Registration Document 2017

GROUPE Casino

NOURISHING A WORLD OF DIVERSITY

Contents

AUTORITÉ DES MARCHÉS FINANCIERS AMF

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This document is a free translation from French into English and has no other value than an informative one. Should there be any difference between the French and the English version, only the text in French language shall be deemed authentic and considered as expressing the exact information published by the Casino Group.

Chapter 1

Presentation of the Casino Group

1.1. Financial highlights

Continuing operations

(€ millions)	**2017**	2016	2015[1]	2017/2016 change	2017/2016 organic change
Net sales	37,822	36,030	35,312	+5.0%	+3.2%[2]
EBITDA[3]	1,930	1,697	1,689	+13.7%	+8.7%
Trading profit	1,242	1,034	997	+20.1%	+13.4%
Net profit (loss) from continuing operations, Group share	127	33	(65)		
Net profit (loss) from discontinued operations, Group share	(7)	2,645	21		
Consolidated net profit (loss), Group share	120	2,679	(43)		
Underlying net profit[4], Group share	372	341	357		

(1) 2015 data restated to reflect discontinued operations.
(2) Excluding fuel and calendar effects.
(3) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation.
(4) Underlying net profit corresponds to net profit from continuing operations adjusted for the impact of other operating income and expenses, the impact of non-recurring financial items, and income tax expense/benefits related to these adjustments (see section 2.1.5).

Gross capital expenditure related to continuing operations

Gross capital expenditure in France covers both food retailing and property operations. The Group's property rotation policy translates into both gross capital expenditure and sales of property.

(€ millions)	**2017**	2016	2015
Capital expenditure	1,247	1,160	1,222
▪ of which France	639	631	619
▪ of which International	540	486	555
▪ of which E-commerce	69	43	47
As a % of net sales	*3.3%*	*3.2%*	*3.5%*

Debt and equity

(€ millions)	**2017**	2016	2015
Equity (before appropriation)	13,057	14,440	12,419
Net debt	4,126	3,367	6,073
Net debt to EBITDA ratio	2.1x	2.0x	2.6x[1]

(1) EBITDA reported in 2015.

1.2. Significant events of the period

- On 31 January 2017, following the tender offer for the ordinary shares of Cnova N.V. launched on 6 December 2016, Casino purchased 31.7 million shares (including 16.8 million shares under the American Offer and 15 million shares under the French Offer). A further 0.3 million shares were purchased in March 2017. Together, these shares represent 9.3% of Cnova's share capital. The Group now holds 98.97% of the share capital and 99.46% of the voting rights of Cnova N.V. Taking into account GPA's interest in Cnova N.V., the Group held a 76.1% interest at 31 December 2017.
- On 21 February 2017, Cnova N.V. announced that it would be withdrawing its shares from Nasdaq. This decision was rendered effective on 3 March 2017.
- On 30 May 2017, the Casino Group launched a two-step bond exchange offer. It successfully issued a five-year €550 million bond, with a 1.865% coupon. At the same time, it launched a redemption offer for its bonds maturing in November 2018, August 2019 and March 2020. The proceeds of the new bond issue will finance the bond redemption offer and strengthen the Group's liquidity.
- On 7 June 2017, the Group announced the results of its bond redemption offer closed on 6 June 2017. It redeemed €366 million of the bonds maturing in November 2018, August 2019 and March 2020, representing a total reduction in the total nominal amounts thereof of €366 million. The average maturity of Casino's debt has increased from 4.8 years to 5.0 years.
- On 28 November 2017, Casino announced the signing of an international e-commerce agreement with Ocado Solutions, the world's leading dedicated online grocery retailer providing home delivery. Ocado has a strong technological advantage thanks to its Smart Platform (OSP) solution. This highly effective technology platform covers the construction of a state-of-the-art automated warehouse in the Greater Paris area, an integrated software solution including best-in-class website functionality, optimised last-mile routing and real-time customer data management. Casino Group banners will benefit from this innovative e-commerce grocery platform, especially Monoprix.fr, which will provide its customers with the largest assortment of food products at the highest levels of service and at the lowest possible cost.
- On 30 November 2017, the Group mandated Moody's Investors Service (Moody's) as a new rating agency. Moody's assigned Casino, Guichard-Perrachon S.A. and its bond debt a Ba1 rating with a stable outlook. The Group terminated its contract with Fitch Ratings.
- On 4 December 2017, Casino and Dia announced that they were extending their cooperation on private labels by creating a centre of expertise in logistics and innovation for private labels. A new joint subsidiary named CD Supply Innovation began its operations on 15 December 2017.

1.3. Business and strategy

1.3.1. Major milestones in the Group's history

The Casino banner dates back to 1898, when Geoffroy Guichard created Société des Magasins du Casino and opened the first store in Veauche in central France. Just three years later, in 1901, the first Casino brand products were launched, thus pioneering the private-label concept.

The Group expanded rapidly until the eve of the Second World War, opening more than 500 points of sale in the space of ten years. It initially focused on the Saint-Étienne and Clermont-Ferrand areas and during the 1930s expanded its reach to the Côte d'Azur. In 1939, the Group managed a total of nine warehouses, 20 plants and nearly 2,500 outlets.

From 1950 onwards, the Group embarked on a policy of diversifying its formats and activities. The first self-service store opened in 1948, the first Casino supermarket in 1960, the first Casino cafeteria in 1967 and the first Géant hypermarket in 1970.

At the end of the 1970s, Casino began to expand outside France by launching a chain of cafeterias in the United States and then acquiring 90 cash & carry stores under the Smart & Final banner in 1984.

The mid-1980s marked a turning point in the Group's expansion. It adopted a redeployment strategy aimed at achieving critical mass to improve its resilience in an increasingly competitive retail industry.

This strategy consisted first and foremost of expanding its operations in France and refocusing on its core business as a retailer. Between 1985 and 1996, it acquired control of two retail companies in eastern and southern France, Cédis and La Ruche Méridionale, signed partnership agreements with the Corse Distribution group and with Coopérateurs de Normandie-Picardie, and took over Rallye's retail business comprising hypermarkets, supermarkets and cafeterias (1992).

The Group also launched a programme to refurbish its hypermarkets and modernise its convenience store network, with the aim of repositioning both its corporate image and the image of its banners. Casino created Spar France in 1996 and acquired a stake in Monoprix-Prisunic in 1997. It also took a majority stake in the Franprix and Leader Price banners in 1997, making it the leading retailer in Paris.

As a result of these developments, on the eve of the new millennium, Casino had become one of France's leading retail groups.

Leveraging its strong domestic position, the Group then decided to strengthen its international presence and embarked on an active international expansion policy in 1998.

From 1998 to 2002, it acquired a large number of retail companies in Latin America (Libertad in Argentina, Disco in Uruguay, Éxito in Colombia, GPA in Brazil and Cativen in Venezuela), Asia (Big C in Thailand and Big C in Vietnam), the Netherlands (Laurus, now Super de Boer) and the Indian Ocean region (Vindémia in Reunion, Madagascar, Mayotte and Mauritius).

It also moved into Poland and Taiwan, opening its first Polish hypermarket in Warsaw in 1996 followed by a Leader Price store in 2000, and its first hypermarket in Taiwan in 1998.

Since 2000, Casino has strengthened its presence in France in the most buoyant formats and expanded in its most promising international markets.

In France, Casino has adapted its business mix to meet changing market trends.

The Group has strengthened its positioning in convenience and discount formats through major acquisitions. In 2000, it acquired a stake in online retailer Cdiscount and raised its interest in Monoprix to 50%. The strategic agreement with Galeries Lafayette, renewed in 2003 and 2008, led to the signing of a memorandum of understanding in July 2012 concerning the acquisition by Casino of the 50% interest held by Galeries Lafayette in Monoprix. The acquisition was completed after the agreement was approved by the relevant competition authorities. Since 2009, Casino has also owned 100% of both Franprix Holding and Leader Price Holding.

In addition, Casino has begun to develop other businesses connected with retailing, such as financial services and commercial real estate. In 2001, it joined forces with LaSer Cofinoga to create Banque du Groupe Casino. In July 2010, it signed a partnership agreement in financial products and services with Groupe Crédit Mutuel-CIC, which was scheduled to increase its interest in Banque Casino to 50%, with Casino owning the remaining 50%. In 2005, the Group's shopping malls were spun off into a new company, Mercialys, which was floated on the stock exchange, and has been accounted for by the equity method since 21 June 2013, the date of the Annual General Meeting at which Casino's loss of control was recorded.

In the international markets, Casino first began to refocus its business on two core regions, Latin America and Southeast Asia. From 2005 to 2007, the Group acquired joint control of the GPA group in Brazil, and became majority shareholder of Éxito in Colombia and Vindémia in the Indian Ocean region. In 2010, the partnership between GPA and Casas Bahia, the leading non-food retailer in Brazil, and Big C's acquisition of Carrefour Thailand (42 stores) significantly increased the Group's footprint in these two regions.

In 2006, Casino sold its Polish retailing businesses and its 50% interest in its Taiwanese subsidiary Far Eastern Géant, followed by its interest in the U.S. banner Smart & Final in 2007. In 2009, Casino sold its 57% interest in Dutch retailer Super de Boer.

In 2010, the Venezuelan government ordered the nationalisation of Éxito hypermarkets operating in Venezuela. Casino therefore sold 80% of its subsidiary Cativen to the Bolivarian Republic of Venezuela and retained the remaining 20% in the context of an operational partnership.

In 2012, Casino took control of GPA, the leading retailer in Brazil and the country's biggest private employer, thus becoming GPA's only controlling shareholder.

In 2013, Casino obtained exclusive control of the Monoprix group, continuing the development strategy initiated in 1996 with a focus on convenience formats.

In 2014, the Group created Cnova to centralise all E-commerce activities. This new entity launched an initial public offering on NASDAQ Global Select in November of the same year. Also in 2014, Casino and Intermarché signed a purchasing cooperation agreement effective from 2015.

In 2015, Casino strengthened its organisational structure by combining all of its Latin American operations under its Colombian subsidiary Éxito. The Group sold to Éxito (i) a 50% interest in its French holding company, which holds voting shares in its Brazilian subsidiary GPA representing around 18.8% of GPA's share capital, and (ii) 100% of Libertad, a Group subsidiary in Argentina. In December 2015, Casino announced a plan to reduce its debt by more than €2 billion in 2016, later increased to €4 billion.

In 2016, the Group exceeded the objectives of its debt reduction plan following the sale of its operations in Thailand and Vietnam, in March and April respectively, for a total of €4.2 billion. In May, the Casino Group announced the combination of Cnova Brazil with Via Varejo, as well as its plan to launch a voluntary tender offer for the ordinary shares of Cnova N.V. held by the public for a price of USD 5.50 per share. In November, the Board approved GPA's decision to focus on developing its food operations and to start negotiations for the sale of its investment in Via Varejo. Also during the month, the Conforama and Casino groups created a joint central purchasing entity for non-food products in France known as Mano, and stepped up and extended their purchasing partnership by creating the SICA shared international purchasing agency.

In January 2017, Casino and Cnova N.V. announced the final results of the tender offer for the ordinary shares of Cnova N.V. in the United States and France. Following this transaction, Casino, Guichard-Perrachon holds 98.88% of Cnova's share capital and 99.41% of the voting rights. In May, the Group bought back €153 million, €153 million and €60 million respectively of the bonds maturing in November 2018, August 2019 and March 2020. Following this transaction, the average maturity of Casino's debt has increased from 4.8 years to 5.0 years. In November 2017, Casino announced the signing of an international E-commerce agreement with Ocado to roll out the Ocado Smart Platform (OSP) solution. This represents a major breakthrough for the Group in terms of home delivery, allowing it to expand its online food offering. It will first be developed in the Monoprix network in Paris, the Greater Paris region, Normandy and Hauts-de-France.

In February 2018, Monoprix announced the start of exclusive negotiations to acquire e-tailer Sarenza, a specialist in footwear and accessories. The planned acquisition aims to round out Monoprix's offering and position the brand as a lifestyle leader (in the fashion, home and beauty segments). In March 2018, Monoprix and Amazon announced a commercial partnership to market the banner's food products to Amazon Prime Now customers in Paris and its inner suburbs, starting this year. These developments and the agreement signed with Ocado are perfectly aligned with Monoprix's omni-channel and digital strategy.

1.3.2. Business and strategy

A. GROUP PROFILE IN 2017

Casino is a leading food retailer in France and abroad. At 31 December 2017, it had a total of 12,271 stores in various formats and across various channels(1).

Following the disposal of its operations in Asia, the announcement of plans to sell its electronics business in Latin America (Via Varejo) and the streamlining of its E-commerce activities, the Group now reports on three segments:

- France Retail: the Casino, Monoprix, Franprix-Leader Price and Vindémia banners;
- E-commerce: Cdiscount;
- Latam Retail: the GPA, Éxito, Grupo Disco Uruguay and Libertad food banners.

The France Retail segment accounts for 50% of net sales and 45% of trading profit. Casino operates 117 Géant Casino hypermarkets(2), 416 Casino Supermarkets(2), 684 Monoprix stores(2), 893 Franprix stores, 777 Leader Price discount stores, 5,392 convenience stores and 209 stores in the Indian Ocean region (Vindémia)(3).

(1) Excluding Via Varejo.
(2) Excluding international affiliates.
(3) Vindémia, whose head office is located in Reunion, is included in the France Retail segment.

In Latin America, Casino operates mainly in four countries (Brazil, Colombia, Argentina and Uruguay), with 3,050 stores across all formats. The Latin American operations are grouped together in the Latam Retail segment, which represents 45% of net sales and 57% of trading profit.

Lastly, the E-commerce segment (Cnova) accounts for 5% of net sales and reported a trading loss of €27 million in 2017.

Since 2014, the Casino Group has formed a number of purchasing partnerships with various retailers. The first was with Intermarché in 2014 for the purchase of national brands exclusively in France. This alliance has enabled both partners to optimise purchasing and, at the national level, to improve the services offered to suppliers, for national brand products from multinational companies, in both the food and non-food segments. In November 2015, the Casino and Dia groups formed a strategic international alliance covering purchasing and services, resulting in the creation of the ICDC Services joint venture. The purpose of ICDC Services is to improve both groups' competitiveness with regard to major suppliers of national-brand food products and to coordinate purchasing negotiations for their private labels in Europe. The alliance was expanded in 2017, with the creation of a centre of expertise in private-label logistics and innovation in a new joint venture named CD Supply Innovation. In September 2016, the Conforama and Casino groups announced that they had created a joint central purchasing entity for non-food products, which would be operational in time for the 2017 purchasing round. Named Mano, the agency is designed to optimise purchasing in France for both groups from the main international suppliers of household appliances (both white and brown goods). Lastly, in November, the Conforama and Casino groups stepped up their partnership by creating SICA, a shared international purchasing agency that also extends to other Steinhoff International group banners.

In 2017, the Group signed an international E-commerce agreement with Ocado Solutions, the world's leading dedicated online grocery retailer offering home delivery. The aim is to roll out by 2020 the Ocado Smart Platform (OSP) solution, the most efficient integrated client and logistics platform on the market, combining a website and a private-label application, an automated warehouse, last-mile warehouse delivery management and information systems, and management tools. The agreement represents a major breakthrough in home delivery for the Group, allowing it to offer a range of 50,000 food products and next-day delivery at the best levels of quality, service and cost.

In 2017, the Group recorded consolidated net sales of €38 billion, up 5.0% as reported and 3.2% on an organic basis(1) compared with 2016(2) and underlying net profit, Group share of €372 million.

In 2017, the key macro indicators in the Group's main markets evolved as follows:

	Change in household consumption (volume)	Change in the consumer price index
France	+1.3%	+1.2%
Colombia	+1.7%	+4.3% (+2.6% in food)
Brazil	+1.0%	+3.5% (+0.9% in food)

Source: Bloomberg.

B. BUSINESS AND STRATEGY – FRANCE RETAIL

Casino is one of the leading food retailers in France, with an 11.5% market share(3). The Group stands out in the French retail industry for its multi-format structure and the prevalence of convenience and discount stores in its network. Casino also pursues a strategy of differentiating its banners to meet evolving customer expectations.

France Retail generated net sales of €18,903 million in 2017 and trading profit of €556 million.

The French retailing market is gradually evolving, driven by changing consumer lifestyles and socio-demographic trends such as an ageing population, smaller families, family members leading separate lives and the growing individualisation of lifestyles. This has led to a larger variety of retail formats and concepts, a broader and more segmented product offering and more tailored customer relationships.

In this environment, the multi-format structure of its portfolio, characterised by the prevalence of premium, convenience and discount formats, gives the Group a major competitive advantage.

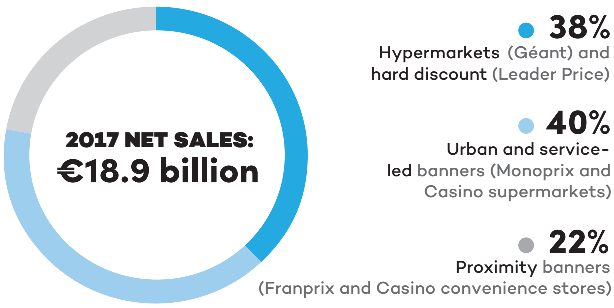
At end-2017, the Group had a total of 9,221 stores under management covering all food retailing formats.

(1) Excluding fuel and calendar effects.
(2) In light of the ongoing Via Varejo sale process, this business has been classified as a discontinued operation in both 2016 and 2017, in accordance with IFRS 5.
(3) Source: Kantar.

Number of stores by format (at 31 December 2017)(1)

Banner	Format/positioning	Number of stores
Géant Casino	HYPERMARKETS	122
Casino supermarchés	URBAN AND RURAL SUPERMARKETS	433
MONOPRIX	TOWN-CENTER SUPERMARKETS	789
Le Petit Casino, Vival by Casino, SPAR	CONVENIENCE/NATIONAL (SUPERETTES)	5 392
franprix	CONVENIENCE/PARIS REGION	893
Leader Price	DISCOUNT	777
	OTHER OPERATIONS (foodservices, drive, etc.)	606
	INDIAN OCEAN REGION	209

Breakdown of France Retail net sales by format (at 31 December 2017)



The profile of the store portfolio in France presents a balanced mix in terms of activities, brands and formats.

Casino has chosen to develop a precision retailing approach to most effectively meet the expectations of all of its customers. This strategy is reflected in a targeted positioning for each banner, sustained development of private-label products and a personalised marketing approach.

Sustained development of private-label products

The Casino Group was a pioneer in private-label products, launching own-brand products as early as 1901. In 1931, it released its first advertisement for private-label products with the slogan "Casino, above all a great brand". In 1959, the Group began to put sell-by dates on its products, well before regulations required it and, in 1984, introduced a double money-back guarantee on its products (satisfied or reimbursed twice over).

Since 2005, the Group has stepped up the development of its own label by expanding the offering and launching theme-based ranges with a focus on taste and nutrition as well as continuous innovation.

The strength of the brand now lies in its competitive pricing, depth of assortment and ability to regularly renew its product lines.

The Casino brand portfolio covers broad product ranges designed to meet the specific needs of each of its customers. The ranges include Casino Délices for gourmet food lovers, Casino Bio for consumers seeking organic products and Casino Bien Pour Vous for consumers with special dietary needs, such as gluten-free products. Club des Sommeliers covers wines and includes a range of premium products under the Club des Sommeliers Grandes Réserves label. Tous Les Jours is a value-line label offering a range of daily food and non-food basics suited to today's modern consumer.

The Group's private-label policy also stands out for its commitment to sustainable development. Casino was the first retailer to sign the government-sponsored voluntary code of commitment to nutritional progress in 2008. It was also among the first French retailers to measure the environmental impacts of its products, introducing the Casino Carbon Index in 2008 and then the Environmental Index in 2011.

A targeted positioning for each banner

Each banner has a distinct sales strategy, giving it a unique positioning recognised by consumers.

Hypermarkets

Géant Casino is a hypermarket banner whose positioning is based on delivering an enjoyable, comfortable shopping experience in human-scale stores with low prices. Géant is now a popular banner with a very competitive offering.

At end-2017, Géant operated 122 hypermarkets, of which seven affiliates in France and five affiliates abroad.

The banner is continuing to grow its food sales, led by groceries, fresh prepared foods, service counters and organic products. It benefited from very good trading momentum in 2017. According to panellists, at end-2017, Géant was co-leader in terms of prices in France's hypermarket segment, reflecting the results of its past price repositioning strategy.

In the non-food segment, Géant continued to reposition its offering in the more buoyant apparel, housewares and leisure segments. Alongside this plan, store space is being reorganised and scaled down to improve net sales per square metre. This year, the banner initiated a multi-channel strategy for technical goods and home furnishings with the support of Cdiscount.

(1) Including international affiliates (of which 5 Géant Casino hypermarkets, 17 Casino Supermarkets and 105 Monoprix stores).

The Group owns most of its hypermarkets. A key factor setting Géant apart from its competitors is a value creation strategy at its sites, which consists of:

- tailoring the size of hypermarkets to new consumer trends;
- using the space freed up by hypermarkets to extend and renovate shopping malls.

The strategy works seamlessly alongside initiatives to revitalise the hypermarket model with more compact stores and an optimised non-food offering.

Hypermarkets[(1)] generated net sales of €4,728 million in 2017, while Géant Casino generated net sales of €4,448 million.

Leader Price

Leader Price is positioned as a major player in France's discount food retailing sector, guided by a focus on meeting two key criteria: very low prices and good-quality products.

The banner targets price-sensitive consumers without compromising on quality, offering a comprehensive food range of 5,000 items primarily representing its Leader Price private label, which is recognised for its good value for money. This offering is supplemented by key national-brand products.

In 2017, the banner achieved growth in sales[(2)] by leveraging its positioning as a French discounter across its 777 stores, which focus on essentials such as tidy displays and fast checkout service.

In 2017, the brand stepped up the pace of store upgrades (with 137 stores renovated during the year), creating a base for the roll-out of a more qualitative version of its new concept from the end of 2017, delivering an improved customer experience and an enhanced fresh produce selection embodying the quality of the offering, combined with the guarantee of low prices. At end-2017, 11 stores had been remodelled in line with the new concept.

Leader Price reported net sales of €2,536 million in 2017 and gross sales under banner[(3)] of €2,918 million, up 3.0% compared with 2016 excluding calendar effects.

Monoprix

Monoprix is the leading omni-channel city-centre retailer, with 789 stores in France and abroad at end-2017.

The banner's expertise in city-centre retailing is reflected in the prime positioning of its stores in all French towns and cities, with some exceptional locations. Monoprix's aim is to minimise inconvenience while maximising customer enjoyment by providing innovative services and a differentiated offering.

With an average selling area of 1,700 square metres, Monoprix stores are designed to cater to an active urban clientele. They stand out for their unique offering, which is both diversified (across food and non-food ranges) and innovative thanks to a wide range of private-label products.

Monoprix has also developed other formats:

- Naturalia is the leading specialist retailer of natural and organic products in the Paris region, with 168 stores offering more than 6,000 items;
- Monop' is an ultra-convenience concept. With a selling area of 150 to 600 square metres, these practical, welcoming stores provide a varied offering that enables customers to not only meet their daily needs but also make pleasure purchases. Monop' operates in busy urban areas and on motorways. Its 173 stores cater to an active, urban clientele;
- Monop'Daily combines fast food with ultra-freshness. With an average selling area of 50 to 100 square metres, it offers a broad range of snacks, ready meals, dairy products, beverages, fruit and desserts, enabling customers to choose a different menu every day.

In 2017, Monoprix pursued an active expansion policy across all of its formats, opening a total of 60 stores and successfully rolling out a new loyalty programme. The banner also developed its services by extending home delivery, including on-foot delivery within an hour, by launching the Monop'Easy mobile payment application, developing a voice application that works with Google Home and forming a partnership with start-up Epicery.

With more than 2 million home deliveries made this year, Monoprix's omni-channel business continued to grow. The agreement signed with Ocado in November has given Monoprix access to know-how that will allow it to accelerate growth in its online food sales.

In 2017, Monoprix's net sales totalled €4,317 million, with gross sales under banner[(4)] coming in at €4,437 million, up 2.7% compared with 2016 excluding calendar effects.

Casino Supermarkets

Casino Supermarkets operate in city centres and rural areas, with a network of 433 stores. The stores are concentrated in three main regions – southeastern/southwestern France, the Rhone Valley and Greater Paris – which account for more than 60% of total stores (excluding affiliates).

Casino Supermarkets have an average selling area of 1,650 square metres offering mainly food products, including Casino-brand goods.

(1) Including Géant Casino and mainly the business of the four Codim stores in Corsica.
(2) Same-store basis, excluding calendar effects.
(3) Total net sales generated by each banner from integrated stores and franchises and excluding fuel.
(4) Total net sales generated by each banner from integrated stores and franchises and excluding fuel.

The banner's positioning is based on a strong commitment to taste, fresh produce, choice, innovation and customer service.

In 2017, the banner continued to develop its franchise base, with three openings and 21 store transfers.

In 2017, Casino Supermarkets generated net sales of €3,253 million and gross sales under banner[(1)] of €3,023 million, up 1.1% compared with 2016 excluding calendar effects.

Franprix

Franprix is based mainly in Paris (since 1958) and more recently in the centre of large French cities in the Rhone Valley and Mediterranean basin. An ultra-convenience format with an average selling area of 420 square metres, it offers a full range of food products that meet customers' daily needs, with a balanced mix between major national brands and the competitively priced Franprix and Leader Price labels.

Franprix has established itself as a powerful, differentiated concept in the Parisian convenience segment. In 2015, it launched the new Mandarine concept: friendly, qualitative, practical and pleasant stores. In 2017, the banner unveiled an enhanced version of the concept under the name "Mandarine Vitaminée", together with a new format, a concept incubator characterised by a responsible food offering: "Noé". The concept's popularity has boosted Franprix's customer traffic, which rose by 3.1%[(2)] in 2017.

Ease of access and flexible opening hours also contribute to the success of the Franprix banner, which further developed its loyalty card in 2017.

At end-2017, Franprix operated a total of 893 stores, including 399 franchises.

In 2017, Franprix net sales totalled €1,596 million, with gross sales under banner[(3)] coming in at €1,777 million, up 2.2% compared with 2016 excluding calendar effects.

Convenience stores

The main convenience banners are Le Petit Casino, Petit Casino, Casino Shop, Vival and Spar.

Le Petit Casino is the Group's historical convenience format. It projects a friendly, welcoming image and offers an extensive range of food products including high-quality fresh produce. The banner is an integral part of local life in urban and suburban areas.

Vival operates mainly in villages and also projects a friendly, welcoming image. Alongside a food offering comprising mainly Casino-brand goods, it also offers many other useful day-to-day services, including a loyalty programme, debit card payments from €1, payments by meal voucher, home delivery, parcel collection, gas canister collection, in-store postal service and fresh bread. Spar operates in holiday resorts and urban and suburban areas, offering a range of convenience food products as well as additional services, such as a loyalty programme, debit card payments from €1, payments by meal voucher, online shopping, home delivery, parcel collection, newspapers and self-service for local, tourist and international customers.

Recognised expertise in franchising is one of the key strengths of the convenience business model. The number of franchised stores has now reached more than 4,250, mainly under the Spar and Vival banners, but also Casino and various service station banners.

In 2017, the banner continued to streamline its base, with 130 transfers and 197 openings of franchises.

During the year, the Group also confirmed its leadership in supplying food items to service stations. Since April 2013, it has supplied food items to more than 1,125 service stations, including 899 operating under the Total banner.

The Group now operates 5,392 convenience outlets and continues to consolidate its network while actively managing its store base.

In 2017, the Convenience & Other segment[(4)] reported consolidated net sales of €2,473 million and gross sales under banner[(5)] of €2,840 million, down 0.5% compared with 2016 excluding calendar effects.

The Indian Ocean region

The Group operates in the Indian Ocean region through its Vindémia subsidiary.

Vindémia has a very strong market position in Reunion, which accounts for a significant share of its sales, but also operates in Madagascar, Mayotte and Mauritius.

Vindémia has a multi-format positioning with Jumbo hypermarkets, Score and Spar supermarkets, Cash discount stores, Supermaki, Douka Bé and SNIE convenience stores, and Vival franchised stores. It has a total of 209 stores in operation, including 99 franchised outlets.

(1) Total net sales generated by each banner from integrated stores and franchises and excluding fuel.
(2) Same-store basis, excluding calendar effects.
(3) Total net sales generated by each banner from integrated stores and franchises and excluding fuel.
(4) Includes cafeterias, property, other operations and the Indian Ocean region.
(5) Total net sales generated by each banner from integrated stores and franchises and excluding fuel.

Other business

The Group has developed a number of other businesses that complement its retail operations:

Real estate activities

Group-related property activities are discussed in section 1.4.

Casino Restauration

Casino Restauration was historically positioned in the fast-food segment through its chain of Casino cafeterias.

In recent years, it has been repositioning through innovative concepts such as family restaurants (À la Bonne Heure), theme-based restaurants (Villa Plancha), take-away food (Cœur de Blé), corporate food service (R2C: Restauration Collective Casino) and events catering (Saveurs d'Événements).

Banque Casino

Created in 2001, Banque Casino provides consumer finance programmes and insurance products to customers of Géant hypermarkets, Casino Supermarkets and Cdiscount. It has nearly one million customers.

In October 2011, Banque Casino launched a bank card available to the general public, in partnership with MasterCard.

Banque Casino is accounted for by the equity method in Casino's consolidated financial statements.

C. BUSINESS AND STRATEGY – E-COMMERCE

On 4 June 2014, the Boards of Directors of Casino, CBD, Via Varejo and Éxito approved the main arrangements for setting up the E-commerce business and forming a new unit, Cnova (Cnova N.V., incorporated under Dutch law).

On 24 November 2014, Cnova was listed on NASDAQ Global and on 23 January 2015, on Euronext Paris under the ticker symbol "CNV".

As at 31 October 2016, Cnova's Brazilian subsidiary, Cnova Brazil, was wholly owned by Via Varejo, a Grupo Pão de Açúcar subsidiary. As of the date of this document, Via Varejo no longer holds any direct or indirect interest in Cnova. Similarly, Cnova no longer holds any direct or indirect interest in Cnova Brazil.

Cnova has since refocused on its French E-commerce business, Cdiscount.

As at February 2017, following the 23 December 2016 public tender offer for the ordinary shares of Cnova in the United States and France, Casino, Guichard-Perrachon held, including the interests of its subsidiaries, 98.88% of Cnova's share capital and 99.41% of the voting rights.

In 2017, the company recorded an increase of 12% in traffic, driven by a larger offering and new services.

With gross merchandise volume (GMV) of €3.4 billion in 2017, Cdiscount offers its 9 million active customers a wide range of products, several quick and easy delivery options, practical payment solutions and the Cdiscount à Volonté loyalty programme, which is enjoying strong growth.

In the second quarter of 2017, Cdiscount unveiled its new strategic plan aimed at:

- providing the best offering and the best services on the website;
- improving the customer experience throughout the purchase journey;
- increasing use of new payment solutions by developing an ecosystem of services for marketplace vendors;
- reaffirming Cdiscount's innovation culture.

In 2017, net sales amounted to €1,995 million, representing 5% of the Casino Group's consolidated total.

D. BUSINESS AND STRATEGY – LATAM RETAIL

The Casino Group operates in Brazil, Colombia, Argentina and Uruguay through 3,050 stores. It holds leadership positions in most of these markets.

The Group's Latin American subsidiaries are combined in the Latam Retail segment (GPA group, Éxito, Grupo Disco Uruguay and Libertad food banners), which accounted for 45% of consolidated net sales and 57% of trading profit in 2017.

The portfolio of international assets has been thoroughly revised since 2006. Casino now operates in countries with high growth potential, young populations and a still low proportion of modern retail solutions.

In July 2015, Casino decided to modify its organisational structure by combining all of its Latin American operations. As part of this strategy, in August 2015, it sold to Éxito:

- a 50% interest in its French holding company, which holds voting shares in its Brazilian subsidiary GPA representing around 18.8% of GPA's share capital. This transaction reduced its interest from 41.3% to 32.8%;
- 100% of Libertad (Group subsidiary in Argentina).

Casino and Éxito entered into shareholders' agreements to organise control of GPA.

Drawing on the power of its brands and its positions in Latin America, this new organisation under the Éxito banner will allow the Group to pursue its growth strategy at a sustained pace and develop its commercial footprint in the region.

In November 2017, the Group also announced a plan to sell the Brazilian electronics business, Via Varejo.

The Group's Latin American subsidiaries hold leadership or co-leadership positions in their main markets thanks to their long-established banners and close-to-the-customer relations.

Food retailing net sales in Latin America totalled €16,923 million in 2017, up 6.4% on an organic basis[1], while trading margin came in at 4.2%.

Colombia[2]

Casino has operated in Colombia since 1999 through its Éxito subsidiary, Colombia's leading food retailer. At end-2017, Éxito had 574 stores in 114 cities across the country, excluding Aliados affiliates. Its portfolio is comprised of hypermarkets and supermarkets, but it also operates in the convenience and discount segments. Éxito also stands out for its multi-channel model, with the development of online shopping through the Éxito.com and Carulla.com websites. In 2017, Éxito launched a multi-brand nationwide loyalty programme, "Puntos Colombia", in Colombia, in partnership with Bancolombia. At end-2017, it had 10 million members.

Éxito seeks to consolidate its presence in large cities, increase its penetration in small and mid-sized cities and develop convenience formats. In 2017, Éxito rolled out the cash & carry Surtimayorista banner, with nine stores open by the end of the year.

Éxito also has a well-developed real estate activity that leases 376,000 square metres of floor space. In September 2016, Éxito announced the creation of a joint venture with FIC in the form of the Viva Malls real estate investment vehicle, with 434,000 square metres of gross leasable area (GLA).

Éxito has been fully consolidated since 1 May 2007. Casino held a 55.3% interest in its share capital at end-2017.

In 2017, Grupo Éxito (Colombia, Uruguay and Argentina) contributed €4,544 million to Casino's consolidated net sales.

Éxito has been listed on the Bogotá Stock Exchange since 1994.

Hypermarkets

- ***Éxito: 90 stores***

Éxito is a hypermarket banner with stores in 42 cities. Its food and non-food product offering is tailored to the needs of all segments of the Colombian population. Éxito stands out for the quality of its private-label apparel range, which enjoys a very good reputation with customers. The stores also provide a variety of services including the "Éxito Points" loyalty programme, mobile phone and travel deals and financial services, such as credit cards and insurance.

Supermarkets: 162 stores

- ***Éxito Super and Vecino: 81 stores***

The Éxito brand also includes two different supermarket banners: Éxito Super (34 stores in 17 cities offering a range of primarily food products) and Éxito Vecino (47 stores in 33 cities offering a wider assortment of non-food products).

- ***Carulla: 81 stores***

Carulla is renowned for its high quality. It markets a premium offering featuring targeted gourmet and exclusive products as well as a range of services. The network operates mainly in Colombia's two largest cities: Bogotá and Medellín.

Convenience: 111 stores

- ***Éxito Express: 92 stores***

Éxito Express is a new "minimarket" convenience format offering fast-moving consumer goods and fresh produce, as well as a few household cleaning and multimedia products.

- ***Carulla Express: 19 stores***

Carulla Express is the second of Grupo Éxito's "minimarket" formats. Positioned in the premium segment, it provides take-away products such as sandwiches, fresh fruit, cakes and pastries.

Discount: 1,489 stores

- ***Surtimax: 131 proprietary stores***

Surtimax is a convenience format located mostly in suburban areas. The stores offer a comprehensive range of basic products at low prices, mainly under the Surtimax private label. They are primarily food stores, but also carry some non-food lines.

During 2017, Éxito continued to expand its network of Aliados independent franchises. By the end of the year, it had a total of 1,278 franchised stores.

(1) Excluding fuel and calendar effects.
(2) Company information available at www.grupoexito.com.co.

- ***Super Inter: 71 proprietary stores***

Éxito acquired 50 Super Inter stores between October 2014 and April 2015. The chain has since expanded rapidly, opening 21 new stores. The Super Inter chain is located in the Cali and Coffee regions and sells a highly developed line of fresh produce.

- ***Surtimayorista: 9 stores***

In 2017, the Éxito Group decided to step up the development of the cash & carry format in Colombia. In 2017, five stores were converted to the Surtimayorista format and a further two were opened, bringing the total number of cash & carry outlets in Colombia to nine.

Uruguay

The local market leader since 2000, the Casino Group has three store banners that enjoy high brand recognition: Disco, Devoto and Géant. These banners became Éxito subsidiaries in 2011.

Casino operated a total of 88 stores at end-2017.

Supermarkets

- ***Disco: 29 stores***

Originally a chain of family supermarkets, Disco enjoys strong recognition throughout the country and focuses on competitive pricing. Disco stores are conveniently located and much appreciated by consumers. These two key strengths are reflected in its signature: "With you every day".

- ***Devoto: 24 stores***

Also originally family owned, the Devoto banner has a portfolio of modern stores including some with an extensive non-food range. With its signature "Price and quality. Always", Devoto clearly states its strong positioning focused on affordability, but also on product quality and customer service.

Hypermarkets

- ***Géant: 2 stores***

With its signature "The lowest price", Géant hypermarkets offer a broad range of products at very low prices.

Convenience stores

- ***Devoto Express: 33 stores***

The first ten Devoto Express stores were opened in 2015, showcasing a new convenience format. The banner has opened 23 additional stores since 2016. With an average selling area of 170 square metres per store, the banner offers customers competitive prices.

Argentina

Casino has been present in Argentina since it acquired Libertad in 1998. The Group has since developed the Libertad chain of hypermarkets.

Libertad also operates two convenience formats: Mini Libertad and Petit Libertad.

The banner had a total of 29 stores in 2017.

Hypermarkets

- ***Libertad: 15 stores***

Libertad is the leading hypermarket chain outside the capital, operating mainly in large inland cities. Each hypermarket is part of a shopping mall.

- ***Mini Libertad/Petit Libertad: 14 stores***

With an average selling area of approximately 160 square metres per store, Mini Libertad stands out as the foremost food convenience format in large cities such as Cordoba. In late 2016, Libertad also launched the premium convenience concept format, Petit Libertad.

Brazil(1)

Casino has operated in Brazil since 1999 through its Grupo Pão de Açúcar (GPA) subsidiary. GPA is a long-standing player in the Brazilian food retail market, and over the past few years has adapted its positioning to meet changing consumer needs. Although hypermarkets and supermarkets still dominate, GPA has significantly developed the cash & carry format with the Assaí banner in recent years. This format represented 41% of GPA's sales in 2017. The multi-format, multi-banner portfolio allows GPA to cater to customers from all socio-economic backgrounds in Brazil. It has also been developing innovative private-label goods, which are much appreciated by consumers, including Qualità, an umbrella brand for food products, and Taeq, a health and well-being range.

In 2009, GPA acquired Globex, the second-largest retailer of consumer electronics and household appliances in Brazil through its Ponto Frio banner. By taking control in 2010 of Casas Bahia, the leading non-food retailer in Brazil, GPA became the unrivalled leader in consumer electronics and household appliances, with the two banners consolidated in its Via Varejo subsidiary to take a 23.6% share of the bricks-and-mortar market (excluding hypermarket sales and E-commerce) at end-2016.

In 2012, Casino became the only major shareholder of GPA and has therefore fully consolidated the Brazilian entity since 2 July 2012. At end-2013, Casino owned a 38.1% stake in GPA.

In April 2014, Casino increased its interest in GPA from 38% to 41.3%.

In July 2015, Casino sold to Éxito a 50% interest in its French holding company, which holds voting shares in GPA representing around 18.8% of GPA's share capital. The Annual General Meeting and the Board of Directors of Éxito approved the transaction in August 2015, subsequent to which Casino's interest in GPA declined to 32.8% from 41.3% previously.

In November 2016, the Board approved GPA's decision to focus on the development of its food operations by starting negotiations for the sale of its investment in Via Varejo (store operations and websites).

(1) Company information available at www.gpari.com.br.

At end-2017, GPA operated a total of 1,009 food retail stores[(1)], with strong market positions in the two most economically buoyant states, São Paulo and Rio de Janeiro. GPA also manages 260,000 square metres of shopping malls.

In 2017, the GPA food banners contributed €12,379 million to Casino's consolidated net sales.

GPA has been listed on the São Paulo Stock Exchange since 1995 and the New York Stock Exchange since 1997.

Hypermarkets

- ***Extra HM: 117 stores***

Extra hypermarkets offer a vast range of food products as well as personal and household equipment, aiming to meet the demands of as many consumers as possible at the best prices. This sales strategy makes it possible to cater to all budgets, with regular promotions, a selection of products at unbeatable prices and a fresh-food section. The Extra revitalisation plan launched in 2016 has been a success, and continued in 2017.

Supermarkets

- ***Pão de Açúcar: 186 stores***

Pão de Açúcar premium convenience supermarkets offer a broad array of high-quality products. Always at the leading edge of technology, the banner also offers a range of services to optimally meet the specific needs of a relatively affluent clientele while leveraging the benefits of its widely used loyalty programme.

- ***Extra SM: 188 stores***

Extra SM stores are large supermarkets that provide an extensive food offering as well as a broad non-food range.

Convenience stores

- ***Minimercado Extra: 183 stores***

Minimercado Extra superettes are neighbourhood convenience stores with a simple, pleasant atmosphere. They offer all of the essential day-to-day products and services, with good value for money.

- ***Minuto Pão de Açúcar: 82 stores***

Launched in June 2014, Minuto Pão de Açúcar is a premium convenience format. With an average selling area of 400 square metres per store, it offers a range of differentiated products in stores combining the convenience, quality and reliability of Pão de Açúcar. The banner promotes sustainable development initiatives and provides tailored customer service.

GPA developed a member programme in 2016, which had some hundred members at year-end.

Drugstores: 127

The Extra format also includes pharmacies and drugstores under the Dograria Extra banner. They are mainly located in Extra shopping malls near hypermarkets.

Cash & carry

- ***Assaí: 126 stores***

Assaí is an "Atacarejo" store, a booming sector in Brazil. The term *"Atacarejo"* is a combination of *"Atacado"* (wholesaler) and *"Varejo"* (retailer). This self-service wholesaler offers a large range of food products and a small selection of non-food products at very low prices.

(1) Excluding service stations.

1.4. Real estate assets

1.4.1. Rolling out the dual retailing and property management model in France and abroad

The Group's expansion plan in France and abroad is based on a business model combining retailing with real estate. Driven by its anchor food store, the Group develops and operates shopping centres that provide consumers with a complementary offering and create a place to relax and socialise as well as a customer experience that meets local customs and tastes.

Deployment of this dual retailing and real estate strategy is supported by integrated teams in each subsidiary with the requisite skills, including research and design, land acquisition, delegated project management, property development, property letting, property management, legal affairs, asset value enhancement and asset management.

In France, wholly owned subsidiary L'Immobilière Groupe Casino (IGC) owns store properties and business units in local shopping malls offering goods and services[1].

Outside France, the Group holds strong positions in commercial real estate with a total of 1,015,000 square metres of gross leasable area (GLA) in shopping malls at end-2017, of which 57% in Colombia, 26% in Brazil and 17% in Argentina.

1.4.2. Enhancing the value of existing assets through active management

The Casino Group actively manages its property assets in France. At end-2017, the total value of its portfolio of fully consolidated assets in France[2] was €3.9 billion including transfer costs (€4.0 billion at end-2016), or €3.6 billion excluding transfer costs.

To address changing consumer habits, the Casino Group continuously adapts its hypermarket model by reducing selling areas and the percentage of non-food items in the mix, and by optimising other spaces, particularly stock rooms. The cleared space presents an opportunity to increase the size and appeal of shopping malls by hosting specialist mid-sized retailers.

This strategy is also being replicated at certain urban Monoprix and Casino stores, but with the goal of increasing selling areas and developing multi-purpose projects.

Two Monoprix sites were sold to Mercialys in 2016 as part of this approach, which contributes to recurring value creation through property development projects.

In hypermarkets, the Group continued the process in 2017 to reduce retail space devoted to non-food items and create additional shopping mall space, with:

- the delivery of nine hypermarket transformation projects leading to the creation of 18,260 sq.m. of shopping mall space;
- the sale of the Géant hypermarket project in Bordeaux Pessac, with a plan to reduce the retail space of the Géant outlet to create medium-sized areas covering 3,500 sq.m. of GLA;
- the sale of the Port Sacré-Cœur extension project in Reunion, with a shopping mall development covering 9,600 sq.m. of GLA scheduled to open in late 2018.

For Monoprix, the Group continued asset upgrades in 2017 by refurbishing and extending stores and creating additional spaces to generate new flows, with projects underway at five Monoprix stores in the Greater Paris region (Belleville, St-Cloud, Meudon, St-Maur and St-Ouen) allowing the creation of more than 4,000 sq.m. of additional selling space (on current retail space of 10,800 sq.m. at these stores) and the development of 8,000 sq.m. of housing units on upper levels and two daycare centres at the Belleville site.

Work to enhance the attractiveness of Casino sites also continued through the refurbishment of shopping malls.

Internationally, the Group continues to develop its retail property activities.

In Colombia, Viva Malls, a real estate fund created in partnership with Fondo Inmobiliario Colombia (FIC), has made progress on the construction of two new shopping centres (Viva Envigado and Viva Tunja), scheduled to open in 2018. Viva Malls ended 2017 with 13 assets in operation, with total GLA of 323,000 sq.m.

In Argentina, two shopping centre extensions (Paseo San Juan and Paseo Rivera Indarte) have been opened, adding additional GLA of 10,000 sq.m.

(1) Casino also holds a non-controlling interest (40.2% equity-accounted) in Mercialys, a leading French retail property investor.
(2) The valuation of the Group's fully consolidated assets in France was determined on the basis of external appraisals or updates using the customary methods (discounted cash flow, yields, etc.), with specific assumptions for each asset type.

Casino Group real estate portfolio at end-2017 (in economic interests)[1]

(€ billions)	**2017**	2016
France[2]	5.4	5.6
of which store properties	3.9	4.0
International[3]	1.0	1.0
TOTAL GROUP ASSETS	**6.4**	**6.6**
of which store properties	4.5	4.7
of which shopping malls[4]	1.9	1.9

(1) Asset valuation calculated inclusive of transfer costs on the basis of the Group's percentage interest and 100% for fully consolidated French subsidiaries. It is based on external appraisals or updates using the customary methods (discounted cash flow, yields, etc.), with specific assumptions for each country and each asset type.

(2) French property portfolio in economic interests, including a 40.2% stake in the value of Mercialys' property assets.

(3) For international properties, valuation is calculated as a percentage interest, and therefore on a pro rata basis in controlled joint ventures.

(4) Shopping malls, warehouses, headquarters.

1.4.3. Optimising "non-floor" space

In 2009, Casino created GreenYellow, a wholly-owned subsidiary involved in photovoltaic (PV) energy. The venture leverages the Group's expertise in property development, construction and operation, as well as the favourable geographic location of its stores, a majority of which are in sunny regions.

GreenYellow is a leading French player in rooftop PV systems, with an installed base of 130 MWp comprising more than 120 installations covering about 650,000 sq.m. of shopping centre and solar canopy rooftops, mainly on Group sites. These systems save nearly 10,800 tonnes of CO_2 a year and are sufficient to cover the annual consumption of 32,000 households.

In 2012, GreenYellow also launched a major programme to sustainably reduce energy consumption in Casino Group stores by 25%. At end-2017, 1,100 energy performance contracts were in place in France and abroad. These contracts save an annual 600 GMWh, or the equivalent of the consumption of a city the size of Bordeaux. All Géant hypermarkets and a significant majority of Casino supermarkets are equipped with energy efficiency solutions, which are also being deployed at other Group units and international stores.

1.5. Stock market value of listed companies

At 29 December 2017, Casino's interests in its listed companies had an aggregate value of €4 billion.

Listed company	Share price at 29 Dec. 2017	Market capitalisation (100%, in € millions)	% direct interest	Casino's share *(€ millions)*
GPA (Brazil)	BRL 78.93	5,315	22.8%	1,212
Éxito (Colombia & Uruguay)	COP 16,560	2,079	55.3%	1,150
Cnova (France)	EUR 4.40	1,516	64.7%	981
TOTAL				**3,344**
Mercialys	EUR 18.45	1,697	40.2%	682
TOTAL				**4,025**

1.6. Simplified organisation chart (at 31 December 2017)

Casino, Guichard-Perrachon

% control/% interest

EUROPE

France

- 100%/100% Distribution Casino France
- 100%/100% Olenydis (Casino Express)
- 100%/100% Codim 2
- 100%/100% Casino Carburants
- 100%/100% Floréal
- 100%/100% Franprix Leader Price Holding
- 100%/100% Monoprix
- 100%/100% Naturalia France
- 100%/100% E-Trend (Mon Showroom)
- 100%/76.19% Cdiscount
- 80%/80% RelevanC
- 100%/100% Casino Restauration
- 100%/100% Restauration Collective Casino
- 100%/100% St Once
- 100%/100% L'immobilière Groupe Casino
- 100%/100% Sudéco
- 100%/100% Plouescadis
- 97.52%/97.52% GreenYellow
- 40.24%/40.24% Mercialys
- 100%/100% Casino Agro
- 100%/100% Geimex
- 50%/50% Banque du Groupe Casino
- 50%/50% Incaa
- 50%/50% Mano-A

Luxembourg

- 100%/100% Casino Re

Netherlands

- 99.46%/76.11% Cnova

Poland

- 100%/100% Mayland Real Estate

LATIN AND CENTRAL AMERICA

Argentina

- 100%/55.30% Libertad SA

Brazil

- 99.9%/33.12% Companía Brasileira de Distribuiçao
- 62.5%/14.34% Via Varejo
- 100%/14.34% Cnova Comercio Electronico
- 100%/97.52% GreenYellow do Brasil Energia e Servicios

Colombia

- 55.30%/55.30% Almacenes Éxito S.A.
- 100%/54.06% Didetexco SAS (formerly Cdiscount Colombia)
- 100%/97.52% GreenYellow Energia de Colombia

Uruguay

- 100%/55.30% Devoto Hermanos SA
- 75.1%/34.56% Grupo Disco del Uruguay

THE INDIAN OCEAN REGION

Reunion

- 100%/100% Vindémia Group

Mayotte

- 71.44%/71.44% B.D.M.

Mauritius

- 100%/100% Sodimar

Madagascar

- 100%/100% S.2.M.

Listed company: Cnova, Mercialys, Companía Brasileira de Distribuiçao, Via Varejo, Almacenes Éxito S.A.

Chapter 2

Business report

Financial highlights

The 2017 figures for the Casino Group are as follows:

(€ millions)	2016	2017	Change (%)	Organic change[1]
Consolidated net sales	36,030	37,822	+5.0%	+3.2%[2]
Gross margin	8,666	9,127	+5.3%	
EBITDA[3]	1,697	1,930	+13.7%	+8.7%
Net depreciation and amortisation	(663)	(688)	+3.8%	
Trading profit	1,034	1,242	+20.1%	+13.4%
Other operating income and expenses	(625)	(480)	+23.2%	
Net financial expense, o/w:	(359)	(446)	-24.1%	
Net finance costs	*(324)*	*(367)*	*-13.4%*	
Other financial income and expenses	*(35)*	*(78)*	*n.m.*	
Profit before tax	50	316	n.m.	
Income tax	(34)	(56)	-63.4%	
Share of profit of equity associates	20	13	-37.0%	
Net profit from continuing operations	36	273	n.m.	
Group share	*33*	*127*	*n.m.*	
Minority interests	*2*	*146*	*n.m.*	
Net profit from discontinued operations	2,161	47	-97.8%	
Group share	*2,645*	*(7)*	*n.m.*	
Minority interests	*(484)*	*54*	*n.m.*	
Consolidated net profit	2,196	320	-85.4%	
Group share	*2,679*	*120*	*-95.5%*	
Minority interests	*(482)*	*200*	*n.m.*	
Underlying net profit, Group share[4]	341	372	+9.0%	+6.1%[5]

(1) Based on a comparable scope of consolidation and constant exchange rates, excluding the impact of asset disposals (real estate mutual investment funds).
(2) Excluding fuel and calendar effects.
(3) EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation.
(4) Underlying net profit corresponds to net profit from continuing operations adjusted for the impact of other operating income and expenses, the impact of non-recurring financial items, and income tax expense/benefits related to these adjustments (see 2.1.5.).
(5) At constant exchange rates.

2.1. Business report

The comments contained in the Annual Financial Report reflect comparisons with 2016 for profit from continuing operations and in accordance with IFRS 5 are restated for the planned disposal of Via Varejo.

Organic and same-store changes exclude fuel and calendar effects.

MAIN CHANGE IN THE SCOPE OF CONSOLIDATION AND ASSOCIATED EFFECT

- Via Varejo is still classified as a discontinued operation.

CURRENCY EFFECTS

Currency effects were favourable in 2017, with the Brazilian real and Colombian peso gaining an average 7.0% and 1.2% against the euro, respectively, compared with 2016. At constant exchange rates (CER), the main aggregates of the consolidated income statement were as follows:

Continuing operations *(in € millions)*	2016	**2017 at CER**
Consolidated net sales	36,030	37,019
EBITDA	1,697	1,879
Trading profit	1,034	1,207
Underlying net profit, Group share	341	362

- 2017 highlights are outlined below.
  - **France** saw a positive sales dynamic with same-store sales up by 0.8% and organic sales up by 0.1% compared to 2016. This performance was driven by strong profitability of qualitative, urban and service-led banners (Franprix, Monoprix and Casino Supermarkets), which are developing attractive and innovative new concepts (including Noé, Mandarine and Naturalia Vegan). These banners are enjoying good momentum in network growth and franchises, with 60 new Monoprix stores, 51 new Franprix stores, and the first independent retailer joining the Casino Supermarkets network. Leader Price is renovating its stores in line with its new Next concept and continues to improve its store network. Géant recovered thanks to a good performance from same-store food sales spurred by fresh market areas, fresh and organic products. Its net sales and margin per square metre improved. In Convenience, the expansion of the franchise network continued and the new Le Petit Casino concept was also rolled out. The Group stepped up the development of multi-channel and digital solutions in 2017, notably through its partnership with Ocado, the planned acquisition of Sarenza, new-look loyalty programmes and applications as well as Cdiscount corners.

    Total gross sales under banner including Cdiscount was up 2.3%[1] over the year, including 1.7%[1] growth in food and 5.6%[1] growth in non-food. Trading profit for France Retail was up 9.5% year on year to €556 million, of which €463 million excluding property development.
  - **Outside France**, the Group posted a good performance, with organic sales up 6.4% excluding fuel and calendar effects in a context of decelerating food price inflation. Organic net sales were up 1.2% for Éxito (excluding GPA Food), while in Brazil, organic sales climbed 8.7%.
    In 2017, Multivarejo (hypermarkets and supermarkets) posted same-store growth of 0.7%[2]. The Extra hypermarkets performed well and Pão de Açúcar reported increased volumes. The cash & carry banner Assaí, which accounted for 41% of GPA Food's annual sales in 2017, enjoyed strong 27.8%[2] organic growth in net sales buoyed by network expansion and a strong business model. Assaí saw steady growth in volumes and in customer traffic, in a fiercely competitive market.
    Éxito kept up the pace of expansion, developing the cash & carry business in Colombia (7 Surtimayorista stores opened in 2017, including 5 conversions). It is also deploying its new Carulla Fresh Market concept, and repositioning its hypermarkets by improving its range of textile and non-food products. 2017 also saw further growth in the businesses that complement retail operations, such as property development and the Puntos Colombia multi-banner nationwide loyalty programme. Éxito's organic growth was driven by strong performances from its subsidiaries in Uruguay and Argentina.

(1) Excluding fuel and calendar effects.
(2) Data published by the subsidiary.

- In France[1], the Group has excellent liquidity, with €1.9 billion in gross cash and €3.3 billion in available lines of credit that easily cover upcoming payments. At 31 December 2017, net financial debt stood at €4.1 billion for the Group and at €3.7 billion for France[1]. Free cash flow[2] from the Group's continuing operations before dividends and excluding non-recurring items paid in 2017 (mainly restructuring costs) was €446 million.

- In 2017, **Group consolidated net sales** climbed 5.0% at current exchange rates and 2.7% at constant exchange rates. Exchange rate fluctuations had a positive 2.2% effect, while changes in the scope of consolidation had a positive 0.1% impact.
- **Sales excluding fuel and calendar effects grew organically** by 3.2%:
  - **In France**, food retail sales excluding fuel and calendar effects were up 0.1% on an organic basis.
    - **Franprix** organic net sales climbed 1.3%. The banner retained its market share in 2017.
    - **Monoprix** sales were up 2.8% on an organic basis in 2017. Its market share remained stable.
    - **Casino Supermarkets** reported a 1.2% organic rise in sales. The banner retained its market share in 2017.
    - **Géant** reported stable organic growth compared to 2016. The banner retained its market share in 2017 and records a 0.1-point cumulative year-to-date gain according to P02 2018[3] data.
  - **E-commerce** grew organically by 8.7%, performing at a level similar to 2016.
  - **In Latin America**, sales were up by 6.4% organically excluding fuel and calendar effects.
    - **Éxito** (excluding GPA Food) delivered 1.2% organic growth.
    - At **GPA Food**, organic net sales rose 8.7%, notably lifted by growth in the cash & carry business.
- **Group trading profit** totalled €1,242 million, up 20.1% at current exchange rates and 16.7% at constant exchange rates.
  - In France, trading profit amounted to €556 million, up 9.5% *versus* 2016. The Group's property development business performed well, generating trading profit of €92 million.
  - Trading margin for the E-commerce business fell to a negative 1.3% from a negative 0.6% in 2016, reflecting the impact of investments made under the Cdiscount strategic plan.
  - Latam Retail trading profit amounted to €713 million, up by 32.7% overall and by 11.3% excluding the favourable impact of catch-up effect on tax credits. Trading margin for the Latam Retail segment is up 4.2%.
- Trading margin edged up 41 bps to 3.3%, buoyed by a good performance in France and Latam. In comparison to 2016 figures:
  - Trading margin for the France Retail segment was up 26 bps at 2.9%;
  - The E-commerce trading margin was down at a negative 1.3%;
  - Trading margin for the Latam Retail segment climbed 69 bps to 4.2%.

(1) Casino Group holding company scope, including the French businesses and the wholly-owned holding companies.
(2) Free cash flow before dividends paid to shareholders of the parent company, TSSDI holders and minority interests in 2017 in respect of 2016 and 2017, and excluding finance charges. See the note related to alternative performance indicators in 2.1.5.
(3) Source: Kantar.

2.1.1. France Retail

(€ millions)	2016	2017
Consolidated net sales	18,939	18,903
EBITDA	872	901
EBITDA margin	*4.6%*	*4.8%*
Trading profit	508	556
Trading margin	*2.7%*	*2.9%*

France Retail delivered sales of €18,903 million in 2017 *versus* €18,939 million in 2016. Sales were up 0.8% on a same-store basis and 0.1% on an organic basis excluding fuel and calendar effects.

France Retail trading profit increased 9.5% year on year to €556 million, or €463 million excluding property development. It benefited from the strong profitability of Franprix and Monoprix, improved contribution from Casino Supermarkets and increased profitability at Géant. The Group's property development business performed well, contributing €92 million to trading profit for France. Trading margin for the food retail business in France was 2.9% in 2017.

Over the full year, the following can be noted per format:

- **Monoprix** delivered a very good performance led by commercial innovation and expansion, with net sales up 2.8% on an organic basis and 2.0% on a same-store basis. Customer traffic was up 2.1% on a same-store basis. The banner is developing new services such as deliveries on foot within the hour and is extending its opening hours. The omni-channel strategy is gaining ground, with a 20% increase in online sales, the planned acquisition of Sarenza, numerous partnerships (Ocado, Epicery, Google Home, etc.) and innovation initiatives (Monop'Easy). Monoprix continued to successfully deploy its new loyalty programme and 66% of its net sales are now made with card-carrying customers. It stepped up the pace of expansion accelerating the organic store format Naturalia which is deploying the new Vegan concept (60 Monoprix stores opened in 2017 including 24 Naturalia) and recording a 5.7% rise in same-store traffic over the year.
- **Casino Supermarkets** consolidated their growth dynamic in 2017, posting a 1.5% rise in net sales on a same-store basis driven by a very good performance in fresh and organic products (up 18%). The banner upscaled its offering by rolling out its new Bijou concept and continued to pursue operational excellence in service counters, fruit & vegetables and organic lines. It also expanded its loyalty programme, with 500,000 new members in 2017 raising the total number of card-carrying customers to 2.1 million. The omni-channel offering performed well, led by new services ("lâché de caddie" on-foot and express delivery) and the Casino Max app, which has already had 400,000 downloads. The banner also continues its franchise expansion drive.
- **Franprix** reported upbeat trends over the year, with growth at 1.3% and customer traffic up 3.1% on a same-store basis. The banner's new and constantly improving Mandarine and Noé concepts continue to be rolled out (almost 80% of the network has been renovated under the Mandarine concept, including 158 stores under the advanced "Mandarine Vitaminée" version of the concept). Franprix's strong innovation push has resulted in new services ("Partez-sans-payer" fast-track shopping, development of food services with a snack area and adjoined salad bar) and a mobile application. This mobile app, which has recorded over half a million downloads to date (mainly in the Greater Paris area) was named e-commerce app of the year by LSA, a specialist magazine. Franprix also enjoyed good network growth, with 51 new store openings, primarily in the Greater Paris area.
- Same-store sales in **Convenience** were up 0.3% in 2017, a marked improvement on 2016. The banner rolled out the new Le Petit Casino concept in 128 stores, and is currently developing new services (home delivery and new corners such as La Poste, Relai and PMU). The Convenience banner continues to optimise its store network and to develop the franchise, which saw same-store growth of 2.5% over the year.
- **Leader Price** reported 0.2% growth in same-store sales in the year. The banner deployed its new Next concept focusing on more quality-oriented stores that maintain a discount cost structure. The new stores carry a more modern and wider range of organic private label products, as well as a Perfume and Beauty offering (new Sooa private label). The pursuit of operational excellence continues, with an improved checkout process and a particular attention paid to cost control. Leader Price continues to enhance its store network.
- **Géant Casino** continued to recover, spurred by a very good performance in food, up 2.3% on a same-store basis. Food sales were led by fresh market areas, fresh and organic products. The banner continues to shrink its retail space, particularly on non-food area (total areas down 1.2% on annual average in 2017, including a 0.6% decrease compared to fourth-quarter 2016 and a 6.8% decrease since 2011). There was a strong improvement in margin per square metre for non-food products. Géant is developing its omni-channel offering, supported by 5 Cdiscount corners opened to date, an acceleration in e-commerce with drive-in net sales up 10%, a click & collect service for non-food products, and the Casino Max app. Loyalty also improved with the banner now boasting 3.2 million customers, including 900,000 newly signed up in 2017.

2.1.2. E-Commerce (Cdiscount)

(€ millions)	2016	**2017**
GMV (Gross Merchandise Volume) as reported by Cnova	2,994	3,391
EBITDA	10	-
o/w Cdiscount group	*13*	*3*
o/w Holding companies	*(3)*	*(4)*

In E-commerce, gross merchandise volume (GMV) climbed[(1)] 9.6% over the year to €3.4 billion.

