



Corporate Social Responsibility

- Fiscal year 2017* -



Tipiak, it's all about the recipe

() Extract from the 2017 annual report*



July 2018

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 conclusions of which can be found at the end of this document. 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 commercial subsidiary located in the US, 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 2017, the Group employed a total of 1,166 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	2017 Workforce	Summary 2016	Summary 2015
Permanent Contracts	34	239	568	841	826	815
Fixed-Term Contracts*	1	15	309	325	301	318
Total Tipiak Workforce	35	254	877	1,166	1,127	1,133
Temporary Employees	3	35	99	137	135	134
Total Workforce	38	289	976	1,303	1,262	1,267

(*) *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) increased by 39 full-time equivalents, or +3.5 %, from 2016 to 2017. This trend affects both permanent and fixed-term contracts. They strengthen the production line teams at year end (increased activity especially in the Party Food Division in 2017 with 15% more fixed-term contracts) and have also helped with the modernisation of the information systems project which was completed in mid-2017.

The average number of temporary workers was stable, rising slightly from 135 to 137 full-time equivalents. This represents 10.5% of the total average workforce, the same proportion as in 2016.

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

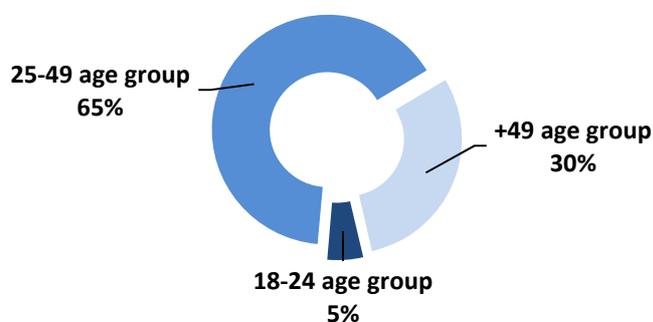
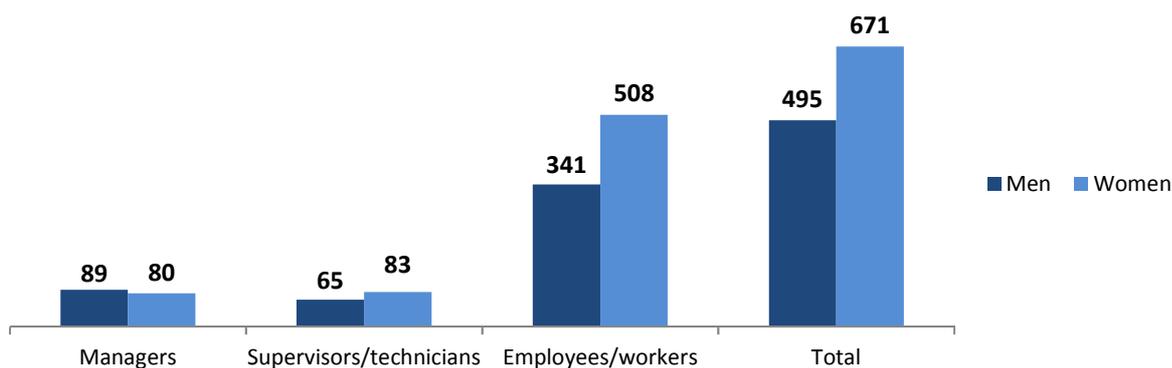
Contract Type	Central Services	Dry Sector	Cold Sector	2017 Workforce	M 2017	F 2017	Summary 2016	Summary 2015
Managers	13	70	86	169	53%	47%	163	155
Supervisors and Technicians	10	50	88	148	44%	56%	141	134
Employees/Workers	12	134	703	849	40%	60%	823	844
Total Tipiak Workforce*	35	254	877	1,166	42%	58%	1,127	1,133

(*) 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 1,166 employees are spread across 8 industrial and administrative sites concentrated in western France from Pont l'Évêque (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 proportion identical to that of 2016. As regards the employee/worker status, the Party Food Division traditionally employs a high proportion of female employees in production.



> The size of the workforce as of 31 December 2017 (excluding temporary staff) is divided between 5% of employees in the 18-24 age group, 65% in the 25-49 age group and 30% older than 49.

The age pyramid has changed compared to 2016: a slight increase in the + 49 age group to the detriment of the 25-49 age group.

