Frozen Ready Meals signed a profit-sharing agreement in 2016, a GPEC agreement and a variation in working hours agreement (on one of its sites) jointly developed with the social partners. The Party Food Division signed an amendment to the profit-sharing agreement. Finally, three agreements were signed with the Dry Grocery Division (profit-sharing, GPEC-Generation, Equality between men and women) as well as one agreement regarding on-call work within the Crusty Bread Division.

This social dialogue is continued during monthly meetings between members of the Works Council or Staff Representatives elected by employees every four years. The Works Council is informed and consulted on the social and economic activities of all areas of the Group and is responsible for the management of any charitable ventures. The role of Staff Representatives is to communicate employees' questions and expectations to management. The minutes of every Works Council meeting and the responses to any employee questions from the Staff Representatives are systematically displayed at the relevant site. An electronic Economic and Corporate Social Data Base is available within the divisions to better share information and improve the ability of employee representatives as regards discussing corporate strategy.

To allow for the acquisition and exchange of skills, staff representatives are offered training in communication, labour relations, negotiation and/or business economics.

Similarly, training on labour relations is also offered within some divisions to managers closer to the work floor (team leaders, workshop managers) in order to facilitate communications between their teams and the social partners.

The Party Food Division initiated professional interview training (for 10 local managers) and 2 team-building training workshops for production teams (20 operators, team leaders, workshop supervisor and maintenance team).

Within the Dry Grocery Division, training on team-building and self-knowledge was offered to the production management team in 2016. At Frozen Ready Meals, 7 people received training focused on team management.

Internal Communication

For some twelve years, all operational management teams have met with employees on a regular basis in order to share information and gather opinions on the course of business. These meetings help to strengthen team morale and give new employees a chance to get to know their colleagues. They focus on past activities, objectives for the year ahead and the strategic development of the division and the Group in the medium-term.

Within the Party Food Division, the launch of the season in September was accompanied by specific meetings by workshops with presentations of the sites' projects and a questions and answers period. These meetings were then followed by regular communication on its projects and the working conditions through displays on the site' activity.

In the Cold Sector, the new "end of year" products are shown on a temporary display for the staff of each site to inform them about their division's innovations. In some cases, product samples are distributed to employees to allow them to try the latest releases.

In order to implement this strategy and manage the change, the Group has developed the practice of management by project. The management teams have all been trained in accordance with this methodology, available in the form of a manual, at the induction seminar for new employees. Regular project reviews are carried out by operational management in order to prioritise and allocate the resources needed to achieve the objectives. Around thirty projects are managed simultaneously in this way in each division.

Since 2013, a special company-wide tool has allowed the sharing of information within project groups and facilitates management at division level. This data base was accessible to all IT profiles and listed almost all of the company's projects.

For the last few years, a company-wide intranet communication tool has allowed the instant and regular broadcasting of information to all employees, whatever their position, to help improve knowledge about the different areas of the Group as well as to standardise working methods. In 2014, a pilot scheme was launched to investigate the relevance of developing a fully-fledged project.

A user satisfaction survey was conducted among 570 respondents who expressed both their interest and expectations. In 2016, the project to implement these developments (technical and editorial) continued.

Finally, every two months, an internal newsletter aimed at further strengthening the Tipiak corporate culture is made available to all employees, whether it is displayed publicly or sent to them on paper or online. This newsletter contains the latest news about the Group : staff movements, promotions, company changes in activity, share price, new product launches and progress reports on major projects.

1.7. Actions to Support Equal Treatment and Inclusion of Disabled Employees

Agreements and action plans on gender equality in the workplace, reaffirm the Groups commitment to upholding the principle of gender equality at work at both the individual and collective level. The main actions implemented concern promotion, working conditions, pay and qualifications, recruitment, training, and the balance between home life and work life. A review of these action plans is sent to staff representatives in time for annual salary negotiations or Works Council meetings.

Furthermore, the “generation contract” agreement integrated into the Jobs and Careers Management Plan (GPEC) was signed by the majority of sites. These agreements set out the provisions in place for sustaining employment among older workers (e.g. improvement and prevention of poor working conditions, and retirement planning), youth employment (e.g. induction and mentoring) and the transfer of skills and knowledge. The review of these actions will be communicated to the staff representatives during the Works Council meetings.

In order to promote the employment and inclusion of disabled workers, the Group is committed to recruiting and retaining members of staff with disabilities. In 2016, 5 sites out of 7 had fulfilled their obligation to employ 6% disabled workers. The overall rate of the group is 6.5% compared to 6.1% in 2015.