This performance was led by:

- Record growth in sales in third-quarter 2017 and for Black Friday in November;
- Deployment of the strategic plan in the second quarter of the year:
  - **Expansion of the product range:** an additional 17 million references in 2017, bringing total online listings to 37 million, a rise of 80% in the marketplace product offering and a three-fold increase in references eligible for the "Cdiscount à volonté" (CDAV) loyalty programme. CDAV now accounts for 31% of GMV sales, a 10 point increase on 2016.
  - **Enhanced multi-channel strategy:** 5 Cdiscount corners opened to date in Géant hypermarkets, with immediate pick-up available for almost 4,000 referenced items. The banner is also rolling out a click & collect service in stores.
  - **Enhanced delivery services and innovation initiatives:** same-day delivery now available in the Greater Paris area, Lyon, Lille and Bordeaux.
  - **Development of new revenue streams:** with "Coup de pouce", Cdiscount Énergie, Cinstallé and roll-out of a range of services associated with the "Fulfillment by Cdiscount" solution.

Traffic increased 12% to 946 million visits in 2017, and the number of customers was 6% higher year on year, at 8.6 million. Cdiscount is France's second leading e-retailer, with 18 million unique visitors a month on average. It had a particularly dynamic second half, gaining almost 2 points in market share[(2)] on average.

EBITDA for the E-commerce segment, at breakeven in 2017, was impacted by the significant investments made under the Cdiscount strategic plan. These measures have delivered good results, enabling EBITDA to improve in the second half and to reach a slightly higher level in Q4 than in 2016.

(1) GMV growth on a same-store basis – same-store figures for Cdiscount are determined by eliminating i) data for the specialised e-commerce sites Comptoir des Parfums, Comptoir Santé and MonCornerDéco that were sold or shut down in 2016, ii) B2B sales due to the strategic decision to scale back these sales as from the third quarter of 2016, iii) the leap year effect in 2016 (negative 0.4 pt impact on GMV growth and negative 0.3 pt impact on net sales growth year on year) and iv) Cdiscount sales to customers of Casino Group hypermarkets and supermarkets in France, under the multi-channel agreement that came into effect on 19 June 2017 (positive 4.3 pt impact on GMV growth and positive 5.8 pt impact on net sales growth year on year).
(2) Gfk market share for technical goods, by volume (+1.3 pt by value).

2.1.3. Latam Retail

(€ millions)	2016	2017 at CER	**2017**
Consolidated net sales	15,247	16,121	16,923
EBITDA	816	980	1,029
EBITDA margin	*5.3%*	*6.1%*	*6.1%*
Trading profit	538	679	713
Trading margin	*3.5%*	*4.2%*	*4.2%*

Latam Retail net sales were €16,923 million in 2017, up 6.4% on an organic basis excluding fuel and calendar effects in a context of decelerating food price inflation.

In Brazil, GPA Food put in a good trading performance, with 8.7% organic sales growth excluding fuel and calendar effects in 2017. Sales grew 4.7% on a same-store basis.

- Same-store sales for **Multivarejo** (hypermarkets and supermarkets) delivered 0.7%(1) growth in 2017 and the banner won additional market share(2) in the period. Spurred by the "Meu Desconto" (My Discount) program, which had already recorded 3 million downloads shortly after it was launched, the banner had 14 million card-carrying customers compared to 12 million in 2016. The Extra hypermarkets performed well in 2017, buoyed by the non-food offering which reported further double-digit growth. Volumes at Pão de Açúcar have been improving since the third quarter. The renovation drive continued apace, with 50 stores renovated at the end of 2017.
- **Assaí** (cash & carry) sales rose 27.8%(1) on an organic basis and 11.0%(1) on a same-store basis, buoyed by network expansion (new store openings and conversions and a move into two new states) and a strong business model. The banner, which accounted for 41% of GPA Food's annual sales in 2017, delivered steady growth in volumes and traffic and also won additional market share, in a context defined by falling prices for certain food categories (basic commodities, dairy and meat). The "Food at home" component of the IPCA index moved from a positive 11.9% in fourth-quarter 2016 to a negative 5.1% in fourth-quarter 2017.
- At the end of 2017, there were 126 stores operating under the cash & carry format. In all, 20 stores were opened in 2017, including 15 conversions of Extra hypermarkets to the Assaí format. Sales in converted stores were 2.5 times higher than sales in Extra hypermarkets.

Éxito reported 1.2% organic growth excluding fuel and calendar effects in 2017. The banner kept up the pace of expansion, developing the cash & carry business: 7 Surtimayorista stores were opened in 2017, including 5 conversions, bringing the total number of stores to 9 at the end of 2017, with converted stores doubling their sales following the transfer to the new format. Éxito is also deploying its new Carulla Fresh Market concept. The banner is repositioning its hypermarkets by improving the apparel and non-food offering and rolling out its "Insuperables" (Unbeatable) special offer program. Éxito also continued to develop businesses that complement retail operations, including real estate with the continued development of Viva Envigado and Viva Tunja, and the Puntos Colombia multi-banner nationwide loyalty programme boasting 10 million customers.

Trading profit at Latam Retail came to €713 million, up 32.7% as reported and 11.3% excluding the favourable impact of catch-up effect on tax credits. Trading margin rose to 4.2% over the year, up 69 bps on 2016.

Éxito saw a decline in profitability as its margin (excluding GPA Food) fell to 4.0%, down 120 bps. At GPA, trading margin climbed 148 bps to 4.3%.

(1) Data published by the subsidiary.
(2) Gain in market share on a same-store basis.

2.1.4. Overview of the consolidated financial statements

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union as of the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2017.

These standards are available on the European Commission's website: (https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en).

The accounting methods described in the notes to the consolidated financial statements have been applied continuously across the periods presented in the consolidated financial statements, after taking into account the new standards and interpretations. These standards, amendments and interpretations had no material impact on the Group's financial performance or position.

SALES

Consolidated net sales for 2017 amounted to €37,822 million compared to €36,030 million in 2016, a rise of 5.0%.

Changes in the scope of consolidation and in exchange rates had a positive impact of 0.1% and 2.2%, respectively.

A more detailed review of changes in net sales can be found above in the review of each of the Group's three business segments.

TRADING PROFIT

Trading profit in 2017 was €1,242 million, up 20.1% on 2016.

Changes in the scope of consolidation in 2017 had a positive 3.3% impact on trading profit, while changes in exchange rates had a positive 3.5% impact. A more detailed review of changes in trading profit can be found above in the review of each of the Group's three business segments.

OPERATING PROFIT

Other operating income and expenses amounted to a net expense of €480 million in 2017 *versus* a net expense of €625 million in 2016.

In France, this item was down 34% as the Group gradually completed its transformation programmes:

- Reduction in Géant retail space;
- Deployment of the Mandarine concept;
- Redesign of the catering business;
- Rationalisation of proximity stores network.

The net operating expense of €625 million in 2016 mainly comprised:

- The reorganisation of the Franprix-Leader Price and Casino Supermarkets networks in France;
- Restructuring costs, particularly in France, with the restructuring of operations upstream of the store network and the implementation of new concepts;
- Provisions for litigation and risks, mainly related to tax risks for Brazil;
- Other expenses, mainly reflecting the dual recognition of TASCOM in 2016.

NET FINANCIAL EXPENSE AND PROFIT BEFORE TAX

Net financial expense totalled €446 million in 2017 (€359 million in 2016), reflecting:

- Net finance costs of €367 million, an increase on the 2016 figure (€324 million);
- Other net financial expenses of €78 million, compared with other net financial expenses of €35 million in 2016.

Profit before tax was up at €316 million in 2017 from €50 million in 2016.

NET PROFIT, GROUP SHARE

Income tax was €56 million (*versus* €34 million in 2016). Excluding non-recurring items, the effective tax rate stood at 20.7% *versus* 30.4% in the year-earlier period, in line with changes in tax regulations in France. The effective tax rate also takes into account the favourable impact from activation deferred tax assets.

The Group's share of profit of equity associates was €13 million (€20 million in 2016).

Minority interests came to €146 million compared to €2 million in 2016. After restating for non-recurring items, underlying minority interests were €249 million in 2017 *versus* €114 million in 2016.

Net profit from continuing operations, Group share totalled €127 million compared to €33 million one year earlier.

Consolidated net profit, Group share amounted to €120 million *versus* €2,679 million in 2016 owing to the capital gains generated on the disposal of the Group's operations in Thailand and Vietnam.

Underlying net profit from continuing operations, Group share amounted to €372 million *versus* €341 million in 2016. Net profit restatements to establish underlying net profit can be found in the notes to the consolidated financial statements.

Underlying diluted earnings per share climbed 13.4% year on year to €2.904 and include the dilutive effect of the TSSDI deeply subordinated perpetual bonds.

FINANCIAL POSITION

Casino Group net debt at 31 December 2017 stood at €4.1 billion *versus* €3.4 billion at 31 December 2016.

Net debt of Casino in France(1) was up year on year, standing at €3.7 billion at 31 December 2017. Net debt reflects non-recurring expenses, financial investments made in the first half (especially the Cnova acquisition), and changes in working capital at the end of the year. The change in cash flow at Cdiscount can be explained primarily by the expanded product offering which led to an increase in inventories, the deployment of the multi-channel strategy with Géant, and capital expenditure on logistics and information systems.

Cash flow statement for the Group's continuing operations

(€ millions)	**2017**
Cash flow from continuing operations	1,573
o/w non-recurring items	*(267)*
Changes in working capital	(336)
Income tax	(114)
Cash from operating activities	**1,123**
Capex	(944)
Free cash flow from continuing operations before dividends(1)	**179**
o/w non-recurring items	*(267)*
Free cash flow from continuing operations, excluding non-recurring items and before dividends(1)	**446**

(1) Before dividends paid to shareholders of the parent company, TSSDI holders and minority interests in 2017 in respect of 2016 and 2017, and excluding finance charges.

Free cash flow from the Group's continuing operations amounted to €446 million excluding non-recurring items paid in 2017 (mainly restructuring costs) and before dividends. Working capital fell €336 million, affected by receivables on tax credits and insurance indemnities in Brazil (€295 million) and tax and employee income receivables in France (€60 million).

Consolidated equity totalled €7,584 million *versus* €8,450 million at end-2016.

At 31 December 2017, **Casino in France**(1) had €5.1 billion in cash and cash equivalents corresponding to a significant gross cash position of €1.9 billion and **confirmed undrawn credit facilities** of €3.3 billion. Outstanding commercial paper at that date amounted to €210 million.

Casino has been rated BB+ (stable outlook) by Standard & Poor's since 21 March 2016 and Ba1 (stable outlook) by Moody's since 30 November 2017. The Group terminated its contract with Fitch Ratings.

(1) Casino Group holding company scope, including the French businesses and wholly-owned holding companies.

2.1.5. Alternative performance indicators

Definitions of the key alternative performance indicators are available on Casino Group's website (https://www.groupe-casino.fr/fr/investisseurs/information-reglementee-amf-documents-amf/), including the underlying net profit which is described below.

Underlying net profit corresponds to net profit from continuing operations, adjusted for (i) the impact of other operating income and expenses, as defined in the "Significant accounting policies" section in the notes to the consolidated financial statements, (ii) the impact of non-recurring financial items, as well as (iii) income tax expense/benefits related to these adjustments.

Non-recurring financial items include fair value adjustments to equity derivative instruments (for example, total return swaps and forward instruments related to GPA shares) and effects of discounting tax liabilities in Brazil.

This financial indicator is a measure of the evolution of the Group's recurring profitability.

(€ millions)	2016	Restated items	2016 underlying	**2017**	Restated items	**2017 underlying**
TRADING PROFIT	**1,034**	**-**	**1,034**	**1,242**	**-**	**1,242**
Other operating income and expenses	(625)	625	-	(480)	480	-
OPERATING PROFIT	**409**	**625**	**1,034**	**762**	**480**	**1,242**
Net finance costs	(324)	-	(324)	(367)	-	(367)
Other financial income and expenses[(1)]	(35)	(51)	(87)	(78)	(30)	(108)
Income tax[(2)]	(34)	(155)	(189)	(56)	(103)	(159)
Share of profit of equity associates	20	-	20	13	-	13
NET PROFIT FROM CONTINUING OPERATIONS	**36**	**419**	**455**	**273**	**348**	**621**
Attributable to minority interests[(3)]	*2*	*111*	*114*	*146*	*103*	*249*
Group share	**33**	**307**	**341**	**127**	**244**	**372**

(1) Other financial income and expenses have been restated, primarily for the impact of discounting tax liabilities, as well as for changes in the fair value of total return swaps and forwards.

(2) Income tax has been restated for the tax impact of the restated items listed above.

(3) Minority (non-controlling) interests have been restated for the amounts relating to the restated items listed above.

2.2. Parent company information

2.2.1. Business

Casino, Guichard-Perrachon, parent company of the Casino Group, is a holding company. Its activities consist of defining and implementing the Group's development strategy and coordinating the businesses of the various subsidiaries, acting jointly with their respective management teams. The Company also manages a portfolio of brands, designs and models licensed to the subsidiaries and is responsible for overseeing the proper application of Group legal and accounting rules by the subsidiaries.

The significant events of the year are presented in section 1 of the introduction to the notes to the 2017 parent company financial statements (see Chapter 4).

In 2017, the Company reported net sales (excluding taxes) of €162.7 million, *versus* €160.7 million in 2016, corresponding mainly to trademark and banner royalties, as well as services billed to subsidiaries.

The Company does not have any branches or specific research and development activities.

2.2.2. Comments on the parent company financial statements

The statutory financial statements have been prepared in accordance with regulation No. 2016-07 of 4 November 2016 issued by the French accounting standards authority (*Autorité des normes comptables* – ANC) on the French generally accepted accounting principles approved by ministerial decree dated 26 December 2016. The accounting policies applied are consistent with those used for the previous year. Application of ANC regulation No. 2015-05 of 2 July 2015 on derivatives and hedging transactions, applicable for reporting periods beginning on or after 1 January 2017, did not have an impact on the 2017 financial statements.

These principles and policies are described in the notes to the financial statements, which also include a detailed analysis of the main balance sheet and income statement items, as well as movements during the year.

At 31 December 2017, the Company had total assets of €17,975.2 million and equity of €7,874.4 million.

Non-current assets amounted to €17,031.5 million, mainly corresponding to long-term investments.

At 31 December 2017, total liabilities stood at €8,533.7 million, *versus* €8,411.3 million at 31 December 2016. A breakdown of loans and other borrowings as well as net debt is provided in Note 13 to the parent company financial statements. No Company assets are pledged as collateral to secure debt. At 31 December 2017, the Company had confirmed undrawn bank credit lines totalling €2,698.4 million.

As required by Article L. 441-6-1 of the French Commercial Code (*Code de commerce*), the following table sets out supplier and customer payment terms:

		Invoices received and due but not yet settled at the year-end						Invoices issued and due but not yet settled at the year-end					
		0 days (approximate)	1 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total (1 day or more)	0 days (approximate)	1 to 30 days	31 to 60 days	61 to 90 days	90+ days	Total (1 day or more)
(A) Overdue invoices by period													
Number of invoices concerned	**Total**	**0**					**46**	**2**					**42**
	o/w Group	*0*					*14*	*0*					*35*
	o/w non-Group	*0*					*32*	*2*					*7*
Total value[(1)] excluding taxes of the invoices concerned	**Total**	**0**	**5,808**	**63**	**(14)**	**35**	**5,892**	**(44)**	**665**	**43**	**0**	**1,040**	**1,748**
	o/w Group	*0*	*5,785*	*0*	*0*	*0*	*5,785*	*0*	*662*	*43*	*0*	*1,103*	*1,808*
	o/w non-Group	*0*	*23*	*63*	*(14)*	*35*	*107*	*(44)*	*3*	*0*	*0*	*(63)*	*(60)*
Percentage of total purchases excluding taxes for the year	**Total**	**0%**	**4%**	**0 %**	**0%**	**0%**	**4%**						
	o/w Group	*0%*	*4%*	*0%*	*0%*	*0%*	*4%*						
	o/w non-Group	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*						
% of net sales (excluding taxes) for the year	**Total**							**0%**	**0%**	**0%**	**0%**	**1%**	**1%**
	o/w Group							*0%*	*0%*	*0%*	*0%*	*1%*	*1%*
	o/w non-Group							*-3%*	*0%*	*0%*	*0%*	*-4%*	*-4%*
(B) Invoices excluded from (A) because they are disputed or not recognised in the financial statements													
Number of invoices excluded	**Total**	**2**						**1**					
	o/w Group	0						0					
	o/w non-Group	2						1					
Total value[(1)] of invoices excluded	**Total**	**144**						**115**					
	o/w Group	*0*						*0*					
	o/w non-Group	144						115					
(C) Benchmark payment terms used – Articles L. 441-6 or L. 443-1 of the French Commercial Code													
Payment terms used to determine overdue invoices		☐ Contractual: ☑ Statutory: 60 days from invoice date						☑ Contractual: quarterly invoicing with advance payment ☐ Statutory:					

(1) in € thousands

In 2017, the Company reported an operating loss of €2.3 million, *versus* an operating loss of €3.6 million in 2016.

The Company reported a net financial expense of €112.0 million in 2017 *versus* a net financial expense of €444.7 million in 2016, mainly comprising:

- €405.7 million in income from investments in subsidiaries and associates, *versus* €1,082.7 million in 2016;
- amortisation of bond redemption premiums for €16.7 million;
- impairment losses on shares in an amount of €236.7 million, including Distribution Casino France (€203.2 million) and Casino Restauration (€33.5 million);
- reversal of losses on the total return swap (TRS) on GPA shares (€30.9 million);
- reversal of impairment losses on shares in an amount of €16.4 million, mainly Geimex (€13.9 million);
- a loss on the sale of treasury shares (€2.5 million).

The recurring loss before tax came in at €114.2 million, *versus* a recurring loss of €444.1 million in 2016.

Non-recurring income amounted to €207.3 million, *versus* a non-recurring expense of €300.8 million in 2016. It mainly reflects the €171.6 million capital gain on the sale of Géant Foncière BV, which was carried out as part of an internal restructuring programme, the derecognition of the €57.2 million relating to the Morzan dispute and restructuring costs totalling €17.4 million.

Profit before tax came to €93.1 million, *versus* €140.3 million in 2016.

Casino, Guichard-Perrachon recorded a tax benefit of €301.1 million in 2017, corresponding to the tax saving arising from netting off the losses of Casino, Guichard-Perrachon (the parent company of the French tax group) and its subsidiaries against the profits of the consolidated Group in an amount of €243.1 million, and the refund of the 3% dividend tax paid in prior years in an amount of €53.3 million, after it was invalidated by the French constitutional court (*Conseil constitutionnel*) in its decision of 6 October 2017.

Net profit for the year came to €394.2 million, *versus* €405.5 million in 2016.

2.2.3. Non-deductible expenses

In accordance with the disclosures required by Article 223 *quater* of the French General Tax Code (*Code général des impôts*), the 2017 parent company financial statements include an amount of €63,621 corresponding to non-deductible depreciation recognised against passenger vehicles pursuant to paragraph 4 of Article 39 of the French General Tax Code. Tax in respect of said expenses and charges amounted to €21,904.

2.3. Subsidiaries and associates

The business performance of the main subsidiaries and controlled companies is described on pages 3 to 26.

A list of consolidated companies is provided on pages 128 to 130.

Information on Casino, Guichard-Perrachon's subsidiaries and associates is provided on pages 162 and 163.

2.3.1. Investments made and control acquired in 2017

The Company did not acquire any direct interests or direct control in other entities in 2017. Indirect control acquired as a result of acquisitions or company creations in France in 2017 was as follows:

CASINO PARTICIPATIONS FRANCE GROUP

Alioss (100%), Cabredis (100%), Cahoya (100%), Carnosa (100%), Harmalie (100%), Kanola (100%), Kauridis (100%), Kersan (100%) and Quatrim (100%).

GreenYellow sub-group

Green Yellow Participations 24 (100%), Holding d'Exploitation de Centrales Photovoltaïques 26 (100%), Holding d'Exploitation de Centrales Photovoltaïques 27 (100%), Holding d'Exploitation de Centrales Photovoltaïques Lot 8 (100%), SPV PV 1 (100%), SPV PV 2 (100%), SPV PV 3 (100%), SPV PV 4 (100%), SPV PV 5 (100%), SPV PV 6 (100%), SPV PV 7 (100%), SPV PV 8 (100%), SPV PV 9 (100%), SPV PV 10 (100%), SPV PV 11 (100%), SPV PV 12 (100%), SPV PV 13 (100%), SPV PV 14 (100%), SPV PV 15 (100%), SPV PV 16 (100%) and Thermique Solutions Industrie SNC (100%).

Plouescadis sub-group

Saint André immobilier (100%) and Saint André Participations (100%).

CDISCOUNT GROUP

BeezUp (60%) and Cnova Pay (100%).

DISTRIBUTION CASINO FRANCE GROUP

Aloedis (100%).

Franprix-Leader Price Holding sub-group

Ecomag (100%), Fabas-Distri (100%), Fleurance Distribution (100%), Jadelis 1 (100%), Jadelis 2 (100%), Jadelis 3 (100%), Le Marché Flandre (100%), Nérac-Distri (100%), Redon-Distri (100%) and Sumori Milly (100%).

MONOPRIX GROUP

Beaumarchais (100%).

2.3.2. Shareholder agreements

The Company is party to several shareholder agreements. Details of the most significant agreements are as follows:

FRANPRIX-LEADER PRICE

Call and/or put options have been granted on shares in a number of companies that are not wholly-owned by the Group. The options, certain of which are associated with shareholder agreements, are exercisable for varying periods up to 2032 at a price based on the operating profits of the companies concerned (see Note 3.4 to the consolidated financial statements).

ALMACENES ÉXITO (COLOMBIA)

Casino obtained a controlling interest in Almacenes Éxito S.A. in May 2007 and has been party to a shareholder agreement since 17 December 2007. The agreement sets out voting rules for electing directors and for certain other decisions, the rules on selling shares and other customary clauses.

On 29 June 2011, Almacenes Éxito S.A. acquired joint control of the Group's Uruguay operations under the Disco and Devoto banners and took a seat on their boards. In December 2011, Almacenes Éxito S.A. and Casino exchanged call and put options on the minority interests in Grupo Disco del Uruguay and Devoto Hermanos S.A., expiring on 31 August 2021, which are themselves subject to a put option granted by Casino to the founding Uruguayan families, and expiring on 21 June 2021 (see below).

DISCO URUGUAY GROUP (URUGUAY)

Casino signed a shareholder agreement with Grupo Disco del Uruguay's founding families when it acquired a stake in the company in September 1998. The agreement expired in September 2008 but the family shareholders continue to benefit from put options granted by Casino, exercisable until 21 June 2021. These put options are described in Note 16 to the parent company financial statements and Note 3.4 to the consolidated financial statements.

Casino sold its majority interests in Grupo Disco del Uruguay and Devoto Hermanos S.A. to Almacenes Éxito S.A. on 29 September 2011, giving Almacenes Éxito S.A. joint control. Under the terms described above, Casino and Almacenes Éxito S.A. exchanged call and put options on the minority interests in Grupo Disco del Uruguay held by the Uruguayan founding families.

Spice Investments Mercosur S.A. (wholly-owned subsidiary of Almacenes Éxito S.A.) is party to a shareholder agreement with the minority shareholders of Disco who under its terms agree not to pursue activities that could compete with Disco's food retail business.

As part of this commitment, the minority shareholders gave a guarantee to Spice Investments Mercosur S.A., pledging their shares in Disco.

The shareholder agreement was valid up until 31 December 2016 and has been renewed until 30 June 2019.

PÃO DE AÇÚCAR GROUP (BRAZIL)

As part of the streamlining of the organisation and management of Group businesses in Latin America, on 29 July 2015 Almacenes Éxito S.A. (Éxito), an indirect subsidiary of Casino, Guichard-Perrachon (Casino), bought 50% of the capital of the French-incorporated company Ségisor, which indirectly owns the shares with voting rights in its Brazilian subsidiary, Grupo Pão de Açúcar (GPA), from Casino.

Casino and Éxito signed a shareholder agreement which sets out the control structure of GPA especially through Board membership and the legal representatives of entities in GPA's chain of ownership and control.

Casino also has a put option on the shares held by Éxito in GPA and the entities that make up GPA's chain of ownership and control. The put option is exercisable in the event of a change of control of Éxito at the market price.

2.3.3. Pledged assets

Assets pledged by the Company or companies in the Group do not represent a material percentage of the Group's assets (1.1% of non-current assets or €236 million).

2.3.4. Related party transactions

The Company maintains normal relations with all its subsidiaries in its day-to-day management of the Group, as described on page 27.

Due to the Group's legal and operational organisation structure, all or some of the Group companies may also engage in business relations or provide services to each other.

The Company also receives strategic support from Euris, the ultimate holding company, which is chaired by its majority shareholder Jean-Charles Naouri. Euris provides strategy and development consultancy services on a permanent basis under an agreement signed in 2003 and the amendments thereto. The annual amount paid by the Company for these services in 2017 was €900,000 excluding taxes.

In accordance with the provisions of Article L. 225-40-1 of the French Commercial Code, the Board of Directors has reviewed the agreements entered into and authorised in previous years which remained in force during the past financial year, and concluded that they required no particular observations.

At its meeting of 15 December 2017, and on the recommendation of the Appointments and Compensation Committee, the Board of Directors authorised the payment to Nathalie Andrieux of exceptional compensation, as referred to in Article L. 225-46 of the French Commercial Code, in respect of the project assigned to her by the Board on 5 May 2017 in light of her high level of expertise in the field of digital technology. The cost of the project amounted to €16,018, comprising €15,000 in compensation and €1,018 in travel expenses borne by the Company.

The agreement is described in further detail in the presentation of the resolutions submitted to the Annual General Meeting and in the Statutory Auditors' special report on related party agreements and commitments (page 337 and page 164, respectively).

No agreements were entered into in 2017, directly or through an intermediary, between a Company subsidiary and (i) the Chief Executive Officer, (ii) a director or (iii) a shareholder holding more than 10% of the Company's voting rights, other than those pertaining to ordinary business operations and concluded under arms' length terms.

Detailed information on related party transactions is provided in Notes 3.3.6 and 14 to the consolidated financial statements (see Chapter 3 of this document).

To strengthen the Company's good governance practices specifically concerning related party agreements, in February 2015 the Board of Directors introduced a formal internal review procedure to be led by the Audit Committee or by a special-purpose committee concerning certain agreements and transactions between the Company or one of its wholly-owned subsidiaries, on the one hand, and a related party on the other. The procedure, which concerns related party agreements in particular, aims to guarantee balanced related party transactions and thereby protect minority interests. Further details are provided in the section "Procedure for the prior review of related party agreements by the Audit Committee", on page 216.

2.4. Recent events

- On **24 January 2018**, the Casino Group announced that it had successfully placed a €200 million bond issue, adding to its existing bond debt maturing in June 2022. The new bond issue raised the total nominal amount of the paper from €550 million to €750 million.
- On **19 February 2018**, Monoprix announced that it was in exclusive negotiations to acquire Sarenza. Following the partnership deals recently signed by the banner, namely with Ocado, this acquisition aims to complete Monoprix's offering and position it as an "omni-channel lifestyle" leader (Fashion, Home, Beauty). The planned acquisition is a seamless fit with Monoprix's digitalisation strategy. Sarenza is a leading online shoe retailer and is among France's favourite online banners. This transaction will combine the forces of the Monoprix network, its Fashion, Home and Beauty offering and the expertise of its teams, with the e-commerce know-how of Sarenza, a shoe and accessories specialist, to create a truly unique omni-channel lifestyle leader.
- On **26 March 2018**, the Casino Group announced that Amazon and Monoprix had joined forces to bring grocery items sourced from Monoprix to Amazon Prime Now service customers in Paris and its inner suburbs in 2018. Grocery items sourced from Monoprix will be available on the Amazon Prime Now app and website through a dedicated virtual store.
- On **3 April 2018**, the Casino Group and Auchan Retail announced that they had entered into exclusive talks to build, in compliance with competition rules, a strategic partnership enabling them to jointly negotiate their purchases in France and abroad with their main multi-national food and non-food suppliers. The Casino Group and Auchan Retail will invite their current partners in procurement to participate in the new dynamic, it being stipulated that Casino Group and Intermarché have now terminated their procurement cooperation agreements in France, by mutual agreement.

2.5. Outlook

In 2018, the Group will pursue its strategic priorities, which include:

- Pursuing growth in the Group's best formats;
- Accelerating the development of digital and omni-channel activities;
- Pursuing action plans to cut costs and improve the supply chain;
- Increasing cash generation and strengthening its financial structure.

The Group's key objectives for 2018 are the following:

- For **trading profit**:
  - In **France**, it targets in food retail an organic(1) growth above 10% of trading profit excluding property development, led by growth in the most profitable formats, by improved hypermarket and convenience margins,
  - **In all**, the Group is aiming to deliver organic(1) growth of its consolidated trading profit and above 10% excluding tax credits;
- In France, a **free cash flow(2)** from continuing operations excluding exceptional items covering finance charges and dividends and enabling to improve the net financial debt;
- A **reduction in Group net financial debt** with:
  - Return to breakeven Cdiscount's free cash flow,
  - Free cash flow(2) from continuing operations excluding exceptional items of over €1 billion in total,
  - A Capex envelop of around €1 billion,
  - And the significant potential effect of the sale of Via Varejo.

(1) Excluding changes in the scope of consolidation and exchange rates.
(2) Before dividends paid to shareholders and TSSDI holders, and excluding finance charges. See the note related to alternative performance indicators in 2.1.5.

Chapter 3

Consolidated financial statements Year ended 31 December 2017

3.1. Statutory Auditors' Report on the Consolidated Financial Statements

Year ended 31 December 2017

This is a translation into English of the Statutory Auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information specifically required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of Casino, Guichard-Perrachon,

OPINION

In compliance with the engagement entrusted to us by your shareholders' meeting, we have audited the accompanying consolidated financial statements of Casino, Guichard-Perrachon for the year ended 31 December 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of 31 December 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of goodwill and brands

Risk identified	Our response
Please see Notes "10.1 – Goodwill", "10.2 – Other intangible assets" and "10.5 – Impairment of non-current assets" to the consolidated financial statements	
As of 31 December 2017, the net carrying amount of goodwill and brands with an indefinite life recorded in the consolidated statement of financial position, following different business combinations carried out by the Group as part of its external growth transactions, amount to, respectively, €9,031 million and €1,613 million, which represents approximately 28% of total consolidated assets. As part of the valuation of these assets, the Group performs impairment tests at least once a year and whenever there is an indication of impairment. We considered the valuation of goodwill and brands, including the goodwill relating to Franprix - Leader Price and the brand relating to Extra, to be a key audit matter due to the following: ▪ their materiality in the consolidated financial statements; ▪ the importance of management's estimates, assessments and significant assumptions on the basis of which their recoverable amount is determined, based on the future discounted cash flows expected to be derived from these assets; ▪ the sensitivity of the valuation of these recoverable amounts to certain assumptions.	We examined the compliance of the methodology implemented by management with the accounting standards in force. We also assessed the main estimates used and analysed in particular: ▪ the consistency of cash flow projections with the medium-term budgets and business plans prepared by management, as well as the consistency of these projections with the Group's historical performance and the economic context in which the Group operates; ▪ the methods and parameters used to determine the discount rates applied to estimated cash flows. We recalculated these discount rates, and compared them with the amounts used by leading financial analysts and with our internal databases, with the assistance of our valuation experts; ▪ the relevance of the sensitivity scenarios used by management. Finally, we examined the appropriateness of the disclosures provided in the notes to the consolidated financial statements, notably those relating to sensitivity tests.

Valuation of rebates to be received from suppliers at year-end

Risk identified	Our response
Please see Notes "6.2 – Cost of goods sold" and "6.8 – Other current assets" to the consolidated financial statements	
Within the scope of its retail activities, the Group receives rebates from its suppliers in the form of discounts and commercial cooperation fees. These benefits, generally paid based on a percentage defined contractually, and on purchases made from suppliers, are recorded as a deduction from cost of goods sold. Considering the material impact of these accounting entries on net profit for the period, the large number of contracts concerned and the necessity for management to estimate the purchases covered by these year-end benefits for each supplier, we considered the valuation of rebates to be received from suppliers at year-end to be a key audit matter.	Within the scope of our audit, we: ▪ examined the internal control measures relating to the process for monitoring these rebates in the Group's various subsidiaries and carried out tests on the key controls using sampling techniques; ▪ we considered, based on sampling, whether the contractual terms relating to rebates to be received from suppliers were correctly taken into account in the valuation; ▪ we examined the estimates used by management to determine these year-end rebates, in particular the valuation of the level of purchases at year-end used to determine the amounts of the invoices to be issued; ▪ we examined the collection of these receivables subsequent to the year-end date.

Recognition of tax credits and monitoring of contingent tax liabilities at GPA

Risk identified	Our response
Please see Notes "5.1 – Key indicators by reportable segment", "6.8.1 – Breakdown of other current assets", "6.9.1 – Breakdown of other non-current assets" and "13.3 – Contingent assets and liabilities" to the consolidated financial statements	
Within the scope of its retail activities at GPA, the Group recognizes ICMS tax credits. The balance amounts to €382 million as of 31 December 2017, including €201 million related to ICMS ST tax credits from previous fiscal years following a judgement of the Supreme Court in Brazil in April 2017. These tax credits are accounted for as a reduction of cost of goods sold.	We conducted interviews with various people with responsibilities in the organization of GPA, to identify and understand the process for recognizing tax credits; litigation and existing liabilities, as well as the judgments relating thereto.
These tax credits are recognized based on: ▪ (i) the interpretation of tax legislation and jurisprudence, in particular in the retail sector in Brazil, ▪ (ii) legal opinions provided by the subsidiary's external tax advisors, when it is considered that they can be estimated and that their recoverability is probable. Furthermore, as described in Note 13.3 to the consolidated financial statements, the Group estimates contingent PIS and COFINS tax credit assets, relating to the exclusion of ICMS from the calculation basis of these two taxes, at an amount within a range of between €327 and €466 million. GPA is also involved in various administrative and legal proceedings in Brazil arising, notably, from tax claims filed by the Brazilian tax authorities. These tax risks, estimated at €2,371 million as of 31 December 2017, have been treated as contingent liabilities and no provisions have been recognized as of 31 December 2017, as indicated in Note 13.3 to the consolidated financial statements. We considered the recognition and recoverability of the tax credits, on the one hand, and the valuation and monitoring of contingent tax liabilities in Brazil, on the other hand, to be key audit matters for the following reasons: (i) the significance in the accounts of the tax credit balance, the contingent asset relating to PIS and COFINS tax credits and the amount of contingent tax liabilities as of 31 December 2017, (ii) the complexity of the Brazilian tax legislation regarding taxes and (iii) the use of judgements and estimates by management in connection with the recognition of tax credits and the valuation of contingent tax liabilities.	Concerning tax credits, we examined: ▪ the internal control measures relating to the process for monitoring these tax credits and we tested the related key controls using sampling techniques; ▪ the relevance of the documentation justifying either the recognition of ICMS tax credits over the year, or the qualification of the PIS and COFINS tax credits as a contingent tax asset; ▪ the legal or technical opinions provided by law firms or external experts chosen by management to assess the recognition of the tax credits presented in the consolidated financial statements; ▪ the appropriateness of assumptions used by management to draw up the recovery plan underlying the recognized ICMS tax credits. Concerning contingent liabilities, we: ▪ reconciled the list of identified disputes with the information provided by GPA's main law firms that we contacted; ▪ examined the information on the legal or technical proceedings and/or opinions provided by the law firms or external experts chosen by management to assess the appropriateness of the qualification of the various disputes as contingent liabilities; ▪ examined the risk estimates prepared by the Group and reconciled them with the figures in the notes to the consolidated financial statements with respect to contingent tax liabilities. Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

Presentation and valuation of the Via Varejo discontinued operations

Risk identified	Our response
Please see Notes "2 – Significant events of the year" and "3.5 – Non-current assets held for sale and discontinued operations" to the consolidated financial statements	
The process for the sale of the Group's interest in Via Varejo, which represents the entire "Latam Electronics" operating sector and the e-commerce business in Brazil through its subsidiary Cnova Brazil, undertaken and approved by the Board of Directors on November 23, 2016, is still underway as of 31 December 2017. Following this decision: ▪ the assets and liabilities as well as the cash flow of Via Varejo have, respectively, been presented on a separate line of the consolidated statement of financial position and of the consolidated statement of cash flows; ▪ the after tax net profit of the Via Varejo activities have been presented in a separate line of the consolidated statement of income ("Net profit from discontinued operations"); ▪ Via Varejo was valued at the lower of its carrying amount and its fair value less selling costs. Considering the significance of the Via Varejo activity in the consolidated financial statements (the net assets of Via Varejo amount to €1,470 million, or around 11% of net consolidated assets), we considered the accounting classification, the valuation of the interest, and the disclosures provided in this respect in the notes to the consolidated financial statements to be a key audit matter.	Within the scope of our audit, we examined the continuation of the process to sell Via Varejo and its subsidiaries undertaken by the Group's management, with regard to the assessment criteria, set forth in IFRS 5, for the classification of discontinued operations and the resulting presentation. We examined the identification and presentation of all of the items comprising the assets and liabilities, the cash flow statement and the after tax net profit of the Via Varejo activities in "Assets held for sale" and "Liabilities associated with assets held for sale" (Note 3.5.1), as well as in profit and cash flow from discontinued operations (Notes 3.5.2 and 3.5.3), with regard to IFRS 5. Concerning these assets and liabilities, we assessed the methods for determining their fair value, less estimated selling costs, as of 31 December 2017, based on, notably, the stock market price at that date. In particular, we considered whether the control premium used by management to estimate the fair value of Via Varejo was consistent with comparable transactions that we were able to observe on the Brazilian market. Finally, we assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Casino, Guichard-Perrachon by the Shareholders' Meeting held on 29 April 2010.

As at 31 December 2017, our audit firms were both in their 8th year of uninterrupted engagement. Previously, Ernst & Young Audit had been Statutory Auditor since 1978.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Neuilly-sur-Seine, 9 March 2018

The Statutory Auditors

French original signed by:

ERNST & YOUNG et Autres		Deloitte & Associés	
Yvon SALAÜN	Sylvain LAURIA	Frédéric MOULIN	Patrice CHOQUET

3.2. Financial statements

3.2.1. Consolidated income statement

(€ millions)	Notes	2017	2016
CONTINUING OPERATIONS			
Net sales	6.1	37,822	36,030
Cost of goods sold	6.2	(28,694)	(27,364)
Gross margin		**9,127**	**8,666**
Other income	6.1	414	542
Selling expenses	6.3	(6,942)	(6,871)
General and administrative expenses	6.3	(1,357)	(1,303)
Trading profit	**5.1**	**1,242**	**1,034**
As a % of net sales		*3.3%*	*2.9%*
Other operating income	6.5	185	242
Other operating expenses	6.5	(666)	(867)
Operating profit		**762**	**409**
As a % of net sales		*2.0%*	*1.1%*
Income from cash and cash equivalents	11.3.1	81	110
Finance costs	11.3.1	(449)	(434)
Net finance costs	**11.3.1**	**(367)**	**(324)**
Other financial income	11.3.2	161	286
Other financial expenses	11.3.2	(239)	(321)
Profit before tax		**316**	**50**
As a % of net sales		*0.8%*	*0.1%*
Income tax expense	9.1	(56)	(34)
Share of profit of equity-accounted investees	3.3.3	13	20
Net profit from continuing operations		**273**	**36**
As a % of net sales		*0.7%*	*0.1%*
Attributable to owners of the parent		127	33
Attributable to non-controlling interests		146	2
DISCONTINUED OPERATIONS			
Net profit from discontinued operations	**3.5.2**	**47**	**2,161**
Attributable to owners of the parent	3.5.2	(7)	2,645
Attributable to non-controlling interests	3.5.2	54	(484)
CONTINUING AND DISCONTINUED OPERATIONS			
Consolidated net profit		**320**	**2,196**
Attributable to owners of the parent		120	2,679
Attributable to non-controlling interests	12.7	200	(482)

EARNINGS PER SHARE

(€)	Notes	2017	2016
From continuing operations, attributable to owners of the parent	**12.9.2**		
▪ Basic		0.70	(0.14)
▪ Diluted		0.70	(0.20)
From continuing and discontinued operations attributable to owners of the parent	**12.9.2**		
▪ Basic		0.63	23.65
▪ Diluted		0.63	23.59

3.2.2. Consolidated statement of comprehensive income

(€ millions)	**2017**	2016
Consolidated net profit	320	2,196
Items that may be subsequently reclassified to profit or loss	**(1,303)**	**1,656**
Cash flow hedges	(40)	(3)
Foreign currency translation adjustments[1]	(1,259)	1,603
Available-for-sale financial assets	(1)	3
Hedges of net investments in foreign operations[2]	-	47
Share of items of equity-accounted investees that may be subsequently reclassified to profit or loss	(15)	22
Income tax effects	13	(16)
Items that will never be reclassified to profit or loss	**(32)**	**(10)**
Actuarial gains and losses	(40)	(10)
Income tax effects	9	-
Other comprehensive income (loss) for the year, net of tax	**(1,335)**	**1,646**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**(1,015)**	**3,843**
Attributable to owners of the parent	*(505)*	*3,352*
Attributable to non-controlling interests	*(510)*	*491*

(1) The €1,259 million negative net translation adjustment in 2017 arose primarily from the depreciation of the Brazilian and Colombian currencies (€1,116 million and €89 million, respectively). The €1,603 million positive net translation adjustment in 2016 primarily reflected the appreciation of the Brazilian currency for €1,719 million.

(2) The €47 million positive change in 2016 corresponded to the reclassification to the income statement of the hedge of net investments in Asian operations, following their disposal.

Changes in other comprehensive income are presented in Note 12.6.2.

3.2.3. Consolidated statement of financial position

Assets

(€ millions)	Notes	31 December 2017	31 December 2016
Goodwill	10.1	9,031	9,595
Intangible assets	10.2	2,879	3,109
Property, plant and equipment	10.3	7,289	8,123
Investment property	10.4	460	411
Investments in equity-accounted investees	3.3.3	587	625
Other non-current assets	6.9	1,220	1,080
Deferred tax assets	9.2.1	523	687
Total non-current assets		**21,990**	**23,629**
Inventories	6.6	3,871	3,990
Trade receivables	6.7	946	880
Other current assets	6.8	1,272	1,542
Current tax assets		138	130
Cash and cash equivalents	11.1	3,391	5,750
Assets held for sale	3.5	6,593	6,120
Total current assets		**16,212**	**18,412**
TOTAL ASSETS		**38,202**	**42,042**

Equity and liabilities

(€ millions)	Notes	31 December 2017	31 December 2016
Share capital	12.2	170	170
Additional paid-in capital, treasury shares and retained earnings		7,414	8,280
Equity attributable to owners of the parent		**7,584**	**8,450**
Non-controlling interests	**12.7**	**5,473**	**5,990**
Total equity	**12**	**13,057**	**14,440**
Non-current provisions for employee benefits	8.2	358	312
Other non-current provisions	13.1	514	615
Non-current financial liabilities	11.2	7,229	7,733
Non-current put options granted to owners of non-controlling interests	3.4.1	28	41
Other non-current liabilities	6.10	481	618
Deferred tax liabilities	9.2.2	725	1,094
Total non-current liabilities		**9,335**	**10,413**
Current provisions for employee benefits	8.2	11	12
Other current provisions	13.1	162	163
Trade payables		6,649	6,939
Current financial liabilities	11.2	1,493	2,482
Current put options granted to owners of non-controlling interests	3.4.1	143	341
Current tax liabilities		88	54
Other current liabilities	6.10	2,584	2,795
Liabilities associated with assets held for sale	3.5	4,680	4,404
Total current liabilities		**15,809**	**17,189**
TOTAL EQUITY AND LIABILITIES		**38,202**	**42,042**

3.2.4. Consolidated statement of cash flows

(€ millions)	Notes	**2017**	2016
Profit before tax from continuing operations		316	50
Profit before tax from discontinued operations	3.5.2	74	2,198
Consolidated profit before tax		**390**	**2,248**
Depreciation and amortisation expense	6.4	688	663
Provision expense	4.1	51	216
Losses/(gains) arising from changes in fair value	11.3.2	(47)	(69)
Expenses/(income) on share-based payment plans	8.3.1	18	15
Other non-cash items		(44)	(18)
(Gains)/losses on disposals of non-current assets		11	(1)
(Gains)/losses due to changes in percentage ownership of subsidiaries resulting in acquisition/loss of control		29	76
Dividends received from equity-accounted investees	3.3.1/3.3.2	101	39
Net finance costs	11.3.1	367	324
Non-recourse factoring costs	11.3.2	83	78
Gain on disposal of discontinued operations	3.5.2	-	(2,893)
Adjustments related to discontinued operations	3.5.3	387	947
Net cash from operating activities before change in working capital, net finance costs and income tax		**2,034**	**1,625**
Income tax paid		(114)	(226)
Change in operating working capital	4.2	(336)	640
Income tax paid and change in operating working capital: discontinued operations	3.5.3	(78)	(375)
Net cash from operating activities		**1,506**	**1,664**
Of which continuing operations		***1,123***	***1,786***
Cash outflows related to acquisitions of:			
▪ Property, plant and equipment, intangible assets and investment property	4.3	(1,247)	(1,160)
▪ Non-current financial assets		(39)	(118)
Cash inflows related to disposals of:			
▪ Property, plant and equipment, intangible assets and investment property	4.4	303	368
▪ Non-current financial assets		12	11
Effect of changes in scope of consolidation resulting in acquisition or loss of control	4.5	(69)	(116)
Effect of changes in scope of consolidation related to equity-accounted investees		(17)	(5)
Change in loans and advances granted		(47)	(48)
Net cash from/(used in) investing activities of discontinued operations	3.5.3	(97)	3,669
Net cash from/(used in) investing activities		**(1,203)**	**2,603**
Of which continuing operations		***(1,105)***	***(1,067)***

(€ millions)	Notes	**2017**	2016
Dividends paid:			
▪ To owners of the parent	12.8	(346)	(521)
▪ To non-controlling interests	4.6	(52)	(78)
▪ To holders of deeply subordinated perpetual bonds	12.8	(47)	(47)
Repayment of mandatory convertible bonds		-	(500)
Increase/(decrease) in the parent's share capital		-	-
Transactions between the Group and owners of non-controlling interests	4.7	(117)	99
(Purchases)/sales of treasury shares		(11)	(30)
Additions to borrowings	4.8	1,589	995
Repayments of borrowings	4.8	(2,534)	(1,955)
Interest paid, net	4.9	(505)	(165)
Net cash used in financing activities of discontinued operations	3.5.3	(451)	(573)
Net cash used in financing activities		**(2,473)**	**(2,775)**
Of which continuing operations		***(2,022)***	***(2,202)***
Effect of changes in exchange rates on cash and cash equivalents of continuing operations		(333)	458
Effect of changes in exchange rates on cash and cash equivalents of discontinued operations		(148)	304
CHANGE IN CASH AND CASH EQUIVALENTS	**4.8**	**(2,651)**	**2,253**
Net cash and cash equivalents at beginning of period		**6,787**	**4,534**
▪ Of which net cash and cash equivalents of continuing operations	11.1	5,614	4,405
▪ Of which net cash and cash equivalents of discontinued operations		1,174	129
Net cash and cash equivalents at end of period		**4,137**	**6,787**
▪ Of which net cash and cash equivalents of continuing operations	11.1	3,236	5,614
▪ Of which net cash and cash equivalents of discontinued operations		901	1,174

3.2.5. Consolidated statement of changes in equity

(€ millions before appropriation of profit)	Share capital	Additional paid-in capital[1]	Treasury shares	Deeply subordinated perpetual bonds (TSSDI)	Retained earnings and profit for the year
AS AT 1 JANUARY 2016	**173**	**4,093**	**(80)**	**1,350**	**2,469**
Other comprehensive income (loss) for the year	-	-	-	-	-
Net profit for the year	-	-	-	-	2,679
Consolidated comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**2,679**
Issue of share capital	-	-	-	-	-
Purchases and sales of treasury shares[3]	(3)	(101)	75	-	(1)
Dividends paid/payable to shareholders[4]	-	-	-	-	(521)
Dividends paid/payable to holders of deeply subordinated perpetual bonds[4]	-	-	-	-	(49)
Share-based payments	-	-	-	-	8
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries[5]	-	-	-	-	10
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries[6]	-	-	-	-	(173)
Other movements	-	-	-	-	(10)
AS AT 31 DECEMBER 2016	**170**	**3,992**	**(5)**	**1,350**	**4,412**
Other comprehensive income (loss) for the year	-	-	-	-	-
Net profit for the year	-	-	-	-	120
Consolidated comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**120**
Issue of share capital	-	-	-	-	-
Purchases and sales of treasury shares	-	-	-	-	(7)
Dividends paid/payable to shareholders[4]	-	-	-	-	(346)
Dividends paid/payable to holders of deeply subordinated perpetual bonds[4]	-	-	-	-	(50)
Share-based payments	-	-	-	-	12
Changes in percentage interest resulting in the acquisition/loss of control of subsidiaries	-	-	-	-	-
Changes in percentage interest not resulting in the acquisition/loss of control of subsidiaries[6]	-	-	-	-	32
Other movements	-	-	-	-	(1)
AS AT 31 DECEMBER 2017	**170**	**3,992**	**(5)**	**1,350**	**4,173**

(1) Additional paid-in capital includes (a) premiums on shares issued for cash or for contributions in kind, or in connection with mergers or acquisitions, and (b) legal reserves.

(2) Attributable to the shareholders of Casino, Guichard-Perrachon.

(3) In 2016, the change was mainly due to the cancellation of 2,200,690 shares, valued at €104 million.

(4) See Note 12.8 for dividends paid and payable to holders of ordinary shares and deeply subordinated perpetual bonds. Dividends paid and payable to non-controlling interests during the year primarily concerned GPA, Éxito and subsidiaries in Uruguay for €31 million, €15 million and €8 million, respectively (2016: Éxito and Uruguay for €53 million and €21 million, respectively).

(5) In 2016, the €499 million negative impact primarily concerned the disposal of businesses in Vietnam and Thailand.

(6) The €84 million positive impact primarily concerns (a) the additional contribution of €80 million made by the private equity fund Fondo Inmobiliaro Colombia to the Viva Malls real estate trust created by Éxito in 2016 (Note 3.2.7), and (b) the results of the public tender offer for Cnova N.V. shares, in the amount of €22 million (Note 2), offset by the €15 million negative fair value adjustment to the NCI put on Disco shares. The €641 million negative impact in 2016 mainly reflected (a) the exercise of the call option on Monoprix mandatory convertible bonds (€502 million negative impact), (b) the public tender offer for Cnova N.V. shares (€193 million negative impact) and (c) the acquisitions of Éxito and GPA shares (€21 million negative impact), offset by (d) the creation of the Viva Malls real estate trust in Colombia (€113 million positive impact).

Cash flow hedges	Net investment hedges	Foreign currency translation reserves	Actuarial gains and losses	Available-for-sale financial assets	Equity attributable to owners of the parent[2]	Non-controlling interests	Total equity
13	**(31)**	**(2,061)**	**(54)**	**12**	**5,883**	**6,536**	**12,419**
(2)	31	654	(12)	2	673	973	1,646
-	-	-	-	-	2,679	(482)	2,196
(2)	**31**	**654**	**(12)**	**2**	**3,352**	**491**	**3,843**
-	-	-	-	-	-	-	-
-	-	-	-	-	(29)	-	(29)
-	-	-	-	-	(521)	(85)	(605)
-	-	-	-	-	(49)	-	(49)
-	-	-	-	-	8	9	17
-	-	-	-	-	10	(509)	(499)
-	-	(20)	-	-	(193)	(448)	(641)
-	-	-	-	-	(10)	(4)	(14)
11	**(1)**	**(1,427)**	**(66)**	**14**	**8,450**	**5,990**	**14,440**
(26)	-	(568)	(32)	-	(626)	(710)	(1,335)
-	-	-	-	-	120	200	320
(26)	**-**	**(568)**	**(32)**	**-**	**(505)**	**(510)**	**(1,015)**
-	-	-	-	-	-	-	-
-	-	-	-	-	(7)	-	(7)
-	-	-	-	-	(346)	(69)	(415)
-	-	-	-	-	(50)	-	(50)
-	-	-	-	-	12	9	21
-	-	-	-	-	-	1	1
-	-	(1)	-	-	31	53	84
-	-	-	-	-	(1)	(2)	(2)
(16)	**(1)**	**(1,997)**	**(97)**	**14**	**7,584**	**5,473**	**13,057**

3.3. Notes to the consolidated financial statements

Detailed summary of notes to the financial statements

Information about the Casino, Guichard-Perrachon Group

Casino, Guichard-Perrachon ("the Company") is a French *société anonyme* listed in compartment A of Euronext Paris. The Company and its subsidiaries are hereinafter referred to as "the Group" or "the Casino Group". The Company's registered office is at 1, cours Antoine Guichard, 42008 Saint-Étienne, France.

The consolidated financial statements for the year ended 31 December 2017 reflect the accounting situation of the Company and its subsidiaries, as well as the Group's interests in associates and joint ventures.

The 2017 consolidated financial statements of Casino, Guichard-Perrachon were approved for publication by the Board of Directors on 7 March 2018.

Note 1 Significant accounting policies

1.1. ACCOUNTING STANDARDS

Pursuant to European Commission regulation 1606/2002 of 19 July 2002, the consolidated financial statements of the Casino Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union as of the date of approval of the financial statements by the Board of Directors and applicable at 31 December 2017.

These standards are available on the European Commission's website: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

The accounting policies set out below have been applied consistently in all periods presented, after taking account of the new standards, amendments to existing standards and interpretations listed below.

These amendments to existing standards and interpretations had no material impact on the Group's financial performance or position.

Standards, amendments to standards, and interpretations adopted by the European Union and mandatory for financial years beginning on or after 1 January 2017

The European Union has adopted the following standards, amendments to existing standards and interpretations that are applicable in the case of the Group as from the financial year beginning on 1 January 2017. These new standards, amendments and interpretations are applicable retrospectively by the Group unless otherwise indicated. They do not have a material impact on the consolidated financial statements.

- Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses

  The amendments clarify certain principles applicable to the recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. They are designed to address the diversity in practice around this issue.

- Amendments to IAS 7 – Disclosure Initiative: financing activities

  These amendments are applicable on a prospective basis. They require entities to provide additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

  To fulfil this obligation, entities are required to provide disclosures on the following changes in liabilities arising from financing activities:

  (a) changes arising from cash flows from financing activities;
  (b) changes arising from the acquisition or loss of control of subsidiaries;
  (c) effects of changes in exchange rates;
  (d) fair value adjustments; and
  (e) other changes.

1.2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.2.1. Basis of measurement

The consolidated financial statements have been prepared using the historical cost convention, with the exception of the following:

- assets and liabilities acquired in a business combination, which are measured at fair value in accordance with IFRS 3;
- derivative financial instruments and available-for-sale financial assets, which are measured at fair value. The carrying amounts of assets and liabilities hedged by a fair value hedge which would otherwise be measured at cost are adjusted for changes in fair value attributable to the hedged risk.

The consolidated financial statements are presented in millions of euros. The figures in the tables have been rounded to the nearest million euros and include individually rounded data. Consequently, the totals and sub-totals shown may not correspond exactly to the sum of the reported amounts.

1.2.2. Use of estimates and judgements

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities and income and expenses, as well as the disclosures made in certain notes to the consolidated financial statements. Due to the inherent uncertainty of assumptions, actual results may differ from the estimates. Estimates and assessments are reviewed at regular intervals and adjusted where necessary to take into account past experience and any relevant economic factors.

The main judgements, estimates and assumptions are based on the information available when the financial statements are drawn up and concern the following:

- classification and measurement of Via Varejo's net assets, and other France Retail segment assets in accordance with IFRS 5 (Note 3.5);
- valuation of non-current assets and goodwill (Note 10.5);
- recoverable amounts of deferred tax assets (Note 9);
- provisions for risks (Note 13) – particularly tax and employee-related risks – and recognition, presentation and measurement of the recoverable amount of tax credits (VAT or similar, notably ICMS and PIS and COFINS) (Notes 5.1, 6.9 and 13).

Note 2 Significant events of the year

Significant events of the year included:

PLANNED DISPOSAL OF VIA VAREJO

On 23 November 2016, the Group announced that it had approved GPA's decision to start negotiations for the sale of its investment in its subsidiary Via Varejo, in line with its long-term strategic refocusing on the food retailing business.

In 2017, due to certain external factors that were beyond GPA's control, related mainly to the macro-economic environment in Brazil, it was not possible to adhere to the original timeline for the Via Varejo sale. The sale process is nevertheless continuing and GPA, assisted by its financial advisors, has updated the next stages in the plan which should lead to Via Varejo being sold in 2018.

Consequently, in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations:

- the assets and liabilities held for sale have been reported on a separate line (Note 3.5.1);
- Via Varejo's net profit and cash flows for the years ended 31 December 2017 and 2016 are reported on separate lines in the income statement and statement of cash flows;
- Via Varejo has been excluded from tables in notes, in particular relative to lease commitments (Note 7.2) and GPA's contingent liabilities (Note 13.3). If necessary, specific information for Via Varejo is provided in a footnote.

FINAL RESULTS OF THE GROUP'S PUBLIC TENDER OFFER FOR CNOVA N.V. SHARES

On 31 January 2017, the Group announced the final results of the tender offer for ordinary Cnova N.V. shares launched on 6 December 2016. A total of 31.7 million shares were tendered to the offer and a further 0.3 million shares were purchased in March 2017.

Together, these purchases concerned 9.3% of Cnova's share capital and led to:

- the derecognition of put options granted to owners of non-controlling interests that had been recognised in liabilities at 31 December 2016 for €187 million, a cash payment of €171 million (Note 4.7), and the recognition in equity attributable to owners of the parent of an amount of €22 million;
- the transfer of a negative €6 million from non-controlling interests to equity attributable to owners of the parent, reflecting the Group's increased stake in Cnova N.V.

At 31 December 2017, the Group holds 98.97% of the capital of Cnova N.V. and 99.46% of the voting rights. Taking into account the interest held by GPA in Cnova N.V., the Group's percentage interest stands at 76.11%.

On 21 February 2017, Cnova N.V. made a formal application to delist its ordinary shares from Nasdaq. The decision was rendered effective on 3 March 2017. Since that date, US public reporting obligations under the Exchange Act have been suspended. Cnova N.V.'s ordinary shares continue to be listed on Euronext Paris.

PROCEEDINGS BROUGHT BY THE DGCCRF (FRENCH COMPETITION AUTHORITY) AGAINST AMC AND INCAA AND INQUIRIES

On 28 February 2017, the French Ministry of the Economy, represented by the Department of Competition Policy, Consumer Affairs and Fraud Control (DGCCRF), brought an action against Casino in the Paris Commercial Court. The case involves a series of credit notes totalling €22 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF is seeking repayment of this sum to the suppliers concerned together with a fine of €2 million. The proceedings are in progress. Casino reaffirms its position that these credit notes are perfectly legitimate and intends to challenge the grounds for this action.

Also, on 11 April 2017, the common purchasing entity INCA Achats, and their respective parent companies Intermarché and Casino, were similarly prosecuted for economic imbalance and abusive commercial practices that took place in 2015 against 13 multinational companies of the hygiene and fragrance industry, with a civil fine of €2 million.

The Group considers that it complied with the applicable regulations during negotiations with the suppliers concerned by both sets of proceedings and has therefore chosen not to set aside a provision in the early stages of challenging the proceedings (Note 13.3).

Moreover, the Group is undergoing two inquiries by the French and European competition authorities.

In early February 2017, France's Competition Authority launched an investigation into the practices of Vindémia Logistique and Vindémia Group in the areas of consumer goods supply and distribution on Reunion Island. At this stage, the Competition Authority has not issued any complaint and it is not currently possible to predict the probable outcome of the investigation.

Also, at the end of February 2017, the European Commission launched an investigation into contracts for the purchase of basic consumer goods, the sale of services to manufacturers of branded products and the sale to consumers of basic consumer goods. The companies targeted by the investigation included Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché-Casino Achats (INCAA). The European Commission has not issued any complaints and it is not currently possible to predict the probable outcome of the investigation.

BOND EXCHANGE

On 30 May 2017, the Group issued €550 million worth of five-year 1.865% bonds (Note 11.2.2).

At the same time, €153 million, €153 million and €60 million worth of bonds maturing respectively in November 2018 (5.73% coupon), August 2019 (4.41% coupon) and March 2020 (5.24% coupon) were bought back, reducing the issues' respective nominal amounts to €355 million, €697 million and €540 million. Taking into account the difference between the buyback price and the bonds' face value, the cash outflow for this transaction totalled €400 million. Settlement and delivery took place on 13 June 2017.

This transaction was accounted for as an extension of financial liabilities given the non-material nature of the changes to the contractual terms. The €400 million impact of the bond exchange thus constitutes an adjustment to the carrying amount of the 2022 bonds and is being amortised by the yield-to-maturity method over the remaining term of the modified liability. This accounting treatment also applies to the bond premiums, unamortised issue expenses and hedging effects related to the exchanged bonds, and all exchange-related fees.

REFINANCING OF A CREDIT FACILITY

On 26 July 2017, Casino announced that it had obtained a confirmed five-year credit facility for USD 750 million (around €645 million) from a group of 11 international banks (Note 11.2.4). The line of credit was used to refinance an existing USD 1 billion facility, extending the average maturity of the Group's confirmed lines of credit from 2.4 years to 3.4 years as of the transaction date.

Casino also has two one-year rollover options, subject to the banks' approval.

INTERIM DIVIDEND

On 11 December 2017, the Company paid an interim dividend of €173 million (Note 12.8).

PARTNERSHIP WITH OCADO GROUP

On 28 November 2017, the Casino Group and Ocado Group plc ("Ocado"), the world's leading dedicated online grocery retailer, signed an agreement to develop the Ocado Smart Platform in France. The platform will comprise a purpose-built automated warehouse and an integrated software solution and website.

The agreement sets out plans for the launch, within two years, of a warehouse in the Greater Paris area using Ocado's proprietary equipment. In consideration of the investments made by Ocado, the Casino Group will pay Ocado certain upfront fees upon signing and during the development phase, then ongoing fees linked to its utilisation of capacity and service criteria.

In addition to the initial platform, Casino and Ocado will consider further development of other platforms close to other large urban areas.

CASINO GROUP RATING BY MOODY'S

In line with the policy of rotating rating agencies, as recommended by the European regulator, Moody's Investors Service has been appointed as the Group's new rating agency, replacing Fitch Ratings (Note 11.5.4).

CREATION OF CD SUPPLY INNOVATION

On 4 December 2017, Casino and Dia announced that they were extending their cooperation on private labels that began in 2015, by creating a new joint subsidiary named CD Supply Innovation. The new company, which began operations on 15 December 2017, manages the ordering, payment and supply of private label products for both groups.

Casino's investment in CD Supply Innovation did not have a material impact on the consolidated statement of financial position and income statement in 2017.

Note 3 Scope of consolidation

Accounting principles

Basis of consolidation

The consolidated financial statements include the financial statements of all material subsidiaries, joint ventures and associates over which the parent company exercises control, joint control or significant influence, either directly or indirectly (see list of consolidated companies in Note 17).

Subsidiaries

Subsidiaries are companies controlled by the Group. Control exists when the Group (i) has power over the entity, (ii) is exposed or has rights to variable returns from its involvement with the entity, and (iii) has the ability to affect those returns through its power over the entity.