Size of Registered Workforce as of 31 December 2017 (excluding temporary staff)

Contract Type	Central Services	Dry Sector	Cold Sector	Total Workforce as of 31/12/2017	Summary 2016	Summary 2015
Permanent Contracts	33	240	640	913	916	901
Fixed-Term Contracts	1	17	49	67	72	82
Total	34	257	689	980	988	983
<i>Part-Time</i>	1	11	60	72	79	87

Employees with fixed-term contracts make up 6.8% of the Group's total workforce as of 31 December 2017 (7.3% in 2016). These contracts are mainly appointed to replace absent employees and in response to increases in seasonal activity, which is linked to the variability of the activity.

As of 31 December 2017, part-time employees make up 7.3 % of the total registered workforce of the Group (8.0 % in 2016). These are "chosen" part-time jobs, most notably in production in the Cold Sector and in administrative positions in the Dry Sector.

Absenteeism

In 2017, the company recorded an absence rate of 8.8%, including maternity and paternity leave. As in previous years, the most common reasons for absence are sickness (due to long-term absences in the Frozen Ready Meals, Crusty Bread and Central Services divisions) and accidents at work or occupational diseases. The rate is up compared to 2016, notably as a result of illness.

Absenteeism	2017	2016	2015
Absenteeism	8.8%	8.2%	7.7%
<i>Share of absences due to illness</i>	57%	54%	55%
<i>Share of absences due to work accidents or occupational diseases</i>	19%	25%	27%
<i>Share of absences related to other reasons (maternity and paternity leave, unpaid absences, etc.)</i>	23%	21%	18%

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 Cold Sector, "job-dating" sessions can be organised (short recruitment interviews) in conjunction with the Employment Division to encourage candidates to meet each other.

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	2017	2016	2015
Recruitments	81	70	87
<i>of which new posts</i>	13	13	24
Staff turn over (all grounds combined)*	9.0%	7.3%	8.2%

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

In 2017, 81 employees were hired on permanent contracts in the company, including 13 new jobs mainly dedicated to production and 26 fixed-term contracts that were transferred to permanent contracts (including 19 in the Party Food Division in connection with the increase in activity). Turnover increased to 9.0%, including all reasons for leaving (7.3% in 2016). Two movements concern cases of internal transfer, on top of transfers from fixed-term contracts to open-ended contracts.

The increase in turnover is partly due to an increase in the number of admissions and departures compared to 2016, due to a recovery of the supply on the labour market. 63% of departures were voluntary (58% in 2016) with an increase in retirements and resignations. A total of 14 employees were dismissed (6 in 2016), 9 of which were in the Party Food Division.

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, and so on). 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 833 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 the know-how needed in communication and managing 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 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 annual increase following negotiations with staff representatives from each company.

Remunerations (K€)	2017	2016	2015
Salaries and wages	37,958	36,508	36,064
Profit-sharing	387	895	311
Payment in shares	569	588	360

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 569,000 in 2017.

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 387,000 in 2017, a sharp decrease compared to 2016. This significant variation is linked to a fall in profit sharing based on the economic performance of the divisions, which were down significantly in 2017 compared to 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) amounted to EUR 37,958 in 2017, an increase of 4.0% from 2016 (to be compared to a 3.5% increase 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 2017, the amount invested by our employees in mutual funds provided by the Group Savings Scheme totalled EUR 4.0 million (EUR 3.6 million in 2016), EUR 2.9 million of which was invested in Tipiak shares (up from EUR 2.6 million in 2016). As of 31 December 2017, mutual employee funds owned 24,500 shares in Tipiak, or 2.7% of the company's capital (2.6% in 2016).

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 2017, the Group maintained its policy of providing training for all staff:

712 employees benefited from training at least once during this period; representing a budget totalling EUR 822,000, or 2.2% of total payroll. The number of training hours depends on the nature of the training provided, which can be longer or shorter.

Training	2017	2016	2015
No. of employees who received at least one training session	712	705	719
Hours of training received	13,360	13,489	15,809
Total training spends	822 K€	822 K€	825 K€
% of total payroll	2.2%	2.3%	2.3%

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 and mathematical logic, to gain confidence, to understand and be understood.

Co-development sessions organised in the Party Food and 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 6 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 allow them to improve their skills.

In addition, following the implementation of the SAP software package, advanced training sessions on the use of the tool for production operators were proposed in the Frozen Ready Meals Division and initial training was given to all users in the Party Food Division.