Disabled workers	2016	2015	2014
Disabled workers rate (%)	6.5	6.1	5.4

At the same time, initiatives specific to each site were also launched, such as disability training for employees designed to help integrate disabled workers into the company, or providing support for employees in preparing for their disability recognition statement. “Sheltered Workshops” are also used for various administrative and production tasks

1.8. Promotion of Core Values

In joining the Global Compact* in 2003, Tipiak committed itself to actively applying the principles of the Compact in its everyday business, especially as regards human rights and working conditions.

The Group is therefore committed to applying the laws, conventions and regulations applicable in France, home of its seven production sites. We adhere to the principles outlined in the Universal Declaration of Human Rights as well as the provisions of ILO conventions regarding freedom of association and the right to collective bargaining, the elimination of employment discrimination and the abolition of both forced labour and child labour.

No rulings, judgements, fines or similar decisions regarding human rights violations have been reported against the company in the past year.

A charter of values for all Tipiak Group employees helps to remind the workforce of our commitment to “recognise” and “respect others” throughout the entire company. The charter is regularly introduced by the Chief Executive Officer during induction seminars for all new managers. It is also included in new starter welcome packs at each of our sites.

<p>* The "Global Compact" is an international initiative launched by the United Nations and aimed at bringing together enterprises, civil society and the world of business to promote ten universal principles as regards the environment, ethics and labour law.</p>
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2. The Environmental Agenda

2.1. Environmental Policy

Being committed to sustainable development*, the Tipiak Group works with its customers, suppliers, employees and local partners in its efforts to respect and protect the environment and its natural resources.

The Group is therefore committed to promoting an environmental policy in each of its subsidiaries based on the following:

- ✓ raising employee awareness through communications and training;
- ✓ action plans for controlling emissions and for measured waste management in order to reduce emission levels and promote the recycling of waste;
- ✓ reduced water and energy consumption;
- ✓ reduced greenhouse gas emissions
- ✓ promotion of good environmental practice among the general public.

Action plans implemented so far therefore reflect the environmental principles of the Global Compact of which the Tipiak group has been a member since 2003 (*cf. social agenda*).

* Sustainable Development is intended to be a process of development drawing together a virtuous circle of the ecological, the economical and the social. It is about development that is economically effective, socially fair, and ecologically sustainable.

Environmentally Friendly Development

The Tipiak Group has operations which have a limited environmental impacts compared to most of the other industrial sectors. We nevertheless operate an active policy aimed at minimising pollution from our industrial sites. An environmental self-diagnosis of the sites conducted in 2008 helped to define a frame of reference for each site (current status and improvement measures). Our defined action plans are followed up by an "Environmental Safety" steering committee, with environmental indicators being included in the reports that are produced over the years.

The implementation of Article 225 of the legislation known as "Grenelle 2", continues to mobilise teams with regard to a number of environmental aspects: the validation and monitoring of current indicators; the strengthening of internal checks through awareness-raising meetings; and the implementation of a data auditing process by division and Group controllers. In 2015, some key indicators were defined, with validation from the Group's management of targets to be achieved which are monitored through the "Safety and Environment" steering committee. This dashboard was updated and completed in 2016.

Internal Organisation of Environmental Management

The implementation of the environmental policy and checks is different across the Group's divisions according to the size, activity type and specifications of each industrial site. Each division has defined its own approach to "Environment" and attached its environmental policy either to Industrial Management or Quality Management. Employees (supervisors and environmental leaders) are in constant contact with specialist groups and organisations.

A quarterly technical committee meeting and an annual steering committee meeting allow the sharing of information across the Group and help to support this approach.

Employees across all sites are made aware of environmental impact from in-house information (e.g. new starter manuals, displays publicising indicators or instructions at work stations for the management of waste at source) or, in certain cases by specially training all staff in emergency procedures and good environmental practice.

The Party Food Division has been tracking highlights related to environmental practices since 2008 on a timeline. On display at various sites in 2014, this timeline is aimed at raising the awareness of the employees in the division about how action plans are being implemented.

A crisis response and management team has been put together for the prevention and management of environmental disasters. A crisis response unit is set up and in-house specialists are mobilised. (*cf § crisis management*).

Company assessment or certification measures:

In 2012, the Group received ISO 14001 certification for the Pont l'Évêque site, which was renovated in 2014 but was not audited until 2015 due to significant works on site. It is suspended to date.

In 2016, the Fouesnant site confirmed its ISO 14001 (level 1) certification for its energy management system.

2.2. Sustainable Use of Resources

In 2016, the industrial output for the Tipiak Group totalled 44,557 tons, increasing by 5.1% compared to 2015. This volume increase is observed in three of the four divisions.