The consolidated financial statements include the financial statements of subsidiaries from the date when control is acquired to the date at which the Group no longer exercises control. All controlled companies are fully consolidated in the Group's statement of financial position, regardless of the percentage interest held.

Potential voting rights

Control is assessed by taking potential voting rights into account, but only if they are substantive; that is, if the entity has the practical ability to exercise its rights with respect to the exercise price, date and terms.

The Group may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares or other similar instruments that have the potential, if exercised or converted, to give the Group voting power or reduce another party's voting power over the financial and operational policies of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

Joint ventures

A joint venture is a joint arrangement in which the parties that exercise joint control over an entity have rights to its net assets. Joint control involves the contractually agreed sharing of control over an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint ventures are accounted for in the consolidated financial statements using the equity method.

Associates

Associates are companies in which the Group exercises significant influence over financial and operational policies without having control. They are accounted for in the consolidated financial statements using the equity method.

Equity method of accounting

The equity method provides that an investment in an associate or a joint venture be recognised initially at acquisition cost and subsequently adjusted by the Group's share in profit or loss and, where appropriate, in other comprehensive income of the associate or joint venture. Goodwill related to these entities is included in the carrying amount of the investment. Any impairment losses and gains or losses on disposal of investments in equity-accounted entities are recognised in "Other operating income and expenses".

Profits/losses from internal acquisitions or disposals with equity-accounted associates are eliminated to the extent of the Group's percentage interest in these companies. In the absence of any guidance in IFRS concerning cases where the amount to be eliminated is greater than the carrying amount of the investment in the equity-accounted company, the Group has elected to cap the amount eliminated from the accounts in the transaction year and to deduct the uneliminated portion from its share of the equity-accounted company's profits in subsequent years. The Group follows a transparent approach to accounting for associates under the equity method and takes into account, if relevant, its final percentage interest in the associate for the purpose of determining the proportion of profit (loss) to be eliminated.

In the absence of any standard or interpretation covering dilution of the Group's interest in a subsidiary of an equity-accounted company, the dilution impact is recognised in the Group's share of the profit (loss) of the equity-accounted investee.

Business combinations

As required by IFRS 3 revised, the consideration transferred (acquisition price) in a business combination is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred on the date of the transaction. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Acquisition-related costs are recognised in "Other operating expenses", except for those related to the issue of equity instruments.

Any excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed is recognised as goodwill. At the date when control is acquired and for each business combination, the Group may elect to apply either the partial goodwill method (in which case, the amount of goodwill is limited to the portion acquired by the Group) or the full goodwill method. Under the full goodwill method, non-controlling interests are measured at fair value and goodwill is recognised on the full amount of the identifiable assets acquired and liabilities assumed.

Business combinations completed prior to 1 January 2010 were accounted for using the partial goodwill method, which was the only method applicable prior to publication of the revised version of IFRS 3.

In the case of an acquisition achieved in stages (step acquisition), the previously-held interest is remeasured at fair value as at the date control is acquired. The difference between the fair value and carrying amount of the previously-held interest is recognised directly in profit or loss (under "Other operating income" or "Other operating expenses").

The provisional amounts recognised on the acquisition date may be adjusted retrospectively if the information needed to revalue the assets acquired and the liabilities assumed corresponds to new information obtained by the buyer and concerns facts and circumstances that existed as of the acquisition date. Goodwill may not be adjusted after the measurement period (not exceeding 12 months from the date when control is acquired). Any subsequent acquisitions of non-controlling interests do not give rise to the recognition of additional goodwill.

Any contingent consideration is included in the consideration transferred at its acquisition-date fair value, whatever the probability that it will become due. Subsequent changes in the fair value of contingent consideration due to facts and circumstances that existed as of the acquisition date are recorded by adjusting goodwill if they occur during the measurement period or directly in profit or loss for the period under "Other operating income" or "Other operating expenses" if they arise after the measurement period, unless the obligation is settled in equity instruments. In that case, the contingent consideration is not remeasured subsequently.

Intra-group transfers of shares in consolidated companies

In the absence of any guidance in IFRS on the accounting treatment of intra-group transfers of shares in consolidated companies leading to a change in percentage interest, the Group applies the following principle:

- the transferred shares are maintained at historical cost and the gain or loss on the transfer is eliminated in full from the accounts of the acquirer;
- non-controlling interests are adjusted to reflect the change in their share of equity, and a corresponding adjustment is made to consolidated reserves, without affecting profit or total equity.

Foreign currency translation

The consolidated financial statements are presented in euros, which is the functional currency of the Group's parent company. Each Group entity determines its own functional currency and all of their financial transactions are measured in that currency.

The financial statements of subsidiaries that use a different functional currency from that of the parent company are translated using the closing rate method, as follows:

- assets and liabilities, including goodwill and fair value adjustments, are translated into euros at the closing rate, corresponding to the spot exchange rate at the reporting date;
- income statement and cash flow items are translated into euros using the average rate of the period unless significant variances occur.

The resulting translation differences are recognised directly within a separate component of equity. When a foreign operation is disposed of, the cumulative differences recognised in equity on translation of the net investment in the operation concerned at successive reporting dates are reclassified to profit or loss. Because the Group applies the step-by-step method of consolidation, the cumulative translation differences are not reclassified to profit or loss if the foreign operation disposed is part of a sub-group. This reclassification will occur only at the disposal of the sub-group.

Foreign currency transactions are translated into euros using the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate and the resulting translation differences are recognised in the income statement under "Foreign currency exchange gains" or "Foreign currency exchange losses". Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the transaction date.

Exchange differences arising on translation of the net investment in a foreign operation are recognised in the consolidated financial statements as a separate component of equity and reclassified to profit or loss on disposal of the net investment.

Exchange differences arising on translation of (i) foreign currency borrowings hedging a net investment denominated in a foreign currency or (ii) permanent advances made to subsidiaries are also recognised in equity and reclassified to profit or loss on disposal of the net investment.

3.1. TRANSACTIONS AFFECTING THE SCOPE OF CONSOLIDATION IN 2017

3.1.1. Loss of control of a group of Casino supermarkets

In line with its ongoing franchising development plans, in February 2017, Distribution Casino France sold to a master franchisee a 51% stake in two sub-groups representing a total of 21 Casino supermarkets that were loss-making under the integrated management system. The net loss on the sale amounted to €30 million and was recorded in "Other operating expenses" (Note 6.5).

If the transaction had been completed on 1 January 2017, the impact on net sales for the year, trading profit, other operating income and expenses and the Group's share of profit of equity-accounted investees would have been non-material.

Distribution Casino France has two call options on these two groups of stores, which are exercisable between November 2018 and October 2020 (Note 3.4.2).

3.1.2. Changes in scope relating to the Franprix-Leader Price sub-group

On 10 February 2017 and 8 March 2017, Franprix-Leader Price acquired an additional 40% stake in the Sarjel group, which was previously 60%-owned. The amount disbursed for this acquisition was €19 million including transaction costs (Note 4.7). The operation was accounted for as a transaction between owners, leading to a €4 million reduction in equity attributable to owners of the parent, and a €14 million reduction in liabilities for put options granted to owners of non-controlling interests.

In addition, as part of the ongoing strategy to transform the store base and improve its profitability, Franprix-Leader Price began the process of selling a group of 105 Franprix and Leader Price stores to a master franchisee. At 31 December 2017, the assets and liabilities of these 105 stores – representing net assets of €33 million – were reclassified as "Assets held for sale" for €67 million and "Liabilities associated with assets held for sale" for €34 million, as required by IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. No material impairment losses were recognised on reclassification of the stores in accordance with IFRS 5.

A further 17 Franprix and Leader Price stores will be transferred to the master franchisee under business leases.

The sale was completed on 28 February 2018 once Competition Authority approval had been obtained. Meanwhile management of the stores has been performed by the master franchisee since 13 October 2017.

Franprix-Leader Price has retained a 49% interest in the group of stores and has a call option exercisable at the end of 2021.

Lastly, Franprix-Leader Price acquired control of various stores during 2017, at a total cost of €43 million (including €23 million disbursed during the year). Provisional goodwill on these transactions amounted to €32 million. One of the acquired sub-groups was previously accounted for by the equity method in the Casino Group's consolidated financial statements. The previously-held interest was therefore remeasured at its acquisition-date fair value, leading to the recognition of a €9 million gain in "Other operating income".

The contribution of these stores to consolidated net sales was €2 million. Their contribution to profit before tax for the year was a negative €3 million before taking into account the gain recognised on remeasurement of the previously-held interest.

If these acquisitions had been completed on 1 January 2017, the additional contribution to consolidated net sales and net profit before tax would have been €17 and €2 million respectively (before taking into account the gain recognised on remeasurement of the previously-held interest).

3.2. TRANSACTIONS AFFECTING THE SCOPE OF CONSOLIDATION IN 2016

3.2.1. Disposal of operations in Asia

Disposal of operations in Thailand

On 14 January 2016, the Group announced its intention to sell its stake in its subsidiary Big C Supercenter PCL ("Big C"), a company listed in Thailand. Big C was sold on 21 March 2016 to BJC, a TCC group subsidiary. The proceeds from the sale amounted to €3,066 million net of disposal costs, generating an after-tax gain of €2,314 million (Note 3.5.2).

As part of the transaction, Cnova sold its economic interests in Cdiscount Thailand to the BJC group for €28 million net of disposal costs (including repayment of a €6 million loan), realising an after-tax gain of €27 million (Note 3.5.2).

Disposal of operations in Vietnam

On 29 April 2016, the Group announced that it had sold Big C Vietnam to the Central group for an enterprise value of €1 billion. As the decision to dispose of operations in Vietnam was made before the end of 2015, the assets and liabilities of the E-commerce and Retail businesses in Vietnam were classified as held for sale at 31 December 2015. The proceeds amounted to €875 million net of disposal costs, generating an after-tax gain of €524 million (Note 3.5.2).

Following the disposal of its operations in Thailand and Vietnam, representing the entire "Asia" operating segment and part of the "E-commerce" operating segment, the Group presented the net after-tax profit of its Thai and Vietnamese operations as well as the capital gain on the disposal of these businesses on a separate line of the income statement ("Net profit from discontinued operations").

3.2.2. Acquisition of Éxito shares

Between 1 March and 28 March 2016, the Group acquired 2.4 million shares in its subsidiary Éxito for a total of USD 11 million (€10 million) (Note 4.7), increasing its stake in the company to 55.30% from 54.77% previously. These transactions had a €6 million positive impact on equity attributable to owners of the parent and a €17 million negative impact on non-controlling interests.

3.2.3. Acquisition of GPA shares

In June 2016, the Group acquired 970 thousand preference shares, representing approximately 0.4% of GPA's capital, for €11 million (Note 4.7). These transactions had a €6 million positive impact on equity attributable to owners of the parent and a €17 million negative impact on non-controlling interests.

3.2.4. Changes in scope relating to the Franprix-Leader Price sub-group

In line with the ongoing franchising development plans at Franprix-Leader Price, in 2016 the subsidiary sold to two master franchisees a group of Franprix and Leader Price stores that were loss-making under the integrated management system. The Group sold a 51% interest in the stores, generating a €61 million net loss recognised in "Other operating expenses" (Note 6.5). If the transactions had been completed on 1 January 2016, (i) net sales for the year would have been reduced by €33 million, (ii) trading profit would have been increased by €13 million, (iii) other operating expenses would have been increased by €9 million (comprising impairment losses of €4.5 million and a €4.5 million remeasurement of the retained interest) and (iv) the Group's share of profit of equity-accounted investees would have been reduced by €6 million.

Franprix-Leader Price has various call options on the stores (Note 3.4.2).

Master franchisees also acquired a 49% interest in a group of profit-making Franprix and Leader Price stores. These disposals without loss of control had no material impact on equity attributable to owners of the parent.

Furthermore, Franprix-Leader Price also acquired controlling interests in various groups in 2016. The amounts disbursed for these acquisitions totalled €32 million and generated provisional goodwill of €35 million. Since some of the sub-groups acquired were previously equity-accounted in the Casino Group's consolidated financial statements, the remeasurement of the interests previously held generated a €3 million gain.

The sub-groups' contribution to consolidated net sales for the period from the acquisition date to the 2016 year-end amounted to €23 million. Their contribution to pre-tax profit for the period was a negative €11 million.

If the acquisitions had been completed on 1 January 2016, net sales for the year would have been increased by €16 million and pre-tax profit would have been reduced by €1 million.

3.2.5. Loss of control of a group of Casino supermarkets

In line with its franchising development strategy, during the second half of 2016 Distribution Casino France sold to a master franchisee a 51% stake in a group of 12 Casino supermarkets that were loss-making under the integrated management system. The net loss on the sale amounted to €34 million and was recorded in "Other operating expenses" (Note 6.5). If the transaction had been completed on 1 January 2016, (i) net sales for the year would have been reduced by €14 million, (ii) trading profit would have been increased by €9 million, (iii) other operating expense would have been increased by €1 million and the Group's share of profit of equity-accounted investees would have been reduced by €3 million.

Distribution Casino France has a call option on the group of stores that is exercisable in 2019 (Note 3.4.2).

3.2.6. Acquisition of control of Geimex

The Group acquired control of Geimex in October 2016. Geimex was previously jointly controlled and was accounted for by the equity method on a 50% basis in the Group accounts until 31 October 2016. The purchase price amounted to €45 million and the transaction costs came to €1 million.

The change in accounting method from the equity method at 50% to full consolidation resulted in the recognition of a €16 million gain from remeasurement of the previously-held interest, which was recognised in "Other operating income" (Note 6.5).

Geimex's contribution to consolidated net sales and consolidated net profit for the period from 31 October to 31 December 2016 amounted to €25 million and €1 million respectively (excluding the gain from remeasurement at fair value of the previously-held interest). If control of Geimex had been acquired on 1 January 2016, it would have added €148 million to net sales and €1 million to consolidated net profit.

The final accounting for the business combination did not lead to any adjustment to the fair value of the assets and liabilities as determined in 2016. Goodwill recognised on the acquisition amounted to €69 million.

3.2.7. Creation of the Viva Malls real estate trust in Colombia

On 15 July 2016, Éxito created a Colombian real estate trust named Viva Malls to hold all of the Viva brand shopping centres and malls. On 22 December 2016, Éxito and Fondo Inmobiliario Colombia (FIC), a private equity fund managed by Fiduciara Bancolombia, signed an agreement providing for the acquisition by FIC of a 49% stake in the trust's capital. FIC's total capital commitment amounts to COP 773 billion (€245 million), of which €124 million excluding expenses was paid as of 31 December 2016, €80 million was paid in 2017 (Note 4.7) and the balance will be paid by 30 June 2018. FIC's stake in Viva Malls was valued based on the total value attributed to the trust's real estate assets of COP 1,600 billion (€506 million). Following this transaction, Éxito owns 51% of Viva Malls.

The operation was accounted for as a transaction between owners, leading to a €3 million reduction in equity attributable to owners of the parent (including €6 million in costs) and a €115 million increase in non-controlling interests (net of €5 million in costs) in 2016, and increases of €23 million and €58 million respectively in 2017.

3.3. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

3.3.1. Significant associates and joint ventures

The following table presents the condensed financial statements (on a 100% basis) for the four main investees accounted for by the equity method. These condensed financial statements prepared in accordance with IFRS correspond to the investees' published financial statements, as restated where appropriate for the adjustments made by the Group, for example fair value adjustments on the date control is acquired or lost, adjustments to bring the investee's accounting policies into line with Group policies, or adjustments to eliminate gains and losses on intra-group acquisitions and disposals for the portion corresponding to the Group's percentage interest in the investee:

	2017				2016			
(€ millions)	Mercialys[1]	Tuya[7]	Banque du Groupe Casino	FIC[2]	Mercialys[1]	Tuya[7]	Banque du Groupe Casino	FIC[2]
Country	France	Colombia	France	Brazil	France	Colombia	France	Brazil
Business	Real estate	Banking	Banking	Banking	Real estate	Banking	Banking	Banking
Type of relationship	Associate	Joint venture	Joint venture	Associate	Associate	Joint venture	Joint venture	Associate
% interest and voting rights[3]	40%	50%	50%	50%	40%	50%	50%	50%
Net sales	188	403	139	274	192	254	136	290
Net profit from continuing operations	79	12	3	50	94	3	3	61
Other comprehensive income	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	**79**	**12**	**3**	**50**	**94**	**3**	**3**	**61**
Non-current assets	2,882	-	17	17	2,923	-	22	13
Current assets[4]	274	728	978	1,163	149	793	864	1,184
Non-current liabilities	(1,401)	-	(19)	(3)	(1,263)	(296)	(6)	(4)
Current liabilities	(335)	(657)	(864)	(1,013)	(386)	(440)	(779)	(889)
of which credit activities-related liabilities	*-*	*(516)*	*(844)*	*(994)*	*-*	*(341)*	*(759)*	*(889)*
Net assets	**1,420**	**71**	**112**	**164**	**1,423**	**57**	**101**	**303**
Of which net assets attributable to owners of the parent	*1,322*	*71*	*112*	*164*	*1,317*	*57*	*101*	*303*
Share of net assets	**532**	**35**	**56**	**82**	**530**	**28**	**51**	**151**
Goodwill	20	-	33	-	20	-	33	-
Elimination of share of intra-group margins	(190)	-	-	-	(184)	-	-	-
IFRS 5 reclassifications	-	-	-	(22)	-	-	-	(42)
Other adjustments[5]	-	(3)	-	(15)	-	-	-	(17)
Investments in equity-accounted investees (Note 3.3.3)	**362**	**32**	**89**	**45**	**366**	**28**	**84**	**92**
Dividends received from associates or joint ventures	**38**	**-**	**-**	**59[6]**	**37**	**-**	**-**	**-**

(1) As at 31 December 2017, the Group held 40.24% of the capital of Mercialys. The Group considers that it exercises significant influence over the financial and operating policies of the Mercialys group. This position is based on (a) the absence of a majority vote on strategic decisions at meetings of the company's Board of Directors, which is mostly made up of independent directors, (b) the governance rules stipulating that Casino's representatives on the Mercialys Board may not take part in decisions concerning transactions carried out with the Group, (c) business contracts entered into between the Group and Mercialys on an arm's length basis, and (d) an analysis of the votes cast at recent General Shareholders Meetings of Mercialys (showing that Casino and its related parties do not control shareholder decisions at General Meetings).

(2) The main associate of the GPA sub-group is FIC, which was set up by GPA in partnership with Banco Itaú Unibanco SA ("Itaú Unibanco") to finance purchases by GPA's customers. Associates of the GPA sub-group are accounted for using the equity method as GPA exercises significant influence over their operating and financial policies. The data presented above only concern FIC as the other associates are not material.

(3) The percentage interest corresponds to that held by Casino, except in the case of Tuya (interest held by the Éxito sub-group) and FIC (interest held by GPA). GPA holds 50% of the voting rights in FIC and 41.93% of the capital (including 6.17% through Via Varejo which is classified as held-for-sale in accordance with IFRS 5).

(4) The current assets and liabilities of Banque du Groupe Casino, Tuya and FIC primarily concern their credit business.

(5) Concerning FIC, the adjustment concerns a statutory reserve over which Itaú Unibanco has exclusive rights.

(6) This amount only concerns GPA's direct interest and does not include €25 million in dividends received by Via Varejo.

(7) Tuya was set up in partnership with Bancolombia to manage the banking services offered to customers of the stores in Colombia, primarily the possibility of acquiring a store card. The partnership structure changed in October 2016 when Éxito became a 50% shareholder of Tuya.

3.3.2. Other investments in associates and joint ventures

At 31 December 2017, the carrying amounts of investments in other associates and joint ventures stood at €43 million and €15 million, respectively (Note 3.3.3). The aggregate amounts of key financial statement items for these associates and joint ventures are not material. Dividends received from these associates and joint ventures amounted to €4 million in 2017 (2016: €2 million).

3.3.3. Changes in investments in equity-accounted investees

(€ millions)	As at 1 January	Impairment loss	Share of profit for the year	Dividends	IFRS 5 reclassifications	Other	As at 31 December
Associates							
GPA Group associates (FIC & BINV)	88	-	28[1]	(7)	(42)[2]	26	92
Mercialys	376	-	35	(37)	-	(8)[3]	366
Franprix-Leader Price Group associates	10	-	(40)	-	-	32[5]	2
Other	35	-	-	(2)	-	6	39
Joint ventures							
Banque du Groupe Casino	80	-	1	-	-	3	84
Geimex[4]	28	-	-	-	-	(28)	-
Tuya (Éxito)	-	-	3	-	-	25	28
Other	12	-	1	-	-	1	13
2016	**629**	**-**	**28[1]**	**(46)**	**(42)**	**57**	**625**
Associates							
FIC (GPA)	92	-	18	(53)	-	(12)	45
Mercialys	366	-	29	(38)	-	6[3]	362
Franprix-Leader Price Group associates	2	-	(39)	-	-	40[5]	4
Other	39	-	1	(4)	-	3	39
Joint ventures							
Banque du Groupe Casino	84	-	1	-	-	4	89
Tuya (Éxito)	28	-	3	-	-	1	32
Other	13	-	(1)	-	-	3	15
2017	**625**	**-**	**13**	**(96)**	**-**	**45**	**587**

(1) Of which €8 million in share of profit of associates classified as discontinued operations in 2016.
(2) The investments in BINV and FIC held by Via Varejo were reclassified as "Assets held for sale" at 31 December 2016.
(3) The €6 million increase in 2017 and €8 million decrease in 2016 correspond mainly to the elimination of gains and losses on purchases and sales of property assets between Casino and Mercialys for the portion corresponding to Casino's percentage interest in Mercialys.
(4) The sub-group Geimex has been fully consolidated since 1 November 2016.
(5) The amounts of €40 and €32 million respectively in 2017 and 2016 relate to the reclassification of the share of losses from associates of Franprix-Leader Price that exceed the book value of the investments, when Franprix-Leader Price has an obligation to cover its share in the losses of those associates.

3.3.4. Impairment losses on investments in equity-accounted investees

With the exception of Mercialys, associates and joint ventures are privately-held companies for which no quoted market prices are available to estimate their fair value.

The fair value of the investment in Mercialys at the reporting date was €683 million, determined using the share price on 31 December 2017 (31 December 2016: €712 million). This value does not reflect any impairment. Mercialys' EPRA NNNAV at 31 December 2017 amounted to €1,887 million on a 100% basis, of which the Group's share was €759 million.

The impairment tests carried out at 31 December 2017 and 31 December 2016 did not result in the recognition of any impairment loss.

3.3.5. Share of contingent liabilities of equity-accounted investees

As at 31 December 2017 and 31 December 2016, none of the Group's associates and joint ventures had any material contingent liabilities.

3.3.6. Related party transactions (equity-accounted investees)

The related party transactions shown below mainly concern transactions carried out in the normal course of business on arm's length terms with companies over which the Group exercises significant influence (associates) or joint control (joint ventures) that are accounted for in the consolidated financial statements using the equity method.

	2017		2016 (1)	
(€ millions)	Associates	Joint ventures	Associates	Joint ventures
Loans	15	13	21	24
of which impairment	*(63)*	-	*(31)*	-
Receivables	78	49	80	29
of which impairment	*(1)*	-	*(2)*	-
Payables	10	256	9	217
Expenses	89 (2)	1,117 (3)	113 (2)	1,130 (3)
Income	944 (4)	34	774 (4)	42

(1) Previously reported information for 2016 has been adjusted, mainly to include transactions with the Distridyn joint venture.
(2) Of which rental revenue excluding occupancy costs for the 74 leases signed with Mercialys for €55 million in 2017 (2016: 79 leases for €59 million). At 31 December 2017, future minimum lease payments due to Mercialys on property assets amounted to €68 million, including €43 million due within one year.
(3) Including €1,095 million in fuel purchases from Distridyn in 2017 (2016: €1,080 million).
(4) Income of €944 million in 2017 (2016: €774 million) also includes sales of goods by Franprix-Leader Price and Distribution Casino France to master franchisees accounted for by the equity method, for €826 million (2016: €592 million). It also includes income related to property development transactions with Mercialys reported under "Other income" for €45 million (2016: €77 million).

Transactions with Mercialys

Casino has entered into various agreements with Mercialys:

- Leases: Casino leases units in certain shopping centres from Mercialys, for which the rent is included in the above table.
- Asset management agreement: Casino provides rental management services for nearly all Mercialys properties. In 2017, the related management fees amounted to €6 million (2016: €6 million).
- Partnership agreement: this agreement was approved by the Board of Directors on 22 June 2012 and an addendum was signed on 12 November 2014. The partnership's fundamental principle whereby Casino develops and manages a pipeline of projects that Mercialys acquires to feed its business growth has been maintained in the new agreement. The original agreement concerned a pipeline of projects identified in advance and offering satisfactory visibility. The new agreement enables Mercialys to propose new projects that will be examined by Casino and tracked during monitoring committee meetings.

Casino will not undertake any work until the order is reconfirmed by Mercialys once the necessary permits have been obtained and leases have been signed on units representing at least 60% of total projected rental revenues from signed leases.

The acquisition price of projects developed by Casino was calculated under the original agreement on the basis of (i) a rent capitalisation rate determined using a grid that is updated twice a year by reference to the rates used to value Mercialys' portfolio and (ii) projected rental revenues from the project. Under the new agreement, the projected internal rate of return (IRR) – within the range of 8% to 10% – may also be taken into account for pricing purposes.

The principle whereby the upside and downside are shared equally between Casino and Mercialys has been maintained to take into account the actual conditions in which the assets will be marketed. For example, the price will be increased or reduced by 50% of any positive (upside) or negative (downside) difference between the actual rents negotiated during the marketing process and the rents projected at the outset. The contracts require the parties to meet during the pre-acquisition process.

In exchange for the exclusive partnership, Mercialys has undertaken not to invest in any operations that could lead to a material increase in competition in the catchment area of any of the Casino Group's food stores.

At the end of January 2017, the partnership agreement was extended by three years, until end-2020.

- Support services agreement: the Group provides administrative, finance/accounting, IT and real estate support services to Mercialys. In 2017, the related fees amounted to €2 million (2016: €2 million).
- Consulting services agreement: Mercialys makes available to Casino the services of its team of real estate portfolio enhancement specialists. This agreement had no material impact in 2017 or 2016.
- Exclusive sale mandate: Casino seeks buyers for real estate assets on behalf of Mercialys. In 2017, the related fees amounted to €1 million (2016: €1 million).
- Current account and cash management agreement: Casino has provided Mercialys with a €50 million confirmed line of credit expiring in December 2020 at an annual interest rate based on the Euribor plus a spread ranging from 40 bps to 95 bps depending on the amount borrowed under the facility. The Group also charges a 38-bps commitment fee (40% of the maximum 95-bps spread) on undrawn amounts. This agreement had no material impact in 2017 or 2016.

In 2017, the Group purchased five service centres from Mercialys for a total amount of €39 million as well as the converted Toulouse Fenouillet hypermarket for €33 million.

According to the partnership agreement between Casino and Mercialys, during 2017:

- Casino sold the Jumbo Sacré Cœur shopping mall development project on Reunion Island to Mercialys for €27 million. After eliminating a percentage equal to the Group's interest in Mercialys, the transaction led to the recognition of €16 million in "Other income" and a positive contribution to EBITDA of €3 million;
- Contingent consideration and margins recognised by the percentage of completion method in 2017 were recorded by Casino on property development projects sold to Mercialys in prior periods. After eliminating a percentage equal to the Group's interest in Mercialys, the transactions led to the recognition of €8 million in "Other income" and a positive contribution to EBITDA of €7 million.

Mercialys sold the following assets resulting from property development projects originally sold by Casino to Mercialys:

- the Poitiers Beaulieu site, which was sold to a family office financed by HSBC. The transaction led to the recognition of €13 million in "Other income" in respect of the additional portion of the property development income previously eliminated in a proportion of 40%, and a €9 million contribution to EBITDA;
- the Fontaine-lès-Dijon shopping mall, which was sold to a fund, leading to the recognition of €5 million in "Other income" in respect of the additional portion of the property development income previously eliminated in a proportion of 40%, and a €3 million contribution to EBITDA.

3.3.7. Commitments to joint ventures

The Group has given guarantees to joint ventures (also presented in Note 6.11.1) for an amount of €125 million at 31 December 2017 (31 December 2016: €60 million) including €65 million for CD Supply Innovation (Note 2) and €60 million for Distridyn.

3.4. COMMITMENTS RELATED TO THE SCOPE OF CONSOLIDATION

3.4.1. Put options granted to owners of non-controlling interests – "NCI puts"

Accounting principle

The Group has granted put options to the owners of non-controlling interests in some of its subsidiaries. The exercise price may be fixed or based on a predetermined formula. In accordance with IAS 32, obligations under these NCI puts are recognised as "Financial liabilities"; fixed price options are recognised at their discounted present value and variable price options at fair value. The options may be exercisable at any time or on a specified date. Since 2015, NCI puts are presented on a separate line of the consolidated statement of financial position, "Put options granted to owners of non-controlling interests".

IAS 27 revised, which is effective for annual periods beginning on or after 1 January 2010, and subsequently IFRS 10, effective for annual periods beginning on or after 1 January 2014, describe the accounting treatment of acquisitions of additional shares in subsidiaries. The Group has decided to apply two different accounting methods for these NCI puts, depending on whether they were granted before or after 1 January 2010, as recommended by France's securities regulator (*Autorité des marchés financiers*):

- NCI puts granted before the effective date of IAS 27 revised are accounted for using the goodwill method whereby the difference between the financial liability and the carrying amount of the non-controlling interests is recognised in goodwill. In subsequent years, this liability is remeasured and any changes adjust goodwill;
- NCI puts granted since IAS 27 revised came into effect are accounted for as transactions between shareholders, with the difference between the financial liability and the carrying amount of the non-controlling interests recognised as a deduction from equity. In subsequent years, this liability is remeasured and any changes adjust equity.

NCI puts can be analysed as follows at 31 December 2017:

(€ millions)	% Group interest	Commitment to non-controlling interests	Fixed or variable exercise price	Non-current liabilities[3]	Current liabilities[3]
Franprix-Leader Price[1]	50.00% to 70.00%	30.00% to 50.00%	F/V	26	21
Éxito (Disco)[2]	62.49%	29.82%	V	-	119
Other				2	3
TOTAL NCI PUT LIABILITIES				**28**	**143**

(1) The value of NCI puts on subsidiaries of the Franprix-Leader Price sub-group is generally based on net profit. A 10% increase or decrease in the indicator would not have a material impact. The exercisable periods of the options range between 2017 and 2031.

(2) This option is exercisable at any time until 21 June 2021. The exercise price is the lowest amount obtained using different calculation formulas. The formula applied at 31 December 2017 is based on a multiple of 12 times average net profit for the last two years. A 10% increase or decrease in net profit would lead to a €12 million increase or decrease in the financial liability as at 31 December 2017.

(3) As at 31 December 2016, NCI put liabilities amounted to €382 million, including current liabilities of €341 million. The decrease in 2017 was mainly due to the public tender offer for Cnova N.V. shares (Note 2), which led to €187 million in NCI put liabilities being derecognised.

3.4.2. Off-balance sheet commitments

Accounting principle

Under the terms of the option contracts, the exercise price of written put and call options may be determined using earnings multiples of the companies concerned. In this case, the options are valued based on the latest published earnings for options exercisable at any time and earnings forecasts or projections for options exercisable as of a given future date. In many cases, the put option written by the Group is matched by a call written by the other party; in these cases, the value shown corresponds to that of the written put.

Written put options on shares in non-controlled companies stand at €16 million as at 31 December 2017 (31 December 2016: €5 million), and concerned the Monoprix and Franprix-Leader Price sub-groups.

Call options granted to the Group on shares in non-controlled companies stand at €499 million as at 31 December 2017 (31 December 2016: €506 million), and mainly concerned:

- The following call options in connection with transactions carried out with Mercialys:
  - call option on 100% of the assets or 100% of the shares of Hyperthetis Participations, exercisable from 31 December 2020 and until 31 March 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
  - call option on a property asset previously sold to Immosiris, exercisable between 31 March 2021 and 30 September 2022 at the higher of the fair value of the underlying and a guaranteed minimum IRR;
  - call option exercisable on 31 July 2018, at Casino's initiative and subject to certain conditions, on either (i) the property assets held by SCI Rennes – Anglet, valued at a fixed price of €64 million or (ii) the SCI Rennes – Anglet shares held by OPPCI SEREIT France, valued at the company's market value (NAV), based on the property portfolio's appraisal value of €64 million excluding transfer costs. On 30 January 2018, the Group notified OPPCI SEREIT France of its decision to exercise the call on the 70% of the SCI's shares held by OPPCI, at an exercise price provisionally estimated at €22 million excluding transfer costs.
- The Group also has call options on stores sold to master franchisees that are exercisable between 2018 and 2022 at prices based on a percentage of the improvement in EBITDA. Details of the transactions with these master franchisees are provided in Notes 3.1.1, 3.2.4 and 3.2.5.
- Lastly, the Group has a call option on SCI Simonop'1 shares exercisable between 1 and 29 January 2022 or between 1 and 29 January 2023 at a price based on the company's EPRA NNNAV.

3.5. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Accounting principle

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. A non-current asset or disposal group is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this condition to be met, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to a plan to sell the asset which, in accounting terms, should result in the conclusion of a sale within one year of the date of this classification. Considering these characteristics, net assets held for sale attributable to owners of the parent of the selling subsidiary are presented as a deduction from net debt (Note 11).

Property, plant and equipment and intangible assets classified as held for sale are no longer depreciated or amortised.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

An operation represents a separate major line of business when it constitutes a reportable segment. It is classed as discontinued if the criteria for classifying the related assets as "held for sale" have been met or when it has already been disposed of. Classification as a discontinued operation occurs when the operation is disposed of or on a prior date when it fulfils the criteria for classification as held for sale.

When an operation is classified as discontinued, the comparative income statement and statement of cash flows are restated as if the operation had fulfilled the criteria for classification as discontinued as from the first day of the comparative period. Discontinued operations are presented on a separate line of the consolidated income statement, "Profit from discontinued operations", which includes the net profit or loss of the discontinued operation up to the date of disposal, and if appropriate, any impairment loss recognised to write down the net assets held for sale to their fair value less costs to sell and/or any after-tax disposal gains or losses.

3.5.1. Assets held for sale and liabilities associated with assets held for sale

		31 December 2017		31 December 2016	
(€ millions)	Notes	Assets	Liabilities	Assets	Liabilities
Via Varejo sub-group	2/3.5.2	6,041	4,571	6,039	4,404
Other[(1)]		552	109	81	-
TOTAL		**6,593**	**4,680**	**6,120**	**4,404**
Net assets		1,913		1,716	
Of which attributable to owners of the parent of the selling subsidiary	*11.2*	*1,070*		*768*	

(1) At 31 December 2017, this line consisted mainly of property assets in the France Retail segment and various stores (including the 105 Franprix-Leader Price stores held for sale as described in Note 3.1.2 and the 105 stores making up the Sarjel sub-group).

3.5.2. Discontinued operations

Profit from discontinued operations, mostly composed of Via Varejo (including Cnova Brazil) (Note 2), breaks down as follows:

(€ millions)	**2017[1][2]**	2016[1]	Of which Via Varejo
Net sales	7,115	6,757	6,009
Expenses	(7,006)	(6,990)	(6,280)
Gain on disposal of discontinued operations	-	2,893	-
Disposal proceeds	-	*4,054*	-
Disposal costs	-	*(92)*	-
Carrying amount of net assets sold	-	*(1,160)*	-
Other items of comprehensive income (loss) reclassified to profit or loss, net of tax[3]	-	*91*	-
Impairment loss resulting from the measurement of Via Varejo at fair value less costs to sell[4]	(36)	(461)	(461)
NET PROFIT BEFORE TAX FROM DISCONTINUED OPERATIONS	**74**	**2,198**	**(732)**
Income tax expense	(34)	(46)	(9)
Share of profit of equity-accounted investees	7	8	8
NET PROFIT FROM DISCONTINUED OPERATIONS	**47**	**2,161**	**(734)**
Attributable to owners of the parent	*(7)*	*2,645*	*(226)*
Attributable to non-controlling interests	*54*	*(484)*	*(508)*

(1) The amounts reported for 2017 mainly represent 12 months of business for Via Varejo. The amounts reported for 2016 included 12 months of business for Via Varejo, the two months of business prior to disposal of operations in Thailand on 21 March 2016 and the four months of business prior to disposal of operations in Vietnam on 29 April 2016.

(2) In 2017, Via Varejo reported net sales of €7,115 million and EBITDA of €414 million (2016: €6,009 million and €251 million, respectively).

(3) The reclassification of Via Varejo in "Discontinued operations" had no impact on other comprehensive income in 2017 or 2016. The sale of Via Varejo will not lead to any related foreign currency translation adjustments being reclassified to profit or loss.

(4) When it was reclassified in "Discontinued operations" in 2016, in accordance with IFRS 5, Via Varejo's fair value (including Cnova Brazil) was estimated at €1,656 million (before estimated costs to sell of €20 million), based on the share price of BRL 10.75 as at 31 December 2016 plus an estimated control premium. The share price was approximately the same at 30 June 2017 and the valuation was therefore not adjusted as at that date. The fair value measurement led to the recognition of an impairment loss of €461 million as at 31 December 2016 and €36 million as at 30 June 2017. No additional impairment loss was recorded as at 31 December 2017, as the share price at the year-end was BRL 24.47, representing a market value of €2,653 million before the control premium.

Earnings per share of discontinued operations are presented in Note 12.9.

3.5.3. Net cash from/(used in) discontinued operations

Cash flows from discontinued operations in 2017 mainly concern Via Varejo. In 2016, they included reclassifications of cash flows from Via Varejo's operating, investing and financing activities, and the €3,962 million proceeds from the sale of the Group's businesses in Asia (Note 3.5.2 to the 2016 consolidated financial statements).

Note 4 Additional cash flow disclosures

Accounting principle

The statement of cash flows is prepared using the indirect method starting from consolidated net profit (loss) and is organised in three sections:

- cash flows from operating activities, including taxes, transaction costs for acquisitions of subsidiaries, dividends received from associates and joint ventures and payments received in respect of government grants;
- cash flows from investing activities, including acquisitions of subsidiaries (excluding transaction costs), proceeds from disposals of subsidiaries (including transaction costs), acquisitions and disposals of investments in non-consolidated companies, associates and joint ventures (including transaction costs), contingent consideration paid for business combinations during the measurement period and up to the amount of the identified liability, and acquisitions and disposals of intangible assets and property plant and equipment (including transaction costs and deferred payments), excluding finance leases;
- cash flows from financing activities, including new borrowings and repayments of borrowings, issues of equity instruments, transactions between shareholders (including transaction costs and any deferred payments), net interest paid (cash flows related to finance costs and non-recourse factoring and associated transaction costs), treasury share transactions and dividend payments. This category also includes cash flows from trade payables requalified as debt.

4.1. RECONCILIATION OF PROVISION EXPENSE

(€ millions)	Notes	**2017**	2016
Goodwill impairment	10.1.2	(5)	(2)
Impairment of intangible assets	10.2.2	(11)	(15)
Impairment of property, plant and equipment	10.3.2	(54)	(98)
Impairment of investment property	10.4.2	(6)	-
Impairment of other assets		(4)	(3)
Net additions to provisions for risks and charges		29	(189)
TOTAL PROVISION EXPENSE		**(51)**	**(307)**
Provision expense reported under "Profit from discontinued operations"		-	91
PROVISION EXPENSE ADJUSTMENT IN THE STATEMENT OF CASH FLOWS		**(51)**	**(216)**

4.2. RECONCILIATION OF CHANGES IN WORKING CAPITAL TO THE STATEMENT OF FINANCIAL POSITION

(€ millions)	Notes	2016	Cash flows from operating activities	Cash flows from operating activities, discontinued operations	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. & other	2017
Goods inventories	6.6	(3,786)	(207)	-	-	(3)	252	42	6	(3,696)
Property development work in progress	6.6	(204)	70	-	-	38	(1)	-	(78)	(175)
Trade payables	B/S	6,939	155	-	-	10	(423)	(40)	8	6,649
Trade receivables	6.7	(880)	(106)	-	-	(1)	42	-	(1)	(946)
Other (receivables)/payables	6.8.1/6.9.1/6.10	791	(248)	-	49	(29)	4	25	(20)	572
TOTAL		**2,859**	**(336)**	**-**	**49**	**16**	**(126)**	**28**	**(86)**	**2,404**

(€ millions)	Notes	2015	Cash flows from operating activities	Cash flows from operating activities, discontinued operations[1]	Other cash flows	Changes in scope of consolidation	Effect of movements in exchange rates	IFRS 5 reclass.	Reclass. & other	2016
Goods inventories	6.6	(4,602)	48	48	-	318	(488)	891	(2)	(3,786)
Property development work in progress	6.6	(281)	139	-	-	11	(5)	-	(69)	(204)
Trade payables	B/S	8,073	438	(166)	-	(503)	776	(1,529)	(150)	6,939
Trade receivables	6.7	(911)	(21)	(228)	-	92	(65)	254	(1)	(880)
Trade receivables from credit activity	6.7	(377)	(120)	112	-	-	(98)	483	-	-
Liabilities of credit activity	6.10	574	137	-	-	-	164	(875)	-	-
Other (receivables)/payables	6.8.1/6.9.1/6.10	623	19	(134)	223	(19)	(17)	230	(135)	791
TOTAL		**3,099**	**640**	**(368)**	**223**	**(100)**	**268**	**(546)**	**(357)**	**2,859**

(1) This column reflects cash flows from discontinued operations from 1 January to the date of reclassification as assets held for sale.

4.3. RECONCILIATION OF ACQUISITIONS OF NON-CURRENT ASSETS

(€ millions)	Notes	2017	2016
Additions to and acquisitions of intangible assets	10.2.2	183	198
Additions to and acquisitions of property, plant and equipment	10.3.2	931	967
Additions to and acquisitions of investment property	10.4.2	130	79
Changes in amounts due to suppliers of non-current assets		31	27
New finance leases		(14)	(31)
Capitalised borrowing costs (IAS 23)	10.3.3	(14)	(15)
Effect of discontinued operations		-	(66)
CASH USED IN ACQUISITIONS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY		**1,247**	**1,160**

4.4. RECONCILIATION OF DISPOSALS OF NON-CURRENT ASSETS

(€ millions)	Notes	2017	2016
Disposals of intangible assets	10.2.2	19	22
Disposals of property, plant and equipment	10.3.2	249	285
Disposals of investment property	10.4.2	1	-
(Gains) losses on disposals of non-current assets		(12)	1
Changes in receivables related to non-current assets		(54)	15
Reclassification of non-current assets as “Assets held for sale”		101	51
Effect of discontinued operations		-	(5)
CASH FROM DISPOSALS OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY		**303**	**368**

4.5. EFFECT ON CASH AND CASH EQUIVALENTS OF CHANGES IN SCOPE OF CONSOLIDATION RESULTING IN ACQUISITION OR LOSS OF CONTROL

(€ millions)	**2017**	2016
Amount paid for acquisitions of control	(48)	(89)
Cash acquired/(bank overdrafts assumed) in acquisitions	2	(6)
Proceeds from losses of control	8	1
(Cash sold)/bank overdrafts transferred in losses of control	(31)	(22)
EFFECT OF CHANGES IN SCOPE OF CONSOLIDATION RESULTING IN ACQUISITION OR LOSS OF CONTROL	**(69)**	**(116)**

In 2017, the net impact of these transactions on the Group's cash and cash equivalents mainly comprised:

- the cash sold in the transaction resulting in the loss of control of all Casino supermarkets (cash outflow of €30 million) (Note 3.1.1.);
- the acquisition of various controlling interests in the Franprix-Leader Price sub-group (cash outflow of €23 million) (Note 3.1.2);
- the settlement of the balance of the price for the 2015 acquisition of control of Super Inter stores (cash outflow of €15 million).

In 2016, the net effect of these transactions on the Group's cash and cash equivalents resulted mainly from the acquisition of control of Geimex (cash outflow of €44 million) (Note 3.2.6) and the acquisition of various controlling interests in the Franprix-Leader Price sub-group (cash outflow of €32 million) (Note 3.2.4).

4.6. RECONCILIATION OF DIVIDENDS PAID TO NON-CONTROLLING INTERESTS

(€ millions)	Notes	**2017**	2016
Dividends paid and payable to non-controlling interests	12.7	(69)	(85)
Payment during the year of dividends accrued at the prior year-end		11	1
Effect of movements in exchange rates		(2)	5
Effect of discontinued operations		7	-
DIVIDENDS PAID TO NON-CONTROLLING INTERESTS AS PRESENTED IN THE STATEMENT OF CASH FLOWS		**(52)**	**(78)**

4.7. EFFECT ON CASH AND CASH EQUIVALENTS OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(€ millions)	Notes	**2017**	2016
Public tender offer for Cnova N.V. shares	2	(171)	-
Franprix-Leader Price sub-group – Acquisition of Sarjel	3.1.2	(19)	-
Éxito – Viva Malls	3.2.7	80	115
Acquisition of GPA shares	3.2.3	-	(11)
Acquisition of Éxito shares	3.2.2	-	(10)
Other		(7)	5
EFFECT ON CASH AND CASH EQUIVALENTS OF TRANSACTIONS WITH NON-CONTROLLING INTERESTS		**(117)**	**99**

4.8. RECONCILIATION BETWEEN CHANGE IN CASH AND CASH EQUIVALENTS AND CHANGE IN NET DEBT

(€ millions)	Notes	2017	2016
Change in cash and cash equivalents		**(2,651)**	**2,253**
Additions to borrowings[1]		(1,589)	(995)
Repayments of borrowings[1]		2,534	1,955
Non-cash changes in debt[1]		388	(323)
▪ Change in net assets held for sale attributable to owners of the parent		366	44
▪ Change in other financial assets		-	(51)
▪ Effect of changes in scope of consolidation		-	(1)
▪ Change in cash flow and fair value hedges		(92)	(125)
▪ Change in accrued interest		109	(172)
▪ Interest on Monoprix mandatory convertible bonds	11.3.1	-	13
▪ Other		5	(32)
Effect of movements in exchange rates[1]		350	(297)
Change in debt of discontinued operations		208	113
CHANGE IN NET DEBT		**(759)**	**2,706**
Net debt at beginning of period		3,367	6,073
Net debt at end of period	11.2	4,126	3,367

(1) These impacts relate exclusively to continuing operations.

4.9. RECONCILIATION OF NET INTEREST PAID

(€ millions)	Notes	2017	2016
Net finance costs reported in the income statement	**11.3.1**	**(367)**	**(324)**
Neutralisation of unrealised exchange gains and losses		(4)	5
Neutralisation of amortisation of debt issuance/redemption costs and premiums		23	31
Neutralisation of interest rate adjustment on Monoprix mandatory convertible bonds	11.3.1	-	(13)
Capitalised borrowing costs	10.3.3	(14)	(15)
Change in accrued interest and in fair value hedges of borrowings[1]		(60)	229
Non-recourse factoring and associated transaction costs	11.3.2	(83)	(78)
INTEREST PAID, NET AS PRESENTED IN THE STATEMENT OF CASH FLOWS		**(505)**	**(165)**

(1) In 2017, are included among others the impacts of unwinding of interest rate swaps in France for €90 million. In 2016, the amount included in particular the impact of unwinding and modifying of interest rate swaps in France for €150 million.

Note 5 Segment information

Accounting principle

In accordance with IFRS 8 – Operating Segments, segment information is disclosed on the same basis as the Group's internal reporting system used by the chief operating decision maker (the Chairman and Chief Executive Officer) in deciding how to allocate resources and in assessing performance.

Since 2016, following the disposal of operations in Thailand and Vietnam and the business merger between Cnova Brazil and Via Varejo followed by their reclassification as "Assets held for sale", the Group's reportable segments are now:

- France Retail: reportable segment comprising retail operating segments (mainly the Casino, Monoprix, Franprix-Leader Price and Vindémia sub-group banners);
- Latam Retail: reportable segment comprising food retailing operating segments in Latin America (mainly the GPA food banners and the Éxito, Disco – Devoto and Libertad sub-group banners);
- E-commerce: reportable segment comprising Cdiscount and the Cnova N.V. holding company.

The operating segments included in France Retail and Latam Retail have similar businesses in terms of product type, assets and human resources required for operations, customer profile, distribution methods, marketing offer and long-term financial performance.

These reportable segments reflect pure retail activities and retail-related activities. Given the dual strategy and the interconnection between retail and real estate, the operating segments include real estate asset management activities, property development activities and energy-related activities.

Management assesses the performance of these segments on the basis of net sales, trading profit (which includes the allocation of holding company costs to all of the Group's business units) and EBITDA. EBITDA (earnings before interest, taxes, depreciation and amortisation) is defined as trading profit plus recurring depreciation and amortisation expense.

Segment assets and liabilities are not specifically reported internally for management purposes and are therefore not disclosed in the Group's IFRS 8 segment information.

Segment information is determined on the same basis as the consolidated financial statements.

5.1. KEY INDICATORS BY REPORTABLE SEGMENT

(€ millions)	France Retail	Latam Retail	E-commerce	**2017**
External net sales	18,903	16,923	1,995	37,822
EBITDA	901(1)	1,029(2)	-	1,930
Recurring depreciation and amortisation expense (Note 6.4)	(345)	(316)	(27)	(688)
Trading profit/(loss)	556(1)	713(2)	(27)	1,242

(1) Of which €92 million for property development transactions carried out in France.

(2) Of which BRL 723 million (€201 million) for ICMS-ST tax credits dating back prior to November 2016 and recognised by GPA during the year as a deduction from "Cost of goods sold". The tax credits were recognised following the publication in April 2017 of the agreement for the enforcement of the October 2016 ruling by Brazil's supreme federal court stipulating that the ICMS-ST tax is not a final tax and should not therefore be included in the basis of assessment of PIS and COFINS taxes, allowing GPA to apply for a refund from the Brazilian state administrations. Recognition of the pre-November 2016 ICMS-ST tax credits of Sendas Distribution (a subsidiary of GPA), in the amount of BRL 369 million (€102 million), had no impact on the consolidated income statement because they are not expected to be recovered and were written down in full.

(€ millions)	France Retail	Latam Retail	E-commerce	2016
External net sales	18,939	15,247	1,843	36,030
EBITDA	872(1)	816(2)	10	1,697
Recurring depreciation and amortisation expense (Note 6.4)	(364)	(278)	(21)	(663)
Trading profit/(loss)	508(1)	538(2)	(11)	1,034

(1) Of which €87 million for property development transactions carried out in France.

(2) Including BRL 288 million (€75 million) of cumulative PIS/COFINS tax credits recognised in 2016 as a deduction from "Cost of goods sold" in the accounts of GPA (of which €68 million related to prior years) after all the conditions supporting their recognition and future use were fulfilled during the year.

5.2. KEY INDICATORS BY GEOGRAPHICAL AREA

(€ millions)	France	Latin America	Other regions	Total
External net sales for 2017	**20,893**	**16,923**	**6**	**37,822**
External net sales for 2016	20,771	15,252	7	36,030

(€ millions)	France	Latin America	Other regions	Total
Non-current assets as at 31 December 2017[1]	**11,521**	**8,822**	**49**	**20,391**
Non-current assets as at 31 December 2016[1]	11,770	10,151	47	21,968

(1) Non-current assets include goodwill, intangible assets, property, plant and equipment, investment property, investments in associates and joint ventures as well as long-term prepaid expenses.

Note 6 Activity data

6.1. TOTAL REVENUE

Accounting principle

Revenue is composed of two parts: net sales and other income.

Net sales include sales by the Group's stores, E-commerce sites, self-service restaurants and warehouses, as well as financial services revenues, rental revenues, consumer finance revenues and other miscellaneous services rendered by establishments.

"Other income" consists of income from the property development and property trading businesses, miscellaneous service revenues, incidental revenues and revenues from secondary activities, including travel package sales commissions, franchising fees, contractual penalties (termination penalties paid by tenants, franchisees, etc.) and revenues from energy efficiency activities.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts, volume rebates and sales taxes.

It is recognised as follows:

- revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer (in most cases when legal title is transferred), the amount of the revenue can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Group;
- revenue from the sale of services, such as extended warranties, services directly related to the sale of goods and services rendered to suppliers are recognised in the period during which they are performed. When a service is combined with various commitments, such as volume commitments, the Group analyses facts and legal patterns in order to determine the appropriate timing of recognition. Accordingly, revenue may either be recognised immediately (the service is considered as having been performed) or deferred over the period during which the service is performed or the commitment fulfilled.

If payment is deferred beyond the usual credit period and is not covered by financing, the revenue is discounted and the impact of discounting, if material, is recognised in financial income over the deferral period.

Award credits granted to customers under loyalty programmes are recognised as a separately identifiable component of the initial sales transaction. The corresponding revenue is deferred until the award credits are used by the customer.

(€ millions)	2017	2016
Net sales	37,822	36,030
Other income[1]	414	542
TOTAL REVENUE	**38,236**	**36,572**

(1) The decline in other income in 2017 was mainly due to a decrease in property development sales and in property trading activity for €99 million.

6.2. COST OF GOODS SOLD

Accounting principle

Gross margin

Gross margin corresponds to the difference between "Net sales" and the "Cost of goods sold".

"Cost of goods sold" comprises the cost of purchases net of discounts, commercial cooperation fees and any tax credits associated with the purchases, changes in retail inventories and logistics costs.

Commercial cooperation fees are measured based on contracts signed with suppliers. They are billed in instalments over the year. At each year-end, an accrual is recorded for the amount receivable or payable, corresponding to the difference between the value of the services actually rendered to the supplier and the sum of the instalments billed during the year.

Change in inventories

Changes in inventories, which may be positive or negative, are determined after taking into account any impairment losses. Changes in inventories related to property development and property trading business are included in "Selling expenses".

Logistics costs

Logistics costs correspond to the cost of logistics operations managed or outsourced by the Group, comprising all warehousing, handling and freight costs incurred after goods are first received at one of the Group's stores or warehouses. Transport costs included in suppliers' invoices (*e.g.* for goods purchased on a "delivery duty paid" or "DDP" basis) are included in purchase costs. Outsourced transport costs are recognised under "Logistics costs".

(€ millions)	Note	**2017**	2016
Purchases and change in inventories		(27,161)	(25,958)
Logistics costs	6.3	(1,533)	(1,406)
COST OF GOODS SOLD		**(28,694)**	**(27,364)**

6.3. EXPENSES BY NATURE AND FUNCTION

Accounting principle

Selling expenses

Selling expenses consist of point-of-sale costs, property development and property trading business costs and changes in inventories.

General and administrative expenses

General and administrative expenses correspond to overheads and the cost of corporate units, including the purchasing and procurement, sales and marketing, IT and finance functions.

Pre-opening and post-closure costs

When they do not meet the criteria for capitalisation, costs incurred prior to the opening or after the closure of a store are recognised in operating expense when incurred.

(€ millions)	Logistics costs[1]	Selling expenses	General and administrative expenses	**2017**
Employee benefits expense	(556)	(3,246)	(789)	(4,591)
Other expenses	(939)	(3,189)	(426)	(4,554)
Depreciation and amortisation expense (Notes 5.1/6.4)	(38)	(507)	(143)	(688)
TOTAL	**(1,533)**	**(6,942)**	**(1,357)**	**(9,833)**

(€ millions)	Logistics costs[1]	Selling expenses	General and administrative expenses	2016
Employee benefits expense	(486)	(3,158)	(766)	(4,410)
Other expenses	(883)	(3,216)	(408)	(4,507)
Depreciation and amortisation expense (Notes 5.1/6.4)	(37)	(497)	(129)	(663)
TOTAL	**(1,406)**	**(6,871)**	**(1,303)**	**(9,580)**

(1) Logistics costs are reported in the consolidated income statement under "Cost of goods sold".

A competitiveness and employment tax credit (CICE) has been introduced in France, corresponding to a tax credit (refundable if not used within three years) based on a percentage of salaries that do not exceed 2.5x the French minimum wage (SMIC). The rate was 7% in 2017 (6% for salaries paid as from 1 January 2018) and 9% for Vindémia. In 2017, the CICE tax benefit of €104 million (2016: €96 million) was recognised as a deduction from employee benefits expense. The receivable was sold on a no-recourse basis for €100 million net of the discount (2016: €88 million).

6.4. DEPRECIATION AND AMORTISATION

(€ millions)	Notes	**2017**	2016
Amortisation of intangible assets	10.2.2	(122)	(136)
Depreciation of property, plant and equipment	10.3.2	(553)	(600)
Depreciation of investment property	10.4.2	(12)	(10)
Lease payments for land use		-	(2)
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		**(688)**	**(747)**
Depreciation and amortisation expense reported under "Profit from discontinued operations"		-	84
DEPRECIATION AND AMORTISATION EXPENSE OF CONTINUING OPERATIONS	**5.1/6.3**	**(688)**	**(663)**

6.5. OTHER OPERATING INCOME AND EXPENSES

Accounting principle

This caption covers two types of items:

- income and expenses arising from major events occurring during the period that would distort analyses of the Group's recurring profitability. They are defined as significant items of income and expense that are limited in number, unusual or abnormal, whose occurrence is rare. Examples include restructuring costs (such as reorganisation costs and the costs of converting stores to new concepts) and provisions and expenses for litigation and risks (including discounting adjustments);
- income and expenses which, by definition, are not included in an assessment of a business unit's recurring operating performance, such as gains and losses on disposals of non-current assets, impairment losses on non-current assets, and income/expenses related to changes in the scope of consolidation (for example, transaction costs and fees for acquisitions of control, gains and losses from disposals of subsidiaries, remeasurement at fair value of previously-held interests).

(€ millions)	**2017**	2016
Total other operating income	185	242
Total other operating expenses	(666)	(867)
	(480)	(625)
BREAKDOWN BY TYPE		
Gains and losses on disposal of non-current assets(6)	1	13
Net impairment losses on assets(1)(6)	(70)	(49)
Net income/(expense) related to changes in scope of consolidation(2)(6)	(90)	(154)
Gains and losses on disposal of non-current assets, net impairment losses on assets and net income (expense) related to changes in scope of consolidation	(159)	(190)
Restructuring provisions and expenses(3)(6)	(217)	(252)
Provisions and expenses for litigation and risks(4)	(92)	(123)
Other(5)	(13)	(60)
Other operating income and expenses	(321)	(435)
TOTAL NET OTHER OPERATING INCOME (EXPENSES)	**(480)**	**(625)**

(1) Impairment losses recorded in 2017 mainly concerned individual assets in the France Retail segment for €36 million (primarily Monoprix and Franprix-Leader Price for €16 million and €8 million, respectively), the Latam Retail segment (primarily GPA) for €28 million, and the E-commerce segment for €7 million. In 2016, impairment losses primarily concerned individual assets in the France Retail segment for €28 million (mainly Franprix-Leader Price and Distribution Casino France) and the E-commerce segment for €10 million.

(2) The €90 million net expense recognised in 2017 resulted mainly from the loss of control of supermarket stores at Distribution Casino France for an amount of €30 million (Note 3.1.1), net expense related to various changes in scope at Franprix-Leader Price for €9 million, and fees of €31 million. In 2016, the €154 million net expense resulted primarily from changes in the scope of consolidation in the Franprix-Leader Price sub-group for €72 million (including €59 million for the transactions described in Note 3.2.4) and Distribution Casino France for €34 million (Note 3.2.5), together with related transaction costs of €19 million, partly offset by the €16 million effect of measuring at fair value the previously-held interest in Geimex when the Group acquired control of this company (Note 3.2.6).

(3) Restructuring provisions and expenses in 2017 primarily concerned the France Retail segment for €169 million (including employee costs and store closure costs for €113 million and store transformation costs for €54 million) and the Latam Retail segment (mainly GPA) for €38 million. Restructuring provisions and expenses for 2016 mainly concerned the France Retail segment for €207 million (including employee costs of €58 million, rent on closed stores of €25 million, external costs of €57 million and impairment losses and scrapped assets of €67 million) and GPA for €26 million.

(4) Provisions and expenses for litigation and risks represented a net expense of €92 million in 2017, including €60 million for tax amnesty programs in which GPA participated during the year, as described in Note 13.3. In 2016, provisions and charges for litigation and risks concerned GPA for €106 million, mainly covering tax risks.

(5) The net expense for 2016 included €43 million related to the 2015 tax on retail space (TaSCom) payable in France. Following the introduction of new tax rules which led to a change in the period in which this levy is recognised, the TaSCom due for 2015 was recognised in full at the beginning of 2016 (in "Other operating expenses") and the TaSCom for 2016 was recognised on a straight line basis over the year (in "Trading profit").

(6) Reconciliation of the breakdown of asset impairment losses with the tables of asset movements:

(€ millions)	Notes	**2017**	2016
Goodwill impairment losses	10.1.2	(5)	(2)
Impairment (losses)/reversals on intangible assets, net	10.2.2	(11)	(15)
Impairment (losses)/reversals on property, plant and equipment, net	10.3.2	(54)	(98)
Impairment (losses)/reversals on investment property, net	10.4.2	(6)	-
Impairment (losses)/reversals on other assets, net		(11)	(1)
NET IMPAIRMENT LOSSES OF CONTINUING OPERATIONS		**(87)**	**(116)**
of which presented under "Restructuring provisions and expenses"(1)		*(11)*	*(58)*
of which presented under "Net impairment (losses)/reversals on assets"		*(70)*	*(49)*
of which presented under "Net income/(expense) related to changes in scope of consolidation"		*(8)*	*(8)*
of which presented under "Gains and losses on disposal of non-current assets"		*1*	*(1)*

(1) Of which €32 million concerning Franprix-Leader Price, €12 million concerning Distribution Casino France and €12 million concerning Monoprix in 2016.

6.6. INVENTORIES

Accounting principle

Inventories are measured at the lower of cost and probable net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provisions for impairment of inventories are recognised if the probable net realisable value is lower than cost. This analysis takes into account the business unit's operating environment and the type, age, turnover characteristics and sales pattern of the products concerned.

The cost of inventories is determined by the first-in-first-out (FIFO) method, except for inventories held by the GPA sub-group which uses the weighted average unit cost method, primarily for tax reasons. As GPA's inventory turnover rate is very high, inventory values would not be materially different if the FIFO method was applied. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing them to their present location and condition. Accordingly, logistics costs are included in the carrying amount together with supplier discounts deducted from "Cost of goods sold". The cost of inventories also includes gains or losses on cash flow hedges of future inventory purchases initially accumulated in equity.

For its property development and property trading businesses, the Casino Group recognises assets and projects in progress in inventories.

(€ millions)	**31 December 2017**	31 December 2016
Goods	3,744	3,842
Property assets	204	247
Gross amount of inventories	**3,948**	**4,089**
Accumulated impairment losses on goods	(47)	(56)
Accumulated impairment losses on property assets	(29)	(43)
Accumulated impairment losses	**(76)**	**(99)**
NET INVENTORIES (NOTE 4.2)	**3,871**	**3,990**

6.7. TRADE RECEIVABLES

Accounting principle

Trade receivables are current financial assets (Note 11) initially recognised at fair value and subsequently measured at amortised cost less any impairment losses. The fair value of trade receivables usually corresponds to the amount on the invoice. An impairment loss is recognised for trade receivables as soon as a probable loss emerges. Trade receivables can be sold to banks and continue to be carried as assets in the statement of financial position for as long as all the related risks and rewards are not transferred to a third party.