A "POP" (*Pilotage Opérationnel de la Performance* - Operational Management of the Performance) training programme, based on a continuous improvement of performance, was launched in the Frozen Ready Meals Division in 2016 (6 people from the Purchasing department). Eight people in this division participated and the programme was offered to the Party Food teams (30 people trained in 2017). This approach is likely to expand gradually in these two divisions.

To improve the quality of exchanges during appraisal interviews, training to prepare for this interview was offered to workers in the Grocery Division (launched in 2014 and continued for three years). In another division, about sixty team leaders participated in a training on team-building.

Finally, individual coaching was offered to about fifteen employees in 2017 through external coaches and, more recently, through internal coaches.

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.

As a result, several positions were modified in 2017 to limit difficulties or improve safety: lifting assistance systems to upgrade products, automation of a mixing process in Marans, installation of the starch cooking station at Fouesnant, setting up an articulated arm to assist with the handling of the bakery moulds and a trolley for the cooking carts in Malville, and so on.

When implementing new lines, the Methods department is involved in integrating the “health & safety” dimension from the design of the workstations. Working sessions are also regularly organised with consulting companies specialising in ergonomics to help the teams in their job analysis.

Similarly, in the Dry Sector, workstations have been the subject of improvements, such as being able to adjust the height of tables and bins (bagging line in Saint-Aignan or laundry in Pont l'Evêque). The four Loire-Atlantic sites and the Finstère sites have joined the TMS PRO programme initiated by the CARSAT 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. To raise employees from the Party Food Division’s awareness on the progress of these plans, a timeline showing the highlights related to the improvement of health and safety has been posted since 2013. Today, these are communications posted at the 3 sites of this division each quarter in relation with the CHSCT meetings (*Comité d’Hygiène de Sécurité et des Conditions de Travail* - [Committees for Health, Safety and Working Conditions]). A focus group was also initiated in Malville to work on the retention of employees with medical restrictions in partnership with the CHSCT and staff delegates.

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 has been ongoing for 3 years.

Work-related illness	2017	2016	2015
Number of work-related illnesses recorded	9	18	21

There was a sharp decrease in the number of cases of work-related illness recorded for 2017 compared to previous years. This fall occurred primarily in the Cold Sector, with the majority of cases due to musculoskeletal disorders. The change is partly due to the results of actions taken to improve working conditions, particularly ergonomics.

In 2017, the preventative measures and measures to improve conditions at work, as defined in the agreement on the prevention of severe workplace conditions at TTP in 2015, are still in place. The Dry Sector is not subject to the severity of working conditions agreement. No other agreements on occupational health and safety were signed in 2017.

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 requirements in terms of safety and improvement of working conditions in the workshops. All accidents occurring in the workplace are investigated and a corrective and/or preventative action plan is implemented accordingly. At certain sites, such as Saint-Aignan, Marans and Fouesnant for example, the prevention approach is also based on the reporting of “near accidents”, that is, situations identified as potentially at risk that require actions to be triggered. In Pont l'Evêque, “safety talks”

were proposed in the packaging workshop to raise staff awareness and teach them to acquire the reflexes to become autonomous in the face of a safety issue.

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

Accidents in the workplace	2017	2016*	2015
Severity rate (1)	1.3	1.6	1.1
Frequency rate (2)	45.3	36.0	41.0

(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 2017, the Group had a severity rate of 1.3 and a frequency rate of 45.3 accidents at work (excluding temporary workers), according to the calculation method adopted in 2016 (which takes into account calendar days - not working days - and non-commuting accidents). The severity rate improved due to a decrease in the number of days lost, while the number of hours worked increased. The frequency rate deteriorated as a result of a 30% increase in the number of accidents, mainly in the Party Food Division during the particularly intense start of the season towards the end of the year.

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 2017. Some sites have chosen to improve working conditions and safety as a meeting theme to lead their annual staff meeting, such as in Marans and Pont l'Évêque. At several sites, a company specialised in safety prevention and occupational health intervened to lead several modules. In Saint-Aignan, the Management Committee and production management received training on behavioural safety. In Marans, 11 people were trained in good safety practices after conducting a collective diagnosis and 17 employees received training in health awareness in Foesnant.

For the past six 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, 72 new people were trained in the Party Food, Frozen Ready Meals and Grocery Divisions in 2017 and another 14 benefitted from a second session. To lead the process, warm-up sessions at the duty station and the "action of the month" are offered to volunteer employees at the Marans site. Internal specialists, trained in 2015 within the Party Food Division, are responsible for ensuring that this training continues in the long term.