Energy usage:

Energy (in MWh)	2016		2015		2014	
	Total	Per tonne produced	Total	Per tonne produced	Total	Per tonne produced
Electricity	24052	0.54	25863	0.61	26,064	0.56
Gas	41408	0.93	40701	0.96	40,483	0.88
Fuel	172		198		186	
Total Energy	65632	1.47	66762	1.58	66,733	1.44

Average energy consumption is taken from provider invoices and company records.

Energy resources are needed for the production processes involved in the cooking, chilling and freezing of food (maintaining the continuous “cooling chain”). These energies are less polluting (electricity and natural gas). Total energy consumption per tonne of products manufactured in 2016 is down by 7% compared to 2015, notably electricity consumption (-11%). The Fouesnant site thus achieved significant improvement in its performance following the implementation of a new cold production installation in mid-2015. The decline in this ratio is also consistent with the optimised operation of the production and packaging lines of the Dry Grocery Division, as well as the implementation of actions following the energy audit carried out in this division at the end of 2015. Those carried out at the Party Food Division’s three sites have identified ways to reduce energy consumption that will be phased in 2017.

This development is still to be put in perspective taking into account the effects of the distribution of production between the various industrial sites of the group whose activities and consumption widely vary. Thus, by eliminating site-specific variations in production, the Group's overall energy consumption ratio per ton produced fell somewhat less than in comparison with 2015: the

theoretical calculation of this ratio would have been 1.49 MWh/tonne in 2016 if each site had produced the same percentage of the total Group tonnage as in 2015 (applied to the ratio of energy consumption per ton produced at each site in 2016).

In general, each site followed its own action plans to act upon its performance (insulation optimisation of machine starts, adjusting boilers, guidelines for the temperature of cold rooms, replacing lighting with LEDs and so on).

Since 2010, a number of sites have begun using an "Energy Saving Certificate" (C2E), which allows providers to promote energy-efficient investments and businesses to draw more savings from their industrial projects. The certificate is only issued in recognition of concrete measures that exceed standard requirements. Two sites were awarded the certificate during 2013, 2014 and 2015 (for the installation of a variable-speed air compressor and the replacement of two boiler burners, etc.). Two new agreements were signed in 2016 at the Saint-Aignan site in Grand Lieu regarding the insulation of several pieces of equipment and the replacement of economisers on boilers.

To date, no site uses renewable energy sources.

Water usage:

Water/ Discharge	2016		2015		2014	
	Total	Per tonne produced	Total	Per tonne produced	Total	Per tonne produced
Total Consumption (m³)	174,589	3.92	175,819	4.15	171,704	3.72

Wastewater Discharge (m³)		2.60		2.59		2.41
Waste Coefficient	66%		62%		65%	

Average water consumption is taken from provider invoices for the 2016 fiscal year and from company records.

Water is drawn from potable water systems; according to the Global Water Tool, the West of France is not part of a hydric stress zone.

Water is used in the manufacture of products, cleaning of equipment and premises, and in certain chilling processes. In 2016, on average, and across all production, the Group used 3.92 m³ of water per ton of product produced, which is a lower ratio by 5.5% than that of 2015.

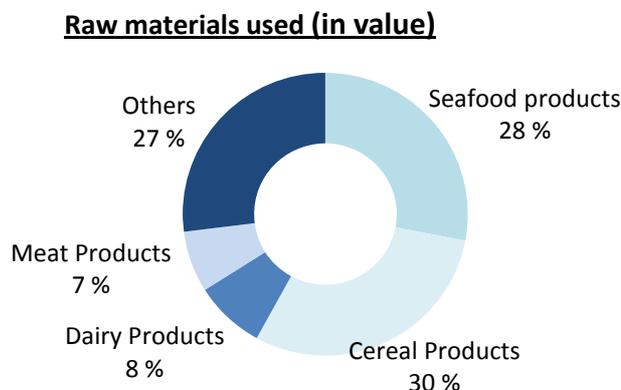
However, by eliminating site-specific variations in production, the Group's overall water consumption ratio per ton is ever so slightly lower than in 2015: the theoretical calculation of this ratio would have been 4.12 m³/tonne in 2016 if each site had produced the same percentage of the total Group tonnage as in 2015 (applied to the ratio of water consumption per ton produced at each site in 2016).

Given the fact that there are very different manufacturing processes between the sites, the water consumption/ tonne produced ratio differs greatly between industrial sites.

Aware of controlling water consumption, the sites have continued with saving measures already in place: organisation of the planning of production to optimise the number of times everything is cleaned, changing cleaning procedures, review of water systems, staff awareness (such as the "ECODO" project launched in 2013 at Marans and in 2016 at Fouesnant, which encourages employees to use less water and mind the quality of discharge), changes to the process (such as defrosting the freezers).