6.7.1. Breakdown of trade receivables

(€ millions)	Notes	**31 December 2017**	31 December 2016
Trade receivables	11.5.3	1,029	957
Accumulated impairment losses on trade receivables	6.7.2	(83)	(76)
NET TRADE RECEIVABLES	**4.2**	**946**	**880**

6.7.2. Accumulated impairment losses on trade receivables

(€ millions)	**2017**	2016
ACCUMULATED IMPAIRMENT LOSSES ON TRADE RECEIVABLES		
As at 1 January	**(76)**	**(95)**
Additions	(55)	(137)
Reversals	51	144
Change in scope of consolidation	-	1
IFRS 5 reclassifications	-	15
Other reclassifications	(3)	(2)
Effect of movements in exchange rates	1	(3)
AS AT 31 DECEMBER	**(83)**	**(76)**
ACCUMULATED IMPAIRMENT LOSSES ON CONSUMER FINANCE RECEIVABLES		
As at 1 January	**-**	**(59)**
Additions	-	(17)
Reversals	-	3
Change in scope of consolidation	-	-
IFRS 5 reclassifications	-	90
Other reclassifications	-	-
Effect of movements in exchange rates	-	(17)
AS AT 31 DECEMBER	**-**	**-**

The criteria for recognising impairment losses are presented in Note 11.5.3 “Counterparty risk”.

6.8. OTHER CURRENT ASSETS

6.8.1. Breakdown of other current assets

(€ millions)	Notes	**31 December 2017**	31 December 2016
Other receivables		948	1,151
Financial assets held for cash management purposes and short-term financial investments	11.2	31	32
Financial assets arising from a significant disposal of non-current assets	11.2	7	7
Tax and employee-related receivables in Brazil	6.9	128	158
Current accounts of non-consolidated companies		33	31
Accumulated impairment losses on other receivables and current accounts	6.8.2	(24)	(29)
Fair value hedges – assets	11.5.1	4	34
Derivatives not qualifying for hedge accounting and cash flow hedges – assets	11.5.1	-	23
Prepaid expenses		145	135
OTHER CURRENT ASSETS		**1,272**	**1,542**

Other receivables primarily include tax and employee-related receivables and receivables from suppliers. Prepaid expenses mainly concern purchases, rent, other occupancy costs and insurance premiums.

6.8.2. Accumulated impairment losses on other receivables and current accounts

(€ millions)	**2017**	2016
As at 1 January	(29)	(35)
Additions	(8)	(29)
Reversals	5	32
Change in scope of consolidation	-	-
IFRS 5 reclassifications	-	4
Other reclassifications and movements	8	-
Effect of movements in exchange rates	-	-
AS AT 31 DECEMBER	**(24)**	**(29)**

6.9. OTHER NON-CURRENT ASSETS

6.9.1. Analysis of other current assets

(€ millions)	Notes	31 December 2017	31 December 2016
Available-for-sale financial assets (AFS)		40	43
Non-current fair value hedges – assets	11.5.1	94	257
Other financial assets		573	531
Loans		*172*	*177*
Non-hedging derivatives – assets	*11.5.1*	*-*	*12*
Legal deposits paid by GPA	*13.2*	*192*	*193*
Other non-current receivables		*210*	*149*
Tax and employee-related receivables in Brazil (see below)(1)		439	184
Impairment of other non-current assets	6.9.2	(69)	(40)
Prepaid expenses		144	106
OTHER NON-CURRENT ASSETS		**1,220**	**1,080**

(1) The increase in 2017 mainly reflects the recognition of ICMS-ST tax credits discussed in Note 5.1.

GPA has a total of €567 million in tax receivables (of which €439 million in long-term receivables and €128 million in short-term receivables), corresponding primarily to ICMS (VAT) for €382 million, PIS/COFINS (VAT) and INSS (employer social security contributions). GPA estimates that the main tax receivable (ICMS) will be recovered in the following periods:

(€ millions)	31 December 2017
Within one year	80
In one to five years	173
In more than five years	129
TOTAL	**382**

GPA recognises ICMS and other tax credits when it has formally established and documented its right to use the credits and expects to use them within a reasonable period. These credits are recognised as a deduction from the cost of goods sold.

6.9.2. Impairment of other non-current assets

(€ millions)	2017	2016
As at 1 January	(40)	(92)
Additions	-	(1)
Reversals	2	2
Change in scope of consolidation	-	77
IFRS 5 reclassifications	-	-
Other reclassifications and movements	(31)	(27)
Effect of movements in exchange rates	-	-
AS AT 31 DECEMBER(1)	**(69)**	**(40)**

(1) Corresponding mainly to impairment losses recognised on loans granted by Franprix-Leader Price to master franchisees.

6.10. OTHER LIABILITIES

	31 December 2017			31 December 2016		
(€ millions)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Derivative instruments – liabilities (Note 11.5.1)[1]	260	17	277	343	1	344
Accrued tax and employee-related liabilities	166	1,359	1,525	173	1,443	1,616
Sundry liabilities	37	755	792	33	879	912
Amounts due to suppliers of non-current assets	-	230	230	60	263	324
Current account advances	-	10	10	-	10	10
Deferred income	18	213	231	9	199	208
TOTAL	**481**	**2,584**	**3,065**	**618**	**2,795**	**3,413**

(1) Primarily comprising the fair value of total return swap (TRS) and forward instruments (Note 11.3.2).

6.11. OFF-BALANCE SHEET COMMITMENTS

Accounting principle

At every year-end, Management determines, to the best of its knowledge, that there are no off-balance sheet commitments likely to have a material effect on the Group's current or future financial position other than those described in this note.

The completeness of this information is checked by the Finance, Legal and Tax departments, which also participate in drawing up contracts that are binding on the Group.

Commitments entered into in the ordinary course of business mainly concern the Group's operating activities except for undrawn confirmed lines of credit, which represent a financing commitment.

Off-balance sheet commitments related to the scope of consolidation are presented in Note 3.4.2 and lease commitments in Note 7.

6.11.1. Commitments given

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts that might have to be paid under guarantees issued by the Group. They are not netted against sums which might be recovered through legal action or counter-guarantees received by the Group.

(€ millions)	31 December 2017	31 December 2016
Assets pledged as collateral[1]	236	252
Bank guarantees given[2]	2,088	2,139
Guarantees given in connection with disposals of non-current assets	22	35
Other commitments	67	64
TOTAL COMMITMENTS GIVEN	**2,413**	**2,491**
Expiring:		
Within one year	*194*	*130*
In one to five years	*2,198*	*2,347*
In more than five years	*21*	*13*

(1) Current and non-current assets pledged, mortgaged or otherwise given as collateral. As at 31 December 2017, concerns GPA for €218 million, mainly in connection with the tax disputes described in Note 13.2 (31 December 2016: €252 million).

(2) As at 31 December 2017, this amount includes €1,937 million in bank guarantees given by GPA (31 December 2016: €2,057 million) mainly in connection with the tax disputes described in Note 13.2. It also comprises guarantees issued to joint ventures for €125 million (31 December 2016: €60 million), as described in Note 3.3.7.

6.11.2. Commitments received

The amounts disclosed in the table below represent the maximum (undiscounted) potential amounts in respect of commitments received.

(€ millions)	**31 December 2017**	31 December 2016
Bank guarantees received	73	75
Secured financial assets	72	80
Undrawn confirmed lines of credit (Note 11.2.4)	3,697	4,342
Other commitments	29	64
TOTAL COMMITMENTS RECEIVED	**3,871**	**4,560**
Expiring:		
Within one year	*501*	*704*
In one to five years	*3,251*	*3,724*
In more than five years	*120*	*132*

Note 7 Leases

Accounting principle

At the inception of an agreement, the Group determines whether the agreement is or contains a lease agreement.

The Group's lease agreements are recognised in accordance with IAS 17 which distinguishes between finance leases and operating leases.

Finance lease agreements

Lease agreements for property, plant and equipment that transfer nearly all the risks and rewards inherent to ownership are classified as finance leases.

Leased assets are initially recorded at the lower of the fair value of the asset and the present value of the minimum lease payments. After initial recognition, the assets are depreciated over their expected useful life in the same way as other assets in the same category, or over the lease term if shorter, unless the Group has a reasonable certainty that it will obtain ownership at the end of the lease.

Minimum finance lease payments are apportioned between the interest expense and the reduction of the outstanding liability. The finance charge is allocated to each period covered by the lease agreement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

The other lease agreements are classified as operating leases and are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term. Incentives received from the lessor are an integral part of the total net rental expense and are recorded as a reduction of the rental expense over the lease term.

Operating lease commitments (Note 7.2) correspond to fixed future minimum payments calculated over the non-cancellable term of operating leases.

7.1. OPERATING LEASE EXPENSES

Rental expenses related to operating leases amounted to €982 million in 2017 (including €852 million for real estate leases, of which €546 million in the France Retail segment and €222 million in Brazil) and €875 million in 2016 (including €791 million for real estate leases, of which €532 million in the France Retail segment and €183 million in Brazil). This information only concerns continuing operations.

The amount of future operating lease payments and minimum lease payments to be received under non-cancellable sub-leases are presented in Note 7.2.

7.2. OPERATING LEASE COMMITMENTS (OFF-BALANCE SHEET)

Real estate leases where the Group is lessee

The Group has operating leases on properties used in the business that it does not own. Future minimum lease payments, corresponding to the payments due over the non-cancellable term of operating leases plus any lease termination penalties, break down as follows:

(€ millions)	Future minimum lease payments 31 December 2017	31 December 2016
Due within one year	643	650
Due in one to five years	944	954
Due in more than five years	551	475
TOTAL(1)	**2,139**	**2,079**
of which France	*1,258*	*1,361*
of which GPA Food	*99*	*99*
of which Éxito	*652*	*491*
of which Uruguay	*67*	*75*
of which E-commerce	*61*	*53*

(1) Minimum lease payments of Via Varejo discontinued operations not included in the above table amount to €279 million as at 31 December 2017 (31 December 2016: €332 million).

Future minimum lease payments receivable under non-cancellable sub-leases amount to €39 million as at 31 December 2017 (31 December 2016: €50 million).

Equipment leases where the Group is lessee

The Group enters into operating leases on certain items of equipment that it does not wish to ultimately own. The future minimum lease payments under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments 31 December 2017	31 December 2016
Due within one year	125	94
Due in one to five years	377	275
Due in more than five years	85	67
TOTAL(1)	**587**	**435**

(1) Primarily in the France Retail segment.

Future minimum lease payments receivable under non-cancellable sub-leases amount to €10 million as at 31 December 2017 (31 December 2016: €8 million).

Operating leases where the Group is lessor

The Group is also a lessor through its real estate business. Future minimum lease payments receivable under non-cancellable operating leases break down as follows:

(€ millions)	Future minimum lease payments 31 December 2017	31 December 2016
Due within one year	67	56
Due in one to five years	109	95
Due in more than five years	121	59
TOTAL	**296**	**210**

Contingent rental revenue received by the Group and recorded in the income statement in 2017 amounted to €6 million (2016: €15 million).

7.3. FINANCE LEASE EXPENSES

Contingent rental payments under finance leases recorded in the income statement amounted to €5 million in 2017 (2016: €7 million).

Future minimum lease payments under finance leases are presented in Note 7.5.

7.4. FINANCE LEASES

The Group's finance leases break down as follows:

	31 December 2017			31 December 2016		
(€ millions)	Gross amount	Accumulated depreciation	Net	Gross amount	Accumulated depreciation	Net
Intangible assets	95	(59)	36	102	(56)	47
Land	26	(2)	24	26	(2)	24
Buildings	156	(97)	59	186	(106)	81
Equipment and other	414	(395)	18	439	(415)	23
TOTAL	**691**	**(554)**	**137**	**754**	**(579)**	**175**

7.5. FINANCE LEASE COMMITMENTS

The Group's finance leases relate to real-estate assets and investment properties on the one hand and to equipment items on the other. The table below compares future minimum lease payments under finance leases before and after discounting.

As at 31 December 2017, the Group had lease liabilities of €65 million (Note 11.2), of which €14 million related to real estate assets and €50 million to equipment.

Finance leases on real estate where the Group is lessee

	31 December 2017		31 December 2016	
(€ millions)	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Due within one year	5	2	6	2
Due in one to five years	15	5	19	7
Due in more than five years	39	7	49	9
Total future minimum lease payments	**59**	**14**	**73**	**18**
Interest expense	(44)		(55)	
TOTAL PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**14**		**18**	

Finance leases on equipment where the Group is lessee

	31 December 2017		31 December 2016	
(€ millions)	Future minimum lease payments	Present value of future minimum lease payments	Future minimum lease payments	Present value of future minimum lease payments
Due within one year	17	15	16	13
Due in one to five years	36	34	50	47
Due in more than five years	1	1	1	1
Total future minimum lease payments	**54**	**50**	**67**	**61**
Interest expense	(4)		(7)	
TOTAL PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	**50**		**61**	

Note 8 Employee benefits expense

8.1. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense is analysed by function in Note 6.3.

8.2. PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

Accounting principle

Provisions for pensions and other post-employment benefits

Group companies provide their employees with various employee benefit plans depending on local laws and practice.

- **Under defined contribution plans,** the Group pays fixed contributions into a fund and has no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to these plans are expensed as incurred.
- **Under defined benefit plans,** the Group's obligation is measured using the projected unit credit method based on the agreements effective in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The final obligation is then discounted. The actuarial assumptions used to measure the obligation vary according to the economic conditions prevailing in the relevant country. The obligation is measured by independent actuaries annually for the most significant plans and for the employment termination benefit, and regularly for all other plans. Assumptions include expected rate of future salary increases, estimated average years of service, life expectancy and staff turnover rates.

  Actuarial gains and losses arise from the effects of changes in actuarial assumptions and experience adjustments (differences between results based on previous actuarial assumptions and what has actually occurred). All actuarial gains and losses arising on defined benefit plans are recognised immediately in other comprehensive income.

  Past service cost, corresponding to the increase in the benefit obligation resulting from the introduction of a new benefit plan or modification of an existing plan, is expensed immediately.

  The expense in the income statement comprises:

  - service cost, *i.e.* the cost of services provided during the year, recognised in trading profit;
  - past service cost and the effect of plan curtailments or settlements, generally recognised in "Other operating income and expenses";
  - interest cost, corresponding to the discounting adjustment to the projected benefit obligation net of the return on plan assets, recorded in "Other financial income and expenses". Interest cost is calculated by applying the discount rate defined in IAS 19 to the net obligation (*i.e.* the projected obligation less related plan assets) recognised in respect of defined benefit plans, as determined at the beginning of the year.

  The provision recognised in the statement of financial position is measured as the net present value of the obligation less the fair value of plan assets.

Provisions for other in-service long-term employee benefits

- **Other in-service long-term employee benefits,** such as jubilees, are also covered by provisions, determined on the basis of an actuarial estimate of vested rights as of the reporting date. Actuarial gains and losses on these benefit plans are recognised immediately in profit or loss.

8.2.1. Breakdown of provisions for pensions and other post-employment benefits and for long-term employee benefits

	31 December 2017			31 December 2016		
(€ millions)	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Pensions	307	10	317	263	10	273
Jubilees	41	1	41	36	1	37
Bonuses for services rendered	10	-	11	13	1	14
PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS AND FOR LONG-TERM EMPLOYEE BENEFITS	**358**	**11**	**369**	**312**	**12**	**324**

8.2.2. Presentation of pension plans

Defined contribution plan

Defined contribution plans are plans in which the company pays regular contributions into a fund. The company's obligation is limited to the amount it agrees to contribute to the fund and it offers no guarantee that the fund will have sufficient assets to pay all of the employees' entitlements to benefits. This type of plan predominantly concerns employees of the Group's French subsidiaries, who are covered by the general social security system, which is administered by the French government.

In 2017, defined contribution plans represented a cost of €334 million of which 87% concerned the Group's French subsidiaries (2016: €335 million excluding discontinued operations and 87%).

Defined benefit plan

In certain countries, local laws or conventional agreements provide for the payment of a lump sum to employees either when they retire or at certain times post-retirement, based on their years of service and final salary at the age of retirement.

8.2.3. Main assumptions used in determining total defined benefit obligations (pension plans)

Defined benefit plans are exposed to risks concerning future interest rates, salary increase and mortality rates.

The following table presents the main actuarial assumptions used to measure the projected benefit obligation:

	France		International	
	2017	2016	**2017**	2016
Discount rate	1.5%	1.7%	1.5% – 7.7%	1.7% – 7.8%
Expected rate of future salary increases	1.5% – 2.0%	1.5% – 2.0%	1.0% – 3.5%	1.9% – 3.5%
Retirement age	62 – 65 years	62 – 64 years	57 – 65 years	57 – 65 years

For French companies, the discount rate is determined by reference to the Bloomberg 15-year AA corporate composite index.

Sensitivity analysis

A 50-basis point increase (decrease) in the discount rate would have the effect of reducing the projected benefit obligation by 5.6% (increasing the projected benefit obligation by 6.2%).

A 50-basis point increase (decrease) in the expected rate of salary increases would have the effect of increasing the projected benefit obligation by 6.0% (reducing the projected benefit obligation by 5.5%).

8.2.4. Change in retirement benefit obligations and plan assets

The following tables show a reconciliation of the projected benefit obligations of all Group companies to the provisions recognised in the consolidated financial statements for the years ended 31 December 2017 and 31 December 2016.

		France		International		Total	
(€ millions)		**2017**	2016	**2017**	2016	**2017**	2016
Projected benefit obligation as at 1 January		**288**	**269**	**14**	**26**	**302**	**295**
Items recorded in the income statement		**16**	**14**	**1**	**1**	**16**	**15**
Service cost		17	14	-	1	17	14
Interest cost		5	5	1	1	6	6
Past service cost		-	-	-	-	-	-
Curtailments/settlements		(6)	(5)	-	-	(6)	(5)
Items included in other comprehensive income		**42**	**17**	**-**	**2**	**42**	**19**
(1) Actuarial (gains) and losses related to:		42	17	1	1	43	18
(i) changes in financial assumptions		*5*	*11*	-	*1*	*5*	*12*
*(ii) changes in demographic assumptions**		*34*	*5*	*1*	-	*34*	*5*
(iii) experience adjustments		*3*	*1*	*1*	-	*4*	*1*
(2) Effect of movements in exchange rates		-	-	(1)	1	(1)	1
Other		**(20)**	**(13)**	**(1)**	**(15)**	**(20)**	**(28)**
Paid benefits		(16)	(12)	(1)	(1)	(16)	(12)
Changes in scope of consolidation		(1)	(2)	-	(15)	(1)	(16)
Other movements		(3)	1	-	-	(3)	1
Projected benefit obligation as at 31 December	A	**326**	**288**	**14**	**14**	**340**	**302**
Weighted average duration of plans						**16**	**15**

* *In 2017, the impact was primarily the result of excluding terminations from the calculation of staff turnover rates.*

		France		International		Total	
(€ millions)		**2017**	2016	**2017**	2016	**2017**	2016
Fair value of plan assets as at 1 January		**29**	**31**	**-**	**-**	**29**	**31**
Items recorded in the income statement		**-**	**-**	**-**	**-**	**-**	**-**
Interest on plan assets		-	-	-	-	-	-
Items included in other comprehensive income		**1**	**1**	**-**	**-**	**1**	**1**
Actuarial (losses) gains (experience adjustments)		1	1	-	-	1	1
Effect of movements in exchange rates		-	-	-	-	-	-
Other		**(8)**	**(3)**	**-**	**-**	**(8)**	**(3)**
Paid benefits		(8)	(3)	-	-	(8)	(3)
Changes in scope of consolidation		-	-	-	-	-	-
Other movements		-	-	-	-	-	-
Fair value of plan assets as at 31 December	B	**23**	**29**	**-**	**-**	**23**	**29**

		France		International		Total	
(€ millions)		**2017**	2016	**2017**	2016	**2017**	2016
Net post-employment benefit obligation	A-B	**303**	**259**	**14**	**14**	**317**	**273**
Unfunded projected benefit obligation under funded plans		**82**	**79**	**-**	**-**	**82**	**79**
Projected benefit obligation under funded plans		104	108	-	-	104	108
Fair value of plan assets		(23)	(29)	-	-	(23)	(29)
Projected benefit obligation under unfunded plans		**221**	**180**	**14**	**14**	**235**	**194**

Plan assets consist mainly of units in fixed-rate bond funds.

Reconciliation of provisions recorded in the statement of financial position

(€ millions)	France 2017	France 2016	International 2017	International 2016	Total 2017	Total 2016
As at 1 January	259	238	14	26	273	264
Expense for the year	15	14	1	1	16	15
Actuarial gains or losses recognised in equity	41	16	1	1	42	18
Effect of movements in exchange rates	-	-	(1)	1	(1)	1
Paid benefits	(8)	(7)	(1)	(1)	(9)	(7)
Partial reimbursement of plan assets	-	-	-	-	-	-
Changes in scope of consolidation	(1)	(2)	-	(15)	(1)	(16)
Other movements	(3)	(1)	-	-	(3)	(1)
AS AT 31 DECEMBER	**303**	**259**	**14**	**14**	**317**	**273**

Breakdown of expense for the year

(€ millions)	France 2017	France 2016	International 2017	International 2016	Total 2017	Total 2016
Service cost	17	14	-	1	17	14
Interest cost[(1)]	5	5	1	1	5	6
Past service cost	-	-	-	-	-	-
Curtailments/settlements	(6)	(5)	-	-	(6)	(5)
EXPENSE FOR THE YEAR	**15**	**14**	**1**	**1**	**16**	**15**

(1) Reported under "Other financial income and expenses".

Undiscounted future cash flows

		Undiscounted cash flows					
(€ millions)	Statement of financial position	2018	2019	2020	2021	2022	Beyond 2022
Post-employment benefits	317	9	6	10	13	20	956

8.3. SHARE-BASED PAYMENT

Accounting principle

Share-based payments

Management and selected employees of the Group receive stock options (options to purchase or subscribe for shares) and free shares.

The benefit represented by stock options, measured at fair value on the grant date, constitutes additional compensation. The grant-date fair value of the options is recognised in "Employee benefits expense" over the option vesting period or in "Other operating expenses" when the benefit relates to a transaction that is also recognised in "Other operating income and expenses" (Note 6.5). The fair value of options is determined using the Black & Scholes option pricing model, based on the plan attributes, market data (including the market price of the underlying shares, share price volatility and the risk-free interest rate) at the grant date and assumptions concerning the probability of grantees remaining with the Group until the options vest.

The fair value of free shares is also determined on the basis of the plan attributes, market data at the grant date and assumptions concerning the probability of grantees remaining with the Group until the shares vest. If the free shares are not subject to any vesting conditions, the cost of the plan is recognised in full on the grant date. Otherwise it is deferred and recognised over the vesting period as and when the vesting conditions are met. When free shares are granted to employees in connection with a transaction affecting the scope of consolidation, the related cost is recorded in "Other operating income and expenses".

Free shares are granted to certain company managers and store managers. In certain cases, the shares vest in tranches, subject to the attainment of a performance target for the period concerned. In all cases, the shares are forfeited if the grantee leaves the Group before the end of the vesting period.

8.3.1. Impact of share-based payments on earnings and equity

The total net cost of share-based payment plans recognised in the income statement in 2017 was €18 million (2016: €15 million), including €12 million for Casino, Guichard-Perrachon and €6 million for GPA. The net cost is balanced by a positive impact on equity for the same amount.

8.3.2. Casino, Guichard-Perrachon stock option plans

As at 31 December 2017, no Casino, Guichard-Perrachon stock options were outstanding.

8.3.3. Casino, Guichard-Perrachon free share plans

Free share plan features and assumptions

Date of plan	Vesting date	Number of free shares authorised	Of which number of performance shares(1)	**Number of shares to be delivered as at 31/12/2017**	Share price (€)(2)	Fair value of the share (€)(2)
20/04/2017	20/04/2022	5,666	5,666	5,666	51.00	27.25
20/04/2017	20/04/2020	156,307	139,310	139,310	51.00	28.49
20/04/2017	31/01/2020	245	-	245	51.00	43.17
20/04/2017	20/04/2018	9,555	-	9,555	51.00	46.31
20/04/2017	20/04/2018	97,885	-	97,885	51.00	46.44
15/12/2016	15/12/2018	11,418	-	11,418	46.42	41.70
14/10/2016	14/10/2019	20,859	-	20,859	41.96	32.53
14/10/2016	01/07/2019	3,477	1,159	3,477	41.96	32.52
14/10/2016	31/03/2019	870	-	870	41.96	35.68
14/10/2016	14/10/2018	33,157	-	21,568	41.96	35.69
14/10/2016	01/07/2018	3,477	1,159	3,477	41.96	34.77
14/10/2016	31/03/2018	939	-	939	41.96	37.01
14/06/2016	14/01/2019	9,780	-	9,780	49.98	43.70
14/06/2016	14/06/2018	15,007	-	13,185	49.98	43.70
13/05/2016	13/05/2020	7,178	7,178	7,178	53.29	34.45
13/05/2016	13/05/2019	25,800	9,699	9,699	53.29	31.89
13/05/2016	13/01/2019	17,610	-	14,835	53.29	43.89
13/05/2016	13/05/2018	100,685	87,299	87,299	53.29	34.38
13/05/2016	13/05/2018	57,735	-	26,633	53.29	47.04
13/05/2016	13/01/2018	52,176	-	51,322	53.29	45.11
06/05/2014	06/05/2019	3,750	960	960	90.11	69.28
06/05/2014	06/05/2018	1,139	-	1,139	90.11	76.79
18/10/2013	18/10/2018	7,857	-	5,281	83.43	66.27
TOTAL				**542,580**		

(1) Performance conditions mainly concern organic sales growth and the level of trading profit or EBITDA of the company that employs the grantee.
(2) Weighted average.

Changes in free shares

Free share grants	2017	2016
Unvested shares as at 1 January	**598,634**	**117,055**
Free share rights granted	269,658	581,226
Free share rights cancelled	(108,114)	(44,264)
Shares issued	(217,598)	(55,383)
UNVESTED SHARES AS AT 31 DECEMBER	**542,580**	**598,634**

8.3.4. Features of GPA stock option plans

- "B Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price is BRL 0.01 per option.
- "C Series" stock options are exercisable between the 37th and the 42nd months following the grant date. The exercise price corresponds to 80% of the average of the last 20 closing prices for GPA shares quoted on Bovespa.

Name of plan	Grant date	Exercise period start date	Expiry date	Number of options granted (thousands)	Option exercise price (BRL)	Number of options outstanding as at 31 December 2017 (thousands)
C4 Series	30/05/2017	31/05/2020	30/11/2020	537	56.78	525
B4 Series	30/05/2017	31/05/2020	30/11/2020	537	0.01	380
C3 Series	30/05/2016	30/05/2019	30/11/2019	823	37.21	651
B3 Series	30/05/2016	30/05/2019	30/11/2019	823	0.01	536
C2 Series	29/05/2015	01/06/2018	30/11/2018	337	77.27	266
B2 Series	29/05/2015	01/06/2018	30/11/2018	337	0.01	181
					29.48	**2,539**

Main assumptions used to value stock options

GPA uses the following assumptions to value its plans ("Series" 2, 3 and 4 respectively):

- dividend yield: 1.37%, 2.50% and 0.57%;
- projected volatility: 24.34%, 30.20% and 35.19%;
- risk-free interest rate: 12.72%, 13.25% and 9.28%/10.07%.

The average fair value of outstanding stock options at 31 December 2017 was BRL 39.07.

The table below shows changes in the number of outstanding options and weighted average exercise prices in the years presented:

	2017		2016	
	Number of outstanding options (thousands)	Weighted average exercise price (BRL)	Number of outstanding options (thousands)	Weighted average exercise price (BRL)
Options outstanding as at 1 January	**2,394**	**29.21**	**1,267**	**39.57**
Of which exercisable options	*169*	*80.00*	*2*	*64.13*
Options granted during the period	1,073	28.40	1,645	18.61
Options exercised during the period	(699)	22.14	(374)	13.39
Options cancelled during the period	(110)	40.56	(144)	40.40
Options that expired during the period	(119)	83.33	-	-
OPTIONS OUTSTANDING AS AT 31 DECEMBER	**2,539**	**29.48**	**2,394**	**29.21**
Of which exercisable options	-	-	*169*	*80.00*

8.4. GROSS REMUNERATION AND BENEFITS OF THE MEMBERS OF THE GROUP EXECUTIVE COMMITTEE AND THE BOARD OF DIRECTORS

(€ millions)	**2017**	2016
Short-term benefits excluding social security contributions[1]	22	25
Social security contributions on short-term benefits	4	3
Termination benefits for key executives	2	-
Share-based payments[2]	6	1
TOTAL	**34**	**29**

(1) Gross salaries, bonuses, discretionary and statutory profit-sharing, benefits in kind and directors' fees.
(2) Expense recognised in the income statement in respect of stock option and free share plans.

The members of the Group Executive Committee are not entitled to any specific supplementary pension benefits.

8.5. AVERAGE NUMBER OF GROUP EMPLOYEES

Average full-time equivalent employees by category	**2017**	2016
Managers	11,225	11,021
Staff	180,989	182,144
Supervisors	22,565	22,720
GROUP TOTAL	**214,779**	**215,885**

Note 9 Income tax

Accounting principle

Income tax expense corresponds to the sum of the current taxes due by the various Group companies, adjusted for deferred taxes.

Substantially all qualifying French subsidiaries are members of the tax group headed by Casino, Guichard-Perrachon and file a consolidated tax return.

Current tax expense reported in the income statement corresponds to the tax expense of the parent company of the tax group and of companies that are not members of a tax group.

Deferred tax assets correspond to future tax benefits arising from deductible temporary differences, tax loss carryforwards, unused tax credits and certain consolidation adjustments that are expected to be recoverable.

Deferred tax liabilities are recognised in full for:

- taxable temporary differences, except where the deferred tax liability results from recognition of a non-deductible impairment loss on goodwill or from initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or the tax loss; and
- taxable temporary differences related to investments in subsidiaries, associates and joint ventures, except when the Group controls the timing of the reversal of the difference and it is probable that it will not reverse in the foreseeable future.

Deferred taxes are recognised using the balance sheet approach and in accordance with IAS 12. They are calculated by the liability method, which consists of adjusting deferred taxes recognised in prior periods for the effect of any enacted changes in the income tax rate.

The Group reviews the probability of deferred tax assets being recovered on a periodic basis for each tax entity. This review may, if necessary, lead to the derecognition of deferred tax assets recognised in prior years. The probability for recovery is assessed based on a tax plan indicating the level of projected taxable profits.

The taxable profit used in the assessment is based on that generally obtained over a five-year period. The assumptions underlying the tax plan are consistent with those used in the medium-term business plans and budgets prepared by Group entities and approved by management.

The French corporate value-added tax (*Cotisation sur la Valeur Ajoutée des Entreprises* – CVAE) which is based on the value-added reflected in the separate financial statements, is included in "Income tax expense" in the consolidated income statement.

When payments to holders of equity instruments are deductible for tax purposes, the tax effect is recognised by the Group in the income statement.

9.1. INCOME TAX EXPENSE

9.1.1. Analysis of income tax expense

	2017			2016		
(€ millions)	France	International	Total	France	International	Total
Current income tax	20	(107)	(87)	(30)	(82)	(112)
Other taxes (CVAE)	(60)	-	(60)	(67)	-	(67)
Deferred taxes	102	(10)	91	129	16	145
Total income tax benefit (expense) recorded in the income statement	**61**	**(117)**	**(56)**	**32**	**(66)**	**(34)**
Income tax on items recognised in "Other comprehensive income" (Note 12.6.2)	**19**	**2**	**21**	**-**	**(17)**	**(16)**
Income tax on items recognised in equity	**3**	**-**	**3**	**-**	**(26)**	**(26)**

9.1.2. Tax proof

(€ millions)	2017		2016	
Profit before tax	**316**		**50**	
Theoretical income tax expense[(1)]	**(109)**	**-34.43%**	**(17)**	**-34.43%**
Reconciliation of theoretical income tax expense to actual income tax expense				
Impact of differences in foreign tax rates	18	5.6%	4	7.5%
Recognition of previously unrecognised tax benefits on tax losses and other deductible temporary differences[(2)]	32	10.1%	4	8.0%
Unrecognised deferred tax assets/valuation allowances on recognised deferred tax assets on tax loss carryforwards or other deductible temporary differences[(3)]	(55)	-17.4%	(47)	-95.3%
Reduction in standard French tax rate[(4)]	13	4.2%	51	102.0%
CVAE net of income tax	(40)	-12.5%	(44)	-88.9%
Non-deductible interest expense[(5)]	(21)	-6.5%	(16)	-31.4%
Non-taxable CICE tax credits[(6)]	36	11.3%	33	66.6%
3% surtax on distributed earnings[(7)]	54	17.0%	(16)	-31.8%
Deductible interest on deeply subordinated perpetual bonds	17	5.5%	17	34.1%
Taxation of Mercialys shares[(8)]	13	4.1%	(21)	-41.9%
Other	(15)	-4.6%	18	36.4%
ACTUAL INCOME TAX EXPENSE/EFFECTIVE TAX RATE	**(56)**	**-17.7%**	**(34)**	**-69.2%**

(1) The reconciliation of the effective tax rate paid by the Group is based on the current French rate of 34.43%, unchanged from 2016.

(2) Following the review of earnings outlooks and tax options implemented at Ségisor (French holding company for the voting shares of its Brazilian subsidiary), tax loss carryforwards in an amount of €153 million were recognised, giving rise to deferred tax assets of €44 million. After taking into account profit for the year, deferred tax assets stand at €34 million at 31 December 2017.

(3) In 2017, this concerned the E-commerce segment for €32 million and the Latam Retail segment for €19 million. In 2016, this concerned the E-commerce segment (mainly Cdiscount France) for €48 million.

(4) Following adoption on 21 December 2017 of the 2018 Finance Act providing for a gradual reduction in the French corporate tax rate, deferred taxes have been remeasured at the tax rate that is expected to apply when the temporary differences reverse, i.e. 25.825% in 2022. This change had a positive impact on deferred taxes of €13 million.

(5) Tax laws in some countries cap the deductibility of interest paid by companies. In France, since the 2012 amended Finance Act, companies are required to add back 25% of interest expense to their taxable profit. The resulting income tax amounts disclosed for the periods presented mainly concern French entities.

(6) See Note 6.3.

(7) In 2017, the Group recorded a tax benefit of €60 million corresponding to a refund of the tax on distributed earnings received from the French State at the end of the year.

(8) A deferred tax expense of €10 million has been recorded in 2017 on the taxable temporary difference between the carrying amount of Mercialys shares and their tax basis, in accordance with IAS 12 (excluding the effect of the gradual reduction of the tax rate resulting from the 2018 Finance Act, see (4) above). This deferred tax liability was reduced at the year-end to take into account the tax rate that is expected to apply when the temporary difference reverses, leading to the recognition of a deferred tax benefit of €23 million in 2017.

9.2. DEFERRED TAXES

9.2.1. Change in deferred tax assets

(€ millions)	2017	2016(1)
As at 1 January	687	529
(Expense)/benefit for the year	(158)	(39)
Impact of changes in scope of consolidation	2	(18)
IFRS 5 reclassifications	-	141
Effect of movements in exchange rates and other reclassifications	(32)	86
Changes in deferred tax assets recognised directly in equity	24	(13)
AS AT 31 DECEMBER	**523**	**687**

(1) Opening and closing balances in 2016 have been adjusted by €39 million and €91 million respectively, to reflect the reclassification of tax credits for philanthropic spending in France, from current tax receivables to deferred tax assets.

The net tax expense/income of deferred tax liabilities (Note 9.2.2) of discontinued operations was respectively -€46 million (income) in 2017 and €14 million (expense) in 2016.

9.2.2. Change in deferred tax liabilities

(€ millions)	2017	2016
As at 1 January	1,094	1,225
Expense/(benefit) for the year	(295)	(169)
Impact of changes in scope of consolidation	1	(54)
IFRS 5 reclassifications	-	(38)
Effect of movements in exchange rates and other reclassifications	(74)	135
Changes in deferred tax liabilities recognised directly in equity	(2)	(4)
AS AT 31 DECEMBER	**725**	**1,094**

9.2.3. Deferred tax assets and liabilities by source

		Net	
(€ millions)	Notes	**31 December 2017**	31 December 2016
Intangible assets		(710)	(845)
Property, plant and equipment		(318)	(241)
of which finance leases		*(30)*	*(9)*
Inventories		31	17
Financial instruments		70	164
Other assets		(85)	(114)
Provisions		205	108
Regulated provisions		(141)	(162)
Other liabilities		63	54
of which finance lease liabilities		*2*	*(4)*
Tax loss carryforwards and tax credits		683	610
NET DEFERRED TAX ASSETS (LIABILITIES)		**(202)**	**(408)**
Deferred tax assets recognised in the statement of financial position	9.2.1	523	687
Deferred tax liabilities recognised in the statement of financial position	9.2.2	725	1,094
NET		**(202)**	**(408)**

The tax saving realised by the Casino, Guichard-Perrachon tax group amounted to €243 million in 2017 (2016: €280 million).

Recognised tax loss carryforwards and tax credits mainly concern the Casino Guichard-Perrachon, Éxito and GPA tax groups. The corresponding deferred tax assets have been recognised in the statement of financial position as their utilisation is considered probable in view of the forecast future taxable profits of the companies concerned. At 31 December 2017, deferred tax assets amount to €471 million for Casino, Guichard-Perrachon, €68 million for Éxito and €50 million for GPA. These amounts are expected to be recovered by 2025 for Casino, Guichard-Perrachon, 2021 for Éxito and 2022 for GPA.

9.2.4. Unrecognised deferred tax assets

As at 31 December 2017, unrecognised deferred tax assets for tax loss carryforwards amount to €501 million, representing an unrecognised deferred tax effect of €133 million (31 December 2016: €522 million, representing an unrecognised deferred tax effect of €150 million). The loss carryforwards mainly concern Cdiscount, the Franprix-Leader Price sub-group and Wilkes.

Expiry dates of unrecognised tax loss carryforwards

(€ millions)	**31 December 2017**	31 December 2016
Within one year	1	2
In one to two years	-	-
In two to three years	-	-
In more than three years	3	5
Without expiry date	130	143
TOTAL	**133**	**150**

Note 10 Intangible assets, property, plant and equipment, and investment property

Accounting principle

The cost of non-current assets corresponds to their purchase cost plus transaction expenses including tax. For intangible assets, property, plant and equipment, and investment property, these expenses are added to the assets' carrying amount and follow the same accounting treatment.

10.1. GOODWILL

Accounting principle

At the acquisition date, goodwill is measured in accordance with the accounting principle applicable to "Business combinations", described in Note 3. It is allocated to the cash generating unit or groups of cash generating units that benefit from the synergies of the combination, based on the level at which the return on investment is monitored for internal management purposes. Goodwill is not amortised. It is tested for impairment at each year-end, or whenever events or a change of circumstances indicate that it may be impaired. Impairment losses on goodwill are not reversible. The methods used by the Group to test goodwill for impairment are described in the "Impairment of non-current assets" section in Note 10.5. Negative goodwill is recognised directly in the income statement for the period of the business combination, once the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities have been verified.

10.1.1. Breakdown by business line and geographical area

(€ millions)	**31 December 2017 Net**	31 December 2016 Net
France Retail	**5,594**	**5,670**
Hypermarkets, supermarkets and convenience stores	1,451	1,481
Franprix-Leader Price	2,606	2,651
Monoprix	1,301	1,301
Indian Ocean	176	176
Other	61	61
E-commerce (France)	**59**	**56**
Latam Retail	**3,378**	**3,869**
Argentina	8	11
Brazil (GPA Food)	2,531	2,932
Colombia	521	573
Uruguay	318	354
CASINO GROUP	**9,031**	**9,595**

10.1.2. Movements for the year

(€ millions)	**2017**	2016
Carrying amount as at 1 January	**9,595**	**10,351**
Goodwill recognised during the year[(1)]	41	113
Impairment losses recognised during the year	(5)	(2)
Goodwill written off on disposals[(2)]	(15)	(791)
Effect of movements in exchange rates	(506)	856
IFRS 5 reclassifications[(3)]	(70)	(903)
Other reclassifications and movements	(8)	(30)
CARRYING AMOUNT AS AT 31 DECEMBER	**9,031**	**9,595**

(1) The €41 million increase in goodwill as at 31 December 2017 mainly reflects goodwill of €32 million recognised on the acquisition of various controlling interests by Franprix-Leader Price (Note 3.1.2). The €113 million increase as at 31 December 2016 was attributable to the acquisition of control of Geimex (Note 3.2.6) for €69 million and to acquisitions of controlling interests by Franprix-Leader Price for €35 million (Note 3.2.4).

(2) In 2016, goodwill written off on disposals mainly concerned operations in Thailand.

(3) Goodwill reclassified as "Assets held for sale" in 2016 mainly concerned Via Varejo.

10.2. OTHER INTANGIBLE ASSETS

Accounting principle

Intangible assets acquired separately by the Group are initially recognised at cost and those acquired in business combinations are initially recognised at fair value. Intangible assets consist mainly of purchased software, software developed for internal use, trademarks, patents and lease premiums. Trademarks that are created and developed internally are not recognised in the statement of financial position. Intangible assets are amortised on a straight-line basis over their estimated useful lives, as determined separately for each asset category. Capitalised development costs are amortised over three years and software over three to ten years. Indefinite life intangible assets (including lease premiums and purchased trademarks) are not amortised, but are tested for impairment at each year-end or whenever there is an indication that their carrying amount may not be recovered.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and amortisation methods are reviewed at each year-end and revised prospectively if necessary.

10.2.1. Breakdown of other intangible assets

	31 December 2017			31 December 2016		
(€ millions)	Gross amount	Accumulated amortisation and impairment	Net	Gross amount	Accumulated amortisation and impairment	Net
Concessions, trademarks, licences and banners	1,652	(33)	1,618	1,812	(34)	1,777
Lease premiums	725	(17)	708	789	(23)	766
Software	1,160	(766)	394	1,117	(695)	423
Other	207	(48)	160	195	(53)	142
INTANGIBLE ASSETS	**3,743**	**(864)**	**2,879**	**3,913**	**(804)**	**3,109**

10.2.2. Movements for the year

(€ millions)	Concessions, trademarks, licences and banners	Lease premiums	Software	Other intangible assets	Total
As at 1 January 2016	**2,083**	**907**	**466**	**167**	**3,622**
Changes in scope of consolidation	-	(7)	(7)	(2)	(15)
Additions and acquisitions	1	5	109	84	198
Assets disposed of during the year	(1)	(14)	(6)	(1)	(22)
Amortisation for the year	(2)	(1)	(113)	(21)	(136)
Impairment (losses)/reversals, net	-	(4)	(11)	-	(15)
Effect of movements in exchange rates	351	114	65	18	548
IFRS 5 reclassifications	(656)	(223)	(112)	(82)	(1,072)
Other reclassifications and movements	1	(11)	31	(21)	-
As at 31 December 2016	**1,777**	**766**	**423**	**142**	**3,109**
Changes in scope of consolidation	-	-	1	(1)	-
Additions and acquisitions	1	12	77	93	183
Assets disposed of during the year	-	(17)	-	(1)	(19)
Amortisation for the year	(2)	-	(110)	(9)	(122)
Impairment (losses)/reversals, net	-	5	(17)	-	(11)
Effect of movements in exchange rates	(158)	(46)	(30)	(2)	(236)
IFRS 5 reclassifications	-	(5)	-	-	(5)
Other reclassifications and movements	-	(6)	50	(63)	(19)
AS AT 31 DECEMBER 2017	**1,618** (1)	**708**	**394**	**160**	**2,879**

(1) Including trademarks for €1,613 million.

Internally-generated intangible assets (mainly information systems developments) represented €35 million in 2017 (2016: €31 million).

Intangible assets as at 31 December 2017 include trademarks and lease premiums with an indefinite life, carried in the statement of financial position for €1,613 million and €708 million respectively. These assets are allocated to the following groups of CGUs:

(€ millions)	**31 December 2017**	31 December 2016
Latam Retail	**1,330**	**1,533**
of which Brazil (GPA Food)[(1)]	*1,135*	*1,313*
of which Colombia	*164*	*185*
of which Uruguay	*31*	*34*
France Retail	**987**	**1,000**
of which Casino France	*67*	*73*
of which Franprix-Leader Price	*54*	*60*
of which Monoprix[(1)]	*860*	*861*
E-commerce	**4**	**4**

(1) Trademarks and lease premiums are allocated to the following GPA Food banners in Brazil and Monoprix banners in France:

	31 December 2017		31 December 2016	
(€ millions)	Trademarks	Lease premiums	Trademarks	Lease premiums
GPA Food	**842**	**293**	**975**	**338**
Pão de Açúcar	262	91	304	105
Extra	452	179	523	220
Assaí	128	22	148	11
Other	-	2	-	2
Monoprix	**572**	**289**	**572**	**289**
Monoprix	552	265	552	268
Naturalia	14	24	14	20
Monshowroom	6	-	6	-

Intangible assets were tested for impairment as at 31 December 2017 using the method described in Note 10.5 "Impairment of non-current assets". The test results are presented in the same note.

10.3. PROPERTY, PLANT AND EQUIPMENT

Accounting principle

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditures are recognised in assets if they satisfy the recognition criteria of IAS 16. The Group examines these criteria before incurring the expenditure.

Land is not depreciated. All other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives for each category of assets, with generally no residual value. The main useful lives are as follows:

Asset category	Depreciation period *(years)*
Land	–
Buildings (structure)	50
Roof waterproofing	15
Fire protection of the building structure	25
Land improvements	10 to 40
Building fixtures and fittings	5 to 20
Technical installations, machinery and equipment	5 to 20
Computer equipment	3 to 5

"Roof waterproofing" and "Fire protection of the building structure" are classified as separate items of property, plant and equipment only when they are installed during major renovation projects. In all other cases, they are included in the "Building (structure)" category.

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from derecognition of an asset is determined as the difference between the net sale proceeds, if any, and the carrying amount of the asset. It is recognised in profit or loss ("Other operating income and expenses") when the asset is derecognised.

Residual values, useful lives and depreciation methods are reviewed at each year-end and revised prospectively if necessary.

10.3.1. Breakdown of property, plant and equipment

	31 December 2017			31 December 2016		
(€ millions)	Gross amount	Accumulated depreciation and impairment	Net	Gross amount	Accumulated depreciation and impairment	Net
Land and land improvements	1,932	(93)	1,839	2,133	(95)	2,038
Buildings, fixtures and fittings	4,479	(1,686)	2,794	5,085	(1,851)	3,234
Other	7,407	(4,750)	2,657	7,599	(4,748)	2,851
PROPERTY, PLANT AND EQUIPMENT	**13,818**	**(6,529)**	**7,289**	**14,816**	**(6,694)**	**8,123**

10.3.2. Movements for the year

(€ millions)	Land and land improvements	Buildings, fixtures and fittings	Other	Total
As at 1 January 2016	**2,103**	**3,546**	**3,120**	**8,769**
Changes in scope of consolidation[1]	(174)	(466)	(150)	(790)
Additions and acquisitions	50	134	783	967
Assets disposed of during the year	(33)	(77)	(176)	(285)
Depreciation for the year	(5)	(164)	(431)	(600)
Impairment (losses)/reversals, net	(2)	(9)	(87)	(98)
Effect of movements in exchange rates	125	397	227	749
IFRS 5 reclassifications	(24)	(211)	(216)	(452)
Other reclassifications and movements[2]	(2)	84	(220)	(138)
As at 31 December 2016	**2,038**	**3,234**	**2,851**	**8,123**
Changes in scope of consolidation	-	-	-	(1)
Additions and acquisitions	40	162	729	931
Assets disposed of during the year	(17)	(105)	(126)	(249)
Depreciation for the year	(4)	(148)	(400)	(553)
Impairment (losses)/reversals, net	1	(30)	(25)	(54)
Effect of movements in exchange rates	(99)	(278)	(141)	(518)
IFRS 5 reclassifications	(80)	(188)	(42)	(310)
Other reclassifications and movements[2][3]	(39)	148	(189)	(80)
AS AT 31 DECEMBER 2017	**1,839**	**2,794**	**2,657**	**7,289**

(1) In 2016, mainly reflected the disposal of the Group's operations in Thailand.
(2) Primarily a €59 million decrease concerning the property development business in 2017 (2016: €56 million decrease).
(3) Including €39 million worth of property, plant and equipment in Colombia reclassified as investment property in 2017.

Property, plant and equipment were tested for impairment as at 31 December 2017 using the method described in Note 10.5 "Impairment of non-current assets". The test results are presented in the same note.

10.3.3. Capitalised borrowing costs

Accounting principle

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (typically more than six months) are capitalised in the cost of that asset. All other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs are interest and other costs incurred by an entity in connection with the borrowing of funds.

Interest capitalised in 2017 amounted to €14 million, reflecting an average interest rate of 7.7% (2016: €15 million at an average rate of 8.4%). The decrease in the capitalised amount in 2017 compared to the prior year concerned operations in Argentina.

10.4. INVESTMENT PROPERTY

Accounting principle

Investment property is property held by the Group to earn rental revenue or for capital appreciation or both. The shopping malls owned by the Group are classified as investment property.

Subsequent to initial recognition, they are measured at historical cost less accumulated depreciation and any accumulated impairment losses. Their fair value is disclosed in the notes to the consolidated financial statements. Investment property is depreciated over the same useful life and according to the same rules as owner-occupied property.

10.4.1. Breakdown of investment property

(€ millions)	31 December 2017 Gross amount	Accumulated depreciation and impairment	Net	31 December 2016 Gross amount	Accumulated depreciation and impairment	Net
INVESTMENT PROPERTY	**534**	**(73)**	**460**	**473**	**(62)**	**411**

10.4.2. Movements for the year

(€ millions)	**2017**	2016
As at 1 January	411	771
Changes in scope of consolidation[(1)]	1	(427)
Additions and separately acquired assets	130	79
Assets disposed of during the year	(1)	-
Depreciation for the year	(12)	(10)
Impairment (losses)/reversals, net	(6)	-
Effect of movements in exchange rates	(50)	26
IFRS 5 reclassifications	(42)	-
Other reclassifications and movements[(2)]	29	(28)
AS AT 31 DECEMBER	**460**	**411**

(1) In 2016, this corresponds to the disposal of the Group's operations in Thailand.
(2) Including €39 million worth of property, plant and equipment in Colombia reclassified as investment property in 2017.

As at 31 December 2017, investment property totalled €460 million, of which 70% (€321 million) concerned Éxito. Investment property as at 31 December 2016 amounted to €411 million, of which 65% concerned Éxito.

Amounts recognised in the income statement in respect of rental revenue and operating expenses on investment properties were as follows:

(€ millions)	**2017**	2016
Rental revenue from investment properties	100	65
Directly attributable operating expenses on investment properties		
▪ that generated rental revenue during the year	(21)	(18)
▪ that did not generate rental revenue during the year	(27)	(14)

Fair value of investment property

The main investment properties as at 31 December 2017 were held by Éxito.

As at 31 December 2017, the fair value of investment property was €798 million (31 December 2016: €644 million). For most investment properties, fair value is determined on the basis of valuations carried out by independent external appraisers. In accordance with international valuation standards, they are based on market value as confirmed by market indicators, representing a level 3 fair value input.

The fair value of investment property classified as "Assets held for sale" amounted to €56 million as at 31 December 2017 and concerned the France Retail segment.

10.5. IMPAIRMENT OF NON-CURRENT ASSETS

Accounting principle

The procedure to be followed to ensure that the carrying amount of assets does not exceed their recoverable amount (recovered by use or sale) is defined in IAS 36.

Intangible assets and property, plant and equipment are tested for impairment whenever there is an indication that their carrying amount may not be recoverable and at least annually, at the end of the year, for goodwill and intangible assets with an indefinite useful life.

Cash Generating Units (CGUs)

A cash generating unit is the smallest identifiable group of assets that includes the asset and that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group has defined its cash generating units as follows:

- for hypermarkets, supermarkets and discount stores, each store is treated as a separate CGU;
- for other networks, each network represents a separate CGU.

Impairment indicators

Apart from the external sources of data monitored by the Group (economic environment, market value of the assets, etc.), the impairment indicators used are based on the nature of the assets:

- land and buildings: loss of rent or early termination of a lease;
- operating assets related to the business (assets of the CGU): ratio of net carrying amount of store assets divided by sales (including VAT) higher than a defined level determined separately for each store category;
- assets allocated to administrative activities (headquarters and warehouses): site closure or obsolescence of equipment used at the site.

Recoverable amount

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. It is generally determined separately for each asset. When this is not possible, the recoverable amount of the group of CGUs to which the asset belongs is used.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. In the retail industry, fair value less costs to sell is generally determined on the basis of a sales or EBITDA multiple.

Value in use is the present value of the future cash flows expected to be derived from continuing use of an asset plus a terminal value. It is determined internally or by external experts on the basis of:

- cash flow projections contained usually in business plans covering three years. Cash flows beyond this projection period are usually estimated over a period of three years by applying a growth rate as determined by Management (generally constant);
- a terminal value determined by applying a perpetual growth rate to the final year's cash flow projection.

The cash flows and terminal value are discounted at long-term after-tax market rates reflecting market estimates of the time value of money and the specific risks associated with the asset.

Impairment losses

An impairment loss is recognised when the carrying amount of an asset or the CGU to which it belongs is greater than its recoverable amount. Impairment losses are recorded as an expense under "Other operating income and expenses".

Impairment losses recognised in a prior period are reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment losses on goodwill cannot be reversed.

10.5.1. Movements for the year

Impairment losses recognised in 2017 on goodwill, intangible assets, property, plant and equipment and investment property totalled €76 million (Note 6.5), of which €11 million arose from restructuring operations (mainly in the France Retail segment) and €63 million corresponded to write-downs of individual assets (mainly in the France Retail segment for €34 million and the Latam Retail segment for €28 million).

Following the tests carried out in 2016, impairment losses totalling €115 million had been recognised on goodwill, intangible assets and property, plant and equipment, of which €58 million arose from restructuring operations mainly in the France Retail segment and €49 million corresponded to write-downs of individual assets (primarily in the France Retail and E-commerce segments).

10.5.2. Goodwill impairment losses

Annual impairment testing consists of determining the recoverable amounts of the cash generating unit (CGU) or groups of CGUs to which the goodwill is allocated and comparing them with the carrying amounts of the relevant assets. Goodwill arising on the initial acquisition of networks is allocated to the groups of CGUs in accordance with the classifications presented in Note 10.1.1. Some goodwill may also occasionally be allocated directly to CGUs.

Annual impairment testing consists of determining the recoverable amount of each CGU based on value in use, in accordance with the principles described in Note 10.1. Value in use is determined by the discounted cash flows method, based on after-tax cash flows and using the following rates.

Assumptions used in 2017 for internal calculations of values in use

Region	2017 perpetual growth rate[1]	2017 after-tax discount rate[2]	2016 perpetual growth rate[1]	2016 after-tax discount rate[2]
France (retail)[3]	1.8%	5.6%	1.7%	5.6%
France (other businesses)[3]	1.8% and 2.3%	5.6% and 7.0%	1.7% and 2.2%	5.6% and 7.2%
Argentina	8.8%	15.5%	8.5%	17.1%
Brazil[4]	5.5%	9.9%	6.0%	12.4% and 11.6%[6]
Colombia[4]	3.0%	8.8%	3.0%	8.9%
Uruguay	6.1%	11.8%	6.6%	13.2%
Indian Ocean[5]	1.8% to 5.0%	5.6% to 14.8%	1.7% to 5.5%	5.6% to 14.2%

(1) The inflation-adjusted perpetual growth rate ranges from 0% to 1.5% depending on the nature of the CGU's business/banner and country.
(2) The discount rate corresponds to the weighted average cost of capital (WACC) for each country. WACC is calculated at least once a year during the annual impairment testing by taking account of the sector's levered beta, a market risk premium and the Group's cost of debt.
(3) In France, the discount rate also takes account of the CGU's type of business/banner and the associated operational risks.
(4) As at 31 December 2017, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €5,296 million, €2,073 million and €1,516 million, respectively. With the exception of Cnova, these market capitalisations were less than the carrying amount of the subsidiaries' net assets. Impairment tests on GPA and Éxito goodwill were performed based on their value in use (see below).
(5) The Indian Ocean region includes Reunion, Mayotte, Madagascar and Mauritius. The discount rates used reflect the risks inherent in each of these regions.
(6) The discount rate applied to cash flows is 12.4% for the three-year business plan period and 11.6% beyond to take into account inflation and interest rate assumptions for the projection period.

No impairment loss was recognised as at 31 December 2017 from the annual goodwill impairment test conducted at the end of the year. However, an impairment loss of €5 million was recognised during the year on goodwill allocated to an isolated CGU.

With the exception of Franprix-Leader Price, in view of the positive difference between value in use and carrying amount, the Group believes that on the basis of reasonably foreseeable events, any changes in the key assumptions set out above would not lead to the recognition of an impairment loss. The Group considers reasonably foreseeable changes in key assumptions to be a 100-basis point increase in the discount rate or a 25-basis point decrease in the perpetual growth rate used to calculate terminal value or a 50-basis point decrease in the EBITDA margin for the cash flow projection used to calculate the terminal value.

The recoverable amount of the Franprix-Leader Price CGU was determined by reference to its value in use, calculated from cash flow projections based on three-year financial budgets approved by executive management, extrapolation of projections over a period of three years and a 5.6% discount rate (2016: 5.6%).

The cash flow projections for the budget period were based on the following assumptions:

- deployment of the new concept at Leader Price;
- ongoing deployment of a banner strategy based on a balance between integrated management stores and franchisees;
- restoration of the two banners' profitability (EBITDA margins) to a rate in line with the historical average, led by larger product volumes and optimised store and upstream function cost bases.

Management believes that a change in a key assumption could result in a carrying amount greater than the recoverable amount. The table below shows the individual change in each of the key assumptions that would be required for the estimated recoverable amount of the Franprix-Leader Price CGU to be the same as its carrying amount (including €2,536 million in goodwill).

Change required for the Franprix-Leader Price CGU's carrying amount to be the same as its recoverable amount	31 December 2017[1]	31 December 2016
After-tax discount rate (5.6%)	+90 bps	+100 bps
Perpetual growth rate net of inflation (0%)	-110 bps	-120 bps
EBITDA margin used for the annual cash flow projection	-125 bps	-120 bps

(1) A reasonable 100-bps increase in the discount rate, and/or a 50-bps decrease in the EBITDA margin used for the cash flow projection, would result in the carrying amount of the Franprix-Leader Price CGU exceeding its recoverable amount by between €0 and €300 million.

10.5.3. Trademark impairment losses

The recoverable amounts of trademarks were estimated at the year-end using the “discounted cash flows” method. The main trademarks concern GPA. The Extra banner’s trademark (representing a carrying amount of €452 million as at 31 December 2017) is the most exposed to a risk of impairment. However, the tests carried out as at 31 December 2017 did not reveal any evidence that the trademark’s carrying amount might not be recoverable.

The table below shows the individual change in each of the key assumptions that would be required for the estimated recoverable amount of the Extra trademark to be the same as its carrying amount:

Change required for the Extra trademark’s carrying amount to be the same as its recoverable amount	31 December 2017(1)
After-tax discount rate (9.9%)	+180 bps
Perpetual growth rate net of inflation (1.5%)	-315 bps
EBITDA margin used for the annual cash flow projection	-165 bps

(1) A reasonable 100-bps increase in the discount rate, combined with a 50-bps decrease in the EBITDA margin used for the cash flow projection and a 25-bps decrease in the perpetual growth rate, would result in the carrying amount of the Extra CGU (including the trademark) exceeding its recoverable amount by approximately €60 million.

Note 11 Financial structure and finance costs

Accounting principle

Financial assets

All financial assets are initially recognised at fair value.

Financial assets are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

The Group does not own any financial assets qualified as held-to-maturity financial assets.

- ***Financial assets at fair value through profit or loss***

A financial asset is classified as a financial asset at fair value through profit or loss if it is classified as held for trading or designated as such on initial recognition. These assets are initially recognised at fair value and any subsequent changes in fair value, taking into account interest and dividends, are recorded in profit or loss.

The Group can thus designate its short-term investments at fair value on initial recognition.

- ***Loans and receivables***

Loans and receivables are financial assets issued or acquired by the Group in exchange for cash, goods or services that are paid, delivered or rendered to a debtor. They are measured at amortised cost using the effective interest method. Long-term loans and receivables that are not interest-bearing or that bear interest at a below-market rate are discounted when the amounts involved are material. Any impairment loss is recognised in the income statement.

This category primarily includes trade receivables, liquid assets as well as other loans and receivables.

- ***Available-for-sale financial assets***

Available-for-sale financial assets correspond to all other financial assets. They are measured at fair value. Gains and losses arising from re-measurement at fair value are recognised in other comprehensive income until the asset is sold, collected or otherwise disposed of or until there is evidence of material or other-than-temporary impairment of the asset. In these cases, gains and losses that were previously recognised in other comprehensive income are reclassified to the income statement.

Impairment losses on available-for-sale equity instruments are irreversible and any subsequent increase in fair value is recognised directly in other comprehensive income.

Any subsequent increase in fair value of available-for-sale debt instruments is recognised in the income statement to the extent of the impairment loss previously recognised in the income statement.

This category mainly comprises investments in non-consolidated companies.

- ***Cash and cash equivalents***

Cash and cash equivalents consist of cash on hand and short-term investments.

To be classified as cash equivalents under IAS 7, investments must be:

- short-term investments;
- highly liquid investments;
- readily convertible to known amounts of cash;
- subject to an insignificant risk of changes in value.

Usually, the Group uses interest bearing bank accounts or term deposits of less than three months.

- ***Derecognition of financial assets***

Financial assets are derecognised in the following two cases:

- the contractual rights to the cash flows from the financial asset have expired; or,
- the contractual rights have been transferred. In this latter case:
  - if substantially all the risks and rewards of ownership of the financial asset have been transferred, the asset is derecognised in full,
  - if substantially all the risks and rewards of ownership are retained by the Group, the financial asset continues to be recognised in the statement of financial position for its total amount.

The Group has set up receivables discounting programmes with banks. These programmes generally meet the conditions for derecognition of financial assets under IAS 39 described above. The Group considers as insignificant the risk of discounted receivables being cancelled by credit notes or being set off against liabilities. The main receivables discounting programmes relate to GPA. The programmes are set up with banks and credit card issuers and correspond for the most part to sales of credit card receivables (in Brazil, it takes several weeks for vendors to receive settlement of credit card transactions). The contract terms do not include any rights of subrogation or related obligations and the risks and rewards of ownership of the receivables are transferred to the bank or credit card issuer which controls them.

The other receivables discounting programmes have been set up in France and relate to trade and tax receivables; risks and rewards of ownership of those receivables are also transferred to the bank.

Financial liabilities

Financial liabilities are classified as current if they are due in less than one year at the closing date and non-current if they are due in more than one year.

▪ *Financial liabilities recognised at amortised cost*

Borrowings and other financial liabilities at amortised cost are initially measured at the fair value of the consideration received, and subsequently at amortised cost, using the effective interest method. Transaction costs and issue and redemption premiums directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. The costs are then amortised over the life of the liability by the effective interest method.

Within the Group, some loans and other financial liabilities at amortised cost are hedged.

Several subsidiaries have set up reverse factoring programmes with financial institutions to enable their suppliers to collect receivables more quickly in the ordinary course of the purchasing process.