Twenty-five 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'Évêque site enjoy significantly improved conditions at work. In the same spirit, air conditioning systems were installed in the break room at Pont l'Évêque in 2017, to promote rest after exposure to heat on the production lines and at Malville in the bakery workshop.

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 three other sites of the Party Food Division in 2016 and 2017.

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 Division 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 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. In 2017, a profit-sharing and part-time agreement was signed with the Party Food Division and a GPEC agreement/ contract generation with the Crusty Bread Division.

A new agreement on the right to disconnect was signed at the end of the year between the Crusty Bread and Party Food Divisions and Tipiak SA ("Central Services"). A charter will be set up in the Grocery 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.

A "social weather" system is currently being tested at the Marans site to measure, on a voluntary basis, the level of employee satisfaction through a token system. The analysis of the dashboard makes it possible to increase responsiveness to deal with the difficulties encountered on a daily basis.

This system is also being tested out at the Crusty Bread site.

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.

In 2016, the Party Food Division initiated professional interview training (for 2016 local managers) and 10 team-building training workshops for production teams (20 operators, team leaders, workshop supervisor and maintenance team). These sessions were completed in 2017 by a cohesion training for the management team of one of the sites.

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 activities from last year, 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.

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. The project to implement these developments (technical and editorial) was conducted in 2016 and completed in 2017. It resulted in a new, more ergonomic and attractive version of the intranet being made available at the end of 2017. A survey of users (37% of responses) shows a satisfaction rate of 92%.

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 Group's 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 Employment and Expertise Plan (GPEC) was signed by the majority of sites. These agreements set out the provisions in place for sustaining employment among older workers (such as improvement and prevention of poor working conditions, and retirement planning), youth employment (such as 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.

Over the course of 2017, these schemes were removed for all French companies.

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 2017, 6 sites out of 7 had fulfilled their obligation to employ 6% disabled workers. The overall rate of the Group is 7.1 % compared to 6.5% in 2016.

Disabled workers	2017	2016	2015
Disabled workers rate (%)	7.1	6.5	6.1

At the same time, initiatives specific to each site have been launched for several years, 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. It adheres 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 Group 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.

* 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.

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 practices 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 divisions. 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 impact compared to most 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, a dozen key indicators were defined, measured per division and establishment, with validation from the Group’s management, of targets to be achieved which are monitored through the annual “Safety and Environment” steering committee. This dashboard was updated and completed in 2017.

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 impacts from in-house information (such as new starter manuals, displays publicising indicators or instructions at work stations for the management of waste

at the source) or, in certain cases by specially training all staff in emergency procedures and good environmental practices.

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 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'Evêque site, which was renovated in 2014 but was not audited until 2015 due to significant works on site. It has not been renewed to date.

In 2017, the Fouesnant site confirmed its ISO 50 001 (level 1) certification for its energy management system.

2.2. Sustainable Use of Resources

In 2017, the industrial output for the Tipiak Group totalled 43,516 tonnes, decreasing by 2.3 % compared to 2016. This evolution is contrasted according to the sectors. All sites in the Cold Sector are experiencing a rise in volumes while the Dry Sector is down, mainly the Grocery Division, which impacts some consumption items.

Energy usage:

Energy (in MWh)	2017		2016		2015	
	Total	Per tonne produced	Total	Per tonne produced	Total	Per tonne produced
Electricity (in MWh)	24,187	0.56	24,052	0.54	25,863	0.61
Gas	41,186	0.95	41,408	0.93	40,701	0.96
Fuel	191		172		198	
Total Energy	65,564	1.51	65,632	1.47	66,762	1.58

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 2017 is up by 2.3% compared to 2016, notably electricity consumption (+3%). In the Grocery Division, the decline in energy consumption was not proportional to that of volumes, due to malfunctions on the production lines, which worsens the ratio both in terms of electricity and gas. At the other sites, the optimisation actions carried out in recent years continue to bear fruit. For example, performance improvements have continued at the Fouesnant site following the implementation of a new cold production installation in mid-2015. At the three sites of the Party Food Division, the energy consumption reduction paths identified during the energy audits are gradually being implemented.