Use of raw materials and packaging:

The four main families of raw materials used (excluding packaging) are seafood (including scallops), cereal and meat and dairy products; these make up 73% (or some EUR 47,488 K) of all raw material purchases (compared to 75% in 2015).



Some strategic raw materials (such as scallops, semolina, manioc starch or quinoa) are mainly or fully supplied from abroad due to the specificity or the rarity of the materials required (quality and/or quantity) as well as the wish to diversify sourcing to reduce the risk of economic dependence and supply disruption.

In 2016, various investments and action plans were devised to optimize recipes, reduce the use of excessive quantities (as well as providing better quantity regulation) and reduce factory wastage, while substituting certain elements saved the Group 0.6% in consumption of materials compared to 2015 (all things being equal in terms of volume, product-mix and purchase prices). Most of these savings were made in the Cold Sector.

The amount of money granted to Eco-Emballage (a company promoting eco-friendly packaging) at year-end 2016 was EUR 807,000, increasing by 2.7% compared to 2015.

Soil usage:

Tipiak is not directly involved with soil usage, nor does it deal directly with farmers (involved in the earlier production stages of certain raw materials).

Emissions are monitored more closely at sites near to areas that are protected under programmes like Natura 2000 (e.g. water flows, lakes, etc.).

None of the Tipiak production sites has any biodiversity-protected areas. To date Tipiak has not committed to any action to protect biodiversity.

2.3. Pollution and Waste Management

Wastewater treatment and chemical oxygen demand (COD):

At most sites (5 out of 7) wastewater is treated before it is washed away by the cleaning water. The composition of the water in terms of organic matter or minerals such as nitrogen and phosphorous is subject to checks either by the company itself or by the appropriate external bodies.

COD	2016	2015	2014
Tons	9.46	8.97	7.46
Ton of COD/ million ton produced	212	212	161

While allowing for any abatement related to the effects of municipal treatment plants, the total quantity of COD measured in emissions (calculated as per the variable testing frequencies of different sites) was 9.46 tons in 2016. This ratio is higher than that of 2015, despite the internal awareness raising actions (good cleaning practices) put in place to restrict outgoing tonnages. Nevertheless, the COD tonnages ratio per million ton of manufactured products remains stable compared to 2015.

Emissions causing serious harm to the environment (Decree dated 30 April 2002): none

Management of waste:

Waste (in tons)	2016	2015	2014
Ton of Waste Produced (excl. sludge)	4,306	3,837	3,749
Ton of waste / 1000 ton produced	97	91	81
<i>Ton including Non-hazardous Waste</i>	770	1,027	848
<i>Ton including Bio-Waste and Re-usage (e.g. of animal feed)</i>	1,058	845	946
<i>Ton including Hazardous Waste (HW)</i>	12	7	11
Sludge (pre-treatment plants)	62	42	126

The Group maintained its waste reduction policy through ongoing employee awareness campaigns in the workshops and a closer focus on suppliers and packaging. In 2016, however, the Group's factories produced 4,306 tons of waste (representing a ratio of 97 ton of waste for 1000 ton of product produced, an increase of 6.6% compared to 2015), 25% of which was bio-waste, including that re-used for animal feed (22% in 2015). By eliminating site-specific variations in production, the Group's total tonnage of waste generated per tonne of manufactured products is up by 8.1% compared to 2015: the theoretical calculation of this ratio would have been 98 ton of waste per 1000 ton of manufactured products if each site had produced the same percentage of the total Group tonnage as in 2015 (applied to the waste tonnage ratio per 1000 ton of products manufactured at each site in 2016).

- ✓ Non-hazardous industrial waste, which is mixed waste, represented 770 ton, a significant decrease compared to 2015 due to a more qualitative sorting of the sector at the Fouesnant site following the change of service provider (less decommissioning in the sorting of biowaste). This waste is usually collected for incineration by specialist companies, or otherwise used for methane production.
- ✓ Bio-waste is destined for recovery by authorised agencies (composting, anaerobic digestion) (1,279 ton) or "re-employment" in the animal feed sectors (1,058 ton). This sector is one of the responses to incentives developed in the national action plan against food waste.
- ✓ Hazardous waste (HW) amounted to 12 tons in 2016 (from aerosols, batteries, lamps and fluorescent tubes, accumulators, hydrocarbon separators, maintenance oil, solvents etc., depending on the specific site).
- ✓ Boxes and packaging (in third place in ton): our industrial sites disposed of 541 ton of boxes and packaging in 2016. Recycling is carried out by recognised specialist companies.
- ✓ Dry matter sludge accounted for 62 ton. After a significant increase in 2014, as a result of the dismantling of a station and the installation of a new one at one of the sites, the tonnage increases slightly in 2016, due to some malfunctions.