The accounting policy for these transactions depends on whether or not the characteristics of the liabilities concerned have been changed. For example, when trade payables are not substantially modified (term and due date, consideration, face value) they continue to be recorded under "Trade payables". Otherwise, they are qualified as financing transactions and included in financial liabilities under "Trade payables – structured programme".

▪ *Financial liabilities at fair value through profit or loss*

These are financial liabilities intended to be held on a short-term basis for trading purposes. They are measured at fair value and gains and losses arising from remeasurement at fair value are recognised in the income statement. The Group does not recognise any financial liabilities at fair value through profit or loss.

The accounting treatment of put options granted to owners of non-controlling interests ("NCI puts") is described in Note 3.4.1.

Derivative instruments

All derivative instruments are recognised in the statement of financial position and measured at fair value.

▪ *Derivative financial instruments that qualify for hedge accounting: recognition and presentation*

In accordance with IAS 39, the Group applies hedge accounting to:

- fair value hedges (for example, swaps to convert fixed rate debt to variable rate). In this case, the debt is recognised at fair value up to the amount of the hedged risk and any change in fair value is recognised in profit or loss. Gains and losses arising from remeasurement at fair value of the derivative are also recognised in profit or loss. If the hedge is entirely effective, the loss or gain on the hedged debt is offset by the gain or loss on the derivative;
- cash flow hedges (for example, swaps to convert floating rate debt to fixed rate or to change the borrowing currency, and hedges of budgeted purchases billed in a foreign currency). For these hedges, the ineffective portion of the change in the fair value of the derivative is recognised in profit and loss and the effective portion is recognised in other comprehensive income and subsequently reclassified to profit or loss on a symmetrical basis with the hedged cash flows in terms of both timing and classification (*i.e.* in trading profit for hedges of operating cash flows and in net financial income and expense for other hedges);
- hedges of net investments in foreign operations. For these hedges, the effective portion of the change in fair value attributable to the hedged foreign currency risk is recognised net of tax in other comprehensive income and the ineffective portion is recognised directly in financial income or expense. Gains or losses accumulated in other comprehensive income are reclassified to profit or loss on the date of liquidation or disposal of the net investment.

Hedge accounting may only be used if:

- the hedging relationship is clearly defined and documented at inception; and
- the effectiveness of the hedge can be demonstrated at inception and throughout its life.

▪ *Derivative financial instruments that do not qualify for hedge accounting: recognition and presentation*

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, successive changes in its fair value are recognised directly in profit or loss for the period under "Other financial income and expenses".

Definition of net debt

Net debt corresponds to loans and other borrowings including derivatives designed as fair value hedge (liabilities) and trade payables – structured programme, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and as short-term investments, (iii) derivatives designated as fair value hedge (assets), (iv) financial assets arising from a significant disposal of non-current assets and (v) net assets held for sale attributable to owners of the parent of the selling subsidiary.

11.1. NET CASH AND CASH EQUIVALENTS

(€ millions)	31 December 2017	31 December 2016
Cash equivalents	1,531	2,429
Cash	1,860	3,321
Cash and cash equivalents	**3,391**	**5,750**
Bank overdrafts (Note 11.2.4)	(154)	(136)
NET CASH AND CASH EQUIVALENTS	**3,236**	**5,614**

As at 31 December 2017, cash and cash equivalents were not subject to any material restrictions, except for the €24 million placed in escrow in connection with the class action against Cnova N.V. (Note 13.3). Bank guarantees are presented in Note 6.11.1.

11.2. FINANCIAL LIABILITIES

11.2.1. Breakdown of financial liabilities

Financial liabilities amounted to €8,722 million as at 31 December 2017 (31 December 2016: €10,215 million), breaking down as follows:

		31 December 2017			31 December 2016		
(€ millions)	Notes	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Bonds[1]	11.2.3	6,008	498	6,506	6,165	804	6,969
Other borrowings and financial liabilities	11.2.4	1,164	956	2,120	1,479	1,601	3,080
Finance lease liabilities	7.5	47	17	65	63	16	79
Fair value hedges – liabilities[2]	11.5.1	10	22	32	26	61	87
Financial liabilities		**7,229**	**1,493**	**8,722**	**7,733**	**2,482**	**10,215**
Fair value hedges – assets[3]	11.5.1	(94)	(4)	(98)	(257)	(34)	(291)
Other financial assets	6.8.1	-	(38)	(38)	-	(39)	(39)
Net assets held for sale attributable to owners of the parent of the selling subsidiary	3.5	-	(1,070)	(1,070)	-	(768)	(768)
Cash and cash equivalents	11.1	-	(3,391)	(3,391)	-	(5,750)	(5,750)
Cash and cash equivalents, other financial assets and net assets held for sale		**(94)**	**(4,502)**	**(4,596)**	**(257)**	**(6,591)**	**(6,848)**
NET DEBT		**7,136**	**(3,010)**	**4,126**	**7,476**	**(4,109)**	**3,367**

(1) Of which bond issues totalling €5,757 million in France and €749 million at GPA as at 31 December 2017 (31 December 2016: of which bond issues totalling €6,269 million in France and €700 million at GPA).

(2) Of which fair value hedges totalling €16 million in Brazil, €10 million in Colombia and €6 million in France as at 31 December 2017 (31 December 2016: €80 million in Brazil, €5 million in Colombia and €3 million in France).

(3) Of which fair value hedges totalling €89 million in France, €7 million in Brazil and €2 million in Colombia as at 31 December 2017 (31 December 2016: €257 million in France, €31 million in Brazil and €3 million in Colombia).

Breakdown of net debt by operating segment

(€ millions)	31 December 2017				31 December 2016			
	Debt[1]	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt	Debt[1]	Cash and cash equivalents	Net assets classified under IFRS 5 attributable to owners of the parent	Net debt
France Retail	6,022	(1,872)	(435)	3,715	6,884	(3,614)	(70)	3,200
Latam Retail	2,326	(1,475)	(7)	845	2,973	(1,939)	(1)	1,032
of which GPA Food	*1,147*	*(952)*	*(6)*	*189*	*1,713*	*(1,492)*	*-*	*221*
of which Éxito[2]	*1,179*	*(522)*	*(1)*	*655*	*1,259*	*(447)*	*(1)*	*810*
Latam Electronics	-	-	(628)	(628)	-	-	(697)	(697)
E-commerce	238	(44)	-	194	28	(196)	-	(168)
TOTAL	**8,586**	**(3,391)**	**(1,070)**	**4,126**	**9,885**	**(5,750)**	**(768)**	**3,367**

(1) Financial liabilities net of fair value hedging derivatives assets and other financial assets.
(2) Éxito excluding GPA, including Argentina and Uruguay.

11.2.2. Change in financial liabilities

(€ millions)	2017	2016
Financial liabilities at beginning of period	*10,215*	*11,735*
Fair value hedges – assets	*(291)*	*(675)*
Financial liabilities at beginning of period (including hedging instruments)	**9,924**	**11,059**
New borrowings[1][5]	1,589	1,577
Repayments of borrowings[2][5]	(2,534)	(2,826)
Change in fair value of hedged debt	92	46
Change in accrued interest	(109)	215
Effect of movements in exchange rates	(352)	528
Changes in scope of consolidation[3]	10	(534)
Reclassification of financial liabilities associated with non-current assets held for sale	(17)	(349)
Other and reclassifications[4]	22	209
Financial liabilities at end of period (including hedging instruments)	**8,625**	**9,924**
Financial liabilities at end of period (Note 11.2.1)	*8,722*	*10,215*
Fair value hedges – assets (Note 11.2.1)	*(98)*	*(291)*

(1) New borrowings in 2017 primarily consisted of the following: (a) a bond issue by GPA for €300 million along with a GPA promissory notes issue in BRL for €222 million and new borrowings for €132 million; (b) drawdowns on lines of credit and new borrowings at Éxito for €216 million and €493 million, respectively; and (c) the impact of the bond exchange in France for €147 million net of transaction costs (Note 2). New borrowings in 2016 mainly included: (a) net increase in negotiable European commercial paper (NEU CP) for €97 million; (b) new borrowings by Éxito for €224 million, by Brazilian subsidiaries for €458 million (including €106 million for GPA and €353 million for Cnova Brazil), and Big C Thailand for €207 million, and (c) a bond issue by GPA for €262 million together with two promissory notes issues for €260 million.

(2) Repayments of borrowings in 2017 primarily concerned Casino, Guichard-Perrachon for €883 million (including (a) redemption of a €552 million bond issue and (b) the €311 million net change in borrowings under the negotiable European commercial paper program), GPA for €974 million and Éxito for €649 million. In 2016, repayments of borrowings mainly concerned Casino, Guichard-Perrachon for €1,384 million (including (a) €978 million in bond buybacks and (b) redemption of a €386 million bond issue) and GPA for €993 million (including (a) €385 million in settlements of reverse factored trade payables ("structured programme"), (b) €528 million in miscellaneous debt repayments, and (c) €130 million in repayments of promissory notes.

(3) Including, in 2016, a negative €502 million following the disposal of operations in Thailand and a negative €67 million relating to the disposal of operations in Vietnam (Note 3.5.2).

(4) Including €238 million in reverse factored trade payables in 2016.

(5) In 2017, cash flows relating of financing activities can be summarised as a net disbursement of €1,450 million; they consist of repayments of borrowings for €2,354 million and net interest paid for €505 million (Note 4.9), offset by new borrowings for €1,589 million.

11.2.3. Breakdown of bonds

(€ millions)	Principal[(1)]	Nominal interest rate[(2)]	Effective interest rate[(2)]	Issue date	Maturity date	**2017[(3)]**	2016[(3)]
CGP bonds in euros	**5,614**					**5,757**	**6,269**
2017 bonds		F: 4.38	5.27%	February 2010	February 2017	-	552
2018 bonds	355	F: 5.73	6.47%	May 2010	November 2018	361	527
2019 bonds	697	F: 4.41	4.04%	August 2012 April 2013	August 2019	714	884
2020 bonds	540	F: 5.24	5.28%	March 2012	March 2020	559	631
2021 bonds	850	F: 5.98	6.38%	May 2011	May 2021	898	919
2022 bonds	550	F: 1.87	2.90%	June 2017	June 2022	523	-
2023 bonds	758	F: 4.56	4.47%	January 2013 May 2013	January 2023	811	833
2024 bonds	900	F: 4.50	5.44%	March 2014	March 2024	912	932
2025 bonds	450	F: 3.58	3.62%	December 2014	February 2025	449	448
2026 bonds	514	F: 4.05	4.09%	August 2014	August 2026	530	543
GPA bonds in BRL	**753**					**749**	**700**
2017 bonds	-	V: 108.0% CDI	V: 108.0% CDI	August 2016	January 2017	-	146
2019 bonds	227	V: 107.0% CDI	V: 107.0% CDI	September 2014	September 2019[(4)]	227	262
2019 bonds	255	V: 97.5% CDI	V: 97.5% CDI	December 2016	December 2019	255	291
2020 bonds	272	V: 96.0% CDI	V: 96.0% CDI	April 2017	April 2020	268	-
TOTAL BONDS						**6,506**	**6,969**

(1) Corresponds to the principal of the bonds outstanding as at 31 December 2017.
(2) F (Fixed rate) – V (Variable rate) – CDI (Certificado de Depósito Interbancário). The effective interest rates on Casino, Guichard-Perrachon bonds do not reflect the possible impact of the remeasurement component relating to fair value hedges.
(3) The amounts above include the remeasurement component relating to fair value hedges. They are presented excluding accrued interest.
(4) The repayment of this bond will take place for equal parts in September 2018 and September 2019.

11.2.4. Other borrowings

(€ millions)	Principal	Type of rate	Issue date	Maturity date	2017	2016
France						
Negotiable European commercial paper (Casino Guichard-Perrachon)	210	Fixed	(1)	(1)	210	522
Other Franprix-Leader Price borrowings	72	Variable/Fixed(2)	2010 to 2015	2019 to 2024	72	85
Other(3)					24	31
International						
GPA	297	Variable(4)/Fixed(5)	January 2012 to September 2017	January 2018 to May 2027	296	744
Éxito	1,155	Variable(4)	August 2015 to December 2017	February 2018 to August 2025	1,149	1,241
Bank overdrafts(6)					**154**	**136**
Accrued interest(7)					**215**	**321**
TOTAL OTHER BORROWINGS					**2,120**	**3,080**
Of which variable rate					*1,682*	*2,218*

(1) Negotiable European commercial paper (NEUCP) is short-term financing generally with a maturity of less than 12 months.
(2) Of which fixed-rate loans amounting to €2 million as at 31 December 2017 (31 December 2016: €4 million).
(3) Of which €15 million concerning Cdiscount (31 December 2016: €17 million).
(4) Most of GPA and Éxito's variable-rate loans pay interest at rates based on the CDI and IBR, respectively.
(5) Of which fixed-rate loans amounting to €11 million as at 31 December 2017 (31 December 2016: €15 million).
(6) Overdrafts are mostly in France.
(7) Accrued interest relates to all financial liabilities including bonds. As at 31 December 2017, this accrued interest primarily concerned Casino, Guichard-Perrachon for €164 million and GPA for €44 million (31 December 2016: Casino, Guichard-Perrachon for €157 million and GPA for €156 million).

Confirmed bank credit lines 2017

		Expiry date			
(€ millions)	Interest rate	Within one year	In more than one year	Amount of the facility	Drawdowns
Casino, Guichard-Perrachon syndicated credit lines(1)	Variable(1)	-	1,825	1,825	-
Casino, Guichard-Perrachon bilateral credit lines	Variable(2)	50	823	873	-
Other confirmed bank credit lines(4)	Variable(3)	457	570	1,027	28
TOTAL		**507**	**3,218**	**3,725**	**28**

(1) Syndicated credit lines comprise a €1,200 million line expiring in February 2021 and a USD 750 million line expiring in July 2022 (Note 2). Interest is based on Euribor (drawdowns in euros) or US Libor (drawdowns in US dollars) for the drawdown period plus a spread that depends on the amount borrowed and the Group's net debt/EBITDA ratio.
(2) Interest on the bilateral credit lines is based on the Euribor for the drawdown period plus a spread. In some cases, the spread varies depending on the amount borrowed (lines totalling €250 million) and/or the Group's net debt/EBITDA ratio (lines totalling €250 million). For one line, the spread is partially indexed to the Group's Sustainalytics CSR rating.
(3) Interest on the other lines is based on the reference rate (which depends on the borrowing currency) plus a spread. In some cases, the spread varies depending on the subsidiary's net debt/EBITDA ratio (lines totalling €370 million) and/or the amount borrowed (lines totalling €450 million).
(4) The other confirmed bank credit lines concern Monoprix (€570 million), GPA (€289 million) and Éxito (€168 million).

11.3. NET FINANCIAL INCOME (EXPENSE)

Accounting principle

Net finance costs

Net finance costs correspond to all income and expenses generated by cash and cash equivalents and financial liabilities during the period, including income from cash and cash equivalents, gains and losses on disposals of cash equivalents, interest expense on financial liabilities, gains and losses on interest rate hedges (including the ineffective portion) and related currency effects, and trade payable – structured program costs.

Other financial income and expenses

This item corresponds to financial income and expenses that are not included in net finance costs.

It includes dividends received from non-consolidated companies, non-recourse factoring and associated transaction costs, discounting adjustments (including to provisions for pensions and other post-employment benefit obligations), gains and losses arising from remeasurement at fair value of equity derivatives, and impairment losses and realised gains and losses on financial assets other than cash and cash equivalents. Exchange gains and losses are also recorded under this caption, apart from (i) exchange gains and losses on cash and cash equivalents and financial liabilities, which are presented under net finance costs, and (ii) the effective portion of accounting hedges of operating transactions, which are included in trading profit.

Financial discounts for prompt payments are recognised in financial income for the portion corresponding to the normal market interest rate and as a deduction from cost of goods sold for the supplement.

11.3.1. Net finance costs

(€ millions)	**2017**	2016
Gains (losses) on disposals of cash equivalents	-	-
Income from cash and cash equivalents	81	110
Income from cash and cash equivalents	**81**	**110**
Interest expense on borrowings after hedging(1)	(439)	(427)
Interest expense on finance lease liabilities	(10)	(8)
Finance costs	**(449)**	**(434)**
NET FINANCE COSTS	**(367)**	**(324)**

(1) In 2016, income of €13 million was recognised following exercise of the call option on the mandatory convertible bonds issued by Monoprix as well as a €33 million gain as a result of bond buybacks (not including the effect of future interest savings).

11.3.2. Other financial income and expenses

(€ millions)	**2017**	2016
Investment income	1	-
Foreign currency exchange gains (other than on borrowings)	19	40
Discounting and accretion adjustments	2	2
Gains on remeasurement at fair value of non-hedging derivative instruments(1)	89	185
Other	50	58
Other financial income	**161**	**286**
Foreign currency exchange losses (other than on borrowings)	(25)	(38)
Discounting and accretion adjustments	(8)	(12)
Losses on remeasurement at fair value of non-hedging derivative instruments(1)	(42)	(116)
Non-recourse factoring and associated transaction costs	(83)	(78)
Other	(81)	(77)
Other financial expenses	**(239)**	**(321)**
TOTAL OTHER FINANCIAL INCOME AND EXPENSES	**(78)**	**(35)**

(1) The net gain of €47 million on remeasurement at fair value of non-hedging derivative instruments reported in 2017 mainly reflects (a) positive fair value adjustments to the GPA TRS (€32 million) and GPA forward (€51 million), less the cost of carry associated with these instruments (€15 million); and (b) negative fair value adjustments to other derivative instruments (€21 million). In 2016, the net gain of €69 million primarily reflected positive fair value adjustments to the GPA TRS (€30 million), the GPA forward (€15 million) and the Big C Thailand TRS (€23 million) which was unwound during the period.

The total return swap (TRS) and forward contracts on GPA shares are cash-settled instruments. The documentation states that when the contracts expire, the shares will be sold on the market by the banking counterparties, and the Group will receive or pay the difference between the sale proceeds and the amount paid by the counterparties to purchase the shares at the contracts' inception. The Group retains the economic benefits of ownership of the shares (exposure to changes in the subsidiaries' share prices and collection of dividends) but does not have legal title to the shares and cannot exercise the related voting rights. Details of the contracts are as follows:

- In December 2011, the Group entered into a 2.5-year TRS with a financial institution on 7.9 million GPA American Depositary Receipts (ADRs). The contract's maturity was extended on 23 December 2016 and again on 27 October 2017. The interest rate is currently set at the 3-month Euribor plus 199 bps and the contract expires in June 2020. This TRS is a derivative instrument measured at fair value through profit or loss. As at 31 December 2017, it related to 7.8 million ADRs (2.9% of GPA's capital) representing a notional amount of €332 million, and had a negative fair value of €177 million (31 December 2016: 7.8 million ADRs, a notional amount of €332 million and a negative fair value of €209 million).
- At the end of December 2012, the Group entered into a 2-year forward contract with a financial institution on 5.8 million GPA shares. On 28 July 2016, the maturity was extended and the notional amount was reduced by USD 105 million (€95 million), resulting in a cash payment made by the Group on the same day. The maturity was extended again in June 2017. The interest rate currently corresponds to the 3-month Libor plus 204 bps and the contract expires in February 2020. This forward is a derivative instrument measured at fair value through profit or loss. As at 31 December 2017, it related to 5.8 million shares (2.2% of GPA's capital) representing a notional amount of USD 239 million (€199 million), and had a negative fair value of €83 million (31 December 2016: 5.8 million shares, a notional amount of USD 239 million (€227 million) and a negative fair value of €134 million).

In 2012, the Group entered into a TRS with a financial institution on 20.6 million Big C Thailand shares. The TRS was settled in 2016, leading to the recognition of €23 million in "Other financial income" corresponding to the net cash settlement on the TRS for €2 million and the positive change in fair value for €21 million.

These instruments' fair value is determined based on the estimated settlement price on 31 December, using the share price on that date. The instruments had a negative fair value of €260 million as at 31 December 2017 (2016: negative fair value of €343 million) (Note 11.5.1).

11.4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting principle

Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable either directly (*i.e.* as prices) or indirectly (*i.e.* derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value of financial instruments traded in an active market is the quoted price on the reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are classified as Level 1.

The fair value of financial instruments which are not quoted in an active market (such as over-the-counter derivatives) is determined using valuation techniques. These techniques use observable market data wherever possible and make little use of the Group's own estimates. If all the inputs required to calculate fair value are observable, the instrument is classified as Level 2.

If one or more significant inputs are not based on observable market data, the instrument is classified as Level 3.

11.4.1. Financial assets and liabilities by category of instrument

Financial assets

The following table shows financial assets by category.

The Group does not hold any assets that would be classified in the categories “financial assets at fair value through profit or loss” or “held-to-maturity financial assets”.

(€ millions)	Total financial assets	Breakdown by category of instrument				
		Held-for-trading financial assets	Hedging instruments	Loans and receivables	AFS – measured at fair value	AFS – measured at cost
AS AT 31 DECEMBER 2017						
Other non-current assets[1]	703	-	94	573	32	4
Trade receivables	946	-	-	946	-	-
Other current assets[1]	780	-	4	776	-	-
Cash and cash equivalents	3,391	4	-	3,386	-	-
As at 31 December 2016						
Other non-current assets[1]	787	12	257	481	35	2
Trade receivables	880	-	-	880	-	-
Other current assets[1]	979	2	54	922	-	-
Cash and cash equivalents	5,750	23	-	5,727	-	-

(1) Excluding non-financial assets.

Financial liabilities

The following table shows financial liabilities by category.

(€ millions)	Total financial liabilities	Breakdown by category of instrument		
		Liabilities at amortised cost	NCI Puts	Derivative instruments
AS AT 31 DECEMBER 2017				
Bonds	6,506	6,506	-	-
Other borrowings and financial liabilities	2,152	2,120	-	32
Put options granted to owners of non-controlling interests	171	-	171	-
Finance lease liabilities	65	65	-	-
Trade payables	6,649	6,649	-	-
Other liabilities[1]	2,086	1,809	-	277
As at 31 December 2016				
Bonds	6,969	6,969	-	-
Other borrowings and financial liabilities	3,167	3,080	-	87
Put options granted to owners of non-controlling interests	382	-	382	-
Finance lease liabilities	79	79	-	-
Trade payables	6,939	6,939	-	-
Other liabilities[1]	2,166	1,822	-	344

(1) Excluding non-financial liabilities.

11.4.2. Fair value hierarchy for assets and liabilities

The tables below compare the carrying amount and fair value of consolidated financial assets and liabilities, other than those for which the carrying amount corresponds to a reasonable approximation of fair value such as trade receivables, trade payables, cash and cash equivalents and bank overdrafts. The fair value of investment property is presented in Note 10.4 and the fair value of Via Varejo's net assets held for sale in Note 3.5.2.

As at 31 December 2017 (€ millions)	Carrying amount	Fair value	Fair value hierarchy: Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
ASSETS	**130**	**130**	**-**	**98**	**32**
Available-for-sale financial assets[1]	32	32	-	-	32
Fair value hedges – assets[2]	98	98	-	98	-
Other derivative instruments – assets	-	-	-	-	-
LIABILITIES	**9,170**	**9,701**	**6,288**	**3,242**	**171**
Bonds[3]	6,506	7,040	6,288	752	-
Other borrowings and finance lease liabilities[4]	2,184	2,181	-	2,181	-
Fair value hedges – liabilities[2]	32	32	-	32	-
Other derivative instruments – liabilities[2]	277	277	-	277	-
Put options granted to owners of non-controlling interests[5]	171	171	-	-	171

As at 31 December 2016 *(€ millions)*	Carrying amount	Fair value	Fair value hierarchy: Market price = Level 1	Models with observable inputs = Level 2	Models with unobservable inputs = Level 3
Assets	**361**	**361**	**-**	**313**	**48**
Available-for-sale financial assets[1]	35	35	-	-	35
Fair value hedges – assets[2]	291	291	-	291	-
Other derivative instruments – assets	35	35	-	23	12
Liabilities	**10,940**	**11,435**	**6,964**	**4,276**	**195**
Bonds[3]	6,969	7,470	6,778	692	-
Other borrowings and finance lease liabilities[4]	3,158	3,152	-	3,152	-
Fair value hedges – liabilities[2]	87	87	-	87	-
Other derivative instruments – liabilities[2]	344	344	-	344	-
Put options granted to owners of non-controlling interests[5]	382	382	186	-	195

(1) The fair value of available-for-sale financial assets is generally measured using standard valuation techniques. If their fair value cannot be determined reliably, they are not included in this note.

(2) Derivative financial instruments are valued (internally or externally) on the basis of the widely used valuation techniques for this type of instruments. Valuation models are based on observable market inputs (mainly the yield curve) and counterparty quality. Derivatives held as fair value hedges are almost fully backed by borrowings.

(3) The fair value of bonds is based on the latest quoted price on the reporting date.

(4) The fair value of other borrowings has been measured using other valuation techniques such as the discounted cash flow method, taking into account the Group's credit risk and interest rate conditions at the reporting date.

(5) The fair value of put options granted to owners of non-controlling interests is measured by applying the contract's calculation formulas and is discounted, if necessary. These formulas are considered to be representative of fair value and notably use net profit multiples.

11.5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks associated with the Group's financial instruments are market risks (foreign currency risk, interest rate risk and equity risk), counterparty risk and liquidity risk.

Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the finance departments of the Group's main subsidiaries and reports to executive management. It has issued a Good Financial Practice Guide governing all financing, investment and hedging transactions carried out by Group entities.

The Group manages its exposure to interest rate risks and foreign currency risks using derivative financial instruments such as interest rate swaps and options (caps, floors, swaptions), currency swaps, forward currency contracts and currency options. These instruments are mainly over-the-counter instruments contracted with first-class bank counterparties. Most of these transactions or derivative instruments qualify for hedge accounting.

However, like many other large corporates, the Group may take very small, strictly controlled speculative positions as part of its hedging policy, for more dynamic and flexible management of its interest rate and currency exposures.

11.5.1. Breakdown of derivative financial instruments

The table below shows a breakdown of derivative financial instruments by type of hedged risk and accounting classification:

(€ millions)	Note	**2017**	Interest rate risk	Foreign currency risk	Other market risks	2016
Derivatives – assets						
Derivatives at fair value through profit or loss	6.8.1 – 6.9	-	-	-	-	15
Cash flow hedges	6.8.1	-	-	-	-	21
Fair value hedges	6.8.1 – 6.9 – 11.2	98	95	2	-	291
TOTAL DERIVATIVES – ASSETS		**98**	**95**	**2**	**-**	**326**
of which non-current		*94*	*91*	*2*	*-*	*269*
of which current		*4*	*4*	*-*	*-*	*57*
Derivatives – liabilities						
Derivatives at fair value through profit or loss	6.10	260	-	-	260	343
Cash flow hedges	6.10	17	-	17	-	1
Fair value hedges	11.2	32	12	20	-	87
TOTAL DERIVATIVES – LIABILITIES		**309**	**12**	**37**	**260**	**431**
of which non-current		*270*	*10*	*1*	*260*	*369*
of which current		*39*	*2*	*37*	*-*	*62*

As at 31 December 2017, derivatives held as fair value hedges (on a notional amount of €5,304 million) had a positive net fair value of €65 million. The total included (i) interest rate hedges in France on a notional amount of €4,472 million with a positive fair value of €83 million and (ii) currency and interest rate hedges in Brazil (on a notional amount of €219 million) with a negative fair value of €14 million and Colombia (on a notional amount of €401 million) with a negative fair value of €4 million. All the currency and interest rate derivatives are backed by bank borrowings or bonds denominated in a currency other than the borrower entity's functional currency. The ineffective portion of these fair value hedges is not material.

As at 31 December 2017, the cash flow hedge reserve included in equity had a debit balance of €16 million (31 December 2016: credit balance of €11 million). These derivatives concern operations in France and Colombia. In France, they hedge goods purchases billed in currencies other than the euro (mainly the US dollar). Their notional amount as at 31 December 2017 was USD 307 million (€256 million – Note 11.5.2). In Colombia, the notional amount hedged by the derivatives is €55 million. Moreover, the Colombian subsidiary Éxito applies cash flow hedge accounting regarding the hedging of interest rates on variable rate borrowings for a notional amount of €390 million at 31 December 2017. The ineffective portion of these cash flow hedges is not material.

Derivative instruments that do not qualify for hedge accounting under IAS 39 had a negative fair value of €260 million at 31 December 2017 (31 December 2016: negative fair value of €328 million) including TRSs and forward contracts with a negative fair value of €260 million (31 December 2016: negative fair value of €343 million) (Note 11.3.2).

The fair value calculation as at 31 December 2017 takes into account the credit valuation adjustment (CVA) and the debit valuation adjustment (DVA) in accordance with IFRS 13. The impact of these adjustments is not material.

11.5.2. Market risk

Interest rate risk

The Group's objective is to manage its exposure to the risk of interest rate changes and optimise its financing cost. Its strategy therefore consists of dynamic debt management by monitoring and, where necessary, adjusting its hedging ratio based on forecast trends in interest rates.

Various derivative instruments are used to manage interest rate risks. The main instruments are interest rate swaps and options (caps, floors, swaptions). Group financial policy consists of managing finance costs by combining variable and fixed-rate derivative instruments. These instruments do not always qualify for hedge accounting; however all interest-rate instruments are contracted in line with the above risk management policy.

Specifically, Casino, Guichard-Perrachon's debt is mainly composed of fixed-rate bonds (representing a principal amount of €5,614 million as at 31 December 2017 – Note 11.2.3). This bond debt may be hedged through fixed-to-variable rate swaps generally contracted at the issue date; all of these hedges qualify for hedge accounting.

During 2017, the Group unwound interest rate swaps hedging the bonds that were bought back and cancelled during the year. The Group also reduced its exposure to variable interest rates by unwinding fixed-to-variable interest rate swaps as well as purchasing interest rate options (collars).

As at 31 December 2017, Casino, Guichard-Perrachon had a portfolio of 40 interest rate swaps with a dozen bank counterparties, representing variable or capped variable rate exposure of respectively €2,672 and €900 million. The swaps expire at various dates between 2019 and 2026.

As at 31 December 2017, 52% of Casino, Guichard-Perrachon's bond debt (€2,942 million) was hedged, including 36% at fixed rates (€2,042 million), 16% at capped variable rates (€900 million) and 48% at variable rates (€2,672 million).

Sensitivity to a change in interest rates

Sensitivity to rate changes is calculated as shown in the table below.

(€ millions)	Notes	31 December 2017	31 December 2016
Casino, Guichard-Perrachon variable-rate bonds(1)		2,672	3,022
Casino, Guichard-Perrachon capped variable-rate bonds(1)		900	-
Brazil variable-rate bonds(2)	11.2.3	753	703
Other variable-rate borrowings and financial liabilities(3)(4)(5)	11.2.4	1,682	2,218
Finance lease liabilities	7.5	65	79
Total variable-rate bonds, other borrowings and financial liabilities		**6,072**	**6,021**
Cash and cash equivalents	11.1	(3,391)	(5,750)
NET VARIABLE-RATE POSITION		**2,681**	**272**
100-bps change in interest rates		21	3
Net finance costs	11.3.1	367	324
IMPACT OF CHANGE ON NET FINANCE COSTS		**5.7%**	**0.8%**

(1) Corresponding to fixed-rate bonds representing a principal amount of €5,614 million (31 December 2016: €5,981 million) (Note 11.2.3), including a principal amount of €3,572 million (31 December 2016: €3,022 million) swapped for variable rate debt, of which €900 million is hedged by interest rate options.

(2) Principal amount.

(3) Excluding accrued interest.

(4) Including borrowings in Brazil originally denominated in BRL, USD or euros for BRL 1,791 million (€451 million) swapped for variable rate debt in BRL by means of cross-currency swaps where applicable (31 December 2016: BRL 2,458 million, representing €717 million).

(5) Including borrowings in Colombia originally denominated in COP or USD for COP 2,581 billion (€721 million), of which 62% swapped for variable rate debt in COP by means of cross-currency swaps where applicable (31 December 2016: COP 1,249 billion, representing €395 million, of which 44% swapped for variable rate debt).

Assuming the net debt structure and management policy are constant, a 100-bps annual increase (decrease) in rates across the yield curve would lead to a 5.7% or €21 million increase (4.9% or €18 million decrease) in finance costs. For the purposes of the analysis, all other variables, particularly exchange rates, are assumed to be constant.

Exposure to foreign currency risk

Due to its geographically diversified business base, the Group is exposed to both currency translation risk and to transaction risk on transactions denominated in currencies other than the euro.

Translation risk (or balance sheet currency risk) is the risk of an unfavourable change in the exchange rates used to translate the financial statements of subsidiaries located outside the euro zone into euros for inclusion in the consolidated financial statements adversely affecting the amounts reported in the consolidated statement of financial position and income statement, leading to a deterioration of the Group's gearing ratios.

Transaction risk is the risk of an unfavourable change in exchange rates that adversely affects a cash flow denominated in foreign currency.

The Group's policy for managing transaction risk is to hedge highly probable budgeted exposures, which mainly concern cash flows arising from purchases made in a currency other than the buyer's functional currency and particularly purchases in US dollars which are hedged using forward contracts. As a general principle, budgeted purchases are hedged using instruments with the same maturities as the underlying transactions.

Currency risks on debt denominated in a currency other than the borrower's functional currency are systematically hedged, except where the debt represents a designated and documented hedge of a net investment in a foreign operation.

The Group's net exposure based on notional amounts after hedging mainly concerns the US dollar (excluding the functional currencies of entities), as shown below:

(€ millions)	**Total exposure 2017**	Of which USD	Total exposure 2016
Exposed trade receivables	(36)	(18)	(18)
Exposed other financial assets	(134)	(90)	(90)
Exposed derivatives at fair value through profit or loss	260	260	343
Exposed trade payables	187	164	166
Exposed financial liabilities	621	570	881
Exposed other financial liabilities	25	25	-
Gross exposure payable/(receivable)	**923**	**911**	**1,282**
Hedged other financial assets	-	-	(15)
Hedged trade payables	90	86	72
Hedged financial liabilities	620	569	882
NET EXPOSURE PAYABLE/(RECEIVABLE)	**214**	**256**	**343**
Hedges of future purchases	**256**	**256**	**276**
Exposed put options granted to owners of non-controlling interests[1]	**119**	**119**	**115**

(1) Changes in fair value of put options granted to owners of non-controlling interests (including the effect of movements in exchange rates) have no impact on profit or loss, because the puts are treated as transactions between owners and changes in their fair value are therefore recorded directly in equity (Note 3.4.1).

As at 31 December 2016, the net statement of financial position exposure of €343 million mainly concerned the US dollar.

Sensitivity of net exposure after foreign currency hedging

A 10% appreciation of the euro as at 31 December 2017 and 2016 against the foreign currencies included in the Group's exposure would lead to an increase in profit for the amounts indicated in the table below.

For the purposes of the analysis, all other variables, particularly interest rates, are assumed to be constant.

(€ millions)	**2017**	2016
US dollar	26	36
Other currencies	(4)	(2)
IMPACT ON NET FINANCIAL INCOME (EXPENSE)	**21**	**34**

A 10% decline in the euro against those currencies as at 31 December 2017 and 2016 would have produced the opposite effect.

Sensitivity to translation risk

A 10% appreciation of the euro compared to the Group's other main currencies would have the following impact on the translation into euros of the sales, profit and equity of subsidiaries whose functional currency is not the euro:

	2017		2016	
(€ millions)	Brazilian real	Colombian peso	Brazilian real	Colombian peso
Net sales	(1,125)	(302)	(977)	(307)
Trading profit	(50)	(11)	(28)	(16)
Net profit	(21)	(1)	63	(1)
Equity	(649)	(50)	(745)	(40)

A 10% decline in the euro against those currencies would have produced the opposite effect.

For the purposes of the analysis, all other variables are assumed to be constant.

Breakdown of cash and cash equivalents by currency

(€ millions)	**2017**	**%**	2016	%
Euro	1,175	35%	3,048	53%
US dollar	100	3%	77	1%
Brazilian real	1,580	47%	2,180	38%
Colombian peso	468	14%	367	6%
Uruguayan peso	29	1%	33	1%
Other currencies	37	1%	44	1%
CASH AND CASH EQUIVALENTS	**3,391**	**100%**	**5,750**	**100%**

Exchange rates against the euro

	2017		2016	
Exchange rates against the euro	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (BRL)	3.9729	3.6054	3.4305	3.8561
Colombian peso (COP)	3,580.94	3,336.06	3,164.89	3,375.90
Argentine peso (ARS)	22.3333	18.7530	16.7318	16.3473
Uruguayan peso (UYP)	34.4626	32.3625	30.9120	33.3198
US dollar (USD)	1.1993	1.1297	1.0541	1.1069
Polish zloty (PLN)	4.1770	4.2570	4.4103	4.3632

Equity risk

As at 31 December 2017, the Group did not hold any significant investments in any listed companies other than its listed subsidiaries or treasury shares.

The Group may use derivative instruments (*e.g.* total return swaps with no call option, forward contracts, puts and calls) on equities to build a synthetic exposure to the shares of its listed subsidiaries (Note 11.3.2) or a synthetic hedge of a financial exposure to a fall in stock prices. The carrying amount of these instruments corresponds to their estimated value as provided by a financial institution on the reporting date. These values take account of market data such as exchange rates, share prices and interest rates.

In addition, the Group does not hold any options or any derivatives backing its own shares. Its policy as regards cash management is to invest only in money market instruments that are not exposed to equity risk.

11.5.3. Counterparty risk

The Group is exposed to various aspects of counterparty risk through its operating activities, cash deposits and interest rate and currency hedging instruments. It monitors these risks regularly using several objective indicators, and diversifies its exposure by dealing with the least risky counterparties (based mainly on their credit ratings and their reciprocal commitments with the Group).

Counterparty risk related to trade receivables

Customer credit risk

Group policy consists of checking the financial health of all customers applying for credit payment terms. Customer receivables are regularly monitored; consequently, the Group's exposure to bad debts is not material.

Trade receivables break down as follows by maturity:

		Past-due receivables on the reporting date, not impaired					
(€ millions)	Receivables not yet due, not impaired	Up to one month past due	Between one and six months past due	More than six months past due	Total	Impaired receivables	Total
31 DECEMBER 2017	**737**	**69**	**36**	**34**	**139**	**153**	**1,029**
31 December 2016	721	79	15	26	119	117	957

The age of unimpaired past-due receivables can vary considerably depending on the type of customer, *i.e.* private companies, consumers or public authorities. Impairment policies are determined on an entity-by-entity basis according to customer type. As indicated above, the Group believes that its exposure to credit concentration risk is not material.

Counterparty risk related to other assets

Credit risk on other financial assets – mainly comprising cash and cash equivalents, available-for-sale financial assets, loans, legal deposits paid by GPA and certain derivative financial instruments – corresponds to the risk of failure by the counterparty to fulfil its obligations. The maximum risk is limited and equal to the instruments' carrying amount. The Group's cash management policy consists of investing cash and cash equivalents with first-class counterparties and in first-class rated instruments.

11.5.4. Liquidity risk

The Group's liquidity policy is to ensure, to the extent possible, that it always has sufficient liquid assets to settle its liabilities as they fall due, in either normal or impaired market conditions.

The main methods used consist of:

- diversifying sources of financing to include capital markets, private placements, banks (confirmed and unconfirmed facilities), negotiable European commercial paper (NEU CP) programmes and discounting facilities;
- diversifying financing currencies to include the euro, the Group's other functional currencies and the US dollar;
- maintaining a level of confirmed financing facilities significantly in excess of the Group's payment obligations at all times;
- limiting the amount of annual repayments and proactively managing the repayment schedule;
- managing the average maturity of financing facilities and, where appropriate, refinancing them before they fall due.

The liquidity analysis is performed both at the Casino, Guichard-Perrachon holding company level (taking into account the cash pool operated with all French subsidiaries) and for each of the Group's international subsidiaries.

In addition, the Group has non-recourse receivables discounting programmes, with no continuing involvement in the receivables within the meaning of IFRS 7, as well as reverse factoring programmes.

As at 31 December 2017, trade payables totalling €1,636 million had been reverse factored, including €573 million in France Retail payables, €959 million in Latam Retail payables and €104 million in E-commerce payables.

Most of the Group's debt is carried by Casino, Guichard-Perrachon and is not secured by collateral or any secured assets. Financing is managed by the Corporate Finance department. The main subsidiaries (GPA, Monoprix and Éxito) also have their own financing facilities, which are not secured by collateral or any security interests in assets and are not guaranteed by Casino (except for GPA loans from BNDES totalling €11 million as at 31 December 2017 that are secured by security interests in the assets).

All subsidiaries submit weekly cash reports to the Group and all new financing facilities require prior approval from the Corporate Finance department.

As at 31 December 2017, the Group's liquidity position comprised:

- confirmed, undrawn lines of credit for a total of €3,697 million (of which €3,268 million for France);
- unrestricted cash of €3,391 million.

Casino, Guichard-Perrachon has a €9,000 million Euro Medium Term Notes (EMTN) programme. Notes issued under the programme totalled €5,614 million as at 31 December 2017.

As at the same date, issuance under Casino, Guichard-Perrachon's €2,000 million negotiable European commercial paper (NEU CP) programme amounted to €210 million.

The Company's bond issues (other than deeply subordinated perpetual notes) have been rated BB+ with a stable outlook by Standard & Poor's since 21 March 2016 and Ba1 by Moody's since 30 November 2017. In line with the policy of rating agencies rotation, as recommended by the European regulator, Moody's Investors Service ("Moody's") has been appointed as a new rating agency of the Group. Simultaneously with Moody's appointment, the Group terminated its contract with Fitch Ratings; since 12 January 2018, Casino, Guichard-Perrachon and its bond issues are no longer rated by Fitch.

Standard & Poor's rating downgrade from BBB- to BB+ triggered application of coupon step-up clauses providing for a 125-bps interest rate step-up on Casino, Guichard-Perrachon's bond issues in the event of the Company being rated non-investment grade by at least one of its rating agencies. The step-up was gradual: it is applicable to each bond issue as from the first annual interest period having begun after 21 March 2016. The impact on 2017 finance costs was an increase of €61 million (2016: €15 million).

The bond indentures (other than for deeply subordinated perpetual bonds) also include a step down clause providing for a return to the original interest rate if Standard & Poor's and Moody's restore Casino, Guichard-Perrachon's investment grade rating.

The Group's bank loan agreements and bond documentation include the usual pari passu negative pledge and cross default clauses.

Casino, Guichard-Perrachon's facility agreements generally contain a mandatory acceleration clause in the event of a change of control of the Company.

In addition, bonds issued by Casino, Guichard-Perrachon (except for two deeply subordinated perpetual bond issues) contain a discretionary acceleration clause applicable if the Company's long-term senior debt rating is downgraded to non-investment grade (or further downgraded if the rating is already non-investment grade), but only if this downgrade is due to a change of majority shareholder (*i.e.* if a third party other than Rallye or one of its related companies acquires more than 50% of Casino's voting rights).

Casino, Guichard-Perrachon debt covenants

At the reporting date, Casino, Guichard-Perrachon's debt was subject to the following hard covenants to be met at each year-end:

Type of covenant	Main types of debt subject to covenant	Frequency of tests	**Ratio as at 31 December 2017**
Consolidated net debt(1) / Consolidated EBITDA(2) < 3.5	€1.2 billion syndicated credit line	Annually	2.69
	USD 750 million syndicated credit line		
	Bilateral credit lines totalling €823 million		
Consolidated net debt(1) / Consolidated EBITDA(2) < 3.7	€50 million bilateral credit line		

(1) Net debt as defined in the loan agreements may differ from net debt presented in the consolidated financial statements (Note 11.2). It corresponds to borrowings and financial liabilities including hedging instruments with a negative fair value, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and short-term financial investments, (iii) derivatives with a positive fair value classified as hedges of debt and (iv) financial assets arising from a significant disposal of non-current assets.

(2) EBITDA (earnings before interest, taxes, depreciation and amortisation) corresponds to trading profit plus recurring net depreciation and amortisation expense.

The Group considers that it will very comfortably fulfil its covenants over the next 12 months.

Casino, Guichard-Perrachon's bonds and negotiable European commercial paper (NEU CP) issues are not subject to any financial covenants.

Financing of subsidiaries subject to covenants

Most of the Group's other loan agreements – primarily concerning GPA, Éxito and Monoprix – contain hard covenants (see table below).

Subsidiary	Type of covenant	Frequency of tests	Main types of debt subject to covenant
Monoprix	Net debt/EBITDA < 2.5	Annually	€370 million syndicated credit line
			Other confirmed credit lines totalling €200 million
GPA[1]	Net debt[2] may not be higher than equity[3]	Quarterly/ half-yearly/ annually	All bond issues and certain bank borrowings
	Consolidated net debt/EBITDA < 3.25		
Éxito	Consolidated net debt/consolidated EBITDA < 3.5	Annually	Bank facilities (Note 11.2.3)

(1) All of GPA's covenants are based on consolidated indicators for the GPA sub-group.
(2) Debt less cash, cash equivalents and receivables.
(3) Consolidated equity (attributable to owners of the parent and non-controlling interests).

These covenants were respected as at 31 December 2017.

Exposure to liquidity risk

The table below presents an analysis by maturity of financial liabilities as at 31 December 2017, including principal and interest and for undiscounted amounts. For derivative financial instruments, the table has been drawn up based on the contractual net cash inflows and outflows on instruments that settle on a net basis and the gross inflows and outflows on those instruments that require gross settlement. For interest rate instruments, when the amount payable or receivable is not fixed, the amount presented has been determined by reference to observed yield curves as at the reporting date.

For the TRS and forward instruments described in Note 11.3.2, the cash flows presented in the table below reflect the interest payable and the fair value of instruments as at the reporting date.

31 December 2017 *(€ millions)*	Maturity: Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
NON-DERIVATIVE FINANCIAL INSTRUMENTS RECOGNISED IN LIABILITIES:							
Bonds and other borrowings	1,769	1,687	1,581	1,864	3,095	9,997	8,625
Put options granted to owners of non-controlling interests	143	1	4	25	-	173	171
Finance lease liabilities	22	22	16	13	40	113	65
Trade payables and other financial liabilities	8,412	19	-	1	25	8,458	8,458
TOTAL	**10,347**	**1,729**	**1,602**	**1,904**	**3,161**	**18,742**	**17,319**
DERIVATIVE FINANCIAL INSTRUMENTS – ASSETS/(LIABILITIES):							
Interest rate derivatives							
Derivative contracts – received	19	6	-	-	-	25	
Derivative contracts – paid	(14)	(4)	-	-	-	(19)	
Derivative contracts – net settled	37	31	19	5	(13)	79	
Currency derivatives							
Derivative contracts – received	330	67	-	1	-	399	
Derivative contracts – paid	(338)	(69)	-	(2)	-	(408)	
Derivative contracts – net settled	15	1	(2)	-	-	13	
Other derivative instruments							
Derivative contracts – received	1	-	-	-	-	1	
Derivative contracts – paid	(17)	(13)	(268)	-	-	(298)	
Derivative contracts – net settled	-	-	-	-	-	-	
TOTAL	**33**	**18**	**(251)**	**5**	**(13)**	**(208)**	**(211)**

31 December 2016 *(€ millions)*	Maturity						
	Due within one year	Due in one to two years	Due in two to three years	Due in three to five years	Due in more than five years	Total contractual cash flows	Carrying amount
NON-DERIVATIVE FINANCIAL INSTRUMENTS RECOGNISED IN LIABILITIES:							
Bonds and other borrowings	2,723	1,248	1,749	2,151	3,869	11,740	10,049
Put options granted to owners of non-controlling interests	340	-	-	3	44	388	382
Finance lease liabilities	24	19	19	29	50	141	79
Trade payables and other financial liabilities	8,671	48	4	5	34	8,762	8,762
TOTAL	**11,758**	**1,315**	**1,771**	**2,188**	**3,997**	**21,030**	**19,270**
DERIVATIVE FINANCIAL INSTRUMENTS – ASSETS/(LIABILITIES):							
Interest rate derivatives							
Derivative contracts – received	123	72	1	2	1	199	
Derivative contracts – paid	(126)	(67)	(1)	(2)	(1)	(197)	
Derivative contracts – net settled	54	53	51	77	22	256	
Currency derivatives							
Derivative contracts – received	232	82	-	-	-	314	
Derivative contracts – paid	(217)	(74)	-	-	-	(291)	
Derivative contracts – net settled	8	26	-	-	-	34	
Other derivative instruments							
Derivative contracts – received	-	-	-	-	-	-	
Derivative contracts – paid	(17)	(350)	-	-	-	(367)	
Derivative contracts – net settled	-	-	-	-	-	-	
TOTAL	**57**	**(259)**	**51**	**77**	**22**	**(52)**	**(105)**

Note 12 Equity and earnings per share

Accounting principle

Equity is attributable to two categories of owner: the owners of the parent (Casino, Guichard-Perrachon shareholders) and the owners of the non-controlling interests in its subsidiaries. A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent.

Transactions with the owners of non-controlling interests resulting in a change in the parent company's percentage interest without loss of control affect only equity as there is no change of control of the economic entity. Cash flows arising from changes in ownership interests in a fully consolidated subsidiary that do not result in a loss of control (including increases in percentage interest) are classified as cash flows from financing activities.

In the case of an acquisition of an additional interest in a fully consolidated subsidiary, the Group recognises the difference between the acquisition cost and the carrying amount of the non-controlling interests as a change in equity attributable to owners of Casino, Guichard-Perrachon. Transaction costs are also recognised in equity. The same treatment applies to transaction costs relating to disposals without loss of control. In the case of disposals of controlling interests involving a loss of control, the Group derecognises the whole of the ownership interest and, where appropriate, recognises any investment retained in the former subsidiary at its fair value. The gain or loss on the entire derecognised interest (interest sold and interest retained) is recognised in profit or loss under "Other operating income" or "Other operating expenses", which amounts to remeasuring the retained previously-held investment at fair value through profit or loss. Cash flows arising from the acquisition or loss of control of a subsidiary are classified as cash flows from investing activities.

Equity instruments and hybrid instruments

The classification of instruments issued by the Group in equity or debt depends on each instrument's specific characteristics. An instrument is deemed to be an equity instrument when the following two conditions are met:

- the instrument does not contain a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and
- in the case of a contract that will or may be settled in the entity's own equity instruments, it is either a non-derivative that does not include a contractual obligation to deliver a variable number of the entity's own equity instruments, or it is a derivative that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

The Group also examines the special provisions of contracts to ensure the absence of an indirect obligation to buy back the equity instruments in cash or by delivering another financial asset or by delivering shares with a value substantially higher than the amount of cash or the other financial asset to be delivered.

In particular, instruments that are redeemable at the Group's discretion and for which the remuneration depends on the payment of a dividend are classified in equity.

When a "debt" component exists, it is measured separately and classified under "financial liabilities".

Equity transaction costs

External and qualifying internal costs directly attributable to equity transactions or transactions involving equity instruments are recorded as a deduction from equity, net of tax. All other transaction costs are recognised as an expense.

Treasury shares

Casino, Guichard-Perrachon shares purchased by the Group are deducted from equity at cost. The proceeds from sales of treasury shares are credited to equity with the result that any disposal gains or losses, net of the related tax effect, have no impact in the income statement for the period.

Options on treasury shares

Options on treasury shares are treated as derivative instruments, equity instruments or financial liabilities depending on their characteristics.

Options classified as derivatives are measured at fair value through profit or loss. Options classified as equity instruments are recorded in equity at their initial amount and changes in value are not recognised. The accounting treatment of financial liabilities is described in Note 11.

12.1. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base in order to preserve the confidence of investors, creditors and the markets while ensuring the financial headroom required to support the Group's future business development. The Group aims to continually optimise its financial structure by maintaining an optimum balance between net debt, EBITDA and equity. To this end, it may adjust the amount of dividends paid to shareholders, return part of the capital to shareholders, buy back its own shares or issue new shares. From time to time, the Group may buy back its own shares in the market. The shares are generally acquired for allocation to a liquidity contract used to make a market in the shares, or to be held for allocation under stock option plans, employee share ownership plans or free share plans for Group employees and corporate officers.

The policy objectives and management procedures are exactly the same as in previous years.

Apart from legal requirements, the Group is not subject to any external minimum capital requirements.

12.2. SHARE CAPITAL

As at 31 December 2017, the Company's share capital amounted to €169,825,404 and was composed of 110,996,996 ordinary shares issued and fully paid as at that date (unchanged from 31 December 2016). Ordinary shares have a par value of €1.53.

Under the shareholder authorisations given to the Board of Directors, the share capital may be increased, immediately or in the future, by up to €59 million.

12.3. SHARE EQUIVALENTS

The Group is committed to granting free shares under various plans (Note 8.3). The Group intends to fulfil its obligations under those plans using existing shares.

12.4. TREASURY SHARES

Treasury shares result from shareholder-approved buybacks of Casino, Guichard-Perrachon S.A. shares. As at 31 December 2017, a total of 107,735 shares were held in treasury, representing €5 million. The shares were purchased primarily for allocation upon exercise of the rights under free share plans.

In January 2005, the Group entered into a liquidity agreement with the Rothschild investment bank for a total of 700,000 Casino shares plus a contribution of €40 million in cash, in compliance with European Commission Regulation (EC) No. 2273/2003. The Group made additional contributions to the liquidity agreement of (i) €30 million on 25 September 2015 and (ii) €50 million on 28 December 2015. The 700,000 shares were subsequently cancelled by decision of the Board of Directors on 14 June 2016.

As at 31 December 2017, no Casino, Guichard-Perrachon S.A. shares were held in the liquidity account.

The cash earmarked for the liquidity agreement is invested in money market mutual funds. These funds qualify as cash equivalents and are therefore included in net cash and cash equivalents.

12.5. DEEPLY SUBORDINATED PERPETUAL BONDS (TSSDI)

At the beginning of 2005, the Group issued 600,000 deeply subordinated perpetual bonds (TSSDI) for a total amount of €600 million. The bonds are redeemable solely at the Group's discretion and interest payments are due only if the Group pays a dividend on its ordinary shares in the preceding 12 months. The bonds pay interest at the 10-year constant maturity swap rate plus 100 bps, capped at 9%. In 2017, the average coupon was 1.71%.

On 18 October 2013, the Group issued €750 million worth of perpetual hybrid bonds (7,500 bonds) on the market. The bonds are redeemable at the Group's discretion with the first call date set for 31 January 2019. They pay a coupon of 4.87% until that date, after which the rate will be revised every five years.

Given their specific characteristics in terms of maturity and remuneration, the bonds are carried in equity for the amount of €1,350 million. Issuance costs net of tax have been recorded as a deduction from equity.

12.6. OTHER INFORMATION ON ADDITIONAL PAID-IN CAPITAL, RETAINED EARNINGS AND RESERVES

12.6.1. Foreign currency translation reserves

The foreign currency translation reserve corresponds to cumulative exchange gains and losses on translating the equity of foreign subsidiaries and receivables and payables included in the Group's net investment in these subsidiaries, at the closing rate.

Foreign currency translation reserves by country as at 31 December 2017

	Attributable to owners of the parent			Attributable to non-controlling interests			Total
(€ millions)	1 January 2017	Movements for the year	31 December 2017	1 January 2017	Movements for the year	31 December 2017	31 December 2017
Brazil	(1,060)	(511)	(1,571)	(1,875)	(617)	(2,492)	(4,063)
Argentina	(144)	(12)	(156)	(11)	(2)	(13)	(168)
Colombia	(254)	(27)	(282)	(255)	(65)	(320)	(602)
Uruguay	7	(24)	(17)	(9)	(22)	(31)	(49)
United States	19	-	19	-	-	1	20
Poland	10	7	17	-	-	-	18
Indian Ocean	(8)	(1)	(8)	(3)	-	(3)	(11)
Hong Kong	1	(1)	1	-	-	-	1
TOTAL FOREIGN CURRENCY TRANSLATION RESERVES	**(1,427)**	**(569)**	**(1,997)**	**(2,152)**	**(706)**	**(2,858)**	**(4,855)**

Foreign currency translation reserves by country as at 31 December 2016

	Attributable to owners of the parent			Attributable to non-controlling interests			Total
(€ millions)	1 January 2016	Movements for the year	31 December 2016	1 January 2016	Movements for the year	31 December 2016	31 December 2016
Brazil	(1,795)	735	(1,060)	(2,879)	1,005	(1,875)	(2,934)
Argentina	(139)	(5)	(144)	(2)	(9)	(11)	(154)
Colombia	(272)	18	(254)	(291)	36	(255)	(509)
Uruguay	(4)	11	7	(26)	16	(9)	(2)
United States	19	-	19	1	-	-	20
Thailand	97	(97)	-	56	(56)	-	-
Poland	15	(5)	10	-	-	-	10
Indian Ocean	(8)	-	(8)	(3)	-	(3)	(10)
Vietnam	24	(24)	-	1	(1)	-	-
Hong Kong	1	-	1	-	-	-	1
TOTAL FOREIGN CURRENCY TRANSLATION RESERVES	**(2,061)**	**634**	**(1,427)**	**(3,143)**	**991**	**(2,152)**	**(3,580)**

12.6.2. Notes to the consolidated statement of comprehensive income

(€ millions)	**2017**	2016
Available-for-sale financial assets	**-**	**2**
Change in fair value	-	1
Reclassifications to profit or loss	-	2
Income tax (expense)/benefit	-	-
Cash flow hedges	**(28)**	**(2)**
Change in fair value	(11)	3
Reclassifications to profit or loss	(29)	(7)
Income tax (expense)/benefit	12	1
Net investment hedges	**-**	**31**
Change in fair value	-	-
Reclassifications to profit or loss	-	47
Income tax (expense)/benefit	-	(17)
Foreign currency translation reserves (Note 12.6.1)	**(1,276)**	**1,625**
Foreign currency translation adjustments for the year	(1,276)	1,534
Reclassifications to profit or loss	-	91
Income tax (expense)/benefit	-	-
Actuarial gains and losses	**(32)**	**(10)**
Actuarial gains and losses for the year	(40)	(10)
Income tax (expense)/benefit	9	-
TOTAL	**(1,335)**	**1,646**

12.7. NON-CONTROLLING INTERESTS

The following table provides detailed information on material non-controlling interests.

(€ millions)	GPA Total GPA[1]	GPA o/w Via Varejo	Éxito[2]	Big C Thailand	Other[3]	Total
Country	Brazil	Brazil	Colombia	Thailand		
1 January 2016	**4,396**	**1,457**	**1,044**	**514**	**581**	**6,536**
% of ownership interests held by non-controlling interests[4]	*67.2%*	*85.8%*	*45.2%*	*41.4%*		
% of voting rights held by non-controlling interests[4]	*0.06%*	*37.8%*	*45.2%*	*41.4%*		
Net profit	(530)	(370)	39	10	(1)	(482)
Other comprehensive income (loss)[5]	1,092	358	-	(53)	(65)	973
Dividends paid/payable	(2)	-	(74)	-	(9)	(85)
Other movements[6]	(140)	(11)	83	(470)	(426)	(953)
31 December 2016	**4,817**	**1,434**	**1,092**	**-**	**80**	**5,990**
% of ownership interests held by non-controlling interests[4]	*66.8%*	*85.6%*	*44.7%*	-		
% of voting rights held by non-controlling interests[4]	*0.06%*	*37.4%*	*44.7%*	-		
Net profit	172	66	50	-	(22)	200
Other comprehensive income (loss)[5]	(644)	(230)	(62)	-	(3)	(710)
Dividends paid/payable	(31)	(11)	(23)	-	(15)	(69)
Other movements	11	1	43	-	8	62
31 DECEMBER 2017	**4,324**	**1,261**	**1,101**	**-**	**49**	**5,473**
% of ownership interests held by non-controlling interests[4]	*66.9%*	*85.7%*	*44.7%*	-		
% of voting rights held by non-controlling interests[4]	*0.06%*	*37.5%*	*44.7%*	-		
Average % of ownership interests held by the Group in 2017	*33.2%*	*14.4%*	*55.3%*	-		
% of ownership interests held by the Group as at 31 December 2017	*33.1%*	*14.3%*	*55.3%*	-		

(1) Including Via Varejo and Cnova (Cnova Brazil and Cdiscount) until 31 October 2016. Following the business merger between Cnova Brazil and Via Varejo and GPA's loss of control of Cnova, the Cnova businesses – consisting mainly of Cnova Brazil and Cdiscount – are presented respectively in the "Via Varejo" and "Other" columns at 31 December 2016 and 2017.

(2) Éxito excluding GPA, including Uruguay and Argentina.

(3) Including SCI Simonop'1 at 31 December 2017 for €66 million (31 December 2016: €66 million). Including Monoprix for €488 million as at 1 January 2016, of which €420 million corresponding to the equity component of the mandatory convertible bonds issued on 27 December 2013 to CACIB, net of issuance costs and tax and €68 million corresponding to the SCI Simonop'1 transaction.

(4) The percentages of non-controlling interests set out in this table do not include the Group's own non-controlling interests in sub-groups.

(5) Other comprehensive income (loss) consists mainly of exchange differences arising on translation of foreign subsidiaries' financial statements.

(6) The negative impact of €953 million in 2016 resulted mainly from the loss of control of Big C Thailand (€470 million), exercise of the call option on Monoprix mandatory convertible bonds (€419 million), acquisition of Éxito and GPA shares (€34 million), the change in value of the Disco NCI puts (€25 million) and reorganisation of the E-commerce business (€44 million), partially offset by the sale to outside investors of interests in the Viva Malls real estate trust in Colombia (€115 million).

GPA's capital consists of:

- 99,680 thousand ordinary shares with voting rights;
- 166,900 thousand preferred shares without voting rights but with the right to a preferred dividend.

Preferred shares do not carry voting rights, but instead entitle holders to the following rights and benefits: (i) a preferred right to a return of capital in the event of liquidation of the company, (ii) an annual non-cumulative preferred dividend of at least BRL 0.08 per share; (iii) a second preferred dividend equal to 10% of the dividend paid on ordinary shares, as calculated including the non-cumulative dividend referred to in point (ii).

Casino has not granted any put options to holders of non-controlling interests in GPA. Under Brazilian securities regulations, preferred shareholders have withdrawal rights enabling them to ask GPA to buy back their shares at book value (*i.e.* net asset value per share) following the occurrence of certain specific events. These rights are described in detail on pages 93 *et seq.* of GPA's annual report for 2016 on Form 20-F.

Summarised financial information on the main subsidiaries with significant non-controlling interests

The information presented in the table below is based on the IFRS financial statements, adjusted where applicable to reflect the remeasurement at fair value on the date of acquisition or loss of control, and to align accounting policies with those applied by the Group. The amounts are shown before intragroup eliminations.