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 tonne produced only increased slightly (0.6%) in comparison to 2016: the theoretical calculation of this ratio would have been 1.48 MWh/tonne in 2017 if each site had produced the same percentage of the total Group tonnage as in 2016 (applied to the ratio of energy consumption per tonne produced at each site in 2017).

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, gradually 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. Several sites were awarded the certificate from 2013 to 2106 [sic] (for installing variable-speed air compressors, replacing boiler burners, insulating equipment and replacing of economisers on boilers, and so on). No certificates were awarded in 2017.

To date, no sites use renewable energy sources.

Water usage:

Water/ Discharge	2017		2016		2015	
	Total	Per tonne produced	Total	Per tonne produced	Total	Per tonne produced
Total Consumption (in m ³)	193,838	4.45	174,589	3.92	175,819	4.15
Wastewater Discharge (in m ³)		3.2		2.60		2.59
Waste Coefficient	72%		66%		62%	

Average water consumption is taken from provider invoices for the 2017 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 2017, on average, and across all production, the Group used 4.45 m³ of water per tonne of product produced, which is a lower ratio by 13.7% than that of 2016. At some sites, the increase in water consumption is linked to new cooking methods that use more water (cooking starchy foods in Fouesnant). In the Grocery Division, technical actions explain the higher consumption levels (such as descaling of boilers and purges).

By eliminating site-specific variations in production, the Group's overall water consumption ratio per tonne has increased by 8.0% compared to 2016: the theoretical calculation of this ratio would have been 4.23 m³/tonne in 2017 if each site had produced the same percentage of the total Group tonnage as in 2016 (applied to the ratio of water consumption per tonne produced at each site in 2017).

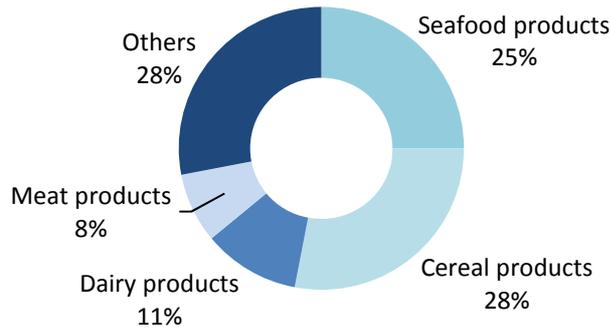
Given the fact that there are very different manufacturing processes between the sites, the water consumption/ tonne produced ratio differs greatly between industrial sites.

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). These actions, however, did not maintain the levels recorded over the last two years. Thus, the wastewater discharges per tonne produced and the waste coefficient have significantly increased. Changes in the cleaning practices of the workshops partially explain these rates.

Use of raw materials and packaging:

The four main families of raw materials used (excluding packaging) are seafood (including scallops), cereal, meat and dairy products; these make up 71% (or some EUR 44,528 K) of all the raw material purchases (compared to 73% in 2016).

Distribution of raw material purchases (in value)



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.

For several years, various investments and action plans have been devised to optimise recipes, reduce the use of excessive quantities (as well as providing better quantity regulation) and reduce factory wastage, while substituting certain elements aimed to reduce Group consumption of materials (constant volume, product-mix and purchase prices). These gains are generally made in the Cold Sector. In 2017, there was no significant improvement in materials consumption.

The amount of money granted to Eco-Emballage (a company promoting eco-friendly packaging) at year-end 2017 was EUR 729,000, decreasing by 9.7% compared to 2016.

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	2017	2016	2015
COD Tonnage	8.99	9.46	8.97
<i>Tonnes of COD/ million tonnes produced</i>	<i>207</i>	<i>212</i>	<i>212</i>

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 8.99 tonnes in 2017. Tonnage is down overall compared to 2016. However, there are variations between the sites due to internal awareness actions (good cleaning practices) undertaken to limit outgoing tonnages, as well as the measures taken to purify the water before discharge into the treatment plant.

The COD tonnage ratio per million tonnes of manufactured products has also decreased.

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

Waste management:

Waste (in tons)	2017	2016	2015
Ton of Waste Produced (excl. sludge)	5,074	4,306	3,837
<i>Ton of waste / 1000 tonnes produced</i>	117	97	91
<i>Ton including Non-hazardous Waste</i>	793	770	1,027
<i>Ton including Bio-Waste and Re-usage (e.g. of animal feed)</i>	1,587	1,058	845
<i>Ton including Hazardous Waste (HW)</i>	13	12	7
Sludge (pre-treatment plants)	87	62	42

The Group has maintained its waste reduction policy through ongoing employee awareness campaigns in the workshops and a closer focus on suppliers and packaging. In 2017, however, the Group's factories produced 5,074 tonnes of waste (representing a ratio of 117 tonnes of waste per 1,000 tonnes of product produced, a significant increase of 21% compared to 2016), 31% of which was bio-waste, including that re-used for animal feed (25% in 2016). The increase in the tonnage of this sector, linked to the destruction of products, has particularly impacted the total.