Plastic, glass, metal, wood and paper are also recycled.

Recovered waste	2016	2015	2014
<i>Rate (%)</i>	97	96	95

In 2016, the overall percentage of waste recovery (material or energy) increased to 97% due to the high recovery of non-hazardous industrial waste (heat production) in the pursuit of recycling including sorting plastics and the use of re-employment sectors to recover bio-waste.

Paper sorting is practised at all sites. In 2016, 6 ton of paper were collected and either donated to charitable organisations or sold on for recycling.

A 100% ecological initiative to recycle printer and photocopier consumables is in place at four sites.

The Saint-Herblain site (including the administrative headquarters and a production site) was also innovated in September 2015 with the introduction of new sorting procedures: cup and plastic bottle bins and metal cans have been installed in both break rooms on site. Employees were informed via email and displays. The balance sheet for the first year is satisfactory as regards the quality of the sorting.

Impact on Area Around Industrial Sites:

All sites are located in dedicated industrial or business areas with a potentially low impact on housing. Noise abatement measures are taken at property boundaries in accordance with the prefectural decree for each site requiring authorisation or a declaration.

2.4. Climate change

Greenhouse gas emissions (GHG)

Since the installation of this tool in 2013, the group's different sites have been keeping a record of their greenhouse gas emissions (GHG) on Scopes 1 & 2(*).

GHG	2016	2015	2014 (**)
<i>Ton of CO2 equivalent</i>	15,429	16,665	22,058
<i>Ton of CO2 eq / 1000 ton produced</i>	346	393	478

(*) GHG emissions directly occurring on site (scope 1) and those indirectly linked to energy consumption (scope 2).

(**) The 2015 tonnage takes into account ADEME's update of emission factors; the impact on adjusted 2014 data was not significant (+0.2%) and has not been taken into account.

The overall 2016 result is 15,429 TeqCO2 for the 7 sites, a considerable decrease in comparison to 2015 (-7.4%). The ratio of ton of CO2 equivalent to 1000 ton of manufactured products is down by 12% compared to 2015.

The use of natural gas-based perennial technology at the new refrigeration plant in Fouesnant, which was commissioned in July 2015, had contributed to a reduction in GHG emissions at the site, which continued in 2016 (full year).

To recall, the Group has in fact been committed to a major investment programme for several years aimed at the substitution of certain refrigerants used in cold production that have a negative environmental impact. This programme is now in place at the Marans and Fouesnant sites.

Furthermore, energy audits gradually carried out on the sites (cf § energy) and the implementation of related action plans should gradually lead to a reduction in greenhouse gas emissions in the coming years.

The new obligations under Article 173 of the Energy Transition Act increase the obligations of companies in the area of climate reporting. To meet this new requirement, the Group has carried out a pre-assessment of Scope 3 in order to identify significant indirect GHG emissions (excluding

energy). By using the Scope 3 Evaluator provided by the Greenhouse Gas Protocol, it appears that this scope represents more than 90% of total GHG emissions (all scopes combined). The positions that are most predominantly evaluated as GHG emitters are the purchases of goods and services and upstream and downstream freight transport.

Adapting the activity to climate change

The company did not identify any direct risks to its business related to the effects of climate change and therefore did not implement any specific actions. On the other hand, it assesses indirect risks, mainly in the supply of certain raw materials. It believes that its policy of diversifying sources of supply helps to limit the potential impacts of this risk.

2.4.1. Compliance with Environmental Regulations

All the industrial sites have obtained the declaration or authorisation required to operate from DREAL (Regional Directorate of the Environment, Planning and Housing) or the DDPP (Directorate for the Protection of the Population).

In order to stay abreast of the latest legislative changes, the Group has used "Environment and Safety" compliance software across most sites since 2010.

2.4.2. Environmental Expenditure

Expenditure	2016	2015	2014
<i>Expenditure for treatment of waste and emissions, audits/diagnostics*** (in EUR 1,000)</i>	562	561	579

Environmental impact reduction expenditure for the Group’s industrial sites reached EUR 562,000, which is a level close to that of previous years. Expenditure was largely down to the sanitation of wastewater, the treatment of waste and audit and diagnostic costs.

Sum of the provisions and guarantees against environmental risks:

No provisions are accounted for over the financial year. The amount of guarantees is available in § 4.5 "Insurance" of the annual report.

Damages paid over the financial year resulting from a legal ruling on an environmental matter:

During the financial year 2016, the Group did not pay any damages resulting from a legal ruling on environmental risks, and to date, no such process is underway.