	GPA		Éxito (1)	
(€ millions)	**2017**	2016	**2017**	2016
Net sales	12,379	13,036	4,544	4,499
Net profit from continuing operations	173	-	35	60
Net profit from discontinued operations	63	(764)	-	-
Net profit (loss)	**235**	**(764)**	**35**	**60**
Attributable to non-controlling interests in continuing operations	*116*	-	*50*	*39*
Attributable to non-controlling interests in discontinued operations	*56*	*(530)*	-	-
Other comprehensive income (loss)	(911)	1,622	(155)	68
Total comprehensive income (loss) for the year	**(676)**	**858**	**(119)**	**128**
Attributable to non-controlling interests	*(472)*	*562*	*(11)*	*39*
Non-current assets	6,995	7,972	3,729	3,969
Current assets	8,680	9,505	1,217	1,237
Non-current liabilities	(1,825)	(2,216)	(1,018)	(1,249)
Current liabilities	(7,352)	(7,946)	(1,745)	(1,695)
Net assets	**6,499**	**7,313**	**2,183**	**2,261**
Attributable to non-controlling interests	*4,324*	*4,817*	*1,101*	*1,092*
Net cash from operating activities	952	407	324	406
Net cash from/(used in) investing activities	(438)	(207)	(170)	(199)
Net cash from/(used in) financing activities	(1,015)	(591)	(37)	(172)
Effect of changes in exchange rates on cash and cash equivalents	(313)	587	(52)	35
Change in cash and cash equivalents	**(814)**	**195**	**66**	**70**
Dividends paid to the Group (2)	8	-	16	48
Dividends paid to owners of non-controlling interests during the period (2)	18	(1)	33	68

(1) Éxito excluding GPA, including Uruguay and Argentina.
(2) GPA and Éxito have an obligation to pay out 25% and 50% respectively of annual net profit in dividends.

12.8. DIVIDENDS

At the Annual General Meeting of 5 May 2017, the shareholders approved the payment of a €3.12 cash dividend per ordinary share for the 2016 financial year. This dividend was paid on 110,865,668 shares, representing a total payout of €173 million that was recorded as a deduction from equity (2016: payment of the 2015 dividend representing a total payout of €350 million). An interim dividend of €1.56 per share for 2016 (representing a total of €171 million) was paid in November 2016.

During its meeting on 10 November 2017, the Board of Directors decided to pay a 2017 interim dividend of €1.56 per share. The ex-dividend date for the interim dividend was 7 December 2017 and the dividend was paid on 11 December 2017. The interim dividend was paid on 110,887,560 shares, representing a total payout of €173 million recorded as a deduction from equity.

The Board of Directors will recommend setting the total 2017 dividend at €3.12 per ordinary share. Based on 110,996,996 shares as at 31 December 2017, the recommended dividend represents a provisional amount of €346 million. It will be adjusted in 2018 to take into account the treasury shares held on the payment date. The financial statements presented before appropriation of profit do not reflect this dividend, which is subject to shareholder approval at the next Annual General Meeting.

The coupon payable on deeply subordinated perpetual bonds is as follows:

(€ millions)	2017	2016
Coupons payable on deeply subordinated perpetual bonds (impact on equity)	**50**	**49**
Of which amount paid during the year	38	41
Of which amount payable in the following year	12	9
Impact on the statement of cash flows for the year	**47**	**47**
Of which coupons awarded and paid during the year	38	41
Of which interest awarded in the prior year and paid during the reporting year	9	6

12.9. EARNINGS PER SHARE

Accounting principle

Basic earnings per share are calculated based on the weighted average number of shares outstanding during the period, excluding shares issued in payment of dividends and treasury shares. Diluted earnings per share are calculated by the treasury stock method, as follows:

- numerator: earnings for the period are adjusted for interest on mandatory convertible bonds and dividends on deeply subordinated perpetual bonds;
- denominator: the basic number of shares is adjusted to include potential shares corresponding to dilutive instruments (equity warrants, stock options and free shares), less the number of shares that could be bought back at market price with the proceeds from the exercise of the dilutive instruments. The market price used for the calculation corresponds to the average share price for the year.

Equity instruments that will or may be settled in Casino, Guichard-Perrachon shares are included in the calculation only when their settlement would have a dilutive impact on earnings per share.

12.9.1. Number of shares

Diluted number of shares used for the calculation		2017	2016
Weighted average number of shares outstanding during the period			
Total ordinary shares		110,996,996	112,352,914
Ordinary shares held in treasury		(262,622)	(1,167,864)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES BEFORE DILUTION	**(1)**	**110,734,374**	**111,185,050**
Potential shares represented by:			
Stock options		-	-
Non-dilutive instruments (out of the money or covered by calls)		-	-
Weighted average number of dilutive instruments		**-**	**-**
Theoretical number of shares purchased at market price		-	-
Dilutive effect of stock option plans		-	-
Free share plans		-	-
Total potential dilutive shares		-	-
TOTAL DILUTED NUMBER OF SHARES	**(2)**	**110,734,374**	**111,185,050**

12.9.2. Profit attributable to ordinary shares

(€ millions)		2017 Continuing operations	2017 Discontinued operations*	2017 Total	2016 Continuing operations	2016 Discontinued operations*	2016 Total
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT		**127**	**(7)**	**120**	**33**	**2,645**	**2,679**
Dividend payable on deeply subordinated perpetual bonds		(50)	-	(50)	(49)	-	(49)
NET PROFIT ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES	**(3)**	**77**	**(7)**	**70**	**(16)**	**2,645**	**2,629**
Net profit excluding non-controlling interests attributable to Monoprix mandatory convertible bonds		-	-	-	(6)	-	(6)
DILUTED NET PROFIT ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES	**(4)**	**77**	**(7)**	**70**	**(22)**	**2,645**	**2,623**
BASIC EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (€)	**(3)/(1)**	**0.70**	**(0.06)**	**0.63**	**(0.14)**	**23.79**	**23.65**
DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT (€)	**(4)/(1)**	**0.70**	**(0.06)**	**0.63**	**(0.20)**	**23.79**	**23.59**

* *Note 3.5.2.*

Note 13 Other provisions

Accounting principle

A provision is recorded when the Group has a present obligation (legal or constructive) as a result of a past event, the amount of the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted when the related adjustment is material.

In accordance with the above principle, a provision is recorded for the cost of repairing equipment sold with a warranty. The provision represents the estimated cost of repairs to be performed during the warranty period, as estimated on the basis of actual costs incurred in prior years. Each year, part of the provision is reversed to offset the actual repair costs recognised in expenses.

A provision for restructuring expenses is recorded when the Group has a constructive obligation to restructure. This is the case when management has drawn up a detailed, formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by announcing its main features to them before the period-end.

Other provisions concern specifically identified liabilities and expenses.

Contingent liabilities correspond to possible obligations that arise from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Group's control, or present obligations whose settlement is not expected to require an outflow of resources embodying economic benefits. Contingent liabilities are not recognised in the statement of financial position but are disclosed in the Notes to the financial statements.

13.1. BREAKDOWN OF PROVISIONS AND MOVEMENTS

(€ millions)	1 January 2017	Additions for 2017	Reversals (used) 2017	Reversals (not used) 2017	Change in scope of consolidation	Effect of movements in exchange rates	Other	31 December 2017
Claims and litigation	628	154 (1)	(51) (2)	(127) (3)	-	(77)	4	530
Other risks and expenses	121	53	(22)	(28)	1	(1)	(5)	118
Restructuring	29	29	(30)	(1)	-	-	1	27
TOTAL PROVISIONS	**778**	**236**	**(103)**	**(157)**	**-**	**(78)**	**-**	**676**
of which non-current	*615*	*134*	*(43)*	*(120)*	-	*(77)*	*4*	*514*
of which current	*163*	*101*	*(60)*	*(38)*	-	*(1)*	*(4)*	*162*

(1) The €154 million addition mainly concerns provisions for new tax disputes, civil litigation and employee disputes at GPA.
(2) Provisions used during the year (€51 million) mainly concern GPA and relate to the new tax amnesty programme (Note 13.3).
(3) Unused provisions reversed during the year (€127 million) primarily concern GPA and notably reflect favourable developments in the dispute regarding the exclusion of the ICMS tax from the PIS and COFINS tax base (Note 13.3).

Provisions for claims and litigation, and for other risks and expenses are composed of a wide variety of provisions for employee-related disputes, property disputes (concerning construction or refurbishment work, rents, tenant evictions, etc.), tax disputes and business claims (trademark infringement, etc.).

Provisions for claims and litigation amount to €530 million and mainly concern GPA (Note 13.2).

13.2. BREAKDOWN OF GPA PROVISIONS FOR CLAIMS AND LITIGATION (EXCLUDING VIA VAREJO)

(€ millions)	PIS/COFINS/ CPMF disputes(1)	Other tax disputes	Employee disputes	Civil litigation	Total
31 December 2017	**32**	**324**	**83**	**35**	**475**
31 December 2016	43	402	88	41	575

(1) VAT and similar taxes.

In the dispute presented above and below in Note 13.3, GPA Food is contesting the payment of certain taxes, contributions and payroll obligations. The bonds posted by GPA pending final rulings from the administrative courts on these various disputes are included in "Other non-current assets" (Note 6.9). GPA has also provided various guarantees in addition to these bonds, reported as off-balance sheet commitments (Note 6.11).

	2017			2016		
(€ millions)	Bonds posted by GPA(1)	Assets pledged as collateral(2)	Bank guarantees(2)	Bonds posted by GPA(1)	Assets pledged as collateral(2)	Bank guarantees(2)
Tax disputes	51	216	1,843	53	248	2,002
Employee disputes	119	1	23	121	1	8
Civil and other litigation	21	2	70	19	3	48
TOTAL	**192**	**218**	**1,937**	**193**	**252**	**2,057**

(1) See Note 6.9.
(2) See Note 6.11.1.

13.3. CONTINGENT ASSETS AND LIABILITIES

In the normal course of its business, the Group is involved in a number of legal or arbitration proceedings with third parties or with the tax authorities in certain countries (of which mainly GPA – see below – and France Retail concerning tax disputes representing a risk of €36 million.

In addition to contingent liabilities mentioned below, the Group is under two prosecutions by the DGCCRF as described in Note 2.

As stated in Note 3.3.5, no associates or joint ventures have any significant contingent liabilities.

Defence proceedings initiated by the sellers of a controlling interest in Globex Utilidades SA

On 14 August 2015, GPA and Wilkes were jointly ordered by an international court of arbitration to pay compensation to the former majority shareholder of Globex Utilidades SA – Morzan Empreendimentos – in settlement of a dispute that arose in connection with the acquisition of a controlling interest in this company, now named Via Varejo SA. The total cost of €113 million, including interest and legal fees, was shared equally between GPA and Wilkes, GPA's holding company, and was reported under "Other operating expenses" in the 2015 income statement. The compensation was paid on 1 April 2016.

On 17 November 2015, GPA and Wilkes brought an action for annulment (without suspensive effect) before the Paris Court of Appeal, whose ruling is not expected before the second semester of 2018.

On 25 October 2016, Brazil's securities regulator (CVM) ordered GPA to also pay compensation to Globex Utilidades SA's other shareholders, in an amount corresponding to 80% of the compensation paid to Morzan Empreendimentos. Based on a preliminary analysis by GPA, the compensation payable would have amounted to approximately BRL 150 million (€44 million). GPA appealed the CVM's decision and obtained a stay of payment of the compensation, estimated at BRL 150 million (€38 million). On 3 October 2017, the CVM"s review board examined GPA's appeal and unanimously decided to amend the original decision. Based on the review board's final decision, this matter is closed.

Class action against Cnova N.V. and the Group

Some of the officers and directors of Cnova N.V. and the underwriters of its IPO have been named in a class action before the United States District Court for the Southern District of New York alleging a breach of United States securities laws. The lawsuit claims that misleading information was issued at the time of the IPO concerning the macro-economic situation in Brazil and the irregularities uncovered at Cnova Brazil. On 11 October 2017, the United States District Court for the Southern District of New York announced its preliminary approval of the proposed settlement of this class action. In application of the proposed settlement agreement, a USD 28.5 million (€24 million) compensation fund has been set up (Note 11.1) to settle the claims of the (former) Cnova shareholders and pay the plaintiffs' legal fees. A small part of the total amount will be used to cover the administrative costs involved in managing these payments. Most of the USD 28.5 million has been put up by Cnova's insurers. The balance, including the insurance deductible and legal fees, is covered by the provision set aside by Cnova in its 2016 accounts. Consequently, the settlement should not have any impact on the Group's net profit. The debt towards the plaintiffs is reported in "Other liabilities" in the amount of €24 million. Final approval of the settlement agreement is expected to be issued on 15 March 2018.

In a potential separate case, the SEC could fine Cnova N.V. following an analysis of the facts uncovered during the internal investigation carried out by Cnova, its lawyers and consultants that was completed at the end of the first half of 2016.

Notification issued by Brazil's securities regulator (CVM) to Via Varejo and GPA

On 18 February 2016, Via Varejo received a notification from CVM expressing its disagreement with the accounting treatment of two transactions carried out in 2013. The first concerned the acquisition by GPA from Via Varejo of 6.2% of the capital of Nova Pontocom (a transaction that had no impact on the Group's consolidated financial statements) and the second concerned the takeover of Bartira following acquisition of 75% of the shares. GPA and Via Varejo contested the CVM's interpretation and their position concerning the Bartira transaction was initially accepted on 26 January 2017. However, on 20 April 2017, CVM confirmed its original decision regarding Via Varejo and GPA's accounting treatment of the Bartira transaction. This matter has no impact on the consolidated financial statements as at 31 December 2017.

Arbitration between GPA and Peninsula

On 12 September 2017, GPA received a request for arbitration from Fundo de Investimento Inmobiliáro Peninsula ("Peninsula") in order to discuss the calculation of rental charges and other operational matters related to leasing agreements concerning stores owned by Peninsula and operated by GPA. The lease contracts have a duration of 20 years since 2005 and are automatically renewable for another 20 year period.

Casino and GPA management consider that there is no basis to the demands of Peninsula, and are confident as to the outcome of the arbitration.

GPA contingent fiscal, social security and civil liabilities

(€ millions)	**31 December 2017**	31 December 2016
INSS (employer's social security contributions)	98	106
IRPJ – IRRF and CSLL (corporate income taxes)	208	307
PIS, COFINS and CPMF (VAT and similar taxes)	429	624
ISS, IPTU and ITBI (service tax, urban property tax and tax on property transactions)	38	48
ICMS (state VAT)	1,457	1,612
Civil litigation	140	210
TOTAL[1]	**2,371**	**2,907**

(1) Contingent liabilities of Via Varejo classified in discontinued operations and not included in the above table amount to €407 million as at 31 December 2017 (31 December 2016: €433 million).

The €536 million decrease includes the €397 million translation adjustment and €103 million in contingent liabilities cancelled under the tax amnesty programme.

The tax amnesty programme concerned (i) PIS & COFINS tax on purchases and sales of soya; (ii) the disallowed PIS & COFINS and IRPJ tax offsets, (iii) other taxes that were previously considered to be potentially due (mainly the CPMF tax) and (iv) ICMS taxes levied by the São Paulo state tax administration. A net expense of BRL 218 million (€60 million) was recorded upon joining the tax amnesty programmes (see Note 6.5). This amount is stated net of the taxes waived under the amnesty.

GPA employs consulting firms to advise it in tax disputes, whose fees are contingent on the disputes being settled in GPA's favour. As at 31 December 2017, the estimated amount was €40 million (31 December 2016: €36 million).

Moreover, GPA has given a specific guarantee to its Brazilian subsidiary concerning notifications of tax adjustments received from the tax administration, for a total amount of BRL 1,223 million at 31 December 2017 and under which Casino undertakes to compensate GPA for 50% of any damages incurred, providing those damages are definitive. Casino's exposure as a result of the commitment given to its subsidiary is therefore BRL 611 million, or €154 million. As the risks of liability are only considered possible, Casino has not recognised a provision in its financial statements for this amount.

GPA contingent assets

Exclusion of ICMS from the PIS/COFINS tax base

Since the introduction of non-cumulative PIS and COFINS tax credits, GPA has asserted the right to deduct ICMS tax from the base used to calculate PIS and COFINS taxes. GPA's position was supported by a Brazilian federal supreme court (STF) ruling on 15 March 2017 that the ICMS tax should be excluded from the PIS and COFINS tax base. Based on the STF's ruling and the opinion of its internal and external advisors, GPA believes that the probability of having to settle the amounts deducted in prior periods is low. It has therefore released the corresponding provisions set up in prior periods for an amount of BRL 117 million (€32 million).

The STF's ruling has not yet been published and the court has yet to decide on the practical aspects of its application and the retrospective effects of its decision. GPA and its advisors believe that, once known, these details will not affect its rights under the proceedings initiated since 2003 and still in progress. However, it is nevertheless not possible to recognise any tax asset for as long as the proceedings are not closed. Based on a preliminary estimate, GPA believes that the potential asset represents between BRL 1.3 billion and BRL 1.85 billion (€327 million and €466 million) for continuing operations other than the cash & carry business for which the estimate has not yet been finalised.

In the case of Via Varejo, which is classified as a discontinued operation, the estimated potential tax asset amounts to around BRL 1.4 billion (€348 million), including an additional amount of BRL 425 million (€107 million) that will be owed exclusively to GPA.

Note 14 Related-party transactions

Related parties are:

- parent companies (mainly Rallye, Foncière Euris, Finatis and Euris);
- entities that exercise joint control or significant influence over the Company;
- subsidiaries (Note 17);
- associates (primarily Mercialys) (Note 3.3);
- joint ventures (Note 3.3);
- members of the Board of Directors and Management Committee (Note 8.4).

The Company has relations with all of its subsidiaries in its day-to-day management of the Group. The Company and its subsidiaries receive strategic advice from Euris, the ultimate holding company, under strategic advice and assistance agreements. The Company also receives other recurring services from Euris and Foncière Euris (provision of staff and premises). The expenses recorded during the year in respect of these agreements with Casino and its subsidiaries totalled €3.7 million, of which €3.2 million for strategic advisory services and €0.5 million for the provision of staff and premises.

The Group recorded a €12 million positive contribution to EBITDA corresponding to the settlement of property development transactions begun in prior years with Foncière Euris.

In connection with the deployment of its dual model combining retail and commercial real estate activities, Casino and its subsidiaries are involved in a number of property development operations with Mercialys (Note 3.3.6).

Related party transactions with individuals (directors, corporate officers and members of their families) are not material.

Note 15 Subsequent events

BOND ISSUE

On 24 January 2018, Casino placed a €200 million tap of its 1.49% bond issue due June 2022, raising the total amount from €550 million to €750 million.

NEGOTIATIONS WITH SARENZA

On 19 February, Monoprix announced that it was in exclusive negotiations to acquire Sarenza, the leading on-line footwear retailer.

Note 16 Statutory Auditors' fees

Statutory Auditors' fees for the year ended 31 December 2017 *(in € thousands)*	EY	Deloitte
Audit of statutory and consolidated financial statements and limited review	6,145	4,386
Services other than audit of accounts	726	186
TOTAL	**6,871**	**4,572**

Services other than audit of accounts by the auditors to Casino, Guichard-Perrachon, consolidating entities, and to its subsidiaries, correspond mostly to procedures related to the issuance of certificates and reports on agreed-upon procedures regarding data issued from the accounting records, or regarding internal control.

Note 17 Main consolidated companies

As at 31 December 2017, the Casino Group comprised 1,755 consolidated companies. The main companies are listed below.

	2017			2016		
Company	% control	% interest	Consolidation method	% control	% interest	Consolidation method
Casino, Guichard-Perrachon SA			**Parent company**			**Parent company**
FRANCE – RETAILING						
Achats Marchandises Casino (AMC)	100	100	FC	100	100	FC
Casino Carburants	100	100	FC	100	100	FC
Casino Services	100	100	FC	100	100	FC
CD Supply Innovation	50	50	EM	-	-	-
Distribution Casino France (DCF)	100	100	FC	100	100	FC
Distridyn	49.99	49.99	EM	49.99	49.99	EM
Easydis	100	100	FC	100	100	FC
Floréal	100	100	FC	100	100	FC
Geimex	100	100	FC	100	100	FC
Intermarché Casino Achats (INCAA)	50	50	EM	50	50	EM
Monoprix Group						
Monoprix	100	100	FC	100	100	FC
Les Galeries de la Croisette	100	100	FC	100	100	FC
Monoprix Exploitation	100	100	FC	100	100	FC
Monop'	100	100	FC	100	100	FC
Naturalia France	100	100	FC	100	100	FC
Simonop'1	100	51	FC	100	51	FC
Société Auxiliaire de Manutention Accélérée de Denrées Alimentaires "S.A.M.A.D.A."	100	100	FC	100	100	FC
Société L.R.M.D.	100	100	FC	100	100	FC
Franprix-Leader Price Group						
Cofilead	100	100	FC	100	100	FC
DBMH	100	100	FC	100	100	FC
Distribution Franprix	100	100	FC	100	100	FC
Distribution Leader Price	100	100	FC	100	100	FC
Distri Sud-Ouest (DSO)	100	100	FC	100	100	FC
Franprix Holding	100	100	FC	100	100	FC
Franprix-Leader Price	100	100	FC	100	100	FC
Franprix-Leader Price Finance	100	100	FC	100	100	FC
HLP Ouest	70	70	FC	70	70	FC
Holding Mag 2	49	49	EM	49	49	EM
Holdi Mag	49	49	EM	49	49	EM
Holdev Mag	49	49	EM	49	49	EM
Gesdis	40	40	EM	40	40	EM
Leader Price Exploitation	100	100	FC	100	100	FC
NFL Distribution	100	100	FC	100	100	FC
Parfidis	100	100	FC	100	100	FC
Pro Distribution	70	70	FC	70	70	FC
R.L.P. Invest	100	100	FC	100	100	FC
Sarjel	100	100	FC	60	60	FC
Sédifrais	100	100	FC	100	100	FC
Sofigep	100	100	FC	100	100	FC

Company	2017 % control	2017 % interest	2017 Consolidation method	2016 % control	2016 % interest	2016 Consolidation method
Codim Group						
Codim 2	100	100	FC	100	100	FC
Hyper Rocade 2	100	100	FC	100	100	FC
Pacam 2	100	100	FC	100	100	FC
Poretta 2	100	100	FC	100	100	FC
Prodis 2	100	100	FC	100	100	FC
Property Group						
GreenYellow	97.52	97.52	FC	98.75	98.75	FC
L'immobilière Groupe Casino	100	100	FC	100	100	FC
Sudéco	100	100	FC	100	100	FC
Uranie	100	100	FC	100	100	FC
Mercialys Group						
Mercialys (listed company)	**40.24**	**40.24**	**EM**	**40.22**	**40.22**	**EM**
Property development						
Plouescadis	100	100	FC	100	100	FC
Other businesses						
Banque du Groupe Casino	50	50	EM	50	50	EM
Casino Finance	100	100	FC	100	100	FC
Casino Restauration	100	100	FC	100	100	FC
Restauration Collective Casino	100	100	FC	100	100	FC
E-COMMERCE						
Cnova N.V. Group (listed company)	**99.46**	**76.11**	**FC**	**93.70**	**66.84**	**FC**
Cdiscount Group	100	76.11	FC	100	66.84	FC
Cdiscount	100	76.19	FC	100	66.95	FC
INTERNATIONAL – POLAND						
Mayland Real Estate	100	100	FC	100	100	FC
INTERNATIONAL – BRAZIL						
Wilkes	100	77.65	FC	100	75.5	FC
GPA Group (listed company)	**99.94**	**33.12**	**FC**	**99.94**	**33.18**	**FC**
Financeira Itaú CBD S.A. – Crédito, Financiamento e Investimento (FIC)(1)(3)	50	41.93	EM	50	41.93	EM
GPA Malls & Properties Gestão de Ativos e Serviços. Imobiliários Ltda. (GPA M&P)(1)	100	100	FC	100	100	FC
Novasoc Comercial Ltda. (Novasoc)(1)(2)	100	100	FC	99.98	10	FC
Sendas Distribuidora S.A. (Sendas)(1)	100	100	FC	100	100	FC
Via Varejo (listed company)(1)	**62.53**	**43.31**	**FC**	**62.56**	**43.34**	**FC**
Banco Investcred Unibanco S.A. (BINV)(1)(3)(6)	50	21.65	EM	50	21.67	EM
Indústria de Móveis Bartira Ltda. (Bartira)(4)(6)	100	100	FC	100	100	FC
C'nova Comercio Electronico(4)(6)	100	100	FC	100	100	FC

Company	2017 % control	2017 % interest	2017 Consolidation method	2016 % control	2016 % interest	2016 Consolidation method
INTERNATIONAL – COLOMBIA, URUGUAY AND ARGENTINA						
Éxito Group (listed company)	**55.30**	**55.30**	**FC**	**55.30**	**55.30**	**FC**
Distribuidora de Textiles y Confecciones SA DIDETEXCO(5)	97.75	97.75	FC	97.75	97.75	FC
Viva Malls Trust(5)(7)	51	51	FC	51	51	FC
Viva Villavincencio Trust(5)	51	51	FC	51	51	FC
Logistica y transporte de Servicios S.A.S(5)	100	100	FC	100	100	FC
Tuya SA(5)	50	50	EM	50	50	EM
Grupo Disco (Uruguay)(5)	75.10	62.49	FC	75.10	62.49	FC
Devoto (Uruguay)(5)	100	100	FC	100	100	FC
Libertad (Argentina)(5)	100	100	FC	100	100	FC
INTERNATIONAL – INDIAN OCEAN						
Vindémia Distribution	100	99.98	FC	100	99.98	FC
Vindémia Logistique	100	100	FC	100	100	FC
BDM (Mayotte)	71.44	71.44	FC	71.44	71.44	FC
SOMAGS (Mauritius)	100	100	FC	100	100	FC
FRENCH AND INTERNATIONAL HOLDING COMPANIES						
Bergsaar BV	100	100	FC	100	100	FC
Casino Finance International	100	100	FC	100	100	FC
Casino International	100	100	FC	100	100	FC
Forézienne de participations	100	100	FC	100	100	FC
Géant Foncière BV	100	100	FC	100	100	FC
Géant Holding BV	100	100	FC	100	100	FC
Géant International BV	100	100	FC	100	100	FC
Gelase	100	55.30	FC	100	55.30	FC
Helicco	100	100	FC	100	100	FC
Intexa (listed company)	**98.91**	**97.91**	**FC**	**98.91**	**97.91**	**FC**
Marushka Holding BV	100	100	FC	100	100	FC
Ségisor SA	100	77.65	FC	100	77.65	FC
Sonnat	100	100	FC	100	100	FC
Tevir SA	100	100	FC	100	100	FC
Tonquin BV	100	100	FC	100	100	FC

(1) The percentage interests correspond to the percentages held by the GPA sub-group.

(2) In 2016, although GPA only owned 10% of Novasoc, it was fully consolidated as GPA controlled 99.98% of the voting rights under the shareholders' agreement.

(3) FIC and BINV finance purchases made by GPA's customers. These entities were created through a partnership between Banco Itaú Unibanco S.A ("Itaú Unibanco"), GPA, and Via Varejo. They are accounted for by the equity method as GPA exercises significant influence over their operating and financial policies. Via Varejo's 14.24% share of FIC's net assets has been classified as held for sale in accordance with IFRS 5. BINV is a Via Varejo joint venture and has been classified in full as held for sale.

(4) The percentage interests correspond to the percentages held by the Via Varejo sub-group.

(5) The percentage interests correspond to the percentages held by the Éxito sub-group. On 27 April 2015, Éxito signed a contractual agreement, initially with a two-year term, granting it more than 75% of the Disco voting rights and exclusive control over the sub-group's strategic decisions. On 29 December 2016, the agreement was extended until 30 June 2019. It will then be rolled over automatically until 30 June 2021 unless either party gives notice of its intention to withdraw from the agreement before 31 December 2018.

(6) Via Varejo's main subsidiaries and joint ventures are Cnova Comercio Electronico, BINV and Bartira. The entire sub-group has been classified as held for sale in accordance with IFRS 5.

(7) The trust's governance is specified in the agreement between the parties. Éxito is the majority partner and FIC has rights with respect to certain Viva Malls business decisions concerning such matters as acquisitions and disposals in excess of a certain amount or the method of setting budgets and business plan targets. The agreement also states that Éxito is the sole provider of property management, administrative and marketing services for Viva Malls and that it is paid an arm's length fee for these services. A review of the substance of FIC's rights under the agreement confirms that their effect is solely to protect FIC's investment and that, consequently, Viva Malls is controlled by Éxito.

Note 18 Standards, amendments and interpretations published but not yet mandatory

STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE EUROPEAN UNION AS AT THE REPORTING DATE BUT NOT YET MANDATORY

The IASB has published the following standards, amendments to existing standards and interpretations, adopted by the European Union but not mandatory as at 1 January 2017.

IFRS 9 – Financial instruments

IFRS 9 – Financial Instruments published by the IASB in July 2014 and adopted by the European Union on 29 November 2016, will replace IAS 39 – Financial Instruments as from 1 January 2018. IFRS 9 defines new principles covering the classification and measurement of financial instruments, the recognition of impairment provisions for credit risk on financial assets and hedge accounting. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt IFRS 9 as from 1 January 2018 and does not expect to restate comparative information, except possibly for the recognition of forward points on foreign currency hedges. The three main aspects addressed in IFRS 9 were analysed in 2017. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements and, to a lesser extent, the effect of debt modifications. The Group expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Group will implement changes in classification of certain financial instruments.

(a) Classification and measurement of financial assets and liabilities

The standard requires financial assets to be classified as measured at (i) amortised cost, or (ii) fair value through other comprehensive income or (iii) fair value through profit or loss. The choice of classification is generally based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. These classifications replace the categories in IAS 39 (held-to-maturity investments – a category not used by the Group – loans and receivables, and available-for-sale financial assets). Except for consumer finance receivables and debt modifications, application of the new classifications is not expected to have any material impact:

- credit card receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. They will therefore be measured at fair value through other comprehensive income and the cumulative gain or loss previously recognised in other comprehensive income will be reclassified from equity to profit or loss when the receivables are derecognised or reclassified. The main identified impact of this accounting treatment concerns GPA and, more specifically, its Via Varejo subsidiary which is classified as held for sale;
- IFRS 9 also modifies the accounting treatment of debt renegotiations that do not lead to derecognition of the original debt. A renegotiated debt continues to be measured at the original effective interest rate and the gain or loss resulting from the renegotiation is recognised immediately in profit or loss. Under IAS 39 the accounting treatment consisted of recognising the interest saving or additional interest cost resulting from the renegotiation over the remaining life of the renegotiated debt, by prospectively adjusting its effective interest rate. Under this method, the carrying amount of the debt is not modified on the renegotiation date.

(b) Impairment of financial assets

IFRS 9 replaces the "incurred loss" model under IAS 39 with the "expected credit loss" model. The new model is applicable to assets at amortised cost, contract assets, debt instruments at fair value through other comprehensive income and financial guarantees, but not to investments in equity instruments.

The Group expects to use primarily the simplified approach to measuring expected credit losses, in particular related to receivables from franchisees, deferred payment receivables and receivables from rentals.

(c) Hedge accounting

The Group will apply the new general hedge accounting requirements in IFRS 9. These include ensuring that hedging relationships are consistent with its risk management objectives and strategy, and placing greater emphasis on qualitative and forward-looking tests of hedge effectiveness. The analysis performed by the Group has confirmed that its current hedging relationships will continue to qualify for hedge accounting under IFRS 9.

Application of the new hedge accounting requirements in IFRS 9 is not expected to have any material impact.

In addition to the impacts described above, other adjustments may also have to be made to the accounts upon adoption of IFRS 9, concerning for example deferred taxes and investments in associates and joint ventures (such as Banque du Groupe Casino).

IFRS 15 – Revenue from contracts with customers

On 29 October 2016, the European Union adopted IFRS 15 – Revenue from Contracts with Customers, which is applicable as from 1 January 2018. The Group has not elected to early-adopt this standard.

IFRS 15 defines the principles for recognising revenue and will replace the standards IAS 18 – Revenue and IAS 11 – Construction contracts and all related interpretations. Its scope covers all contracts made with customers, except for leases (rental and sub-rental revenue), financial instruments (interest income) and insurance contracts, which are under the scope of other standards.

IFRS 15 defines a unique model for recognising revenue, in five steps. It introduces new concepts and principles regarding the recognition of revenue, in particular the identification of performance obligations and allocation of the transaction price for contracts with multiple performance obligations. It also includes new disclosure requirements.

The various revenue sources have been analysed in detail and the effects of applying IFRS 15 to revenue recognition as from 1 January 2018 are expected to be limited given the nature of the Group's business. The vast majority of the Group's revenue originates from sales to final clients made in stores and gas stations; those sales include no other performance obligations and the related revenue is recognised at checkout.

IFRS 15 will be applied retrospectively to facilitate year-on-year comparisons.

IFRS 16 – Leases

The adoption of IFRS 16, which will replace IAS 17 and related interpretations, will affect primarily the accounting for the operating leases on the Group's stores and warehouses and will result in the recognition of almost all leases on-balance sheet. An optional exemption exists for short-term leases and leases on low-value assets. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability representative of discounted future rentals for virtually all lease contracts. Operating lease expense will be replaced with interest expense and depreciation, so key metrics like trading profit and EBITDA will change. The Group believes that consolidated net profit will also be affected because the total rental expense is generally higher at the beginning of the lease and decreases over time, unlike a straight-line charge under the current standard. Additionally, net cash from operating activities will be higher as cash payments for the principal portion of the lease liability and the related interest will be classified as cash flows from financing activities.

The Group is continuing to assess the potential impact on its financial information. As at 31 December 2017, off-balance sheet non-cancellable operating lease commitments (property and equipment) amounted to €2,726 million (Note 7.2), corresponding mainly to leased store and warehouse properties used in the business. The assessment of the new standard's impact is still at any early stage, and the Group has not yet determined to what extent operating lease renewal or termination options (particularly the three-yearly right to terminate commercial leases in France and the possibility to terminate lease arrangements in Brazil in exchange for a penalty of one to twelve months' rent) will affect the recognition of an asset and a liability for future minimum lease payments and how this will affect consolidated profit and the presentation of cash flows.

Finally, the Group has not yet decided the date of first-time adoption of the standard (mandatory application no later than from 1 January 2019) or the transition method (simplified or full retrospective approach).

STANDARDS AND INTERPRETATIONS NOT ADOPTED BY THE EUROPEAN UNION AS AT THE REPORTING DATE

The IASB has published the following standards, amendments to standards and interpretations applicable to the Group which have not yet been adopted by the European Union:

Standard (application date for the Group subject to adoption by the EU)	Description of the standard
IFRS Annual Improvements – 2014-2016 cycle (1 January 2018)	The main standard concerned is IFRS 12 – Disclosure of Interests in Other Entities. These amendments will be applicable on a retrospective basis. They clarify that IFRS 12 also applies to interests in subsidiaries, joint arrangements and associates classified as "held for sale" in accordance with IFRS 5 (except for the requirement to disclose summary financial information which does not have to be applied).
Amendments to IFRS 2 *Classification and measurement of share-based payments* (1 January 2018)	These amendments will be applicable on a prospective basis. The amendments describe the accounting treatment of: ▪ the effects of vesting conditions and non-vesting conditions on the measurement of cash-settled share-based payments: measurement of the liability for cash-settled share-based payments follows the same approach as used for equity-settled share-based payments; ▪ share-based payments subject to withholding tax: the share-based payment is qualified as equity-settled in its entirety (including the withholding tax) provided that, in the absence of the withholding tax, the share-based payment would have been equity-settled in its entirety; ▪ modifications of share-based payment transactions from cash-settled to equity-settled: the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date fair value, with the difference between the two amounts recognised in profit or loss.
Amendments to IAS 40 *Transfers of investment property* (1 January 2018)	These amendments will be applicable on a prospective basis. These amendments provide guidance on transfers to or from investment property. They also clarify that the list of evidence of a change of use is a non-exhaustive list of examples.
IFRIC 22 *Foreign currency transactions and advance consideration* (1 January 2018)	Companies will be allowed to apply this interpretation either retrospectively or prospectively. IFRIC 22 provides guidance on interpreting IAS 21 – The Effects of Changes in Foreign Exchange Rates. It clarifies the exchange rate to be used for advance consideration.

Standard (application date for the Group subject to adoption by the EU)	Description of the standard
IFRIC 23 *Uncertainty over Income Tax Treatments* (1 January 2019)	Companies will be allowed to apply this interpretation on a full or partial retrospective basis. IFRIC 23 explains how to reflect the effects of uncertainty in accounting for current and deferred tax assets and liabilities under IAS 12 – Income taxes. It clarifies the following main points: ▪ judgement should be used to determine whether uncertain tax treatments should be considered separately or together; ▪ an entity should assume that the taxation authority will examine all amounts reported to it and will have full knowledge of all relevant information when doing so; ▪ the decision whether to recognise current and deferred tax assets and liabilities should be made based on the probability (i.e. is it more probable than not) that the asset will be recovered or the liability will be paid; ▪ if it is not probable that the taxation authority will accept an uncertain tax treatment, the provision should be based on the estimated amount that the entity expects to pay or recover, as determined by (i) the most likely amount method or (ii) a method based on the weighted average of the various possible scenarios.
Amendments to IFRS 9 *Prepayment features with negative compensation* (1 January 2019)	These amendments will be applicable on a retrospective basis. The amendments expand the classification of financial assets at amortised cost or at fair value through other comprehensive income and clarify the application of the "solely a payment of principal and interest" test to certain debt instruments with a prepayment feature where the effect of exercising this clause would reasonably lead to repayments that are lower than the amount of principal and interest due.
Amendments to IAS 28 *Long-term interests in associates and joint ventures* (1 January 2019)	These amendments will be applicable on a retrospective basis. These amendments clarify that IFRS 9 (including the impairment rules) applies to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
IFRS Annual Improvements Cycles 2015-2017 cycle (1 January 2019)	The main standards concerned are: ▪ IAS 12 – Income Taxes: these amendments clarify that the tax consequences of dividend payments (i.e. distributions of profits) should be recognised in profit or loss, equity or other comprehensive income according to where the transactions that generated the distributed profits were presented. They will be applicable on a retrospective basis as from the first comparative period presented; ▪ IAS 23 – Borrowing Costs: these amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally. These amendments will be applicable on a prospective basis.

These interpretations and amendments are not expected to have any material impact on the Group's consolidated financial statements.

Chapter 4

Parent company financial statements for the year ended 31 December 2017

4.1. Statutory Auditors' report on the financial statements

For the year ended 31 December 2017

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders' Meeting of Casino, Guichard-Perrachon,

OPINION

In compliance with the engagement entrusted to us by your shareholders' meeting, we have audited the accompanying financial statements of Casino, Guichard-Perrachon for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in subsidiaries and associates

Risk identified	Our response
See notes "Accounting policies" and "6 – Long-term investments" to the financial statements	
As at 31 December 2017, the net carrying amount of investments in subsidiaries and associates (including merger losses recognized under "Other long-term investments" and allocated to equity investments), is recorded on the Company's balance sheet for an overall amount of €16,498 million, or approximately 92% of total assets. Investments in subsidiaries and associates are impaired when their recoverable amount, estimated in accordance with the methods described under "Long-term investments" in the "Accounting policies" note and in note "6 – Long-term investments" to the financial statements, is lower than their carrying amount. The recoverable amount is determined by using either a profitability level, or the stock market price for listed companies, or the value in use resulting from expected cash flows.	We examined the compliance of the methodology implemented by management with the accounting standards in force. We also assessed the estimates of recoverable amounts adopted by management. To do so, we analyzed in particular, on a case-by-case basis: ▪ the documentation of any possible unrealized capital gains taken into account by management to estimate the recoverable amount of the securities;
We considered that the valuation of investments in subsidiaries and associates, including those relating to Distribution Casino France, constitutes a key audit matter due to the materiality of these assets in the balance sheet of Casino, Guichard-Perrachon, the significance of the estimates, assessments or assumptions made by management on which the determination of recoverable amount is based, and the sensitivity of the valuation to certain assumptions.	▪ the assumptions underlying the value in use when it is adopted as the recoverable amount, in particular: - the consistency of cash flow projections with the medium-term budgets and business plans prepared by management. We also confirmed the consistency of these projections with the Group's historical performance and the economic context in which the Group operates, - the methods and parameters used to determine the discount rates applied to estimated cash flows. We recalculated these discount rates independently, compared them with the amounts used by the leading financial analysts and with our internal databases, with the assistance of our valuation experts, - the relevance of the sensitivity scenarios used by management. Finally, we assessed the appropriateness of the disclosures provided in the notes to the financial statements.

VERIFICATION OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS PROVIDED TO SHAREHOLDERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in other documents provided to shareholders on the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the board of directors and in the other documents provided to shareholders with respect to the financial position and the financial statements.

Report on corporate governance

We attest that the board of directors' report on corporate governance contains the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Concerning the information relating to the elements that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have verified its consistency with the underlying documents on which it is based and which has been communicated to us. Based on this work, we have no comment to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Casino, Guichard-Perrachon by the Shareholders' Meeting held on 29 April 2010.

As at 31 December 2017, our audit firms were both in their 8th year of uninterrupted engagement. Previously, Ernst & Young Audit had been Statutory Auditor since 1978.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;
- evaluates the overall presentation of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No. 537/2014, confirming our independence in the sense of the rules applicable in France as defined in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and/or in the French Code of Ethics for Statutory Auditors *(Code de Déontologie)*. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense and Neuilly-sur-Seine, 9 March 2018

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres		Deloitte & Associés	
Yvon SALAÜN	Sylvain LAURIA	Frédéric MOULIN	Patrice CHOQUET

4.2. Parent company financial statements and notes

Income statement

(€ millions)	Notes	**2017**	2016
Operating income	1	171.3	165.2
Operating expenses	1	(173.6)	(168.8)
Operating loss		**(2.3)**	**(3.6)**
Net financial income (expense)	2	(111.9)	444.7
Recurring profit (loss) before tax		**(114.2)**	**441.1**
Non-recurring income (expense)	3	207.3	(300.8)
Income tax benefit	4	301.1	265.2
NET PROFIT		**394.2**	**405.5**

Statement of financial position

ASSETS

(€ millions)	Notes	**2017**	2016
NON-CURRENT ASSETS			
Intangible assets		7.8	7.5
Amortisation and impairment		(2.6)	(2.4)
	5	**5.2**	**5.1**
Property, plant and equipment		46.4	44.1
Depreciation and impairment		(21.4)	(17.6)
	5	**25.0**	**26.5**
Long-term investments[(a)]		17,913.5	17,380.5
Impairment		(912.2)	(693.8)
	6	**17,001.3**	**16,686.7**
Total non-current assets		**17,031.5**	**16,718.4**
CURRENT ASSETS			
Trade and other receivables	7	845.4	1,044.3
Marketable securities	8	5.0	5.5
Cash	8	1.6	2.2
Total current assets		**852.0**	**1,052.1**
Prepayments and other assets[(b)]	**9**	**91.7**	**75.2**
TOTAL ASSETS		**17,975.2**	**17,845.6**
(a) o/w loans due within one year		*465.6*	*15.1*
(b) o/w due in more than one year		*71.1*	*58.4*

EQUITY AND LIABILITIES

(€ millions)	Notes	**2017**	2016
Equity	**10**	**7,874.4**	**7,825.4**
Quasi-equity	**11**	**1,350.0**	**1,350.0**
Provisions	**12**	**200.9**	**236.7**
Loans and other borrowings	13	6,215.2	6,887.4
Trade payables		38.5	58.5
Tax and employee benefits payable		35.7	36.9
Casino Finance current account	13	2,127.5	979.6
Other liabilities	14	116.8	448.9
TOTAL LIABILITIES[(a)]		**8,533.7**	**8,411.3**
Deferred income and other liabilities[(a)]	**15**	**16.2**	**22.2**
TOTAL EQUITY AND LIABILITIES		**17,975.2**	**17,845.6**
(a) o/w: due within one year		*3,275.0*	*2,981.6*
due in one to five years		*2,650.3*	*2,824.8*
due in more than five years		*2,624.6*	*2,627.1*

Statement of cash flows

(€ millions)	2017	2016
Net profit	394.2	405.5
Elimination of non-cash items		
▪ Depreciation, amortisation and provisions (other than on current assets)	187.6	224.4
▪ (Gains)/losses on disposals of non-current assets	(170.0)	326.0
▪ Impact of changes in Group structure	–	0.6
▪ Other non-cash items	23.7	(21.5)
Cash from operating activities before change in working capital	**435.5**	**935.0**
Change in working capital – operating activities	(157.9)	(335.9)
Net cash from operating activities	**277.6**	**599.1**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of non-current assets	(173.0)	(1,033.3)
Proceeds from disposals of non-current assets	256.6	116.6
Proceeds from capital reductions	–	59.9
Change in loans and advances granted	(450.6)	(32.3)
Net cash used in investing activities	**(367.0)**	**(889.1)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(345.9)	(520.7)
Proceeds from issuance/cancellation of shares for cash	–	(103.9)
Proceeds from new borrowings	150.4	1.5
Repayments of borrowings	(552.4)	(1,364.3)
Net cash used in financing activities	**(747.9)**	**(1,987.4)**
CHANGE IN CASH AND CASH EQUIVALENTS	**(837.2)**	**(2,277.4)**
Cash and cash equivalents at beginning of year	**(1,494.2)**	**783.2**
Cash and cash equivalents at end of year	**(2,331.4)**	**(1,494.2)**
o/w:		
Casino Finance current account	(2,127.6)	(979.6)
Cash and cash equivalents	6.6	7.8
Bank overdrafts	(210.4)	(522.4)

CHANGE IN WORKING CAPITAL

(€ millions)	2017	2016
Trade payables	(15.5)	7.1
Trade receivables	(20.1)	5.5
Current accounts	(274.3)	19.8
Other operating payables	(67.9)	(12.9)
Other operating receivables	219.8	(355.5)
CHANGE IN WORKING CAPITAL	**(157.9)**	**(335.9)**

Notes to the financial statements

Casino, Guichard-Perrachon is a French *société anonyme*, listed in compartment A of Euronext Paris. The Company will hereinafter be referred to as "Casino" or "the Company". The Company's registered office is at 1, cours Antoine Guichard, 42008 Saint-Étienne, France.

4.2.1. SIGNIFICANT EVENTS OF THE YEAR

Final results of the public tender offer for Cnova NV shares

On 31 January 2017, the Group announced the final results of the tender offer for ordinary Cnova NV shares launched on 6 December 2016. A total of 31.7 million shares were tendered to the offer and a further 0.3 million shares were purchased in March 2017.

Together, these shares represent 9.3% of Cnova's share capital. At 31 December 2017, the Company directly held 64.73% of the capital of Cnova NV and 63.35% of the voting rights. Including the Cnova NV shares held by GPA, the Group held 98.97% of the capital and 99.46% of the voting rights, representing a percentage interest of 76.11%.

On 21 February 2017, Cnova NV made a formal application to delist its ordinary shares from Nasdaq. The decision was rendered effective on 3 March 2017. Since that date, US public reporting obligations under the Exchange Act have been suspended. Cnova NV's ordinary shares continue to be listed on Euronext Paris.

Proceedings brought by the DGCCRF (French competition authority) against EMCD and INCAA

On 28 February 2017, the French Ministry of the Economy, represented by the Department of Competition Policy, Consumer Affairs and Fraud Control (DGCCRF), brought an action against Casino in the Paris Commercial Court. The case involves a series of credit notes totalling €22 million issued in 2013 and 2014 by 41 suppliers. The DGCCRF is seeking repayment of this sum to the suppliers concerned together with a fine of €2 million. The proceedings are in progress. Casino reaffirms its position that these credit notes are perfectly legitimate and intends to challenge the grounds for this action.

The Company considers that it complied with the applicable regulations during negotiations with the suppliers concerned and has therefore chosen not to set aside a provision in the early stages of challenging the proceedings.

Bond exchange

On 30 May 2017, the Group issued €550 million worth of five-year 1.865% bonds.

At the same time, €153 million, €153 million and €60 million worth of bonds maturing respectively in November 2018 (5.73% coupon), August 2019 (4.41% coupon) and March 2020 (5.24% coupon) were bought back, reducing the issues' respective nominal amounts to €355 million, €697 million and €540 million. Taking into account the difference between the buyback price and the bonds' face value, the net cash outflow for the bond exchange totalled €400 million. Settlement and delivery took place on 13 June 2017.

During the year, the Company also redeemed the €551.7 million worth of 2017 bonds.

Refinancing of a line of credit

On 26 July 2017, Casino announced that it had obtained a confirmed five-year credit line for USD 750 million (around €645 million) from a group of 11 international banks. The line of credit was used to refinance an existing USD 1 billion facility, extending the average maturity of Casino's confirmed lines of credit from 2.4 years to 3.4 years as of the transaction date.

Casino also has two one-year rollover options, subject to the banks' approval.

Interim dividend

On 11 December 2017, the Company paid an interim dividend of €173 million.

Casino Group rating by Moody's

In line with the policy of rotating rating agencies, as recommended by the European regulator, Moody's Investors Service ("Moody's") has been appointed as the Group's new rating agency.

Legal reorganisation

In connection with an internal reorganisation plan to reduce the number of different international subsidiaries following the 2016 sale of the Group's Asian businesses, the Company sold its entire interest in Géant Foncière BV to Géant Holding BV for €256 million and received a €200 million special dividend from its subsidiary Sonnat prior to its merger into Casino Finance in early 2018.

4.2.2. SIGNIFICANT ACCOUNTING POLICIES

General information

The statutory financial statements have been prepared in accordance with regulation No. 2016-07 of 4 November 2016 issued by the French accounting standards authority (*Autorité des normes comptables* – ANC) on the French generally accepted accounting principles approved by ministerial decree dated 26 December 2016.

The accounting policies applied are consistent with those used for the previous year.

Application of ANC regulation No. 2015-05 of 2 July 2015 on derivatives and hedging transactions, applicable for reporting periods beginning on or after 1 January 2017, did not have an impact on the 2017 financial statements.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that may affect the reported amounts of assets and liabilities and income and expenses, as well as the disclosures made in certain notes to the financial statements.

Due to the inherent uncertainty of assumptions, actual results may differ from the estimates. Estimates and assessments are reviewed at regular intervals and adjusted where necessary to take into account past experience and any relevant economic factors.

The judgements, estimates and assumptions are based on the information available when the financial statements are drawn up and mainly concern the measurement of investments in subsidiaries and associates (Note 6).

Intangible assets

Intangible assets are measured at cost or transfer value and primarily correspond to goodwill and software.

Where appropriate, an impairment loss is recognised to bring the carrying amount down to fair value, determined mainly on the basis of profitability criteria.

Software is amortised over a period of three years.

Property, plant and equipment

Property, plant and equipment are recognised at their cost or transfer value in the statement of financial position.

Depreciation is calculated using the straight-line or reducing-balance method, depending on the asset's specific characteristics. Differences between straight-line depreciation and reducing-balance depreciation charged for tax purposes are recorded in provisions for accelerated depreciation.

The main depreciation periods (useful lives) are as follows:

Asset category	Depreciation period
Buildings	50 years
Fixtures, fittings and refurbishments	5 to 25 years
Machinery and equipment	5 to 10 years

The depreciable amount is the cost of property, plant and equipment less residual value (nil).

Property, plant and equipment acquired through mergers or asset transfers are depreciated over the period remaining following the depreciation applied by the company that originally held the assets concerned.

Long-term investments

Investments in subsidiaries and associates are recognised at their cost or transfer value. Where appropriate, an impairment loss is recognised to bring the carrying amount down to fair value (with the exception of treasury shares recorded under long-term investments and held for cancellation).

Fair value is determined using a number of indicators, such as the investee's net asset value at the reporting date, profitability indicators, share price in the case of a listed company, and value in use for the Group. Further information is provided in Note 6 "Long-term investments".

A similar method of determining fair value is also used where appropriate for other long-term investments.

In accordance with notice No. 2007-C, issued by the Emerging Issues Taskforce of the French accounting standards authority (*Conseil national de la comptabilité* – CNC) on 15 June 2007, investment acquisition fees are capitalised and amortised for tax purposes over five years using the accelerated method.

Company accounting policy consists of recognising technical deficits arising from merger transactions on a line-by-line basis in non-current assets. In practice, all such deficits are recognised in long-term investments due to the Company's activity as a holding company.

Marketable securities

Marketable securities are recognised at cost in the statement of financial position.

Where appropriate, an impairment loss is recorded when probable realisable value is lower than cost.

In the case of treasury shares, when the average share price for the last month of the year falls below the carrying amount an impairment loss is recognised for the difference.

Impairment losses on other categories of investment securities are determined by comparing cost and the average share price of the investee for the last month of the year.

Receivables

Receivables are stated at nominal value. Provisions are booked to cover any default risks.

Foreign currency exchange differences

Liabilities and receivables denominated in foreign currencies are translated into euros at the closing rate. Gains or losses arising on translation are recorded in the statement of financial position as "unrealised foreign currency exchange gains" or "unrealised foreign currency exchange losses", respectively. A provision is recorded for unrealised foreign currency exchange losses.

Provisions

The Company records a provision when it has an obligation toward a third party, the amount of the obligation can be reliably estimated and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The Company grants its managers and other employees retirement bonuses determined on the basis of their length of service.

The projected benefit obligation representing the full amount of the employee's vested entitlements is recognised as a provision in the statement of financial position. The amount of the provision is determined using the projected unit credit method taking into account social security contributions.

Actuarial gains and losses on retirement benefit obligations are recognised in the income statement using the corridor method. Under this method, the portion of the net cumulative actuarial gain or loss that exceeds 10% of the greater of the defined benefit obligation and the fair value of the plan assets is recognised in earnings over the expected average remaining working lives of the employees participating in the defined benefit plan.

The Company has also set up stock option and share grant plans for executives and employees.

A liability is recognised when it is probable that the Company will grant existing shares to plan beneficiaries based on the probable outflow of resources. The outflow of resources is measured on the basis of the probable cost of purchasing the shares if they are not already held by the Company or their "entry cost" on the date of their allocation to the plan. If the stock options or share grants are contingent upon the employee's presence in the Company for a specific period, the liability is deferred over the vesting period.

No liability is recognised for plans settled in new shares.

No provision is recognised if the Company has not yet decided at the reporting date whether to settle the plans in new or existing shares.

Other provisions concern specifically identified liabilities and expenses.

Financial instruments

The Company may use various financial instruments to manage its exposure to currency and interest rate risks. In such cases, the nominal amounts of forward contracts entered into by the Company are included in off-balance sheet commitments and gains and losses arising on interest rate hedges are recognised in the income statement on a proportional basis over the term of the hedge.

The Company may also use derivative instruments to cover the shares of its subsidiaries. A provision is recognised when the fair value of these derivatives is negative.

Recurring profit (loss)

Recurring profit (loss) includes all income and expenses relating to the Company's ordinary activities.

Non-recurring income (expense)

Non-recurring income (expense) results from events or transactions that do not correspond to Casino, Guichard-Perrachon's ordinary activities as a holding company in view of their nature, frequency or amounts.

Income tax

Casino, Guichard-Perrachon, is the head of a tax group that includes the majority of its subsidiaries. At 31 December 2017, the tax group consisted of 555 companies. Each company in the tax group accounts for taxes as if it were taxed on a stand-alone basis. The tax benefit that results from deducting the tax losses of Casino, Guichard-Perrachon and other members of the tax group from the tax group's taxable profit is recorded in the accounts of Casino, Guichard-Perrachon.

4.3. Notes to the financial statements

Note 1. Operating profit (loss)

BREAKDOWN

(€ millions)	**2017**	2016
Revenue from services (excluding taxes)	162.7	160.7
Other income	5.8	3.7
Reversals of provisions and impairment losses	2.8	0.8
Operating income	**171.3**	**165.2**
Other purchases and external expenses	(148.4)	(144.4)
Taxes and duties	(3.2)	(4.2)
Employee benefits expense	(12.8)	(14.8)
Depreciation, amortisation, impairment and provisions:		
▪ non-current assets	(4.1)	(4.0)
▪ liabilities and expenses	(3.9)	(0.5)
Other expenses	(1.2)	(0.9)
Operating expenses	**(173.6)**	**(168.8)**
OPERATING PROFIT (LOSS)	**(2.3)**	**(3.6)**

REVENUE FROM SERVICES (EXCLUDING TAXES)

(€ millions)	**2017**	2016
Seconded employees	4.3	4.2
Banner royalties	47.1	49.9
Other services	111.3	106.6
REVENUE FROM SERVICES (EXCLUDING TAXES)	**162.7**	**160.7**

As the Casino Group's parent and holding company, Casino, Guichard-Perrachon's revenue mainly corresponds to royalties received from subsidiaries for the use of trademarks and brands owned by the company, as well as services billed to subsidiaries.

In 2017, Casino, Guichard-Perrachon generated 89% of its net revenue with companies based in France, *versus* 84% in 2016.

AVERAGE NUMBER OF EMPLOYEES

(Number of employees)	**2017**	2016
Managers	14	16
Supervisors	-	-
Other employees	-	-
TOTAL	**14**	**16**

Note 2. Net financial income (expense)

(€ millions)	2017	2016
Income from investments in subsidiaries and associates:		
▪ Vindémia SAS	–	409.4
▪ Monoprix	108.8	477.8
▪ GreenYellow	–	40.1
▪ Sonnat	200.0	–
▪ Géant Holding BV	–	13.2
▪ Géant Foncière BV	–	18.0
▪ Ségisor	3.2	–
▪ Tevir	90.0	120.0
▪ Other	3.7	4.2
Total	**405.7**	**1,082.7**
Other investment income	1.6	1.1
Other financial income(i)	11.8	42.7
Reversals of provisions and impairment losses(ii)	48.6	77.0
Net gains on disposals of marketable securities(iii)	1.9	8.1
Financial income	**469.6**	**1,211.5**
Financial expenses:		
▪ Interest on bonds	(254.1)	(252.1)
▪ Interest on perpetual deeply subordinated bonds	(47.2)	(46.2)
▪ Other financial expenses(i)	(17.7)	(73.8)
▪ Amortisation and impairment(ii)	(258.2)	(386.1)
▪ Net losses on disposals of marketable securities(iii)	(4.4)	(8.6)
Financial expenses	**(581.6)**	**(766.8)**
NET FINANCIAL INCOME (EXPENSE)	**(111.9)**	**444.7**

(i) Other financial income and other financial expenses mainly include interest income and expenses on current accounts, income and expenses on bond exchanges and exchange gains and losses.

In 2016, other financial expenses included €46.3 million relating to bond buybacks and financial income of €11.1 million relating to Monoprix mandatory convertible bonds.

(ii) The main movements in provisions and impairments in 2017 were as follows:
- *amortisation of bond redemption premiums for €16.7 million;*
- *impairment losses on investments in subsidiaries and associates in an amount of €236.7 million, including Distribution Casino France (€203.2 million) and Casino Restauration (€33.5 million);*
- *reversal of losses on the Total Return Swap (TRS) on GPA shares (€30.9 million);*
- *reversal of impairment losses on investments in subsidiaries and associates in an amount of €16.4 million, mainly Geimex (€13.9 million).*

The main movements in provisions and impairments in 2016 were as follows:
- *amortisation of bond redemption premiums for €22.0 million;*
- *impairment losses on investments in subsidiaries and associates in an amount of €320.6 million, mainly Distribution Casino France (€256.3 million), Casino Restauration (€38.8 million), Messidor (€14.3 million) and Acherna (€8.0 million);*
- *reversal of losses on the Total Return Swap (TRS) on GPA shares (€41.2 million).*

(iii) Sales of treasury shares resulted in a loss of €2.5 million in 2017. A loss of €0.5 million was reported in 2016.

Note 3. Non-recurring income (expense)

(€ millions)	2017	2016
Gains (losses) on disposals of property, plant and equipment and intangible assets	-	3.0
Gains (losses) on disposals of investments in subsidiaries and associates[(1)]	171.7	(266.4)
Gains (losses) on disposals of assets	**171.7**	**(263.4)**
Additions to provisions	(3.5)	(0.9)
Reversals of provisions[(1)]	12.5	3.5
Other non-recurring expenses	(32.1)	(43.8)
Other non-recurring income	58.7	3.8
NON-RECURRING INCOME (EXPENSE)	**207.3**	**(300.8)**

(1) On disposal of investments in subsidiaries and associates, any reversals of provisions are presented under "Gains (losses) on disposals of investments in subsidiaries and associates".

In 2017, non-recurring income and expenses mainly comprised:

- the gain on disposal of Géant Foncière BV for €171.6 million (see Significant events of the year);
- derecognition of the €57.2 million liability corresponding to the portion of the Morzan compensation guaranteed by the Company (see Note 3 to the parent company financial statements for the year ended 31 December 2015) (Éxito was held harmless from the consequences of the Morzan ruling in exchange for underwriting a future capital increase by Ségisor);
- restructuring costs totalling €17.4 million;

In 2016, the main items of non-recurring income and expense were as follows:

- the loss on disposal of Vindémia SAS (subsidiary representing the Group's operations in Vietnam) in an amount of €266.4 million, after the dividend payout of €409.4 million;
- expenses relating to the reorganisation of the E-commerce business for €13.0 million;
- restructuring costs totalling €8.5 million;
- late interest on the Morzan compensation in an amount of €2.8 million.

Note 4. Income tax benefit

(€ millions)	2017	2016
Recurring profit (loss)	(114.2)	441.1
Non-recurring income (expense)	207.3	(300.8)
Profit before tax	**93.1**	**140.3**
Group relief	301.1	265.2
Income tax benefit	**301.1**	**265.2**
NET PROFIT	**394.2**	**405.5**

Casino, Guichard-Perrachon is the head of the French tax group. It would not have been liable for any tax in 2017 if it had not elected for group relief.

The income tax benefit reported in the Company's income statement corresponds mainly to:

- tax relief of €243.1 million resulting from the use of the tax loss carryforwards of Casino, Guichard-Perrachon and certain other companies in the tax group to offset the tax due by other companies in the tax group;
- the refund of the 3% tax on distributed earnings paid in prior years, for €53.3 million, that was received following the 6 October 2017 ruling by France's Constitutional Council that the tax was unconstitutional.

The tax group reported a taxable profit in 2017. Taking into account the prepayments made during the year and the use of tax credits available to the tax group, the Company has no liability towards the French tax authorities and is due to receive a €3.8 million refund for 2017.

The tax group had €1,206.2 million in tax loss carryforwards at 31 December 2017.

It also had an unrecognised deferred tax asset of €9.0 million at that date, arising from timing differences between the recognition of certain items of income and expense for tax and financial reporting purposes.

Note 5. Property, plant and equipment and intangible assets

BREAKDOWN

(€ millions)	**2017**	2016
Goodwill	4.0	4.0
Other intangible assets	3.8	3.5
Amortisation and impairment	(2.6)	(2.4)
Intangible assets	**5.2**	**5.1**
Land and land improvements	0.3	0.3
Depreciation	(0.1)	(0.1)
	0.2	**0.2**
Buildings, fixtures and fittings	2.9	2.8
Depreciation	(1.9)	(1.7)
	1.0	**1.1**
Other property, plant and equipment	43.2	41.0
Depreciation	(19.4)	(15.8)
	23.8	**25.2**
Property, plant and equipment	**25.0**	**26.5**
TOTAL PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, NET	**30.2**	**31.7**

MOVEMENTS FOR THE YEAR

(€ millions)	Cost	Amort., depr. and imp.	Net
At 1 January 2016	**90.5**	**(38.3)**	**52.2**
Increases	5.4	(4.1)	1.3
Decreases	(44.3)	22.4	(21.9)
At 31 December 2016	**51.6**	**(20.0)**	**31.6**
Increases	2.6	(4.0)	(1.5)
Decreases	-	-	-
AT 31 DECEMBER 2017	**54.2**	**(24.0)**	**30.2**

In 2016, the decrease in intangible assets and property, plant and equipment was mainly due to the following:

- reclassification of technical deficits on mergers from intangible assets to long-term investments (€29.2 million reclassified from cost and €18.1 million from amortisation and impairment);
- transfer of real estate assets to L'Immobilière Groupe Casino (€15.1 million deducted from cost and €4.3 million from depreciation).