By eliminating site-specific variations in production, the Group's total tonnage of waste generated per tonne of manufactured products is up by 18% compared to 2016: the theoretical calculation of this ratio would have been 114 ton of waste per 1,000 ton of manufactured products in 2017 if each site had produced the same percentage of the total Group tonnage as in 2016 (applied to the waste tonnage ratio per 1,000 ton of products manufactured at each site in 2017).

- ✓ Non-hazardous industrial waste (NHIW), consisting of mixed waste, accounted for 793 ton, which is relatively stable compared to 2017. 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) (1,499 ton) or "re-employment" in the animal feed sectors (1,587 ton). This sector is one of the responses to incentives developed in the national action plan against food waste.
- ✓ Hazardous waste (HW) amounted to 13 ton in 2017 (from aerosols, batteries, lamps and fluorescent tubes, accumulators, hydrocarbon separators, maintenance oil, solvents and so on, depending on the specific site).
- ✓ Boxes and packaging (in third place in ton): our industrial sites disposed of 496 ton of boxes and packaging in 2017. Recycling is carried out by recognised specialist companies.
- ✓ Dry matter sludge accounted for 87 tonnes. The tonnage changed significantly in 2017 (+ 41%). The treatments applied to the pre-station releases in order to better control the COD rate have in fact generated the production of more sludge. This is the case at the Fouesnant, Malville and Pont-Château sites.

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

Recovered waste	2017	2016	2015
Rate (%)	97	97	96

In 2017, 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 2017, 7.6 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 last two years is satisfactory as regards the quality of the sorting.

Impact on the 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 2013, the various sites of the Group have been keeping a record of their greenhouse gas emissions (GHGs) on Scopes 1 & 2. The Scope 3 calculation was added in 2017, in accordance with the regulations in force (see § below).

GHGs (in ton of CO2 equivalent)	2017	2016	2015
SCOPE 1 (*)	12,636	14,082	15,216
SCOPE 2 (*)	1,120	1,347	1,449
TOTAL SCOPES 1&2	13,756	15,429	16,665
<i>Tonnes of CO2 eq / 1,000 ton produced</i>	316	346	393
SCOPE 3 (*)	179,167		
<i>Tonnes of CO2 eq / 1,000 ton produced</i>	4,117		
TOTAL SCOPES 1,2&3	192,923		
<i>Tonnes of CO2 eq / 1,000 ton produced</i>	4,433		

(*) *Scope 1: direct GHG emissions (within the scope of Group sites)*

Scope 2: indirect GHG emissions (excluding the scope of Group sites) related to energy consumption

Scope 3: all other indirect GHG emissions

For Scopes 1&2, the overall 2017 result is 13,756 TCO₂eq for the 7 sites, a considerable decrease in comparison to 2016 (-11%). The ratio of tonnes of CO₂ equivalent per 1,000 ton of manufactured products is down by 9% compared to 2016.

The use of natural gas-based perennial technology at the refrigeration plant in Fouesnant, which was commissioned in July 2015, has contributed to a reduction in GHG emissions at the site in 2015, which continued in 2016 and 2017.

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. A preliminary draft was also launched in 2017 on the Party Food Division to study the gradual replacement of cold production facilities.

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.

In order to meet the new obligations related to Article 173 of the Energy Transition Act in terms of climate reporting, in 2016 the Group carried out a pre-assessment of Scope 3 with the purpose of identifying significant indirect GHG emissions. By using the pre-evaluation tool provided by the Greenhouse Gas Protocol ("Scope 3 Evaluator"), it appears that Scope 3 represents more than 90% of total GHG emissions (all Scopes combined). The position that was pre-evaluated as being by far the greatest GHG emitter was purchases of products and services.