Objectives for overseas subsidiaries: Not applicable to the Tipiak Group.

2.4.3. Prospects and Action Plans

Over the next three years the Group will uphold its policy of raising awareness of issues of safety and the protection of the environment.

It will also further develop its environmental protection measures:

- ✓ by using diagnostic data to help optimise energy (electricity and gas) and water consumption;
- ✓ by controlling wastewater through pre-treatment plant investment programmes,
- ✓ by controlling greenhouse gas emissions based on the diagnostics carried out.
- ✓ by reducing and recycling everyday waste.

3. The Societal Agenda

3.1. Playing a Part in the Community

Tipiak's ambition to match pioneering companies with recognised knowledge shows its willingness to promote the development of each of the companies in its local environment. For the most part, the company's production sites have become major employers in their local communities.

We are a member of a number of employer groups that aim to help prolong the employment of seasonal workers through other companies.

The company regularly participates in employment and career forums (especially as part of our partnership with ONIRIS (Nantes Atlantic College of Veterinary Medicine, Food Science and Engineering), in order to share knowledge and meet new talent. The Fouesnant site held a 'job-dating' recruitment event (short interviews) once again in 2016, coming to meet candidates over two days for individual job interviews. To foster links with the academic world, the Malville and Saint-Herblain sites took part in an initiative involving school, college and university teachers and lecturers featuring presentations and workshop visits. They were also mobilised during the 'Week of Industry' to inform others about their professions through visits, forums, etc., including in particular representatives of the French employment centre and field offices. The Party Food Division also participated in a trade forum organised by the Nantes Detention Centre in 2016 in the context of professional reintegration.

In terms of partnerships, the company helps those in need by making regular food donations to a number of charities local to its factories, such as "Restos du cœur" and the "Banque Alimentaire". It also offers selling its "clearance" products (non-compliant products but which are consumable or close to the expiry date) in suitable distribution channels or in animal feed for some co-products. These actions respond to incentives developed in the national action plan against food waste. In 2016, donations of products to associations amounted to EUR 173,000, "clearance" sales to EUR 357,000 and sales of co-products for animal feed to EUR 39,000; representing a total volume of 1,152 ton.

Agencies helping people back into society can also be called on when certain work becomes available (such as maintenance of green areas and offices).

For the past five years the company has supported a number of employees in their sporting endeavours in the Nantes Marathon (registration fee is covered). In 2016, 9 teams representing 5 of the Group's 7 sites participated in the relay race wearing the Tipiak colours. The Fouesnant site also supports one group of employees (runners and walkers) with their participation in local races.

3.2. Maintaining Public Relations

Each operational management team ensures that it maintains constructive relationships with its most immediate contacts, often involving on-site visits or exchanges with local politicians, representatives of administrations, and the forces of law and order. We also have close ties with members of the local fire service of each community. In 2015, an inventory was made public at each site to assess the level of the relationship with each of the company's stakeholders. In 2016, action plans were deployed at several sites: meetings with local elected representatives or representatives of administrations, for example.

Involvement with local professional associations, such as LIGERIAA (the regional association of food industries in the Pays de la Loire region), allows Tipiak to contribute to the development of its

professions and its business. We also have ties to associations in industrial zones where some of our sites are located in order to take part in local life (for example, on-site restaurants serving a number of companies). In 2016, the company continued to work with the Saint-Herblain Ouest Business Association and its CSR Committee. In this regard, the company helped to organise a blood donation initiative in June 2016 with the French National Blood Service (58 donors mobilised, 8 of which were Tipiak employees from the Saint-Herblain site). The company has also assisted in the organisation of the third meeting between the young people of Saint-Herblain and member companies during mock job interviews (110 young people in March).

The company also welcomes trainees ranging from 11-15 year olds (observation) to students completing their secondary education. In 2016, 84 trainees from all levels were welcomed into various parts of the company, including 26% of them in production.

Close ties are also maintained with educational establishments specialising in cooking or agri-food technologies.

Some of our employees offer lessons so they can share their expertise with students, or they participate in assessment panels, or they validate the awarding of professional qualifications (CQP certificates) in their area of expertise (the National Collective Bargaining Agreement certificate of the 5 Miscellaneous Food Industry Branches, for example).

3.3. Promoting a Sustainable Procurement Policy

Tipiak aims to maintain lasting and quality relations with its suppliers. In addition to its purchasing procedure, the company implements many actions that favour constructive partnerships, such as co-development, support in certification procedures and evaluations coupled with visits or audits to deepen knowledge of the sectors. These various aspects are developed in the following paragraphs.