Note 6. Long-term investments

BREAKDOWN

(€ millions)	**2017**	2016
Investments in subsidiaries and associates	17,380.5	17,297.9
Impairment(1)	(894.1)	(675.6)
	16,486.4	**16,622.3**
Loans	502.9	52.5
Impairment	–	–
	502.9	**52.5**
Other long-term investments	30.1	30.1
Impairment	(18.1)	(18.1)
	12.0	**12.0**
LONG-TERM INVESTMENTS	**17,001.3**	**16,686.7**

(1) In accordance with the accounting policies described in section 4.2.2 "Significant accounting policies", at 31 December 2017 the Company measured the fair value of its investments in subsidiaries and associates on the basis of their profitability, share price (in the case of listed companies) or value in use as determined using the discounted cash flows method.
Value in use is determined using estimated after-tax cash flows discounted using the rates shown below.

ASSUMPTIONS USED FOR INTERNAL CALCULATIONS OF 2017 VALUES IN USE

Region	**2017 perpetual growth rate(i)**	**2017 after-tax discount rate(ii)**	2016 perpetual growth rate(i)	2016 after-tax discount rate(ii)
France (retail)(iii)	1.8%	5.6%	1.7%	5.6%
France (other)(iii)	1.8% to 2.3%	5.6% to 7.0%	1.7% to 2.2%	5.6% to 7.2%
Argentina	8.8%	15.5%	8.5%	17.1%
Brazil(iv)	5.5%	9.9%	6.0%	12.4% and 11.6%(vi)
Colombia(iv)	3.0%	8.8%	3.0%	8.9%
Uruguay	6.1%	11.8%	6.6%	13.2%
Indian Ocean(v)	1.8% to 5.0%	5.6% to 14.8%	1.7% to 5.5%	5.6% to 14.2%

(i) The inflation-adjusted perpetual growth rate ranges from 0% to 1.5% depending on the nature of the CGU's business/banner and country.
(ii) The discount rate corresponds to the weighted average cost of capital (WACC) for each country. WACC is calculated at least once a year during the annual impairment testing exercise by taking account of the sector's levered beta, a market risk premium and the Group's cost of debt.
(iii) For the French retailing businesses, the discount rate also takes account of the CGU's type of business/banner and the associated operational risks.
(iv) At 31 December 2017, the market capitalisation of the listed subsidiaries GPA, Éxito and Cnova was €5,296 million, €2,073 million and €1,516 million, respectively.
(v) The Indian Ocean region includes Reunion Island, Mayotte, Madagascar and Mauritius. The discount rates used reflect the risks inherent in each of these regions.
(vi) The discount rate applied to cash flows was 12.4% for the three-year period covered by the business plan and 11.6% beyond that period, in order to reflect the application of inflation and interest rate assumptions for the years concerned.

The Company performed impairment tests on each of its investments by comparing their net carrying amount to their recoverable amount based on value in use. The impairment testing resulted in the recognition of a net impairment charge of €218.6 million, bringing total impairment up to €912.2 million at 31 December 2017 (including the technical deficits allocated to investments in subsidiaries and associates).

Changes impacting the calculation inputs, such as (i) a 100-basis point increase in the discount rate, (ii) a 25-basis point decrease in the perpetual growth rate used to calculate terminal value or (iii) a 50-basis point decrease in the EBITDA margin for cash flow projections used to calculate terminal value could lead to the recognition of additional impairment losses on investments in subsidiaries and associates, as follows:

- for French businesses, additional losses of €2,032 million, €554 million and €1,073 million as a result of sensitivity to changes in the above three calculation inputs, respectively, mainly impacting Distribution Casino France shares;
- for international businesses, no additional losses would be recognised as a result of sensitivity to changes in the above three calculation inputs.

A list of the Company's subsidiaries and associates is provided at the end of this document.

MOVEMENTS FOR THE YEAR

(€ millions)	Cost	Amort., depr. and imp.	Net
At 1 January 2016	**16,698.1**	**(383.4)**	**16,314.7**
Increases	3,462.6	(374.4)	3,088.3
Decreases	(2,780.2)	64.0	(2,716.2)
At 31 December 2016	**17,380.5**	**(693.8)**	**16,686.7**
Increases	628.1	(236.7)	391.4
Decreases	(95.0)	18.2	(76.8)
AT 31 DECEMBER 2017	**17,913.6**	**(912.3)**	**17,001.3**

The increase in the cost of long-term investments mainly corresponds to:

- the acquisition of Cnova NV shares following the public tender offer launched in December 2016 (see Significant events of the year) for €164.1 million;
- participation in a share issue by Banque du Groupe Casino for €5.0 million;
- a €455.8 million loan from Casino Finance International received in settlement of the sale of Géant Foncière BV shares and in payment of the Sonnat dividend;

The decrease in the cost of long-term investments primarily reflects:

- the sale of Géant Foncière BV shares for €84.6 million;
- repayment of loans made in respect of the government housing levy, for €6.5 million.

Note 7. Trade and other receivables

(€ millions)	**2017**	2016
Trade receivables	**57.6**	**42.1**
Other operating receivables	7.2	9.2
Other receivables	219.8	436.1
Current account advances	562.3	558.3
Provision for impairment of other receivables	(1.5)	(1.4)
	787.8	**1,002.2**
TRADE AND OTHER RECEIVABLES	**845.4**	**1,044.3**

Other receivables consist mainly of:

- tax credits received in respect of philanthropic spending, for €124.5 million
- accrued income in an amount of €93.7 million, mainly comprising Casino, Guichard-Perrachon's share of the 2017 profits of companies whose articles of association provide for profit to be distributed as of the balance sheet date (€90.5 million).

In 2016, accrued income amounted to €133.5 million and other receivables included €219.0 million placed in an escrow account for the launch of the Cnova NV tender offer.

All of the Company's trade and other receivables are due within one year except for tax credits in the amount of €122.4 million.

Note 8. Casino Finance current account and net cash and cash equivalents

(€ millions)	**2017**	2016
Casino Finance current account	**(2,127.6)**	**(979.6)**
Mutual fund units (FCP & SICAV)	-	1.0
Treasury shares	5.0	4.5
Marketable securities	**5.0**	**5.5**
Cash	**1.6**	**2.2**
Bank overdrafts	(0.9)	(0.8)
Negotiable European commercial paper[1]	(209.5)	(521.6)
Bank credit facilities	**(210.4)**	**(522.4)**
NET CASH AND CASH EQUIVALENTS	**(2,331.4)**	**(1,494.2)**

(1) Negotiable paper due within one year. This is the new umbrella name for "certificats de dépôt" and "billets de trésorerie".

The market value of FCP mutual fund units approximates their carrying amount.

Wholly-owned subsidiary Casino Finance is the cash pooling entity for the Group's French companies. The current account with respect to this subsidiary can be used at any time and pays interest at Eonia (plus a margin).

TREASURY SHARES

	2017	2016
NUMBER OF SHARES HELD		
At 1 January	**101,298**	**1,831,755**
Shares purchased	5,564,511	10,217,218
Shares sold	(5,559,032)	(11,947,675)
AT 31 DECEMBER	**106,777**	**101,298**
VALUE OF SHARES HELD *(€ MILLIONS)*		
At 1 January	**4.7**	**80.0**
Shares purchased	284.6	480.5
Shares sold	(284.3)	(555.8)
AT 31 DECEMBER	**5.0**	**4.7**
Average purchase price per share *(€)*	47.26	46.69
% of share capital	0.10	0.09
Share in equity *(€ millions)*	7.6	7.0

In February 2005, Casino, Guichard-Perrachon signed a liquidity agreement with Rothschild & Cie Banque.

The agreement authorised Rothschild & Cie Banque to trade in the Company's shares on Euronext Paris on its behalf, in order to ensure a liquid market for the shares and ensure share price stability. The Company allocated 700,000 ordinary shares and the sum of €40.0 million to the liquidity account when it was set up. During 2015, additional funds were transferred to the account (€30 million on 25 September 2015 and €50 million on 28 December 2015). The 700,000 shares were subsequently cancelled by decision of the Board of Directors on 14 June 2016.

At 31 December 2017, no shares were held in the liquidity account.

At that date, the Company held 106,777 ordinary shares with a par value of €1.53 each.

Their quoted market value at 31 December 2017 was €5.4 million. Based on the average share price for December 2017, no impairment provision was deemed necessary.

Note 9. Prepayments and other assets

(€ millions)	2017	2016
Bond issue premium	87.8	69.8
Prepaid expenses	3.4	4.3
Unrealised exchange losses	0.5	1.1
PREPAYMENTS AND OTHER ASSETS	**91.7**	**75.2**

Bond issue premiums are amortised on a straight-line basis over the life of the bonds.

Note 10. Equity

CHANGES IN EQUITY, BEFORE AND AFTER APPROPRIATION OF NET PROFIT

(€ millions)	2017	2016
Share capital	169.8	169.8
Additional paid-in capital	3,937.6	3,937.6
Legal reserve:		
▪ before appropriation of net profit	17.3	17.3
▪ after appropriation of net profit(1)	17.3	17.3
Available reserve	207.5	207.5
Long-term capital gains reserve:		
▪ before appropriation of net profit	56.4	56.4
▪ after appropriation of net profit(1)	56.4	56.4
Retained earnings:		
▪ before appropriation of net profit	3,258.5	3,196.6
▪ after appropriation of net profit(1)	3,306.5	3,255.8
Profit for the year:		
▪ before appropriation of net profit	394.2	405.5
▪ after appropriation of net profit(1)	-	-
Interim dividend	(172.9)	(170.6)
Regulated provisions	6.0	5.2
EQUITY		
before appropriation of net profit	**7,874.4**	**7,825.3**
after appropriation of net profit(1)	**7,528.2**	**7,479.0**

(1) For 2017, proposed appropriation subject to approval by the Annual General Meeting.

CHANGES IN EQUITY

(€ millions)	2017	2016
At 1 January	**7,825.3**	**8,044.5**
Profit for the year	394.2	405.5
Dividend payout for the prior year	(173.0)	(350.1)
Interim dividend	(172.9)	(170.6)
Capital reduction	-	(3.4)
Decrease in additional paid-in capital	-	(100.6)
Other movements	0.8	-
AT 31 DECEMBER	**7,874.4**	**7,825.3**

MOVEMENTS IN SHARE CAPITAL AND NUMBER OF SHARES

	2017	2016
At 1 January	110,996,996	113,197,686
Shares issued on exercise of stock options	-	-
Shares issued to minority shareholders in connection with mergers	-	-
Cancellation of shares	-	(2,200,690)
AT 31 DECEMBER	**110,996,996**	**110,996,996**

At 31 December 2017, the Company's share capital was made up of 110,996,996 ordinary shares with a par value of €1.53 each.

POTENTIAL DILUTION

	2017	2016
Number of shares at 31 December	110,996,996	110,996,996
Share equivalents:		
▪ exercise of stock options	-	-
▪ share grants	-	-
TOTAL NUMBER OF POTENTIAL SHARES	**110,996,996**	**110,996,996**

The Board of Directors has decided to grant existing shares in respect of share grants outstanding at 31 December 2017. Accordingly, share grants are not potentially dilutive.

Note 11. Quasi-equity

In 2005, Casino, Guichard-Perrachon issued €600 million worth of perpetual deeply subordinated bonds (TSSDI). The bonds are redeemable solely at the Group's discretion and interest is due only if the Group pays a dividend on its ordinary shares in the preceding 12 months. The bonds pay interest at the 10-year constant maturity swap rate plus 100 bps, up to a maximum of 9%. In 2017, the average interest rate was 1.71%.

On 18 October 2013, the Company issued €750 million worth of perpetual hybrid bonds. The bonds are redeemable at the Company's discretion with the first call date set for 31 January 2019. The bonds pay interest at 4.87% until that date, after which the rate will be reset every five years.

These bonds are classified as "quasi-equity" as they:

- are issued for an indefinite term with no specific redemption date;
- correspond to direct commitments with no collateral and are subordinated to all other liabilities.

Accrued interest on the bonds is reported under "Miscellaneous borrowings".

Note 12. Provisions

BREAKDOWN

(€ millions)	2017	2016
Provision for foreign exchange losses	0.5	1.1
Provision for other liabilities	189.3	228.6
Provision for expenses	11.1	7.0
TOTAL PROVISIONS	**200.9**	**236.7**

At 31 December 2017, the provision for other liabilities included €179.8 million corresponding to the negative fair value of the Total Return Swap on GPA shares, *versus* a provision of €210.7 million at 31 December 2016.

Other provisions for liabilities and expenses correspond to specifically identified liabilities and expenses.

MOVEMENTS FOR THE YEAR

(€ millions)	2017	2016
At 1 January	**236.7**	**308.6**
Additions	8.8	8.2
Reversals(1)	(44.6)	(80.1)
At 31 December	**200.9**	**236.7**
O/w		
Operating additions/(reversals)	1.1	(0.3)
Financial additions/(reversals)	(27.1)	(68.4)
Non-recurring additions/(reversals)	(9.8)	(3.2)
TOTAL	**(35.8)**	**(71.9)**

(1) Including reversals of surplus provisions for other liabilities and expenses for €44.4 million in 2017 and €43.7 million in 2016.

RETIREMENT BENEFIT OBLIGATIONS

Provision for retirement benefits (€ millions)	Provision at 1 January 2017	Movements for the period	Provision at 31 December 2017	Unrecognised actuarial gains and losses	Obligation at 31 December 2017
Projected benefit obligation	2.6	0.5	3.1	(0.9)	2.2
Fair value of plan assets	-	-	-	-	-
PROVISION	**2.6**	**0.5**	**3.1**	**(0.9)**	**2.2**

Movements in the provision (€ millions)	Unwinding	Benefits/ contributions paid	Service cost	Recognised actuarial gains and losses	Cost for the period	Expected return on plan assets	Movements for the period
Projected benefit obligation	-	-	0.5	-	0.5	-	0.5
Fair value of plan assets	-	-	-	-	-	-	-
MOVEMENTS IN THE PROVISION	**-**	**-**	**0.5**	**-**	**0.5**	**-**	**0.5**

The main actuarial assumptions used in 2017 to calculate the retirement benefit obligations were as follows:

- discount rate: 1.5% (determined by reference to the Bloomberg 15-year AA corporate composite index);
- rate of future salary increases: 1.7%;
- retirement age: 64;
- mortality table: INSEE 2017;
- social security contributions rate: 38%.

Note 13. Loans and other borrowings

BREAKDOWN

(€ millions)	2017	2016
Bonds (including accrued interest)	5,777.9	6,138.7
Bank overdrafts	1.0	0.8
Negotiable European commercial paper	209.5	521.6
Bank borrowings	**5,988.4**	**6,661.1**
Miscellaneous borrowings	226.8	226.3
LOANS AND OTHER BORROWINGS	**6,215.2**	**6,887.4**

MATURITY OF BORROWINGS

(€ millions)	2017	2016
Due within one year	956.4	1,457.9
Due in one to five years	2,637.0	2,807.7
Due in more than five years	2,621.8	2,621.8
TOTAL	**6,215.2**	**6,887.4**

NET DEBT

(€ millions)	2017	2016
Loans and other borrowings	6,215.2	6,887.5
Marketable securities[1]	(5.0)	(5.5)
Cash[1]	(1.6)	(2.2)
Casino Finance current account[1]	2,127.6	979.6
NET DEBT	**8,336.2**	**7,859.3**

(1) See Note 8.

Loans and other borrowings include €200.5 million in accrued interest on bank loans and overdrafts.

OUTSTANDING BOND ISSUES

	Interest rate	Effective interest rate	Amount (€ millions)	Term	Due
2018 bonds 2010-2018	Fixed rate 5.73%	6.47%	354.9	8 years	November 2018
2019 bonds 2012-2019	Fixed rate 4.41%	4.04%	697.0	7 years	August 2019
2020 bonds 2012-2020	Fixed rate 5.24%	5.28%	540.0	8 years	March 2020
2021 bonds 2011-2021	Fixed rate 5.98%	6.38%	850.0	10 years	May 2021
2022 bonds 2017-2022	Fixed rate 1.86%	2.90%	550.0	5 years	June 2022
2023 bonds 2013-2023	Fixed rate 4.56%	4.47%	758.0	10 years	January 2023
2024 bonds 2014-2024	Fixed rate 4.50%	5.44%	900.0	10 years	March 2024
2025 bonds 2014-2025	Fixed rate 3.58%	3.62%	449.9	10 years and 2 months	February 2025
2026 bonds 2014-2026	Fixed rate 4.05%	4.09%	513.9	12 years	August 2026
TOTAL BONDS (A)			**5,613.7**		

OTHER LOANS AND BORROWINGS

(€ millions)	Amount
Bank overdrafts	1.0
Negotiable European commercial paper	209.5
Miscellaneous borrowings[1]	190.5
Accrued interest on borrowings	200.5
Total other loans and borrowings (b)	**601.5**
TOTAL LOANS AND OTHER BORROWINGS (A) + (B)	**6,215.2**

(1) Including a €183.9 million loan from Marushka BV (100% indirectly-owned subsidiary of Casino, Guichard-Perrachon).

LIQUIDITY RISK

Casino, Guichard-Perrachon had confirmed credit facilities totalling €2,698.4 million at 31 December 2017, ensuring that it had sufficient liquidity to meet its needs.

Confirmed bank credit lines		Amount of the facility	Drawdowns	Due
Syndicated credit lines[1]	Floating rate	1,825.4	-	2021-2022
Confirmed bank credit lines	Floating rate	50.0	-	2018
Confirmed bank credit lines	Floating rate	175.0	-	2019
Confirmed bank credit lines	Floating rate	648.0		2020
TOTAL		**2,698.4**	**-**	

(1) Includes the €1,200 million syndicated credit line renewed in February 2014 for five years, whose maturity was extended by (i) one year in 2015, and (ii) an additional year in 2016, bringing its maturity to 2021, as well as the USD 750 million credit line due in July 2022.

Casino, Guichard-Perrachon has a €9,000 million Euro Medium Term Notes (EMTN) programme. Notes issued under the programme totalled €5,613.7 million at 31 December 2017.

At the same date, issuance under Casino, Guichard-Perrachon's €2 billion negotiable European commercial paper (NEU CP) programme amounted to €209.5 million.

At 31 December 2017, Casino, Guichard-Perrachon's main covenants were as follows:

- the €1.2 billion syndicated credit line renewed in February 2014, the USD 750 million club deal refinanced in July 2017, and bilateral credit lines totalling €823 million are subject to a consolidated net debt (ii) to consolidated EBITDA (i) ratio of < 3.5;
- one bilateral credit line for €50 million is subject to a consolidated net debt to consolidated EBITDA ratio of < 3.7:
  - (i) EBITDA (earnings before interest, taxes, depreciation and amortisation) corresponds to trading profit plus net depreciation and amortisation expense,
  - (ii) net debt as defined in the loan agreements is not the same as net debt recognised in the consolidated financial statements. It corresponds to loans and other borrowings including hedging instruments with a negative fair value, less (i) cash and cash equivalents, (ii) financial assets held for cash management purposes and financial investments, (iii) hedging instruments with a positive fair value, and (iv) financial assets arising from a significant disposal of non-current assets.

At 31 December 2017, the consolidated net debt to consolidated EBITDA from continuing operations ratio was 2.69.

The Group considers that it can comply very comfortably with its covenants over the next 12 months.

Casino, Guichard-Perrachon's bonds and negotiable European commercial paper (NEU CP) issues are not subject to any financial covenants.

The Company's bond issues (other than deeply subordinated perpetual notes) have been rated BB+ with a stable outlook by Standard & Poor's since 21 March 2016 and Ba1 by Moody's since 30 November 2017. In line with the policy of rotating rating agencies, as recommended by the European regulator, Moody's Investors Service ("Moody's") has been appointed as the Group's new rating agency. Simultaneously with Moody's appointment, the Group terminated its contract with Fitch Ratings and asked Fitch to withdraw its ratings of Casino, Guichard-Perrachon and its bond issues.

Standard & Poor's rating downgrade from BBB- to BB+ triggered application of the clause in the bond indentures providing for a 125-bps interest rate step up in the event of Casino, Guichard-Perrachon's debt being rated non-investment grade by at least one rating agency. The step-up is applicable for each issue as from the first annual interest period beginning after 21 March 2016. Application of the step up clause added €61 million to finance costs in 2017 (€15 million in 2016).

The bond indentures (other than for deeply subordinated perpetual bonds) also include a step down clause providing for a return to the original interest rate if Standard & Poor's and Moody's restore Casino, Guichard-Perrachon's investment grade rating.

The Group's loan and bond agreements include the usual *pari passu*, negative pledge and cross default clauses.

Casino, Guichard-Perrachon's facility agreements generally contain a mandatory acceleration clause in the event of a change of control of the Company.

In addition, bonds issued by Casino, Guichard-Perrachon (except for two deeply subordinated perpetual bond issues) contain a discretionary acceleration clause applicable if the Company's long-term senior debt rating is downgraded to non-investment grade (or further downgraded if the rating is already non-investment grade), but only if this downgrade is due to a change of majority shareholder (*i.e.* if a third party other than Rallye or one of its related companies acquires more than 50% of Casino's voting rights).

Note 14. Other liabilities

(€ millions)	2017	2016
Related companies	89.0	359.4
Sundry liabilities	27.8	89.5
OTHER LIABILITIES	**116.8**	**448.9**
▪ due within one year	106.5	441.9
▪ due in more than one year	10.3	7.0

Other liabilities include €11.5 million in accrued expenses.

Note 15. Deferred income and other liabilities

(€ millions)	2017	2016
Deferred income	15.8	22.0
Unrealised exchange gains	0.4	0.2
DEFERRED INCOME AND OTHER LIABILITIES	**16.2**	**22.2**

Note 16. Transactions and balances with related companies

(€ millions)	2017	2016
ASSETS		
Investments in subsidiaries and associates (before impairment)	17,266.0	17,186.1
Loans	490.2	32.4
Trade receivables	55.7	41.6
Related companies	328.6	305.8
LIABILITIES		
Loans and other borrowings	190.1	190.2
Trade payables	20.4	31.5
Casino Finance current account	2,127.6	979.6
Other related companies	73.1	416.5
INCOME STATEMENT		
Financial income	20.7	70.6
Financial expenses	247.8	364.1
Dividends	405.7	1,082.7

Related companies correspond to Group companies that are fully consolidated.

In 2017, the Company did not enter into any new material agreement with a related party, within the meaning of Article R. 123-198 of the French Commercial Code (*Code de commerce*), that was not concluded in the ordinary course of business on arm's length terms.

Note 17. Off-balance sheet commitments

COMMITMENTS ENTERED INTO IN THE ORDINARY COURSE OF BUSINESS

(€ millions)	2017	2016
Undrawn confirmed credit lines	2,698.4	3,148.7
TOTAL COMMITMENTS RECEIVED	**2,698.4**	**3,148.7**
Bonds and guarantees given(1)	1,145.5	854.4
Deficits allocated to tax group subsidiaries(2)	1,155.4	1,030.6
TOTAL COMMITMENTS GIVEN	**2,300.9**	**1,885.0**

(1) Including €892.2 million to related companies and €68.9 million to joint ventures at 31 December 2017.

(2) The tax consolidation agreement (see Note 4) specifies that tax savings arising from tax losses transferred to the tax group will not be repaid to the subsidiary in cash or through a current account. Tax group subsidiaries are only entitled to tax loss allocations in the event that they become profitable again and only for the amount of tax they would have paid at the tax rate in force at 31 December 2017 in the absence of a tax consolidation agreement.

OTHER COMMITMENTS

(€ millions)	2017	2016
Seller's warranties given in connection with:		
▪ the disposal of Ségisor and Gelase shares(i)	228.8	260.0
▪ GPA tax disputes(ii)	153.9	152.0
TOTAL COMMITMENTS GIVEN	**382.7**	**412.0**
Written put options in Uruguay(iii)	119.3	115.4
Cnova written put options	-	186.5
Seller's warranties given in connection with:		
▪ Total Return Swap on GPA shares(iv)	152.0	121.1
TOTAL RECIPROCAL COMMITMENTS	**271.3**	**423.0**

(i) Casino granted the customary warranties in connection with the acquisition by its subsidiary Éxito of 50% of the voting shares of GPA (Brazil) and 100% of Libertad (Argentina). The Company undertook to compensate Éxito for any inaccuracies in its reporting disclosures, on the understanding that publicly available information and information provided to Éxito by Casino as part of the due diligence process exempted the Company of any obligation to provide compensation. The warranty remained in force for a period of two years, which has now expired, with the exception of tax-related issues for which the warranty covers the statute of limitations period. The obligation to provide compensation is limited to (i) a minimum amount of USD 500,000 for each claim, (ii) an excess of USD 10 million after which Éxito can claim compensation for any amount and (iii) a cap corresponding to 15% of the acquisition price.

(ii) Like many companies with operations in Brazil and given the complexity of the country's tax laws, GPA is involved in a significant number of tax disputes. With the exception of the specific warranty discussed below, Casino does not underwrite any tax-related risks. Casino granted a special warranty to its Brazilian subsidiary covering the reassessments received from the tax authorities for a total amount of BRL 1,223 million (including interest and fines) at 31 December 2017 and under which Casino undertakes to compensate GPA for 50% of any damages incurred, providing those damages are definitive. Casino's exposure as a result of the commitment given to its subsidiary is therefore BRL 611 million, or €154 million at the 31 December 2017 exchange rate. Casino has not recognised a provision in its financial statements for this amount as the risks of liability are only considered possible rather than probable.

(iii) Uruguay: Casino has granted a put option on the percentage of share capital held by the family shareholders. The option is exercisable until 21 June 2021. Its price is based on Disco Uruguay's consolidated operating profit, with a floor of USD 41 million plus interest at 5% per year. A mutual mechanism is in place between Casino and Éxito in the event that the option is exercised: Casino has granted a put option to Éxito and Casino holds a call option from Éxito.

(iv) In December 2011, the Company entered into a Total Return Swap (TRS) with a financial institution covering 7.9 million American Depositary Receipts (ADRs) representing 3% of GPA's share capital. It will be settled in cash. At 31 December 2017, the swap covered 7.8 million ADRs (2.9% of GPA's share capital) and a notional amount of €332 million. The contract was amended on 27 October 2017 to extend the TSR's maturity to June 2020.

The instrument's negative fair value of €179.8 million at 31 December 2017 (versus €210.7 million at 31 December 2016) was recognised in provisions. The amount disclosed in the table above corresponds to the difference between the notional amount and the provision.

In addition, Casino, Guichard-Perrachon has a put option on the Ségisor shares held by Éxito in the event of a change of control of Éxito. The strike price for the conditional option would be equivalent to fair value.

Note 18. Currency risk

	2017		2016	
(in millions of foreign currency)	USD	BRL	USD	BRL
Assets	6.8		6.9	-
Liabilities	(221.9)		(239.3)	-
Net balance sheet position	**(215.1)**		**(232.4)**	**-**
Off-balance sheet positions	(577.4)	(611.5)	(720.3)	(523.0)
TOTAL NET POSITION	**(792.5)**	**(611.5)**	**(952.7)**	**(523.0)**

Note 19. Equity risk

(€ millions)	2017	2016
Carrying amount of treasury shares	5.0	4.7
Market value (average December share price of €50.62)	5.1	4.5
Impairment	-	(0.2)
Sensitivity to a 10% fall in share price	(0.2)	(0.4)

Note 20. Gross compensation and benefits of directors and officers

(€ millions)	2017	2016
Compensation paid	1.6	1.4
Loans and advances	-	-

Note 21. Consolidation

Casino, Guichard-Perrachon is consolidated by Rallye SA, whose registered office is located at 83, rue du Faubourg Saint-Honoré – 75008 Paris, France (Siren no.: 054 500 574).

Note 22. Events after the reporting period

BOND ISSUE

On 24 January 2018, Casino, Guichard-Perrachon placed a €200 million tap of its 1.49% bond issue due June 2022, raising the total amount from €550 million to €750 million.

4.4. Five-year financial summary

	2017	2016	2015	2014	2013
FINANCIAL POSITION AT THE REPORTING DATE					
Share capital *(€ millions)*	169.8	169.8	173.2	173.2	173.1
Number of outstanding voting shares	110,996,996	110,996,996	113,197,686	113,175,162	113,105,831
RESULTS OF OPERATIONS *(€ MILLIONS)*					
Net sales (excluding taxes)	162.7	160.7	139.4	136.7	133.0
Profit before tax, employee profit-sharing, depreciation, amortisation and provisions	297.2	386.9	629.2	78.7	449.2
Income tax expense	(301.1)	(265.2)	(314.2)	(276.7)	(85.4)
Employee profit-sharing for the period	-	-	-	-	-
Net profit for the period	394.2	405.5	444.0	370.3	432.0
Total profit paid as dividends(1)	346.2	346.3	353.2	353.1	352.9
PER SHARE DATA *(€)*					
Weighted average number of shares outstanding during the period(2)	110,734,374	111,185,050	112,826,784	113,006,584	112,766,174
Earnings per share after tax and employee profit-sharing but before amortisation, depreciation and provisions	5.40	5.86	8.36	3.14	4.74
Net earnings per share	3.56	3.65	3.94	3.28	3.83
Dividend paid per share(1)	3.12	3.12	3.12	3.12	3.12
EMPLOYEE DATA					
Number of employees (full-time equivalent)	14	16	16	16	20
Employee remuneration expenses(3) *(€ millions)*	8.9	11.2	6.7	7.8	9.3
Total benefits *(€ millions)*	3.9	3.6	2.3	2.6	3.0

(1) For 2017, recommended dividend subject to approval by the Annual General Meeting.
(2) Excluding treasury shares.
(3) Excluding discretionary profit-sharing.

4.5. Subsidiaries and associates

(€ millions)

Company	Share capital	Equity	% ownership	Number of shares held	Carrying amount Gross	Carrying amount Net	Loans and advances granted by the Company	Guarantees given by the Company	2017 net sales (excluding taxes)	2017 net profit (loss)	Dividends received by the Company in the prior year
A – DATA ON INVESTMENTS WHOSE CARRYING AMOUNT EXCEEDS 1% OF THE SHARE CAPITAL											
1. SUBSIDIARIES (AT LEAST 50%-OWNED)											
Distribution Casino France 1, cours Antoine Guichard 42008 Saint-Étienne, France	107	4,751	98.85	105,571,213	7,149	6,347		91	9,030	(279)	-
Casino Participations France 1, cours Antoine Guichard 42008 Saint-Étienne, France	2,274	2,324	100.00	2,274,025,819	2,274	2,274			-	49	-
Monoprix 14-16, rue Marc Bloch 92116 Clichy, France	78	1,435	100.00	9,795,630	2,526	2,526			241	145	109
Tevir 1, cours Antoine Guichard 42008 Saint-Étienne, France	410	874	100.00	409,911,792	689	689			-	3	90
Easydis 1, cours Antoine Guichard 42008 Saint-Étienne, France	63	40	100.00	3,953,968	106	106		10	567	(3)	-
Intexa 1, cours Antoine Guichard 42008 Saint-Étienne, France	2	3	97.91	990,844	7	7			-	-	-
Casino Finance 1, cours Antoine Guichard 42008 Saint-Étienne, France	70	255	100.00	69,999,999	100	100		351	-	47	-
Geimex[1] 15, rue du Louvre 75001 Paris, France	-	20	99.96	9,996	108	108			173	2	-
Casino Services 1, cours Antoine Guichard 42008 Saint-Étienne, France	-	12	100.00	100,000	19	19			163	-	-
Vindemia Group 5, impasse du Grand Prado 97438 Sainte-Marie, France	268	272	100.00	268,012,924	461	461		19	29	3	-
Casino Restauration 1, cours Antoine Guichard 42008 Saint-Étienne, France	36	(65)	100.00	35,860,173	103	31		5	139	(20)	-
International											
Sonnat 15, place du Champs de Mars B-1050 Brussels, Belgium	800	814	100.00	800,061,500	800	800			-	(17)	200
Cnova NV 1 Beemdstraadt NL 5653 MA Eindhoven, Netherlands	17	382	64.73	222,994,199	449	449			-	(9)	-

					Carrying amount						
Company	Share capital	Equity	% ownership	Number of shares held	Gross	Net	Loans and advances granted by the Company	Guarantees given by the Company	2017 net sales (excluding taxes)	2017 net profit (loss)	Dividends received by the Company in the prior year
2. ASSOCIATES (10%- TO 50%-OWNED)											
Banque du Groupe Casino 58-60, avenue Kléber 75116 Paris, France	28	97	50.00	141,077	114	96			118	6	-
Ségisor 1, cours Antoine Guichard 42008 Saint-Étienne, France	604	1,828	50.00	887,239,542	1,114	1,114			-	33	3
Uranie 1, cours Antoine Guichard 42008 Saint-Étienne, France	45	82	25.95	11,711,600	31	31			3	2	-
Casino Carburant 1, cours Antoine Guichard 42008 Saint-Étienne, France	5	11	31.44	1,597,357	3	3			351	4	1
International											
Géant Holding BV 1, Beemdstraadt NL 5653 MA Eindhoven, Netherlands	1	4,747	25.00	3,900	1,320	1,320			50	30	-
B. AGGREGATED DATA FOR ALL OTHER SUBSIDIARIES OR ASSOCIATES											
1. SUBSIDIARIES (NOT INCLUDED IN SECTION A ABOVE)											
Various companies					3	3					
2. ASSOCIATES (NOT INCLUDED IN SECTION A ABOVE)											
Other companies					4	2					
Total investments in subsidiaries and associates					**17,380**	**16,486**					
o/w consolidated companies					17,380	16,486					
▪ French companies					14,810	13,916					
▪ Foreign companies					2,570	2,570					
o/w non-consolidated companies					0	0					
▪ French companies					-	-					
▪ Foreign companies					-	-					
Other long-term investments					-	-					
Investment securities					-	-					
Casino shares					-	-					
Mutual funds					-	-					
Total					-	-					

(1) 2016 data.

All key information on foreign subsidiaries in a given country is provided in Note 6.

As a result of the judgement applied when measuring the fair value of investments in foreign entities, provisions to cover the negative difference between the Company's share in the equity of subsidiaries of a given country and the value of the corresponding investment are not systematically recognised (see Note 6).

4.6. Statutory Auditors' Special Report on Regulated Agreements and Commitments

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments with related parties that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de commerce) and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

Year ended 31 December 2017

To the Shareholders' Meeting of Casino, Guichard-Perrachon,

In our capacity as Statutory Auditors of your Company, we hereby report on certain related party agreements and commitments.

We are require to inform you, on the basis of the information provided to us, of the principal terms and conditions of those agreements and commitments brought to our attention, or that we may have identified in the performance of our audit, as well as the grounds given to justify that such agreements or commitments are in the Company's interest. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement. These procedures consisted in verifying that the information provided to us was consistent with the documentation from which it was extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE SHAREHOLDERS' MEETING

Agreements and commitments authorized during the year

Pursuant to Article L. 225-40 of the French Commercial Code (*Code de commerce*), we have been advised of the following agreement, which received prior authorization from your Board of Directors.

Exceptional remuneration granted to Ms. Nathalie Andrieux

Person concerned

Ms. Nathalie Andrieux, independent director of the Company

Nature, purpose and reasons justifying why the Company benefits from this agreement

Considering that it was in the Company's interest to benefit from Ms. Nathalie Andrieux's extensive expertise in digital, and given her former positions as CEO of La Poste Numérique and member of the National Digital Council (*Conseil national du numérique*), and given the highly competitive environment facing the challenges of digital transformation, the Board of Directors, at its meeting of 5 May 2017, decided to entrust to her the assignment to examine the Group's digital strategy and its use of digital tools and to report to the Board her observations and opportunities for reflection, with the use of digital tools being analyzed with regard to interactions with customers, optimization of operating processes and change management inside the Company.

Priority was given to analyzing the digital strategy deployed by Cdiscount to meet the challenges of the e-commerce market and to deal with competition from Amazon or Fnac-Darty (expanding the offering, strengthening digital presence, proposing innovative new digital services, databases and analysis tools for customers, synergies within the Group, etc.).

Ms. Nathalie Andrieux presented the findings of her assignment to the Board of Directors at its meeting on 3 October 2017; the Board of Directors decided, at its 15 December 2017 meeting, on recommendation of the Appointments and Compensation Committee, to pay her exceptional compensation, referred to in Article L. 225-46 of the French Commercial Code (*Code de commerce*), in addition to the reimbursement of all costs incurred for the assignment.

Terms and conditions

In respect of this assignment, your Company recorded expenses of €16,018, which can be broken down into €15,000 in remuneration and travel expenses of €1,018 paid by the Company.

AGREEMENTS AND COMMITMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Agreements and commitments approved in prior years

a) Whose implementation was approved in prior years

In accordance with Article L. 225-30 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the Shareholders' Meetings in prior years continued during the year.

Real estate partnership agreement entered into with Mercialys

People concerned

Mr. Jacques Dumas and Mr. Michel Savart (members of the Board of Directors of Mercialys).

Nature

The partnership agreement (the "Agreement"), signed on 2 July 2012 between Casino, Guichard-Perrachon (hereinafter "Casino") and Mercialys, for a term expiring on 31 December 2015, was the subject of successive adjustments and extensions, with the latest changes set forth in an amending act dated 31 January 2017, authorized by your Board of Directors' meeting on 15 December 2016 and approved by the Shareholders' Meeting of 5 May 2017. Pursuant to the terms of this amending act, the Agreement was extended to 31 December 2020 and various adjustments have been made to improve the basis for collaboration between the parties, while maintaining the Agreement's general principles and the original balance of the respective rights and obligations of the parties.

The scope of the Agreement corresponds to the business of Mercialys (shopping malls and medium-sized retail stores, excluding food stores i.e. supermarkets and hypermarkets).

The Agreement is based on the following principles:

- Privileged access, for the benefit of Mercialys, to the real estate projects developed by Casino and/or its subsidiaries in France in its area of business activity (priority right).

  The three types of projects that fall or may fall within the scope of the Agreement are:
  - "New Projects" corresponding to the projects falling within the scope of the Agreement, which Casino has decided to develop and which Casino undertakes to present to Mercialys. The latter also has the option of presenting to Casino any project, falling within or outside the scope of the agreement, which Casino then undertakes to study in order to determine whether or not it wishes to proceed with its development;
  - "Projects to be Confirmed" corresponding to "New Projects" approved by the governing bodies of the parties for which the latter undertake to do their utmost to have the projects validated;
  - "Validated Projects" corresponding to "Projects to be Confirmed" for which an order has been placed.
- The various steps and commitments provided for are as follows:
  - identification of "Projects to be Confirmed" (projects underway which do not yet have sufficient visibility or are not yet sufficiently secure for an order to be placed);
  - placing of the "Validated Projects" order (projects offering sufficient visibility and a sufficient level of profitability for the two parties);
  - confirmation of the order based on a final, specific project (except for customary flexibility/tenant requests), subject to obtaining final authorizations and provided that the pre-commercialization rate of 60% of signed leases has been reached (in terms of value);
  - sale of the asset (transfer of ownership at the start of the project and payment by Mercialys on delivery with a 50/50 sharing of the "upside/downside"), with the option to base the value of the asset on a forecast internal rate of return (IRR).

Henceforth, the Agreement will also provide for the option of setting up an accelerated project validation procedure through the direct signing of an officially recorded deed of sale after validation by the governing bodies.

- Furthermore, the valuation of projects based on forecast rent, with the conditions for setting and adjusting prices as follows:
  - setting of the price, when the order is placed, based on actual or forecast rent determined by an independent expert, capitalized on the basis of rates calculated in accordance with the type of assets in question (see below). The surface area taken into account are the "Gross Leasing Area" (GLA) of shopping malls after extension and including the food product sales area;
  - updating of the price upon confirmation of the order to take into account changes in lease commercialization and capitalization rates;
  - updating of the price upon sale based on the rental situation two months prior to public opening, without updating of the capitalization rate.

In order to take into account any fluctuations in market conditions, the capitalization rates are revised by the parties every six months. The applicable capitalization rates for financial year 2017 were as follows:

- 1st half-year 2017

	Shopping malls		Retail parks		
Type of asset	Mainland France	Corsica and French overseas departments and territories (DOM TOM)	Mainland France	Corsica and French overseas departments and territories (DOM TOM)	City centres
> 20,000 m²	5.6%	6.2%	6.2%	6.5%	5.4%
5,000 to 20,000 m²	6.1%	6.5%	6.5%	6.9%	5.7%
< 5,000 m²	6.5%	6.9%	6.9%	7.6%	6.2%

- 2nd half-year 2017

	Shopping malls		Retail parks		
Type of asset	Mainland France	Corsica and French overseas departments and territories (DOM TOM)	Mainland France	Corsica and French overseas departments and territories (DOM TOM)	City centres
> 20,000 m²	5.5%	6.0%	6.0%	6.4%	5.3.%
5,000 to 20,000 m²	6.0%	6.4%	6.4%	6.8%	5.6%
< 5,000 m²	6.4%	6.8%	6.8%	7.4%	6.0%

Notwithstanding the foregoing provisions, the Agreement provides that one or other of the parties may propose, for a given project, to calculate the forecast sales price based on a forecast internal rate of return ("IRR") for said project. This IRR will be calculated using the forecast business plan prepared for the project.

As an indication, the parties' aim is to target projects likely to generate a forecast IRR of around 8% to 10%.

- In consideration of the priority right to which Mercialys is entitled, Mercialys has undertaken to not invest in a "New Project" likely to have a significant impact on the site of a Casino Group food store, without the agreement of Casino, with a "New Project" being defined as:
  - any project developed on a new site including a food store with a retail surface area in excess of 1,000 m²; or
  - any existing shopping mall with a food product sales area in excess of 1,000 m² subject to an extension representing a floor area in excess of or equal to 30% of the existing shopping mall's surface area; or
  - any existing shopping mall with a food product sales area subject to an extension that would increase the sales area to over 1,000 m².

  This non-compete clause will be applicable throughout the entire duration of the Agreement and for a period of three years as from the expiration of the Agreement.
- Annual "rendez-vous" clause.

Terms and conditions

In financial year 2017, the sale by your Company's subsidiaries to Mercialys of an extension project for the Port shopping mall (Island of la Reunion), for a total amount of €27.7 million, based on an IRR of around 8%, was carried out pursuant to the Agreement.

Membership of Mr. Jean-Charles Naouri, Chairman and Chief Executive Officer, in a healthcare, death and disability insurance plan

Person concerned

Mr. Jean-Charles Naouri, Chairman and Chief Executive Officer of your Company.

Nature

The Chairman and Chief Executive Officer benefits from the healthcare, death and disability insurance plan. Casino is required to pay the corresponding employer contributions with respect to this plan.

In addition, the Chairman and Chief Executive Officer is also a member of group compulsory pension plans, the contributions to which are determined by national joint agreements.

Terms and conditions

In financial year 2017, the employer contributions relating to healthcare, death and disability plans amounted to €272,276 and €1,637, respectively, compared to €63,237 and €1,377 respectively in 2016.

Letter of commitment to Cnova N.oV. to file a takeover bid on the shares of Cnova N.V. and to vote in favor of the merger as part of the combining of Cnova Brésil activities in Via Varejo

Person concerned

Mr. Jean-Charles Naouri, Chairman of the Board of Directors of Companhia Brasileira de Distribuição.

Nature

During its meeting on 11 May 2016, your Board of Directors authorized your Company to sign a letter of commitment in favor of its subsidiary Cnova N.V.

According to the commitment letter signed on 8 August 2016, your Company made a commitment to its subsidiary Cnova N.V., as part of operations to combine the activities of Cnova Brésil, subsidiary of Cnova N.V., in Via Varejo, subsidiary of Companhia Brasileira de Distribuicão ("CBD"), to file a takeover bid on all the ordinary shares of Cnova N.V. at a price of USD 5.50 per share, subject to the prior completion of the merger of the activities of Cnova Brésil in Via Varejo, and to vote in favor of the merger at the General Shareholders' Meeting of Cnova N.V. in its capacity as shareholder of Cnova N.V.

The commitment to launch the takeover bid concerned the shares comprising the floating shares of Cnova N.V., i.e., shares other than those held directly or indirectly by Casino and its subsidiaries CBD and Exito.

Terms and conditions

This letter of commitment ceased to be effective on the completion of the takeover bid, closed on 25 January 2017, for €163 million, following which your Company and its subsidiaries own 98.88% of the ordinary shares issued by Cnova N.V., representing 99.41% of the voting rights.

b) Not having continuing effect during the year

In addition, we have been advised that the following agreements and commitments, which were approved by the Shareholders' Meeting in prior years were not continued during the year.

Trademark license agreement entered into with Mercialys

People concerned

Mr. Jacques Dumas and Mr. Michel Savart (members of the Board of Directors of Mercialys).

Nature

Under this agreement entered into on 24 May 2007, your Company grants Mercialys, for no consideration, a non-exclusive right to use, in France only, the "Nacarat" wordmark and semi-figurative trademark, the "Beaulieu" wordmark and the "Beaulieu… pour une promenade" semi-figurative trademark.

Mercialys has a priority purchase right over these trademarks should your Company intend to sell them.

Agreements and commitments approved during the year ended 31 December 2017

We have been informed of the continuation of the following agreement, already approved by your Shareholders' Meeting of 5 May 2017 and described in the Special Report of the Statutory Auditors of 9 March 2017.

Strategic advisory agreement entered into with Euris

Person concerned

Mr. Jean-Charles Naouri (Chairman of Euris) and Euris (director of your Company). Euris indirectly owns more than 10% of your Company's voting rights, and hence is a controlling shareholder within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*).

Nature

Euris, as parent company, conducts the policies of its Group and participates in its strategy and development.

Accordingly, Euris participates in reflection on the orientation and development of the business, in studies and in the optimization of its financial structure and resources of your Company. Euris also provides its advice and assistance in strategic areas, on legal, governance, accounting and tax matters, communications, human resources and, occasionally, on the implementation of complex transactions, particularly in finance and development. In this respect, Euris provides your Company with studies and analyses both on a regular basis and occasionally, depending on the project or reflection in progress.

The strategic assistance costs incurred by Euris are shared annually between the subsidiaries concerned, in accordance with the invoicing methods adjusted in 2015 following the findings of an external financial expert, by applying the most generally accepted allocation keys and a 10% margin.

Accordingly, with regard to the invoicing to the holding companies of the Group (Finatis, Foncière Euris, Rallye and Casino), a primary key aimed at, for each of them, its share in the capital employed, i.e., its equity and net financial debt; then, with regard to the operational subsidiaries of Casino, a secondary key is applied aimed at dividing the cost proportionally to their revenue, with the Company paying 20% of this cost.

By an amendment dated 6 March 2017, the duration of the agreement was extended for a period of three years, maintaining the same method for allocating the costs incurred by Euris and the introduction of an annual clause to update the amount invoiced to the company depending on the basis of changes in the strategic assistance costs of Euris and its share in the allocation keys. The conclusion of this amendment was authorized by your Board of Directors on 6 March 2017 in view of the reports made by financial experts and an independent assessment confirming the relevance of the cost-allocation method used and its appropriateness for the assignment carried out, as well as legal opinions affirming the compliance with the corporate interests of Casino, of the renewal, as from 2017, of the agreement and the adjustment of its duration to three years.

Terms and conditions

In financial year 2017, the amount excluding taxes invoiced to your Company totalled €900,000, as compared to €910,000 in financial year 2016, which was recorded as an expense during the period.

Paris-La-Défense and Neuilly-sur-Seine, 9 March 2018

The Statutory Auditors

French original signed by

ERNST & YOUNG et Autres		Deloitte & Associés	
Yvon SALAÜN	Sylvain LAURIA	Frédéric MOULIN	Patrice CHOQUET

Chapter 5

Report on Corporate Governance

The Report of the Board of Directors, prepared in accordance with Article L. 225-37, last paragraph, of the French Commercial Code, was reviewed and approved by the Board of Directors at its meeting on 7 March 2018.

The section of this Report on the composition of the Board of Directors, the diversity policy applicable to its members, the offices and positions held in any other company by each corporate officer ("*mandataire social*") during the fiscal year, the conditions applicable to the preparation and organisation of the Board's work, the choices for the way in which senior management authority is exercised, the limits that the Board of Directors has imposed on the powers of the Chairman and Chief Executive Officer, the corporate governance code to which the Company adheres, and on the agreements described in Article L. 225-37-4 of the French Commercial Code is set forth in this Chapter 5.

Chapter 6 of the Report presents the principles and rules adopted by the Board for the determination of compensation and benefits of any kind granted to corporate officers (*mandataires sociaux*) as well as the components of compensation due or paid to the corporate executive officer during fiscal year 2017, and the principles and criteria of his compensation for the next fiscal year, subject to binding shareholder votes *ex post* and *ex ante* at the Annual General Shareholders' Meeting as provided in Articles L. 225-37-2 and L. 225-37-3 of the French Commercial Code.

The provisions of the Articles of Association relating to shareholder participation at General Shareholders' Meetings and the information that could have an impact in the event of a public tender offer, as provided in Article L. 225-37-5 of the French Commercial Code are set forth in Chapter 11, on pages 361 and 363 respectively. The table showing outstanding delegations of authority granted at the General Shareholders' Meeting with respect to capital increases is presented in Chapter 9, page 326. For further information on the content of the Corporate Governance Report, please refer to the reconciliation table on page 387 of this Registration Document.

The Report was prepared by the Secretary of the Board with input from the Group's Legal Department. This Report was prepared on the basis of applicable law and regulations, the Afep-Medef Corporate Governance Code for publicly-traded companies revised in November 2016, the recommendations contained in the Code's application guide updated in December 2016, the 2017 Activities Report of the *Haut comité de gouvernement d'entreprise* (High Commission on Corporate Governance), the recommendations of the *Autorité des marchés financiers* (French financial markets regulatory authority, or "AMF"), and the recommendations of shareholders, consultants on voting, and non-financial rating agencies.

A draft of the Report was submitted to the Governance and CSR Committee and the Appointments and Compensation Committee, for matters within their respective areas of responsibility, at their meetings prior to review and approval of the Report by the Board of Directors.

The Statutory Auditors have stated in their report on the statutory accounts (page 138) that this report contains the information required by the report on corporate governance by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code, that they attest the accuracy and the fairness of the information provided pursuant to the provisions of Article L. 225-37-3 relating to compensation and benefits received by the corporate officers and any other commitments made in their favor, and they have no comments on the information relating to matters that could have an impact in the event of a takeover bid or exchange offer.

5.1. Corporate governance Code

In line with the Company's policy of implementing sound governance practices, the Board of Directors refers to the Afep-Medef Corporate Governance Code for publicly-traded, or listed, companies (hereinafter the "Afep-Medef Code"), in particular when drafting the Report on Corporate Governance and the compensation and benefits granted to corporate officers (Chapters 5 and 6).

The Afep-Medef Code, revised in November 2016, is available on the Company's website (http://www.groupe-casino.fr), on the Medef website (www.medef.com), and on the Afep website (www.afep.com).

In line with this policy, the Board relies on the work of a Committee dedicated to matters of corporate governance and corporate social responsibility the attributions of which were broadened in the area of social responsibility at the end of 2017. In addition, since 2015, it has implemented a procedure for reviewing agreements with related parties in the Group led by the Audit Committee; these initiatives and tasks assigned in this connection to such Committees reflect the determination of the Board of Directors and Senior Management to ensure application of the best corporate governance practices.

The Company aims to implement each of the recommendations of the Afep-Medef Code. In accordance with the "comply or explain" rule resulting from Article 27.1 of the Afep-Medef Code, recommendations that have not been fully implemented in the 2017 fiscal year are listed below:

Recommendation	Explanation
Evaluation of individual Director contribution (paragraph 9.2 of the Afep-Medef Code relating to evaluation and appraisal of the Board of Directors) *"The evaluation has three objectives:* … ▪ to measure the actual contribution of each Director to the Board's work"	▪ In connection with the overall and formal evaluation of the functioning of the Board made by an outside consultant at the end of 2016, which was the first evaluation conducted by a third party, no formal appraisal was made by each Director of the contribution of each of the other Directors to the Board of Directors' work. However, the process and the results of the evaluation have highlighted the professionalism and personal involvement of the Board members, especially independent Directors. Asked about the implementation of this recommendation, the Board members agreed to revisit the subject when the next evaluation is performed. For further details on the process and its results, please refer to the section entitled "Evaluation of the Board's functioning."

5.2. Composition of the Board of Directors

5.2.1. Composition of the Board of Directors as of 7 March 2018 (date of approval of the 2017 financial statements and adoption of proposed Sharehoders' meeting resolutions)

13 Directors including 1 Director representing employees	Level of Board independence: 50%(1)	1 independent Lead Director since 2012	Gender diversity: 42% with Chair of the Audit Committee

(1) The Director representing employees is not taken into consideration for the calculation of the independence rate in accordance with the Afep-Medef Code.

As of 7 March 2018, the Board of Directors has thirteen Directors comprised of twelve Directors appointed by the General Shareholders' Meeting and one Director representing the employees (appointed by the most representative union) as provided by Article L. 225-27-1 of the French Commercial Code.

The functions of Chairman of the Board of Directors and of Chief Executive Officer are combined and Mr. Jean-Charles Naouri, the Chairman and Chief Executive Officer, is the only Director who performs executive duties.

Directors are elected for a three year term, and the Board of Directors is partially re-elected each year. The Company's Articles of Association provide for a legal age limit according to which no more than one-third of the Directors may be over 70 years of age.

The members of the Board of Directors as of 7 March 2018 were as follows:

Name and Position	Age/ Gender	Nationality	Independent Member	Audit Committee	Governance and Social responsibility Committee	Appointments and Compensation Committee(2)	First elected	Current term expires	Years on the Board as of the 2018 Shareholders' Meeting
Jean-Charles Naouri(1) Chairman-Chief Executive Officer	68 M	Fr					2003	2019	15
Nathalie Andrieux Director	52 W	Fr	●			●	2015	2018	3
Diane Coliche(1) Representative of Matignon Diderot, Director	40 W	Fr					2016	2019	2
Gilbert Delahaye Director representing employees	62 M	Fr	N/A			●	2017	2020	<1
Jacques Dumas(1) Representative of Euris, Director	65 M	Fr				●	2015	2020	3
Christiane Féral-Schuhl Director	60 W	French/ Canadian	●				2017	2020	1
Sylvia Jay Director	71 W	UK	●		●		2012	2018	6
Didier Lévêque(1) Representative of Finatis, Director	56 M	Fr					2008	2018	10
Catherine Lucet Director	59 W	Fr	●	● Chair			2011	2018	7
Gérald de Roquemaurel Director	71 M	Fr	●	●		● Chair	2006	2020(2)	12
David de Rothschild Director	75 M	Fr			●		2003	2020	15
Frédéric Saint-Geours Lead Director	67 M	Fr	●	●	● Chair		2006	2020	12
Michel Savart(1) Representative of Société Foncière Euris, Director	55 M	Fr					2011	2020	7

(1) Representing the controlling shareholder.
(2) Resignation with effect from the date of the 2018 Shareholders' meeting (see page 174).

Under the Board's Internal Rules, each Director elected at a General Shareholders' Meeting is required to own a number of registered shares equal in value to at least one year's worth of directors' fees. This requirement does not apply to the Director representing employees, as provided by law.

5.2.2. Board diversity policy

The Board of Directors aims to apply the principles of the Afep-Medef Code relating to membership. With the support of its Governance and Social Responsibility Committee and its Appointments and Compensation Committee, it periodically reviews its size, structure, and membership as well as that of its Committees. New candidates like proposals for re-election to be submitted at Shareholders' Meetings, take into consideration the conclusions resulting from the evaluations of the Board's functioning and are the subject of recommendations by the Appointments and Compensation Committee. Employee representation on the Board is organised in accordance with applicable law and the provisions of Company's Articles of Association.

The size of the Board is deemed appropriate. The Board pursues the objectives of maintaining the diversity and complementarity of the technical skills and experience, gender parity, and a proportion of independent Directors greater than the threshold of one third recommended by the Afep-Medef Code for companies having a controlling shareholder, which is the case with the Company. The increased representation of international and professional personalities from retail is also sought.

Appointment and renewal of Directors are proposed so as to maintain or achieve such balance and have available expertise that is adequate to the Group's business and its growth strategy (food retail in France and Latin America, food and non-food e-commerce and related services, commercial real property through a dual model, CSR improvement programs, multi-channel strategy and digital innovation) and technical tasks given to the Board's Committees. Account must also be taken of their desire to be part of the Group's growth and development, their commitment to the Group's ethical values and social responsibility programme and their availability in light of the frequency of Board meetings.

No objective is set in terms of age, with the Board giving priority to wealth and complementarity in terms of expertise and experience of its members.

The re-elections and appointment proposed at the Annual General Shareholders' Meeting of 15 May 2018, as well as the changes in membership of the committees at the conclusion of the Shareholders' Meeting are consistent with implementation of this policy (cf. paragraph 5.2.4 below).

The diversity of skills on the Board is described in paragraph 5.2.7 below.

5.2.3. Changes to the composition of the Board in 2017

	Departures	End of term	Renewed term	New term
Prior to General Shareholders' Meeting of 5 May 2017	Cobivia, Director representing controlling Director, resigned on 30 March 2017			
General Shareholders' Meeting of 5 May 2017		Gérald de Roquemaurel(1) David de Rothschild Frédéric Saint-Geours(1) Euris (Jacques Dumas) Foncière Euris (Michel Savart)	Gérald de Roquemaurel(1) David de Rothschild Frédéric Saint-Geours(1) Euris (Jacques Dumas) Foncière Euris (Michel Savart)	Christiane Féral-Schuhl(1)

(1) Independent members.

The General Shareholders' Meeting of 5 May 2017 approved all proposals to renew directorships and appoint Directors submitted to it. The appointment of a new independent Director, Christiane Féral-Schuhl, a French and Canadian citizen, an attorney and former Chairman of the Paris Bar Association (*Bâtonnier du Barreau de Paris*), with significant expertise in the law of new technologies, IT and information systems, and communication and intellectual property law, reflects the objective of diversity and of adding to the Board specialised legal expertise adapted to the Group's business and to its CSR spirit continuous improvement programme. After the 2017 General Shareholders' Meeting women represented 42% (5/12) of the Board, consistent with the minimum 40% threshold set by the Afep-Medef Code and by French Law n° 2011-103, dated 27 January 2011.

Following approval at the same Shareholders' Meeting of the amendments to the Articles of Association providing for representation of employees on the Board, Mr. Gilbert Delahaye was chosen by the most representative union and joined the Board of Directors at its first meeting following such appointment, on 13 June 2017, as provided in the Articles of Association.

Changes in composition of Committees of the Board in 2017

Appointments and Compensation Committee	Since 13 May 2016	From 15 December 2017
Chairman	Gérald de Roquemaurel(1)	Gérald de Roquemaurel(1)
Members	Nathalie Andrieux(1) Jacques Dumas	Nathalie Andrieux(1) Gilbert Delahaye(2) Jacques Dumas

(1) Independent members.
(2) Director representing employees.

Following the recommendations of the Appointments and Compensation Committee and of the Governance and Social Responsibility Committee, the Director representing employees joined the Appointments and Compensation Committee, as decided by the Board of Directors.

The composition of the other Committees remained unchanged.

5.2.4. Changes in composition of the Board of Directors submitted at the General Shareholders' Meeting of 15 May 2018

General Shareholders' Meeting of 15 May 2018	End of term	Renewed term	New term
	Nathalie Andrieux(1) Sylvia Jay(1) Catherine Lucet(1) Société Finatis (Didier Lévêque)	Nathalie Andrieux(1) Sylvia Jay(1) Catherine Lucet(1) Société Finatis (Didier Lévêque)	Laure Hauseux(1)

(1) Independent members.

The terms of Nathalie Andrieux, Sylvia Jay, Catherine Lucet, Independent Directors, and Finatis will expire at the conclusion of the Annual General Shareholders' Meeting on 15 May 2018.

You are being asked, in accordance with the recommendation of the Appointments and Compensation Committee, to renew the terms of office of Nathalie Andrieux, Sylvia Jay, Catherine Lucet for a new term of three years and Finatis, represented by Didier Lévêque, for one year to facilitate a more regular renewal of directors as provided in Article 16, I of the Articles of Association..

In addition, the appointment of a new independent Director, Laure Hauseux is being proposed at the General Shareholders' Meeting. Her profile complements the expertise and experience of the current directors (see pages 178 and 204).

The procedure for selecting candidates was conducted by the Appointments and Compensation Committee, with support from an outside consulting firm, on the basis of the following search criteria reflecting the recommendations previously made by the Governance and Social Responsibility Committee and the Board of Directors after the evaluation of the Board's operations made at the end of 2016:

- exposure to the retail market;
- financial expertise making service on the Audit Committee possible following the General Shareholders' Meeting;
- knowledge of the French, European and, if possible LATAM markets.

The Board thus ensured that it would continue to benefit from a complementarity of experience and appropriate skills in light of the Company's business and Committees' work. It also ensured that Laure Hauseux met all of the independence criteria of the Afep-Medef Code, the lack of conflicts of interest, and that she would have the time needed to fulfil her duties.

With the foregoing in mind, Gérald de Roquemaurel, a Company Director who will lose his independence at the General Shareholders' Meeting, at which time he will have served as a Director for 12 years (application of the criterion of length of service as provided in the Afep-Medef Code, revised in November 2016), has tendered his resignation to the Board of Directors, effective on the date of the General Shareholders' Meeting of 15 May 2018, so as to maintain the size of the Board of Directors and retain the balance of representation of independent directors.

On these conditions, subject to approval of these proposals at the General Shareholders' Meeting, the Board, at the conclusion of the Meeting, will continue to be comprised of thirteen directors, including twelve directors elected at the General Shareholders' Meeting and one director representing the employees. It would have five independent directors (*i.e.* 42% without counting the director representing the employees as per the Afep-Medef Code), two external directors not qualifying as independent, and five directors representing the controlling shareholder who will not control a majority of votes on the Board of Directors. An analysis of the independence of the directors and the diversity of abilities represented on the Board are presented in paragraphs 5.2.5 and 5.2.7 below. The representation of women, furthermore, will be 50%, compared to 42% presently (without counting the director representing the employees as per applicable law).

Subject to this same condition of approval at the General Shareholders' Meeting, membership on the Committees will be changed to reflect the experience and skills needed for the Committees' work and the rules relating to representation of independent directors recommended in the Afep-Medef Code and applied by the Company. The following changes in the membership of the Committees will be decided by the Board of Directors after the General Shareholders' Meeting of 15 May 2018:

Audit Committee

Chairman	Frédéric Saint-Geours*
Members	Laure Hauseux(1) Catherine Lucet(1)
Independence rate	2/3

Appointments and Compensation Committee

Chair	Nathalie Andrieux(1)
Members	Gilbert Delahaye(2) Sylvia Jay(1) David de Rothschild
Independence rate	2/3

Governance and CSR Committee

Chair	Catherine Lucet(1)
Members	Nathalie Andrieux(1) Christiane Féral-Schuhl(1) Frédéric Saint-Geours
Independence rate	3/4

* *For a transitional period.*
(1) Independent member on 15 May 2018.
(2) Director representing employees.

The Board of Directors will also be asked to appoint a new independent Lead Director in light of Frédéric Saint-Geours's loss of independence under the criterion of length of service of 12 years of the Afep-Medef Code (cf. section 5.3.1 The Chairman and Chief Executive Officer – Lead Director, below).

5.2.5. Independent Directors

In accordance with Afep-Medef Code recommendations, during the annual review of its composition, the Board of Directors analysed the representation of independent directors on the basis of the proposals of the Appointments and Compensation Committee.