The implementation of a new, more precise calculation tool at the end of 2017, that takes into account new transmission stations, such as logistics (storage and transport), the movements of employees between their homes and work, raw material purchases and packaging, and the use of the products (at the end of their life cycle) confirms this proportion. The Scope 3 value for 2017 is estimated at 179,167 TCO₂eq, or 93% of total GHG emissions; purchases of raw materials and packaging represent by far the largest part of Scope 3 (90%).

Depending on the emission position, the uncertainty levels are as follows: low for Scopes 1, 2 and the “waste”, average for “downstream transport”, strong for the purchase of raw materials/ packaging and the purchase of cold storage, very strong for other positions.

Adapting the activity to climate change

The Group did not identify any direct risks related to the effects of climate change likely to have a significant impact on its activities and therefore did not implement any specific actions. On the other hand, it evaluates the indirect risks mainly related to the supply of certain strategic raw materials which can be subjected to climatic hazards. The Group implements a policy of diversification of sources of supply, optimisation of material consumption and revenue from products which 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 uses “Environment and Safety” compliance software across most sites.

2.4.2. Environmental Expenditure

Expenditure	2017	2016	2015
<i>Expenditure for treatment of waste and emissions, audits/diagnostics*** (in EUR 1,000)</i>	564	562	561

Environmental impact reduction expenditure for the Group’s industrial sites reached EUR 564,000, 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 number of guarantees is available in § 4.5 “Insurance” in the annual report.

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

During the financial year 2017, 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

The Tipiak Group'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 Group's production sites have become major employers in their local communities.

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

We regularly participate 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. For two years (2015 and 2016), the Fouesnant site has participated in a "job-dating" recruitment event (short interviews), coming to meet candidates over two days for individual job interviews. The Pont l'Evêque site tested the same formula in 2017 as part of the "Employment and Training Cafés". To foster links with the academic world, the Party Food Division 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.

In terms of partnerships, the Group 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 2017, donations of products to associations amounted to EUR 105,000, "clearance" sales to EUR 173,000 and sales of co-products for animal feed to EUR 81,000; representing a total volume of 1,685 tonnes.

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 Group has supported a number of employees in their sporting endeavours in the Nantes Marathon (registration fee is covered). In 2017, 8 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 Group's stakeholders. In 2017, action plans were deployed at several sites: meetings with local elected officials (the Mayors of Pont-Château and Fouesnant), representatives of the State (Regional Prefect of Pays de la Loire) and 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, ABEA (Breton Association of Agri-Food Entreprises) in Brittany and IFRIA (Regional Training Institute of Food Industries) in Brittany and in the Pays de la Loire region), allows the Group 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 2017, the Group continued to work with the Saint-Herblain Ouest Business Association (SHOE) and its CSR Committee. Within this context, the company has assisted in organising the fourth meeting between the young people of Saint-Herblain and member companies during mock job interviews (110 young people participated in March). It also participated in an employee information

event for the Saint-Herblain employees by organising a blood donation event in June 2017 with the French Blood Establishment (*Etablissement Français du Sang - EFS*), which had been in the works for several years. In Fouesnant, an EFS office was made available to employees to answer their questions about donating blood. Finally, the Party Food and Crusty Bread Divisions offered their employees the chance to get an influenza vaccine, the costs of which were borne by the company.

The Group also welcomes trainees ranging from 11-15-years old (observation) to students completing their secondary education. In 2017, 67 trainees from all levels were welcomed into various parts of the company, including 27% of them in production.

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

In addition, the divisions are increasingly promoting sandwich courses (professionalisation and apprenticeship contracts) to enable students to gain work experience that they can come back to in their professional career.

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 Group 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, and so on. 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 (*cf § 6.3.5*). 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 2017, 6.4% of the Group's suppliers (representing 10.6% of the total purchase volume) were audited, a decrease which can be explained by the size of the suppliers audited.

Suppliers audits	2017	2016	2015
<i>No. of audits / No. of suppliers (%)</i>	6.4	5.1	8.5
<i>Turnover audited suppliers/ Total turnover (%)</i>	10.6	15.7	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 Group 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 3.1% of the Group's total production costs (3.5% in 2016). If we add storage activities, this rate increases to 8.8%. Other significant subcontracting activities (such as transport, upkeep and maintenance) are not included in this scope. As regards transport services, all the divisions ensure that they maintain strong partnerships with their various service providers. Most are local businesses located near factories, some of which have a very long-standing business relationship with the Group. Several years ago, the Grocery Division joined the "Chargeurs pointe de Bretagne" collective, an economic interest group that offers the flow of goods to be pooled from the most remote production sites to the mass distribution warehouses, with the aim of reducing costs and the carbon footprint.