The Purchasing Group has a procedure setting out guidelines for purchasing processes (sourcing, selecting, negotiating, referencing, supplying, evaluating) for all the divisions of the group. The major challenge is enabling the evaluation and management of purchasing risks. The purchase is then communicated to the divisions via a specific procedure which is integrated into the quality division system.

Tipiak works continually to select materials and to test new ones on a regular basis under our rigorous referencing processes. The selection of raw materials involves several stages of approval of the material and the supplier (document reviews, supplier audit, analysis frequency and type, industrial testing, etc.). In the Party Food Division, a cross-evaluation of the Purchasing/ Quality/ Supply departments helps to draw a map of vendors according to criteria such as quality of delivered goods, meeting deadlines, age of commercial relationships, geographic location, and so on.

With the Crusty Bread Division, implementation of the fraud prevention approach in 2016 made it possible to improve the assessment of the "material/supplier" pair (see § 3.5). In some cases, the relationship is also enriched by co-development actions in product innovation (testing of new raw materials). The incentive to undertake BRC-type quality certifications may also be part of the levers to help suppliers progress (for example, a packaging supplier).

In every division, an audit schedule is drawn up every year with definitive criteria (e.g. strategic and sensitive materials or new suppliers). Supplier audits are organised by Tipiak teams according to internal standards (product safety, quality, skill, process management, cleaning, etc.) and mainly where there is international sourcing, so that production conditions of raw strategic materials can be verified and sustainable relationships developed with our partners. In 2016, 5% of the group's suppliers were audited, accounting for 15.7% of the total purchasing volume.

Suppliers audits	2016	2015	2014
<i>No. of audits / No. of suppliers (%)</i>	5.1	8.5	8.2
<i>Turnover audited suppliers/ Total turnover (%)</i>	15.7	NC	NC

On-site visits to meet current suppliers (audits) or prospective suppliers offer the opportunity for teams to increase their knowledge of the strategic supply chains (for example, in the last couple of years, quinoa in South America, fish in Scotland or Norway, scallops in South America and manioc in Thailand).

The company takes social and environmental issues into account in its purchasing policy. For example, it continues its approach to better the ten Global Compact principles, especially those affecting the environment, compared to suppliers of raw materials and packaging. Supplier questionnaires, general terms and conditions of purchasing and supplier audit support documents therefore make reference to it in the hope of incentivising and raising awareness. For certain purchasing categories, the divisions also pay particular attention to the geographical origin of the materials or to the certification of the sector.

Almost all manufacturing and packaging of products is carried out at the Group's own industrial sites. Activities outsourced to third parties (production, packaging and trading activities) accounts for only 3.5% of the group's total production costs. Other significant subcontracting activities (e.g. transport and logistics upkeep and maintenance) are not included in this scope. Preventive measures apply to service providers during their staff's interventions at our sites, in compliance with regulatory provisions (e.g. signing of prevention plans).

3.4. Ensuring Food Safety and Nutritional Quality

Within each division, a quality control manager, independent of the production managers, monitors the quality and safety of our food constantly. The safe supply of sensitive raw materials is ensured thanks to the rigorous and permanent quality assurance procedures that are in place. These procedures are validated by the likes of ISO 9001, the BRC (British Retail Consortium), the IFS (distributor audits), and delivered by authorised bodies. In 2016, most of the sites renewed their existing certificates. (*cf § expanded in the "risk factors" section of the annual report*). To prevent the risk of fraud, projects and action plans are deployed gradually within the divisions (see § 3.5).

As part of the monitoring of our products, thousands of analyses are performed every year on raw materials as well as end products, either in-house or through accredited external laboratories. The tests are mainly related to contaminants or allergens, or are bacteriological or physicochemical in nature.

Hundreds of internal tasting sessions are organised by trained personnel every year across all of our sites so that the taste and appearance of every recipe can be tested. Many taste tests are also performed throughout the year by independent external bodies with thousands of consumers. Group regulations stipulate that the sale of a new product can only go ahead once high scores have been gained in blind taste tests according to criteria set by the Research and Development teams.

As part of risk prevention, the Group has a procedure in place called "activating a crisis unit" which it can invoke in the case of a threatened or real crisis by mobilising internal or external experts in various fields (law, social work, communications, bacteriology, gastroenterology). In this context, the company has solidified its partnership with IMAD (Institute of Disorders of the Digestive System), by becoming a member of its corporate foundation three years ago.

Finally, awareness and training sessions are also held every year for operational managers and all newly employed managers in the Group as part of their induction programme. In 2016, 24 members of the management team benefited from this training.

3.5. Preventing Fraud and Corruption

The structure of the Tipiak Group, whereby financial, accounting, legal, credit management and payroll services are centralised in the parent company Tipiak SA and “independent” from the operational entities which they serve, ensures separation of duties and operational security.

Through its “independent” position in the holding company Tipiak SA and the nature of its tasks (charts, management indicators, internal controls, risk management), the Controlling & Audit Group department also makes a contribution towards the reduction of risk.

Outside of the company, raising awareness among company suppliers about the principles of the Global Compact (*cf § Purchases*) constitutes a preventative action against the risk of corruption.

For greater control of the supply chain and to reduce the risk of supplier fraud, a pilot project was launched in 2013 for the purpose of strengthening the process used to secure purchases at all of the Group's divisions. A follow-up was conducted in 2014 which enabled the development of a fraud matrix for each category of material. This matrix identifies 3 distinct risk levels corresponding to 3 levels of action plan for internal and external controls to be implemented gradually within the Group. In 2015, a pilot division started a project to implement identified actions, especially on the inspection of materials upon reception. In 2016, the approach was initiated in two other divisions through, for example, the following actions:

- carrying out additional analyses of certain raw materials with the involvement of the supplier,
- removal of identified at risk raw materials or their substitution by controlled substances,
- delisting or selection of new suppliers,
- strengthening of audits,
- setting up new specifications on new and emerging risks,
- strengthening monitoring in connection with trade unions.

REPORT ON CSR INFORMATION

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This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Tipiak

Year ended the 31 December 2016

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

To the shareholders,

In our quality as an independent verifier accredited by COFRAC¹ under number 3-1050, we hereby present our report on the consolidated social, environmental and societal information established for the year ended 31 December 2016, presented in the management report, hereinafter referred to as "CSR Information", pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code (*Code de Commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report containing the CSR Information referred to in Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the standards used by the Company (hereinafter the "Standards"), a summary of which can be found in the management report or upon request by emailing tipiak@tipiak.fr.

Independence and quality control

Our independence is defined by the regulatory requirements, the Code of Ethics of the profession and the provisions of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our responsibility, based on our work, to:

- Attest whether the required CSR Information is present in the management report or, in case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation of presence of CSR Information);

¹ Scope of accreditation available at www.cofrac.fr

- Express a limited assurance conclusion , that the CSR Information, overall, is fairly presented in all material aspects in according with the Criteria;

Our work mobilised the skills of five people and took place between September 2016 and April 2017 for an estimated duration of eight weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier should conduct its mission and, in relation to the opinion of fairness and the limited assurance report, in accordance with the international standard ISAE 3000².

1. Attestation of presence of CSR Information

Nature and scope of work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code.

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code.

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de commerce*).

Conclusion

Based on this work, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of work

We undertook about ten interviews with the people responsible for the preparation of the CSR Information in the different departments of Communication & CSR, Human Resources, Safety & Environment, Quality and Purchasing, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

²ISAE 3000 – Assurance engagements other than audits or reviews of historical information

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important³:

- At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report ;
- At the level of the representative selection of entities that we selected⁴, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 8% of the total workforce and between 3% and 16% of the quantitative environmental information, considered as characteristic quantities of the social and environmental aspects.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

³Social information:

- *Indicators (quantitative information):* employment (total workforce and distribution, hiring and layoffs), absenteeism, occupational accidents, including frequency and severity, occupational diseases, the total number of hours of training. ;
- *Qualitative information:* the health and safety conditions at work and the policies implemented in terms of training.

Environmental and societal information:

- *Indicators (quantitative information):* pollution and waste management (quantity of COD and tonnages of waste produced and recovered), energy consumption, GHG emissions, water consumption;
- *Qualitative information:* general environmental policy, pollution (measures to prevent, reduce or repair discharges to the atmosphere, water and soil), the circular economy (measures for the prevention, recycling, other forms of recovery and disposal of waste, actions to combat food waste, energy consumption, measures taken to improve energy efficiency), climate change (the significant greenhouse gas emissions generated by the company's business, including the use of the goods and services it produces), the territorial, economic and social impact (employment, regional development, impact on coastal or local populations), relations with stakeholders (the conditions of dialogue, partnership or patronage actions), the taking into account in the purchasing policy of labour and environmental issues, measures taken in favour of the health and safety of consumers.

⁴ The Tipiak Crusty Bread Division in Pont-l'Évêque

Finally, we appreciated the relevance of the explanations relating, where appropriate, to the total or partial absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgement allow us to express a limited assurance conclusion – an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented in compliance with the Criteria.

Paris-La Défense, the 3rd April 2017

French original signed by:

Independent Verifier ERNST & YOUNG et Associés	
Partner, Sustainable Development Eric Mugnier	Partner Bruno Perrin