Furthermore, preventive measures apply to service providers during their staff's interventions at our sites, in compliance with regulatory provisions (such as 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 the BRC (British Retail Consortium), the IFS (distributor audits), and delivered by authorised bodies. In 2017, all ongoing certifications have been renewed (*cf § developed in the chapter "risk factors" of the annual report*). To prevent the risk of fraud, projects and action plans are deployed gradually within the divisions (*cf §6.3.5*).

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 Group has solidified its partnership with IMAD (Institute of Disorders of the Digestive System), by becoming a member of its corporate foundation four 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 2017, 26 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 Group, 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 raw 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.

The actions continued in 2017 with related plans for raw materials or packaging, depending on the division.

In 2017, the Group also initiated a project under the new "Sapin II" law on the fight against corruption. As a first step, a risk map was drawn up to identify and measure the risks of the Group's exposure to corruption. The people in the Group most exposed to this risk were identified through interviews with managers from the purchasing, commercial (France and export), finance, human resources and legal departments. At the same time, an "Anti-corruption Code of Conduct" was drafted with the help of human resources managers to be presented in consultation with staff bodies. In early 2018, this anti-corruption Code will be incorporated into the internal regulations of all the Group's establishments. The anti-corruption approach will be rolled out gradually in 2018: through internal and external communication, training and awareness of employees according to their degree of exposure, implementing and monitoring the anti-corruption alert system.

4. Evolution towards the materiality of CSR issues

In anticipation of the adoption of the European Directive on the declaration of extra-financial performance, Tipiak conducted a materiality study in 2017 to develop a risk/opportunity approach by cross-referencing material issues for the Group's economic performance and the expectations stakeholders. Based on a diagram of the Group's value chain and a list of relevant CSR issues, interviews were conducted with senior executives of the Group's two business segments to establish the level of materiality of each CSR issue and its level of control by the Group.

This first phase identified the following four areas of work that will be refined and addressed in 2018 as a priority: the relationship with suppliers, the relationship with customers, operational efficiency (energy, waste, fluids, and so on) and the carbon footprint.

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 31st of December 2017

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 the COFRAC¹, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Tipiak, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31/12/2017, presented in the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the 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 including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included in introduction to chapter XX of the management report and available on request at the company's headquarters through the following e-mail: tipiak@tipiak.fr.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11-3 of the French Commercial code (*Code de commerce*). 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 role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria.

Nonetheless, it is not our role to give an opinion on the compliance with other legal dispositions where applicable, in particular those provided for in the Article L. 225-102-4 of the French Commercial Code (vigilance plan) and in the "Sapin II" law n°2016-1691 of 9 December 2016 (anti-corruption).

Our verification work mobilized the skills of four people between September 2017 and April 2018 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 conducts

¹ Scope available at www.cofrac.fr

its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000².

1. Attestation of presence of CSR Information

Nature and scope of the 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 (*Code de commerce*).

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 (*Code de commerce*).

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 the work

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

- 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:

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

³**Social information:**

- *Indicators (quantitative information):* employment (total headcount and breakdown, hiring and terminations, remunerations and their evolution), absenteeism, work accidents, notably their frequency and their severity, as well as occupational diseases, total number of hours of training.
- *Qualitative information:* health and safety at the work place, training policies.

Environmental and societal information:

- 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 group energy consumption and 7% of the total workforce, that were considered as representative characteristics of the environmental and social domains.

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

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment 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 of April 2018

French original signed by:

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

- *Indicators (quantitative information):* pollution and waste management (the amount of COD and the amount of waste generated and recovered), energy consumption, greenhouse gas emissions, water consumption, the amount of refrigerant;

- *Qualitative information:* general environmental policy, pollution and waste management (preventative measures, reduction of and compensation for discharges into the air, water and soil), circular economy (preventative measures, recycling and waste management, actions to fight against food waste, energy consumption, measures undertaken to improve energy efficiency), climate change (significant sources of greenhouse gas emissions generated by the company's activities, including the use of goods and services it produces); territorial impact, economic and social (employment, regional development, impact on regional and local populations), relation with stakeholders (conditions for dialogue, partnership or sponsorship), importance of subcontracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, measures undertaken in favour of consumers' health and safety.

⁴ The entity from the pole "Plats Cuisinés Surgelés" located in Marans