Relying on the definition contained in the Afep-Medef Code, the Board considered that a director is independent when he or she has no relationship of any kind whatsoever with the Company, its Group or the management of either that could compromise the independence of his or her judgement.

The independence of each director serving on the Board after the General Shareholders' Meeting of 15 May 2018 (if all the proposed resolutions concerning renewals and appointment of a new female director are approved) has been assessed in relation to all the independence criteria set forth in the Afep-Medef Code. These criteria are as follows:

- Criterion 1: not be an employee or senior executive corporate officer of the Company, or an employee, senior executive corporate officer, or director of a company the Company consolidates, or of the Company's parent or a company said parent consolidates, and not have held any of said positions in the previous five years;
- Criterion 2: not be a corporate executive officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an senior executive corporate officer of the Company (currently in office or having held such office for less than five years) is a director;
- Criterion 3: not be, (or not be related either directly or indirectly to anyone who is), a customer, supplier, investment banker or commercial banker material to the Company or its Group, or for a significant part of whose business the Company or the Group accounts;
- Criterion 4: not be related by close family ties to a corporate officer;
- Criterion 5: not have been a Statutory Auditor of the Company during the previous five years;
- Criterion 6: not have been a director of the Company for more than 12 years (loss of independent status occurs when the 12-year limit is reached);
- Criterion 7: not be and not control or represent a shareholder that owns, alone or in concert with others, over 10% of the shares or 10% of the voting rights at General Shareholder Meetings of the Company.

The Board noted that, on the basis of length of service provided in the Afep-Medef Code, as amended in 2016, Frédéric Saint-Geours and Gérald de Roquemaurel will lose their status as independent directors at from the 2018 General Shareholder's Meeting, having at that time served for twelve years. Gérald de Roquemaurel has tendered his resignation to the Board of Directors, effective on the date of the General Shareholders' Meeting, *i.e.*, 15 May 2018, to maintain the Board's present size and maintain the relative balance of representation of independent directors.

The Board has carefully reviewed material business ties, as it does each year (Criterion 3). When business flows or relationships have been identified between the Company or Group and companies in which directors who are qualified as independent hold executive positions or directorships a number of qualitative and/ or quantitative factors are generally taken into account by the Board to confirm their independence, including the materiality of the transactions for each of the parties, whether the director holds an executive position within the company or group concerned or has a stake in managing the relationship and whether the business relationship pre-dated his or her election to the Company's Board

The Board of Directors has confirmed its analysis of the independence of Nathalie Andrieux, Christiane Féral-Schuhl, and Sylvia Jay, who have no direct or indirect business relationship with the Company or its Group that might compromise their independence of judgement, as well as Catherine Lucet.

The same applies to the new Director, Laure Hauseux, who satisfies all the criteria set forth in the Afep-Medef Code and the appointment of whom is subject to approval at the General Shareholders' Meeting of 15 May 2018.

Concerning Catherine Lucet, the Board has confirmed its assessment that the business ties between the Editis/ Nathan group, of which she is a corporate executive officer, and the Casino Group in France are not likely to compromise her independence of judgement on matters discussed by the Board or give rise to a conflict of interests. These business ties pre-date her election to the Casino Board by many years. All transactions are on arm's-length terms and no potential conflict of interest has ever been raised. The Casino Group deals with over 30,000 suppliers and, moreover, this type of purchases is managed independently by a dedicated subsidiary, Achats Marchandises Casino (AMC), or by the operating subsidiaries. The Board of Directors, after reviewing the parties' respective purchase and sale volumes with each other (which are not disclosed for reasons of commercial secrecy) compared to their total purchases and sales, as analysed by the Appointments and Compensation Committee, concluded, moreover, that the transaction volumes were not material for either party.

Catherine Lucet has also confirmed the lack of conflict of interests and that, should any such conflict arise, she would refrain from taking part in any Board discussion or decision involving any of these companies in compliance with the Board's Internal Rules.

The Board of Directors also concluded that the mission of examining the digital strategy of its e-commerce subsidiary entrusted to Nathalie Andrieux in 2017, with respect to which it approved payment of compensation, was not such as to alter her independence, in light of the exceptional character of this mission and the authorised compensation, which, furthermore, is subject to approval at the General Shareholders' Meeting of 15 May 2018 as an agreement with a related party. Nathalie Andrieux did not take part in the discussion of, or the vote on, this matter either at the Board or Committee level.

As in preceding years, David de Rothschild is not considered independent, because of the material business relationships he has with the Group and/or its management.

The number of Directors representing the controlling shareholder remains at five: Jean-Charles Naouri, Chairman and Chief Executive Officer, Jacques Dumas, Didier Lévêque, Michel Savart, and Diane Coliche; they do not hold a majority of votes on the Board of Directors.

The following table shows the situation of independence of each member of the Board of Directors in its proposed composition after the General Shareholders' Meeting of 15 May 2018:

Directors	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	Criterion 7	Status
Nathalie Andrieux (1)	yes	yes	yes	yes	yes	yes	yes	Independent
Christiane Féral-Schuhl	yes	yes	yes	yes	yes	yes	yes	Independent
Laure Hauseux (1)	yes	yes	yes	yes	yes	yes	yes	Independent
Sylvia Jay (1)	yes	yes	yes	yes	yes	yes	yes	Independent
Catherine Lucet (1)	yes	yes	yes	yes	yes	yes	yes	Independent
Frédéric Saint-Geours	yes	yes	yes	yes	yes	no	yes	Not Independent
David de Rothschild	yes	yes	no	yes	yes	no	yes	Not Independent
Jean-Charles Naouri	no	yes	yes	yes	yes	no	no	Not Independent
Diane Coliche, representing Matignon Diderot	no	yes	yes	yes	yes	yes	no	Not Independent
Jacques Dumas, representing Euris	no	yes	yes	yes	yes	yes	no	Not Independent
Didier Lévêque, representing Finatis (1)	no	yes	yes	yes	yes	yes	no	Not Independent
Michel Savart, representing Foncière Euris	no	yes	yes	yes	yes	yes	no	Not Independent
Gilbert Delahaye, director representing employees (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Director the renewal of whose term is proposed, or whose election will be proposed at the General Shareholders' Meeting to be held on 15 May 2018.
(2) As provided in the Afep-Medef Code, the Director representing employees is not counted in calculating the rate of independence.

On 7 March 2018, six out of the twelve Directors serving on the Board of Directors were independent (50%). At the conclusion of the General Shareholders' Meeting of 15 May 2018, called to approve proposals to renew the terms of existing Directors or elect a new one, five out of twelve of the Directors serving on the Board of Directors will thus be independent (42%), beyond the proportion of one-third recommended by the Afep-Medef Code for controlled companies.

5.2.6. Non-voting Directors

Non-voting directors, elected for three-year terms, attend Board meetings in an advisory capacity only. They express any opinion or observation they deem appropriate and can participate in the meetings of the Board's specialised Committees. No more than five non-voting Directors may sit on the Board. The age limit for serving as a Non-voting director is 80.

Mr. Henri Giscard d'Estaing and Mr. Gilles Pinoncély were elected non-voting Directors at the General Shareholders' Meeting of 13 May 2016 after serving as Company Directors for 12 and 13 years, respectively. On the proposal of the Board of Directors, based on the advice of the Appointments and Compensation, the shareholders will be asked at the General Shareholders' Meeting of 15 May 2018 to appoint Mr. Gérald de Roquemaurel as a non-voting Director, after he had served as Director for 12 years, so as to retain his expertise.

Their presence on the Board of Directors enriches debates and discussions held by Directors, due to their expertise and perfect knowledge of the Group, its operations, and the retail distribution sector. At the Audit Committee's request, Gilles Pinoncély is invited to attend Audit Committee meetings where he shares his opinions or observations based on his great expertise regarding the transactions.

5.2.7. Diversity of skills on the Board

The diversity of skills on the Board after the General Shareholders' Meeting of 15 May 2018, subject to approval of election or renewed terms being proposed, will be as follows:

	Commerce Retail	Digital/ Technologies/ Medias	Finance	Real Property/ Asset management	Industry/ Transpor-tation/ Tourism	Law	Social Responsibility	International experience
Nathalie Andrieux[(1)]		●	●					●
Diane Coliche	●		●					●
Gilbert Delahaye[(2)]	●		●				●	
Jacques Dumas	●		●	●		●		
Christiane Féral-Schuhl[(1)]		●				●	●	●
Laure Hauseux[(1)]	●		●		●			●
Sylvia Jay[(1)]	●		●					●
Didier Lévêque	●		●	●				
Catherine Lucet[(1)]	●	●	●					●
David de Rothschild			●	●				●
Michel Savart	●		●	●				●
Frédéric Saint-Geours			●		●			●
Henri Giscard d'Estaing[(3)]	●		●		●			●
Gilles Pinoncély[(3)]	●							
Gérald de Roquemaurel[(3)]		●	●					●

(1) Independent member.
(2) Director representing employees.
(3) Non-voting Directors.

The offices, positions, and expertise of the members are set forth in detail in section 5.4 Information about corporate officers, hereafter.

5.3. Senior Management

5.3.1. The Chairman and Chief Executive Officer – Lead Director

The functions of Chairman of the Board of Directors and Chief Executive Officer, which were combined in one person by the Board of Directors at its meeting on 21 March 2005, have since then been exercised by Jean-Charles Naouri, controlling shareholder of the Group and the sole corporate senior executive officer of the Company.

After Jean-Charles Naouri was re-appointed as director at the General Shareholders' Meeting of 13 May 2016, the Board of Directors decided that the functions of Chairman and Chief Executive Officer would remain combined, since combining these roles was considered well adapted to a company with a sole controlling shareholder and, as a result, also decided to re-appoint Jean-Charles Naouri as Chairman and Chief Executive Officer.

In a highly-competitive, fast-changing environment, the Board believes that combining the roles of Chairman and Chief Executive Officer makes decision-making processes more efficient by strengthening the link between strategic planning and implementation.

In accordance with the Chairman and Chief Executive Officer's wishes, Senior Corporate Management's powers were restricted and a Lead Independent Director was appointed to ensure, in particular, that the combined duties of Chairman of the Board of Directors and Chief Executive Officer are performed in compliance with the principles of sound governance. As a result, the role of Lead Director was created as from 11 May 2012 and entrusted to an independent director, Frédéric Saint-Geours, since 7 July 2015, who was re-appointed as such on 5 May 2017, following renewal of his directorship at the General Shareholders' Meeting. Various measures were taken in order to support sound governance and the balance of power on the Board, including the responsibilities given to the Governance Committee, renamed the Governance and Social Responsibility Committee since the decision to broaden its responsibilities with respect to CSR on 15 December 2017. In line with its responsibilities in the area of governance, this Committee is responsible for staying abreast of any changes in governance rules and making any recommendations, ensuring their proper application and appropriateness for the Group, and for the review by the Audit Committee of related-party agreements.

The Lead Independent Director ensures that combining the roles of Chairman and Chief Executive Officer does not have an adverse impact on the proper functioning of the Board, on such matters as the information given to directors, the inclusion of items on the agenda and organisation of Board discussions and votes. He or she may attend meetings of Committees of which he or she may not be a member and have access to all their work and to information that is made available to them. The Lead Director may submit to the Governance and Social Responsibility Committee any issues that arise during the performance of his or her assignments.

As of 7 March 2018, the Lead Director also acts as Chairman of the Governance Committee and Social Responsibility Committee and chairs meetings of the independent Directors where they can discuss any matter they choose. In addition he/she sits on the Audit Committee. An activity report of the Lead Director for 2017 is set forth on page 214.

The sound practices that favour balanced governance are listed in the Board's internal rules, and are mainly the following:

- the existence of specialised committees that prepare the Board's work and the chairmanship of which must be entrusted to an independent director: the Audit Committee, the Appointments and Compensation Committee, and the Governance and Social Responsibility Committee;
- compliance with the Afep-Medef Code's recommendations concerning the proportion of independent directors both on the Board of Directors and on its Committees;
- creation of a Lead Director position in 2012, appointed on the recommendation of the Chairman and Chief Executive Officer and the advice of the Appointments and Compensation Committee, from among independent members;
- monitoring of significant or strategic transactions, or the study of specific matters, entrusted to the Audit Committee or *ad hoc* committees consisting of independent directors who can seek advice from outside experts;
- holding an annual meeting of independent Directors where any subject can be discussed; this meeting, chaired by the Lead Director, provides an opportunity to conduct an annual review of the functioning of the Board;
- review process for agreements with related parties, entrusted since 2015 to the Audit Committee in addition to the review of regulated agreements;
- periodic review of the Board's internal rules and the Committees' charters, and adaptation of their provisions, as needed.

In light of Frédéric Saint-Geours's loss of independence at the 2018 Shareholders' Meeting after serving twelve years on the Board (application of the years-of-service criterion of the Afep-Medef Code), the Board of Directors will appoint Catherine Lucet, an independent Director, as Lead Director at the conclusion of the General Shareholders' Meeting of 15 May 2018, on the recommendation of the Appointments and Compensation Committee, subject to her term of office being renewed at the General Shareholders' Meeting. She will also be made Chair of the Governance and Social Responsibility Committee. Frédéric Saint-Geours, who will remain a member of the Governance and Social Responsibility Committee, will give her the benefit of his experience during the transition period and will succeed to her, in a transitional period, as Chair of the Audit Committee.

5.3.2. Restrictions on the powers of the Chief Executive Officer – Powers of the Board of Directors

Article L. 225-56 of the French Commercial Code gives the Chief Executive Officer the broadest powers to act on the Company's behalf in all circumstances. He exercises his powers within the scope of the corporate purposes and subject to those powers specifically vested by law in the shareholders at Shareholder Meetings or in the Board of Directors. The Chief Executive Officer represents the Company in its dealings with third parties.

Consistent with the principles of sound corporate governance, the Chairman has wanted certain management transactions to be submitted to the Board for prior authorisation in view of the type of transaction and/or the amounts involved. The thresholds have been fixed so as to reserve the most important transactions to the Board of Directors, in accordance with law and the principles of good corporate governance.

Specifically, the Chief Executive Officer is required to obtain the Board's prior authorisation for the following:

- any transaction that could potentially affect the strategy of the Company and its controlled subsidiaries, their financial structure or scope of business, particularly entering into or terminating industrial and commercial agreements that could significantly impact the Group's future development;
- any transaction, when it exceeds €500 million and, in particular:
  - any subscription for or purchase of securities, any immediate or deferred investment in any grouping or company or business venture,
  - any contribution or exchange of assets, with or without additional compensation, concerning goods, rights, or securities,
  - any acquisition of real property or real property rights,
  - any purchase or sale of receivables, acquisitions or divestments of goodwill or other intangible assets,
  - any issue of securities by directly or indirectly controlled companies,
  - granting or obtaining loans, borrowings, credit facilities or short-term advances,
  - any settlement of or compromises to settle legal disputes,
  - any disposal of real property or real property rights,
  - any full or partial divestments of equity interests,
  - granting of any lien, security interests, sureties, and guarantees.

As an exception to the above rules, however, the Chief Executive Officer may, on an exceptional basis and after seeking the opinion of the Audit Committee, perform any transaction not exceeding 15% of consolidated equity as measured at the previous fiscal year-end. The Chief Executive Officer must report on any such transaction at the next Board of Directors' meeting.

These provisions apply to transactions performed directly by the Company and by all entities the Company directly or indirectly controls, except for intragroup transactions.

In addition, the Chief Executive Officer is also given specific authorisations each year to issue and enter into all types of guarantees and carry out financing transactions. These authorisations are renewed each year on the recommendation of the Governance and Social Responsibility Committee, and were most recently renewed in December 2017 for 2018.

Under these authorisations, the Chief Executive Officer may issue security interests, collateral, or guarantees to third parties in the Company's name on behalf of third parties for up to €1.5 billion per year and €500 million per commitment.

The Chief Executive Officer may also negotiate, accept and/or roll over, extend or renew loans, confirmed credit lines and syndicated and non-syndicated financing facilities for up to €3.5 billion per year and €500 million per transaction.

In addition, given the seasonality of the business, the Chairman and Chief Executive Officer is authorised to negotiate, accept, roll over, extend or renew cash advances for up to €1 billion.

The Chief Executive Officer may also issue bonds or other debt securities (other than commercial paper) under the EMTN programme or otherwise for up to €3.5 billion, decide the terms and conditions of any such issues and carry out all related market transactions. He may also issue commercial paper for a maximum of €2 billion.

He is also authorised to buy back and redeem outstanding debt securities in an annual nominal amount of €1 billion and decide on the terms and conditions.

As well as these specific annual authorisations, the Chief Executive Officer may act in the Company's name to guarantee all commitments given by Casino Finance on behalf of third parties in respect of:

- the implementation of bond issues, including those under Casino Finance's EMTN programme, commercial paper issues and/or issues of other debt securities, and the signature of loan agreements for all borrowings, confirmed lines of credit, financing facilities and short term advance facility agreements within the same annual limits and limits per transaction defined above for the annual authorisations;
- foreign currency transactions and derivative transactions covered by an ISDA master agreement or an FBF agreement signed by Casino Finance, up to €100 million per bank and €1.2 billion in total.

5.3.3. The Executive Committee

Under the authority of the Chairman and Chief Executive Officer, the Executive Committee is responsible for the day-to-day management of the Group's operations. It implements the Group's strategy, as defined by the Board of Directors and the Chief Executive Officer. Responsible for strategic thinking, as well as coordinating, sharing, and monitoring cross-functional projects, it ensures that action plans implemented by all its subsidiaries and operating divisions are consistent with each other and, in that respect, can take any necessary decisions. It monitors the Group's results and financial position and draws up the Group's overall business plans. The Committee meets once a month.

The Executive Committee has twelve members, including the Chairman and Chief Executive Officer, the Chief Executive Officers of the Group's main subsidiaries and Directors of the corporate functions:

- Jean-Charles Naouri, Chairman and Chief Executive Officer;
- Hervé Daudin, Merchandise and Supply Chain Director, Chairman of Achats Marchandises Casino;
- Franck-Philippe Georgin, Acting Corporate Human Resources Director, Secretary of the Executive Committee;
- Carlos Mario Giraldo Moreno, Chairman and Chief Executive Officer of Grupo Éxito (Colombia);
- Antoine Giscard d'Estaing, Chief Financial Officer;
- Ronaldo Iabrudi, Chief Executive Officer of GPA (Brazil);
- Julien Lagubeau, Chief Operating Officer;
- Jean-Paul Mochet, Chief Executive Officer of Franprix and Proximité;
- Tina Schuler, Chief Executive Officer of Leader Price, Casino Supermarkets and Géant Casino;
- Régis Schultz, Chairman of Monoprix;
- Arnaud Strasser, Corporate Development and Holdings Director;
- Gérard Walter, Chief Executive Officer Logistics of Distribution Casino France and Franprix-Leader Price.

5.4. Information about corporate officers

JEAN-CHARLES NAOURI

Chairman and Chief Executive Officer

Born

8 March 1949

Nationality: French

Business address

1, cours Antoine Guichard

42000 Saint-Étienne

Number of Casino shares held: 384

Expertise and experience

A graduate of *École Normale Supérieure* (majoring in science), Harvard University and *École Nationale d'Administration*, Jean-Charles Naouri began his career as an *Inspecteur Général des Finances* at the French Treasury. He was appointed Chief of Staff for the Minister of Social Affairs and National Solidarity in 1982, then Chief of Staff for the Minister of the Economy, Finance and Budget in 1984. In 1987, he founded Euris, which became the controlling shareholder of Rallye in 1991 and then of Casino in 1998. Jean-Charles Naouri has been Chairman and Chief Executive Officer of Casino since March 2005.

Main executive positions

Chairman and Chief Executive Officer of Casino, Guichard-Perrachon (listed company)

Chairman of Euris

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	4 September 2003	2019 OGM
Chairman of the Board of Directors	4 September 2003	2019 OGM
Chief Executive Officer	21 March 2005	2019 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

With the Casino Group/Euris

- Chairman of the Board of Directors and Director of Rallye (listed company);
- Chairman and Member of the Board of Directors of Companhia Brasileira de Distribuição (listed company - Brazil);
- Vice Chairman and Director of the Fondation d'Entreprise Casino;
- Chairman of the Fondation Euris;

Outside the Casino Group/Euris

- Director of Fimalac (listed company) and Member of the Selection, Nominations and Remunerations Committee;
- Honorary Chairman and Director of the Institut de l'École normale supérieure.

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman and Chief Executive Officer of Casino Finance*;
- Chairman and Member of the Board of Directors of Cnova N.V. (listed company – Netherlands);
- Chairman and Member of the Board of Directors of Wilkes Participações (Brazil);
- Chief Executive Officer of Rallye (listed company);
- Chairman and Chief Executive Officer and Member of the Supervisory Board of Monoprix SA;
- Chairman and Chief Executive Officer then Chairman of the Board of Directors of Monoprix SA;
- Chairman of "Promotion des talents" a non-profit organisation.

* *Directorships and positions that expired during fiscal year 2017.*

NATHALIE ANDRIEUX

Independent Director
(directorship subject to renewal)

Born

27 July 1965

Nationality: French

Business address

171, rue de l'Université

75007 Paris

Number of Casino shares held: 375

Expertise and experience

Nathalie Andrieux is a graduate of *École Supérieure d'Informatique* (Sup'Info) and ESCP Europe. She joined La Poste Group (French Postal Service) in 1997, was appointed Chief Executive Officer of Média Poste in 2004 and Chairman 2009. She became Chairman of La Poste Numérique in 2012, a position she held until March 2015. Previously, she held various positions in the Banque Populaire group, Casden (1993-1997) and Bred (1990-1993). Since 2 April, 2018, she is Chief Executive Officer of Geolid, a communication and digital referencing company.

Main executive position

Chief Executive Officer of Geolid.

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	12 May 2015	15 May 2018 OGM
Independent member of the Appointments and Compensation Committee	7 July 2015	15 May 2018 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside the Casino Group

- Member of the Supervisory Board and Member of the Audit Committee of Lagardère (listed company);
- Chairman of the Board of Directors of ENSCI-Les Ateliers.

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of Cabestan, Financière Adverline, Matching, Media Prisme, Mediapost, Mediapost Holding, Mediapost Publicité and SMP;
- Chairman of the Board of Directors of Mix Commerce;
- Chairman of the Board of Directors of Mediapost Hit Mail (Romania), Mediapost SGPS (Portugal) and Mediapost Spain (Spain);
- Director of Mediapost Hit Mail (Romania), Mediapost SGPS (Portugal) and Mediapost Spain (Spain);
- Director of Docapost, Maileva and Mix Commerce;
- Member of the Strategy Committee of Cabestan, Matching, Mediapost, Media Prisme, Mediapost Publicité, Neopress and SMP;
- Member of the Investment Committee of Xange Capital 2;
- Member of the Supervisory Board of La Banque Postale and Xange Private Equity;
- Member of the Strategy Committee of La Banque Postale and Idenum;
- Member of the National Digital Committee (French *Conseil National du Numérique*);
- Member of the Scientific Committee of Institut Mines Telecom*.

* *Directorships and positions terminating during fiscal year 2017.*

GILBERT DELAHAYE

Director representing Employees

Born

15 September 1955

Nationality: French

Business address

1, cours Antoine Guichard

42000 Saint-Étienne

Number of Casino shares held: 2,144

Expertise and experience

A graduate of a DUT in marketing and sales techniques, Gilbert Delahaye has spent his entire career with Casino. Joining the Group on 1 January 1979 as Commercial Director of the Proximité branch, he became Management Controller from 1982 before being named Administrative and Financial Director for supermarket franchises from 1986 to 2001. From 2001 to 2010, he was Director of Sustainable Development with Casino Services, then Director of CSR Transverse Projects from 2010. He has also been Deputy Director of External Relations for Casino Services since 2014.

Main executive position

Director of transverse CSR projects of representative of Casino Services

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director (employee representative)	6 May 2017[(1)]	2020 OGM
Member of the Appointments and Compensation Committee	15 December 2017	2020 OGM

(1) Mr Gilbert Delahaye was designated by the most representative union and joined the Board of Directors at its first meeting following such appointment on 13 June 2017.

Other directorships and positions held in 2017 and as of 7 March 2018

Outside the Casino Group

- Permanent representative of Casino, Guichard-Perrachon on the Board of Directors of LOIRE TÉLÉ (SA)

Other directorships and positions held in the past five years (excluding those listed above)

- Permanent representative of Casino, Guichard-Perrachon on the Board of Directors of LOIRE TELE (SAEML);
- Chairman and Chief Executive Officer and Director of Issoire Distribution.

CHRISTIANE FÉRAL-SCHUHL

Independent Director

Born

21 May 1957

Nationality: French and Canadian

Business address

24, rue Erlanger

75016 Paris

Number of Casino shares held: 420

Expertise and experience

Member of the Bars of Paris (since 1981) and Quebec (since 2016), Christiane Féral-Schuhl, holds a degree from Université de Paris II (*maîtrise Droit des Affaires* – Masters in Business Law). She joined the international law firm Serrero, Giroux & Buhagiar then the law firm Huglo-Lepage. In 1988 she founded FG Associés with Mr. Bruno Grégoire Sainte-Marie, a firm specializing in the law relating to new technologies. In 1998, they and their team joined the international firm Salans, Hertzfeld to form the IT Department (Informatics, Technologies and Communication) of the firm's Paris office. In 2006, they decided to create a specialised firm, FÉRAL-SCHUHL/SAINTE-MARIE, ranked for more than ten consecutive years as a "go to firm" and "leading firm" in professional reference guides and rated several times as "IT Law Firm of the Year in France".

Christiane Féral-Schuhl holds specialisation certificates in the law relating to new technologies, computers/information systems and communication and in intellectual property law. She practices more particularly in the areas of computer/information systems law, Internet, media, and telecommunications. She also acts as mediator, arbitrator, and cyber-arbitrator.

Christiane Féral-Schuhl served as *Bâtonnier* (President) of the Paris Bar from 2012 and 2013 (25 000 attorneys), the second woman to be elected to that office in the history of the Paris Bar. She was a member of the *Haut Conseil à l'égalité entre les femmes et les hommes* (HCEfh) (High Commission for Gender Equality) (2013-2015), Co-Chair of the *Commission parlementaire de réflexion et de propositions ad hoc sur le droit et les libertés à l'âge du numérique* (*Ad hoc* Parliamentary Commission to Develop Proposals on Law and Privacy in the Digital Age) (2014-2015). She has served as a member of the member of the *Conseil Supérieur des tribunaux administratifs et des cours d'appel administratives* (CSTA CAA) (Superior Council of Administrative Courts and Administrative Courts of Appeal) (2015-2017). She was elected Chairman of the *Conseil National des Barreaux* (CNBF – French National Bar Council) on 16 December 2017 for the 2018-2020 term.

Author of *Cyberdroit: le droit à l'épreuve de l'Internet (Cyberlaw: the Challenge to Law Represented by the Internet")* (Dalloz Praxis – 7th edition to be published in 2017), a reference work in all areas dealing with digital technology and the digital economy. She has also published numerous articles in the specialist press and taken part in numerous discussions and conferences on issues relating to new technologies. She has received many professional distinctions and in 2016, 2017 and 2018 was cited by The Best Lawyers® as "*Lawyer of the Year*" in *Nouvelles Technologies* for Paris.

Main executive positions

Attorney admitted to practice before the Bar of Paris and the Bar of Quebec

Mediator accredited with the *Centre de Médiation et d'Arbitrage de Paris* (CMAP – Center for Mediation and Arbitration of Paris)

Mediator accredited with the World Intellectual Property Organisation (WIPO)

Mediator in civil, commercial and labour law accredited with the Quebec Bar

Mediator in disputes by agreed mediation or court-ordered mediation nationally and internationally

Referenced in the Directory of the *Conseil National de Médiation des Avocats* (National Lawyers' Mediation Council) (CNMA) and the *Conseil National des Barreaux* (French National Bar Council) (CNB)

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	5 May 2017	2020 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside the Casino Group

- Member of the *Comité de Direction* (Management Committee) of the CARPA;
- President of the *Conseil National des Barreaux* (French National Bar Council)

Other directorships and positions held in the past five years (excluding those listed above)

- *Bâtonnier du Barreau de Paris* (President of the Paris Bar);
- Chairman of the *Comité de Direction* (Management Committee) of the CARPA;
- Member of the *Haut Conseil de l'Égalité* (HCEfh) (High Commission for Equality);
- Co-Chairman of the *Commission Parlementaire de réflexion et de propositions sur le droit et les libertés à l'âge du numérique* (Parliamentary Commission to Develop Proposals on Law and Privacy in the Digital Age);
- Member of the *Conseil de l'Ordre des Avocats de Paris* (Bar Council of the Paris Bar);
- Member of the *Conseil Supérieur des Tribunaux Administratifs et des Cours d'Appel Administratives* (Superior Council of Administrative Courts and Administrative Court of Appeal) (CSTA CAA)* – *designated by the President of France as a qualified person.*

* *Directorships and positions terminating during fiscal year 2017.*

LADY SYLVIA JAY

Independent Director

(directorship subject to renewal)

Born

1 November 1946

Nationality: British

Business address

38 Markham Street

London SW3 3NR, United Kingdom

Number of Casino shares held: 400

Expertise and experience

Lady Sylvia Jay, Commander of the Order of the British Empire, is a graduate of the University of Nottingham and a researcher at the London School of Economics. She held various positions as a senior civil servant in the British civil service between 1971 and 1995, being involved in particular in financial aid to developing countries. She was seconded to the French Ministry of Cooperation and the French Treasury. Later, she was Assistant Director in Jacques Attali's office at the European Bank for Reconstruction and Development. She entered the private sector in 2001, as Chief Executive Officer of the UK Food and Drink Federation until 2005. In that year, she became Vice-Chairman of L'Oréal UK & Ireland and in 2011, she was appointed Chairman of L'Oréal UK & Ireland, a position she held until August 2013.

Main executive position

Independent director of various companies

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	11 May 2012	15 May 2018 OGM
Independent member of the Governance and CSR Committee	7 July 2015	15 May 2018 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside the Casino Group

- Director of Lazard Ltd (listed company – United States).

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of L'Oréal UK & Ireland and Pilgrim Trust;
- Director of Alcatel-Lucent and Saint-Gobain (listed companies);
- Trustee of the Entente Cordiale Scholarship Scheme and of the Prison Reform Trust.

CATHERINE LUCET

Independent Director

(directorship subject to renewal)

Born

3 February 1959

Nationality: French

Business address

25, avenue Pierre-de-Coubertin

75013 Paris

Number of Casino shares held: 445

Expertise and experience

Catherine Lucet is a graduate of *École Polytechnique* (1979) and *École des Mines de Paris* (1984) and holds an MBA from INSEAD (1987). She began her career as an analyst at the Analysis and Forecasting Centre of the French Ministry of Foreign Affairs. She joined McKinsey in 1986 as a consultant, and was then appointed project manager. In 1991, she was appointed Chief Executive Officer of Éditions Harlequin, subsidiary of Éditions Hachette and of Canadian publisher Torstar. In 1996, she joined the Anglo-Dutch group Reed Elsevier where she headed their French scientific and medical publishing subsidiary until 2001, when she left to join the Vivendi Group as Chief Executive Officer of Éditions Nathan. Catherine Lucet is now a member of the Executive Committee of Editis, Chief Executive Officer of its Education and Reference division which includes Éditions Nathan, Bordas, Clé, Retz and the Le Robert dictionaries, and Chairman of Éditions Nathan and of Daesign.

Main executive position

Chief Executive Officer of the Education and Reference division of Editis

Directorships and other positions with the Company

Directorship/Position	First elected/appointed	Current term expires
Director	28 February 2011	15 May 2018 OGM
Independent member of the Audit Committee	19 June 2012	15 May 2018 OGM
Chairman of the Audit Committee	7 July 2015	15 May 2018 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside the Casino Group

With Editis Group	Outside Editis Group
▪ Chairman of S.e.j.e.r and Daesign ▪ Chairman and Chief Executive Officer of Librairie Fernand Nathan	▪ Member of the Supervisory Board of Brill (Netherlands).

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman and Chief Executive Officer of Paraschool and S.e.j.e.r;
- Chairman of Dokeo TV;
- Director of the Cap Digital Competitiveness Division.

GÉRALD DE ROQUEMAUREL

Independent Director

(appointment as non-voting Director proposed at the General Shareholders' Meeting following his resignation to take effect on this meeting)

Born

27 March 1946

Nationality: French

Business address

Rue de Belle Vue, 64

Brussels 1000

Number of Casino shares held: 400

Expertise and experience

Gérald de Roquemaurel has a law degree, is a graduate of *Institut d'Études Politiques de Paris* and is an alumnus of the *École Nationale d'Administration* (1970-1972). A direct descendant of Louis Hachette (founder of Librairie Hachette), he joined Publications Filipacchi in 1972 and became director of *Paris-Match* in 1976. In 1981, he was appointed Vice-Chairman and Chief Executive Officer of Groupe Presse Hachette (which became Hachette Filipacchi Presse in 1992). From 1983 to 1985, he was responsible for the Group's international expansion. In 1984, he became director and Chief Executive Officer of Publications Filipacchi (later Filipacchi Medias) and then a member of the Executive and Strategy Committee of Lagardère SCA, a director of Hachette SA, and Managing Director of NMPP. On 18 June 1997, he was appointed Chairman and Chief Executive Officer of Hachette Filipacchi Médias, then in 1998, Chief Operating Officer of the Lagardère Group in charge of the media division. In April 2001, he became Chairman of FIPP (*Fédération Internationale de la Presse Périodique*) for two years. In June 2001, he was appointed Chairman of Club de la Maison de la Chasse et de la Nature. In early 2007, he became Managing Partner of HR Banque. In January 2009, he was appointed Senior Partner of Arjil. On 15 December 2012, he was appointed Managing Director of BGR Partners, Arjil's partner in Belgium. In September 2015, he resigned from his position with Arjil and became Senior Advisor at Messiers-Maris.

Main executive position

Managing Director of BGR Partners

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	31 May 2006	2020 OGM
Independent member of the Appointments and Compensation Committee	31 May 2006	2020 OGM
Chairman of the Appointments and Compensation Committee	7 July 2015	2020 OGM
Independent member of the Audit Committee	3 March 2010	2020 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside Casino Group

- Member of the Supervisory Board of Baron Philippe de Rothschild SA

Other directorships and positions held in the past five years (excluding those listed above)

- Vice President of the Presse Liberté Association.

DAVID DE ROTHSCHILD

Director

Born

15 December 1942

Nationality: French

Business address

29, avenue de Messine

75008 Paris

Number of Casino shares held: 400

Expertise and experience

David de Rothschild has run the Rothschild & Co. group (formerly Paris-Orléans) since 2003. He has been Chairman of Rothschild & Co Gestion SAS and Statutory Managing Partner of Rothschild & Co. since June 2012. He is a descendant of Mayer Amschel Rothschild, founder of the Rothschild dynasty, and of Baron James de Rothschild, who created the bank in Paris in 1812. David de Rothschild has worked in banking for 40 years, gaining experience in the various branches of the family business. Banque Rothschild, founded by James de Rothschild in 1812 under the name Rothschild Frères, was nationalised in 1981. In 1986, David de Rothschild and his cousin Eric de Rothschild were authorised to create a new Rothschild bank in France following the 1981 nationalisation, and in 2003 were able to merge the family's UK and French businesses. David de Rothschild is a graduate of *Institut d'Études Politiques de Paris*.

Main executive positions

Chairman of Rothschild & Co Gestion, Managing Director of Rothschild & Co

Permanent Representative of Rothschild & Co Gestion, Managing Partner of RCB Gestion

Managing Director of Rothschild Martin Maurel SCS

Managing Partner of Rothschild & Cie

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	4 September 2003	2020 OGM
Member of the Governance and CSR Committee	7 July 2015	2020 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside Casino Group

With Rothschild Group	Outside Rothschild Group
▪ Chairman of Rothschild & Co Gestion, Rothschild Concordia, SCS Holding, Rothschild & Co Commandité, RCG Partenaires, RCI Partenaires, Cavour, Verdi, Aida, Financière Rabelais, Paris Orléans Holding Bancaire (POHB), Financière de Reux, Financière de Tournon et Rothschild Martin Maurel Associés; ▪ Managing Director of Bero, RCB Partenaires, Rothschild & Cie and Rothschild Martin Maurel; ▪ Member of the Supervisory Board of Banque Martin Maurel; ▪ Permanent Representative of Rothschild & Co Gestion, Managing Director of RCB Gestion; ▪ Sole Director of GIE Sagitas, ▪ *Chairman* of Rothschild Europe BV (Netherlands); ▪ *Member of the Board of Directors* of Continuation Investments NV (Netherlands).	▪ Managing Director of Rothschild Ferrières, SCI 2 Square Tour Maubourg, Société Civile du Haras de Reux; ▪ Sole Director of GIE Five Arrows Messieurs de Rothschild Frères.

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of RCG Gestion, RCB Gestion, RCBP Gestion and RCI Gestion et Norma;
- Chairman of NM Rothschild & Sons Ltd (United Kingdom), Rothschilds Continuation Holdings AG (Switzerland) and Rothschild North America Inc. (USA);
- Vice-Chairman of Rothschild Bank AG (Switzerland);
- Director of Edmond de Rothschild and Compagnie Financière Martin-Maurel*;
- Member of the Supervisory Board of Euris;
- Managing Director of Rothschild & Compagnie Banque*;
- Member of the Board of Directors of De Beers SA (Luxembourg) (listed company), Rothschild Asia Holdings Ltd (China), Rothschild Concordia AG (Switzerland), Rothschilds Continuation Holdings AG (Switzerland), Rothschild Holding AG (Switzerland) and Rothschild Employee Trustees Ltd (United Kingdom);
- Member of the Remuneration and Nomination Committee of Rothschilds Continuation Holdings AG (Switzerland).

* *Directorships and positions terminating during fiscal year 2017.*

FRÉDÉRIC SAINT-GEOURS

Independent Director

Born

20 April 1950

Nationality: French

Business address

Campus Étoiles – 2, place aux Étoiles

93200 La Plaine Saint-Denis

Number of Casino shares held: 350

Expertise and experience

Frédéric Saint-Geours has a degree in economics, is a graduate of *Institut d'Études Politiques de Paris* and an alumnus of *École Nationale d'Administration*. He joined PSA Peugeot Citroën Group in 1986 after a career at the Ministry of Finance and in the offices of the President of the National Assembly and the Secretary of State for the Budget (1975-1986). After serving as Deputy Chief Financial Officer of PSA Group from 1986 to 1988, he became Chief Financial Officer of the Group in 1988. From 1990 to 1997, he was Deputy Chief Executive Officer of Automobiles Peugeot, becoming Chief Executive Officer in early 1998. He was a member of the Management Board of PSA Peugeot Citroën from July 1998 to December 2007. In January 2008, he was appointed Advisor to the Chairman of the Management Board of PSA Peugeot Citroën and member of the Management Committee. He was elected Chairman of the UIMM trade federation on 20 December 2007. As from 2009, he was successively a member of the Management Board of Peugeot SA, Chief Financial Officer and Head of Strategy for the PSA Peugeot Citroën Group, then head of the Peugeot and Citroën brands and Special Advisor to the Chairman of the Management Board of PSA Peugeot Citroën. In September 2013, he was elected Chairman of *Groupe des Fédérations Industrielles*. In November 2014 then in July 2015, France's Council of Ministers appointed him as Chairman of the Supervisory Board of the SNCF (French National Railways), an appointment that was renewed in July 2015. From April 2016 to November 2017, he served as Vice-Chairman of the French *Conseil National de l'Industrie* (National Industry Council).

Main executive position

Chairman of the Supervisory Board of the SNCF

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	31 May 2006	2020 OGM
Lead Director	7 July 2015	2020 OGM
Independent member of the Audit Committee	31 May 2006	2020 OGM
Chairman and member of the Governance and CSR Committee	7 July 2015	2020 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside Casino Group

- Director of BPIFrance Investissement and BPIFrance Participations

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of Automobiles Citroën and Automobiles Peugeot;
- Chairman of the Board of Directors of Banque PSA Finance;
- Vice President of the *Conseil National de l'Industrie**;
- Vice Chairman of Dongfeng Peugeot Citroën Automobiles Company Ltd (China);
- Director of Peugeot Citroën Automobiles S.A.;
- Chairman of the *Union des Industries et des Métiers de la Métallurgie* and of the *Groupe des Fédérations Industrielles*.

* *Directorships and positions terminating during fiscal year 2017.*

EURIS

Director

Société par actions simplifiée (simplified stock company) with share capital of €164,806

Headquarters

83, rue du Faubourg-Saint-Honoré
75008 Paris

348 847 062 Trade and Companies Registry Paris

Number of Casino shares held: 365

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	4 September 2003	2020 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

With Casino/Euris Group

- Director of Finatis, Foncière Euris and Rallye (listed companies)

Other directorships and positions held in the past five years (excluding those listed above)

None

JACQUES DUMAS

Permanent Representative of Euris since 9 February 2017

First elected 12 May 2015

Born

15 May 1952

Nationality: French

Business address

148, rue de l'Université

75007 Paris

Number of Casino shares held: 52,953

Expertise and experience

Holder of a Masters Degree in Law and graduate of the *Institut d'Études Politiques* of Lyon, Jacques Dumas began his career in the Legal department of Compagnie Française de l'Afrique Occidentale (CFAO) before becoming Administrative Director (1978-1986). He left CFAO to take up a position as Deputy Company Secretary of Rallye Group (1987) and subsequently moved to the Euris Group as Legal Affairs Director (1994). He is currently Deputy Chief Executive Officer of Euris and Advisor to the Chairman of Casino, Guichard-Perrachon.

Main executive positions

Advisor to the Chairman, Casino, Guichard-Perrachon

Deputy Chief Executive Officer of Euris

Other directorships and positions held in 2017 and as of 7 March 2018

With Casino/Euris Group	Outside Casino/Euris Group
▪ Member of the Appointments and Compensation Committee of Casino, Guichard-Perrachon (listed company); ▪ Director of Rallye (listed company); ▪ Member of the Supervisory Board of Monoprix; ▪ Permanent Representative of Euris on the Board of Directors of Finatis (listed company) and Member of the Audit Committee.	▪ Director and Member of the Appointments and Compensation Committee of Mercialys (listed company); ▪ Managing Director of Cognac-Parmentier and Longchamp-Thiers.

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of GreenYellow;
- Vice President and Member of the Supervisory Board of Monoprix SA;
- Permanent Representative of Casino, Guichard-Perrachon on the Board of Directors of Monoprix SA;
- Permanent Representative of Casino, Guichard-Perrachon on the Supervisory Board of Monoprix SA;
- Permanent Representative of Cobivia on the Board of Directors of Casino, Guichard-Perrachon* (listed company);
- Permanent Representative of Distribution Casino France on the Board of Directors of Distribution Franprix;
- Permanent Representative of Messidor SNC on the Board of Directors of Cdiscount;
- Member of the Appointments and Compensation Committee of Rallye (listed company);
- Board of Directors of Cdiscount;
- Member of the Audit, Risk and Sustainable Development Committee of Mercialys* (listed company).

* *Directorships and positions terminating during fiscal year 2017.*

SOCIÉTÉ FINATIS

Director

(directorship proposed for renewal)

Société anonyme (joint stock company) with share capital of €84,852,900

Business address

83, rue du Faubourg Saint-Honoré

75008 Paris

712 039 163 Trade and Companies Registry Paris

Number of Casino shares held: 380

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	15 March 2005	15 May 2018 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

With the Casino Group/Euris

- Director of Carpinienne de Participations, Foncière Euris and Rallye (listed companies)

Other directorships and positions held in the past five years (excluding those listed above)

None

DIDIER LÉVÊQUE

Representative of Finatis since 9 February 2017

1st appointed on 29 April 2010

Born

20 December 1961

Nationality: French

Business address

83, rue du Faubourg Saint-Honoré

75008 Paris

Number of Casino shares held: 275

Expertise and experience

Didier Levêque is a graduate of *École des Hautes Études Commerciales*. From 1985 to 1989, he was research manager for the Finance Department of Roussel-Uclaf. He joined the Euris Group in 1989 as deputy Corporate Secretary. Then, in 2008, he was appointed Corporate Secretary.

Main executive positions

Corporate Secretary of Euris

Chairman and Chief Executive Officer of Finatis (listed company)

Other directorships and positions held in 2017 and as of 7 March 2018

With the Casino Group/Euris

- Chairman and Chief Executive Officer and Director of Carpinienne de Participations (listed company);
- Chairman and Chief Executive Officer of Euris North America Corporation (ENAC), Euristates Inc., Euris Real Estate Corporation (EREC), and Parande Brooklyn Corp. (USA);
- Chairman of Par-Bel 2 and Matignon Diderot;
- Director of Euris Limited (United Kingdom);
- Member of the Supervisory Board of Centrum Baltica, Centrum Development, Centrum Krakow, Centrum Poznan, Centrum Warta and Centrum Weiterstadt (Luxembourg);
- Permanent Representative of Finatis, Director of Foncière Euris (listed company);
- Permanent Representative of Foncière Euris, Director of Rallye (listed company);
- Co-Manager of Silberhorn (Luxembourg);
- Member and Treasurer of the Fondation Euris;
- Member of the Audit Committee and of the Appointments and Compensation Committee of Foncière Euris (listed company);
- Member of the Audit Committee of Rallye (listed company).

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of the Board of Directors of Cnova N.V. (listed company – Netherlands);
- Vice Chairman and Non-executive Director of the Board of Directors Cnova N.V.* (listed company – Netherlands);
- Member of the Supervisory Board of Centrum Leto (Luxembourg);
- Permanent Representative of Matignon Diderot on the Board of Directors of Rallye (listed company);
- Permanent Representative of Foncière Euris on the Board of Directors of Casino, Guichard-Perrachon* (listed company);
- Managing Director of EMC Avenir 2.

* *Directorships and positions terminating during fiscal year 2017.*

FONCIÈRE EURIS

Director

Société anonyme (joint stock company) with share capital of €149,578,110

Headquarters

83, rue du Faubourg-Saint-Honoré

75008 Paris

702 023 508 Trade and Companies Registry Paris

Number of Casino shares held: 365

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	29 April 2010	2020 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

With the Casino Group/Euris

- Chairman of Marigny Foncière, Mat-Bel 2 and Matignon Abbeville;
- Director of Rallye (listed company).

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of Marigny Belfort;
- Managing Director of SCI Les Herbiers and SCI Sofaret.

MICHEL SAVART

Permanent Representative of Foncière Euris since 9 February 2017

First appointed 28 February 2011

Born

1 April 1962

Nationality: French

Business address

83, rue du Faubourg Saint-Honoré

75008 Paris

Number of Casino shares held: 22,158

Expertise and experience

Michel Savart is a graduate of *École Polytechnique* and *École Nationale Supérieure des Mines de Paris*. He began his career with Havas in 1986, and joined Banque Louis Dreyfus as project manager in 1987 and Banque Arjil (Lagardère group) in 1988, where he was project manager then Advisor to the Management Board until 1994. He joined Dresdner Kleinwort Benson (DKB), where he was Managing Director in charge of mergers and acquisitions from 1995 until 1999. He joined the Euris-Rallye Group in October 1999 as Director-Advisor to the Chairman, in charge of private equity investments. He is currently Advisor to the Chairman of the Rallye-Casino Group. He has also been Chairman and Chief Executive Officer of Foncière Euris since August 2009.

Main executive positions

Advisor to the Chairman of Rallye/Casino

Chairman and Chief Executive Office of Foncière Euris (listed company)

Other directorships and positions held in 2017 and as of 7 March 2018

With the Casino Group/Euris

- Chairman of the Management Board and Managing Director of Centrum Serenada Sp. Zoo and Centrum Krokus Sp. Zoo (Poland);
- Managing Director of Centrum Krokus Sp. Zoo (Poland);
- Permanent Representative of Rallye on the Board of Directors of GO Sport Group;
- Representative of Delano Holding, Co-Managing Director of Delano Participations;
- Representative of Foncière Euris, Chairman Marigny Foncière, Mat-Bel 2 and Matignon Abbeville;
- Representative of Immat Bel, Co-Managing Director of Delano Holding;
- Representative of Marigny Foncière, Co-Managing Director of SCI Les Deux Lions, SCI Ruban Bleu Saint-Nazaire and Managing Director of SCI Pont de Grenelle and SNC Centre Commercial Porte de Châtillon;
- Representative of Mat-Bel 2, Managing Director of Immat Bel and Matbelys;
- Co-Managing Director of Guttenbergstrasse BAB5 GmbH (Germany).

Outside the Casino Group/Euris

- Director, member of the Investment Committee and member of the Appointments and Compensation Committee of Mercialys (listed company);
- Chairman of Aubriot Investissements;
- Managing Director of Montmorency.

Other directorships and positions held in the past five years (excluding those listed above)

- Chairman of the Board of Directors of Mercialys;
- Chaiman of the Board of Centrum Wzgorze Sp. Zoo (Poland);
- Director of Cdiscount;
- Permanent Representative of Finatis on the Board of Directors of Casino, Guichard-Perrachon* (listed company);
- Permanent Representative of Foncière Euris, Chairman of Marigny Belfort;
- Permanent Representative of Foncière Euris, Managing Director of SCI Sofaret and SCI Les Herbiers;
- Permanent Representative of Matignon Abbeville, Managing Director of Centrum Z Sarl, Centrum K Sarl and Centrum J Sarl and Manager A of Centrum NS Luxembourg Sarl;
- Representative of Marigny Foncière, Chairman of Mat-Bel 2 and Co-Managing Director of SCI Palais des Marchands;
- Representative of Mat-Bel 2, Co-Managing Director of Marigny Fenouillet;
- Representative of Fenouillet Participation, Co-Managing Director of Fenouillet Immobilier;
- Representative of Marigny Fenouillet, Co-Managing Director of Fenouillet Participation;
- Representative of Immat Bel, Managing Director of Marigny Fenouillet;
- Chairman of the Management Board* and Managing Director of Centrum Riviera Sp. Zoo (Poland);
- Managing Director of Aubriot Investissements;
- Co-Manager of Einkaufszentrumam Alex GmbH and Loop 5 Shopping Centre GmbH (Germany).

* *Directorships and positions terminating during fiscal year 2017.*

MATIGNON DIDEROT

Director

Société par actions simplifiée (simplified stock company) with share capital of €83,038,500

Headquarters

83, rue du Faubourg-Saint-Honoré

75008 Paris

433 586 260 Trade and Companies Registry Paris

Number of Casino shares held: 350

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Director	17 October 2007	2019 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

With the Casino Group/Euris

- Director of Finatis and Foncière Euris (listed companies);
- Managing Director of SCI Penthièvre Neuilly.

Other directorships and positions held in the past five years (excluding those listed above)

- Director of Rallye (listed company)

DIANE COLICHE

Permanent Representative of Matignon Diderot since 13 May 2016

Born

23 December 1977

Nationality: French

Business address

14-16, rue Marcel Bloch

92110 Clichy

Number of Casino shares held: 20,792

Expertise and experience

A graduate of ESSEC business school and with a Master's degree in business law from *Université de Paris II – Assas*, Diane Coliche was M&A and Investments Director at Casino (2010-2016). Prior to joining the Casino Group, she worked in the mergers and acquisitions department of investment bank Morgan Stanley in Paris and London (2000-2010). She has been the Chief Financial Officer of the Monoprix group since January 2017.

Main executive position

Finance and Development Director, Monoprix Group

Other directorships and positions held in 2017 and as of 7 March 2018

With the Casino Group/Euris

- Chairman of Beauty Monop' Plus and Simonop' Plus;
- Chief Executive Officer of LRMD and Monop'Station SAS;
- Managing Director of Dailymonop'Plus;

Other directorships and positions held in the past five years (excluding those listed above)

- Permanent Representative of Messidor S.N.C., Member of the Supervisory Board of Monoprix SA;
- Permanent Representative of Messidor S.N.C., Member of the Supervisory Board of Monoprix*;
- Chief Executive Offiver of Monop'*;
- Director of the Management Board and Managing Director of Quinam BV (Netherlands) and Géant Foncières BV (Netherlands);
- Chief Executive Officer of Latic LLC (USA);
- Non-Executive Director of the Board of Directors of Big C Supercenter Public Company Limited (listed company – Thailand).

* *Directorships and positions terminating during fiscal year 2017.*

HENRI GISCARD D'ESTAING

Non-Voting Director

Born

17 October 1956

Nationality: French

Business address

11, rue de Cambrai

75019 Paris

Number of Casino shares held: 313

Expertise and experience

Henri Giscard d'Estaing is a graduate of the *Institut d'Études Politiques de Paris* and holds a Master's degree in economics. He began his career in with Cofremca, where he was Associate Director specialising in the study of food-consumer behaviour patterns and their impact on marketing and strategy from 1982 to 1987. In 1987, he joined the Danone group as Head of Business Development, subsequently becoming Managing Director of UK subsidiary HP Food Lea & Perrins, then Chief Executive Officer of Évian-Badoit and lastly director of the Mineral Waters division. In 1997, he joined Club Méditerranée where he was successively Deputy Chief Executive Officer in charge of Finance, Business Development and International Relations (1997-2001), Chief Executive Officer (2001-2002), Chairman of the Management Board (2002-2005), before being appointed Chairman and Chief Executive Officer then Chairman (when the company was transformed into a French *société par actions simplifiée* – simplified stock company).

Main executive position

Chairman of Club Med

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Non-Voting	13 May 2016	2019 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside the Casino Group

With Club Med Group	Outside Club Med Group
▪ Chairman and Director-Founder of the Fondation d'entreprise Club Méditerranée; ▪ Chairman of Club Med Invest and Club Med Holding; ▪ Director of Club Med Holding.	▪ Member of the Supervisory Board and Member of the Strategy Committee of Randstad (listed company – Netherlands).

Other directorships and positions held in the past five years (excluding those listed above)

- Director and Independent Member of the Appointments and Compensation Committee of Casino, Guichard-Perrachon (listed company);
- Chairman and Chief Executive Officer of Club Méditerranée.

GILLES PINONCÉLY

Non-Voting Director

Born

5 January 1940

Nationality: French

Business address

1, cours Antoine Guichard

42000 Saint-Étienne

Number of Casino shares held: 4,000 in full legal title and 21,000 as beneficial owner *(en usufruit)*

Expertise and experience

A graduate of the *École Supérieure d'Agriculture de Purpan* in Toulouse, Gilles Pinoncély began his career with *L'Épargne*, which was acquired by the Casino Group in 1970. He was appointed *fondé de pouvoir* (authorised signatory) in 1976, Managing Partner of Casino in 1981, then Statutory Managing Director in 1990. He became a member of Casino's Supervisory Board in 1994, then a member of the Board of Directors in 2003.

Main executive position

Director of various companies

Directorships and other positions within the Company

Directorship/Position	First elected/appointed	Current term expires
Non-voting Director	13 May 2016	2019 OGM

Other directorships and positions held in 2017 and as of 7 March 2018

Outside the Casino Group

- Director of Financière Célinor (Vie & Véranda);
- Director of Centre long séjour Sainte-Élisabeth.

Other directorships and positions held in the past five years (excluding those listed above)

- Director and Member of the Audit Committee of Casino, Guichard-Perrachon (listed company).

INFORMATION ABOUT LAURE HAUSEUX CANDIDATE TO BECOME AN INDEPENDENT DIRECTOR

Born

14 August 1962

Nationality: French

Business address

4, villa Schutz et Daumain

92270 Bois-Colombes

Expertise and experience

Laure Hauseux holds a degree from the *Chambre de commerce Franco-Allemande* (Franco-German Chamber of Commerce), a MBA from ESCP Europe, a DESS *Contrôle de gestion* from *Université Paris Dauphine* and an Executive MBA from INSEAD. Ms. Hauseux began her career as Financial Controller, the CFO with Control Data France, then joined Gérard Pasquier in 1995 as CFO. Beginning in 1997, she successively was Group Financial Controller, then Store Manager with FNAC. She then became CFO of Printemps and, in 2007, Deputy CEO of Conforama Italy, the Vice President Finance and Information Systems and Services with Inergy Automotive Systems. From 2010 to 2013, Ms. Hauseux continued her career with Virgin Stores as Deputy General Manager, then, 2014, became CEO of GAC Group, an international audit and consulting firm, a position she held until June 2017.

Main executive position

Independent director of various companies

Other directorships and positions held in 2017 and as of 7 March 2018

Outside the Casino Group

- Member of the Supervisory Board and Audit Committee of Zodiac Aerospace (listed company).
- Managing Director of SCI Le Nid;
- Member of the Management Board and Chairman of the Audit Committee of Obol France 1.

Other directorships and positions held in the past five years (excluding those listed above)

- Member of the Management Board and Chairman of the Audit Committee of PHM France Topco 19* and PHM France Holdco 19;
- Director of Grande Armée Conseil España* (Spain) and Eidostech Consultores* (Spain);
- Managing Director of GA Conseil* and Grande Armée Conseil*;
- Managing Director of GAC*;
- Chairman of the Audit Committee of Zodiac Aerospace** (listed company).

* *Directorships and positions terminating during fiscal year 2017.*
** *Directorship and position that terminated in February 2018.*

5.5. Preparation and Organisation of the Board of Directors' Work

5.5.1. Functioning of the Board of Directors

The terms and conditions of Board of Directors' organisation and operation are defined by law, the Company's Articles of Association, the provisions of the Internal Rules of the Board of Directors and the Charters of the Board's specialised committees.

The Board of Directors meets as often as necessary in the interests of the Company and whenever deemed useful. A quorum of at least half the directors is required for the Board of Directors to meet validly. Decisions are made by majority vote of the members present in person or by proxy. In the event of a tie vote, the Chairman of the meeting casts the deciding vote.

The Chairman organises and leads meetings of the Board of Directors and reports to shareholders on the Board's work at General Shareholders' Meetings.

He calls Board meetings and is responsible for drawing up the agenda and minutes. He also ensures that the Company's corporate governance structures operate properly and, in particular, that the directors have all that is required to perform their duties.

INTERNAL RULES OF THE BOARD OF DIRECTORS

The organisation and functioning of the Board of Directors are described in Internal Rules adopted in December 2003 and last amended by the Board of Directors on 15 December 2017. The Internal Rules set forth the various rules applicable to the Board of Directors by virtue of applicable legal and regulatory provisions and the Articles of Association of the Company. They also contain the corporate government principles, the implementation of which is structured by the Board of Directors. The Internal Rules are reviewed periodically by the Board to identify any amendments or clarifications that may be needed to comply with the applicable law and regulations or to improve the efficiency and operation of the Board and its Committees.

The Internal Rules describe the rules of procedure, roles and responsibilities of the Board of Directors and its specialised Committees. They also set forth the process for appointing the Lead Director and his or her role. They also contain the restrictions on the powers of the Chairman and Chief Executive Officer.

The Internal Rules were amended twice during the fiscal year. On 6 March 2017 they were changed mainly to complement the section dealing with the directors' charter, transpose the changes to the Afep-Medef Code of November 2016, the statutory and regulatory changes arising from the effectiveness of European Regulation n° 596/2014 on market abuse, the adoption of an insider trading policy, and provide for election of a director representing employees. The Internal Rules were then amended on 15 December 2017 to reflect the broadening of the responsibilities of the Governance Committee to include corporate social responsibility (CSR) and its new name (Governance and Social Responsibility Committee) and, in light of its enlarged responsibilities, its interaction with the Audit Committee relating to compliance and management of risks in these areas.

The rules of conduct and the principles of sound governance applicable to members of the Board of Directors are described in section 5.5.5. below entitled "Rules of Conduct."

The Internal Rules establish the principle of regular formal appraisals of the Board of Directors' performance.

They also describe the terms and conditions for conducting Board meetings and taking decisions and, in particular, authorise directors to take part in meetings *via* videoconference or any other means of telecommunication.

The Board of Directors' Internal Rules are available in the Registration Document (see Chapter 11). Additionally, the Internal Rules of the Board of Directors and the charters of its Committees can be found on the Company's website at: https://www.groupe-casino.fr/en/the-groupe/gouvernance/

INFORMATION PROVIDED TO THE BOARD OF DIRECTORS – TRAINING

The Internal Rules of the Board of Directors contain the terms and conditions on which the Directors are to receive information as provided by law and the non-disclosure obligations relating thereto.

The Chairman and Chief Executive Officer is responsible for providing all directors with all documents and information they need to perform their role and duties.

The documents and information that are required for reviewing the items to be discussed at Board of Directors' meetings are sent to directors before the meetings take place. Thus, each Board member is provided with a briefing book containing all available information and documents relating to the items on the meeting's agenda, subject to their availability and based on the status of each respective item. A secure platform installed in 2016 introduced the process of digitalisation of the work files used by the Board and its specialised committees for its meetings.

The members of the Board of Directors are informed about changes in the market, the competitive environment, and the main challenges, including in the area of the Company's corporate social responsibility.

In accordance with the Board's Internal Rules, Senior Corporate Management reports to the Board of Directors at least once a quarter on the Company's business and that of its main subsidiaries, including information on sales and results, debt levels and available credit lines and employee numbers of the Company and its main subsidiaries.

The Group's off-balance sheet commitments are reviewed by the Board at least once every six months.

Every year, specific meetings or seminars are organised to present the Group's strategy and budget to the members of the Board.

The Chief Financial Officer attends all meetings of the Board. Other Executive Committee members, Senior Management of the subsidiaries and the heads of the Corporate departments are also invited to attend based on the matters on the agenda.

Senior corporate executives, the Chief Financial Officer and the Board's secretary are available to the Directors to provide any relevant information or explanations.

Between Board meetings, the Directors receive any important information concerning the Company or any events that materially affect the Company, its operations, or any information previously given to the directors or any matters discussed by the Board during the meetings. They are invited to meetings presenting the financial results to analysts.

Each Director, if he or she deems it necessary, can receive additional training on the Group's specificities, its business activities and sectors, as well as on accounting or financial concepts to complement their knowledge.

WELCOMING NEW MEMBERS

When new members join the Board, they are given an information package containing all the information they need to perform their roles and duties, and they may also request any documents that they believe would be useful.

They benefit from an induction programme that can be adapted depending on requests and needs, as expressed. Meetings are organised with the heads of the main Corporate departments and Senior Management of the main Group's subsidiaries so that new directors can get to know the management teams and deepen their understanding of the Company's businesses, markets and specific features.

The Director representing employees designated during the second quarter of 2017 receives special training adapted to performing his/her mandate, which is set at 20 hours per year and benefit from a preparation time per meeting determined by the Board of Directors on the recommendation of the Governance and Social Responsibility Committee, as provided by law. The content of this training program is decided by the Board of Directors on the recommendation of the Governance and Social Responsibility Committee, after prior consultation with the person involved. The Director representing employees thus underwent, during the second quarter of 2017, several orientation modules from the *Institut Français des Administrateurs* (IFA – French Institute for Directors). It was also decided, with his agreement, that he will have access to the IFA's work during fiscal year 2018 as a form of continuing education.

ROLE AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

In accordance with Article L. 225-35 of the French Commercial Code, the Board of Directors determines the company's business strategy and oversees its implementation. Except for matters expressly reserved for action at General Shareholders' Meetings and within the limits of the scope of the Company's purposes, the Board of Directors may take up any matter related to the Company's operations and manages its affairs through its decisions.

It carries out any audits or controls it considers appropriate.

The Board of Directors also reviews and approves the annual and interim company and consolidated financial statements of the Company and the Group, as well as the management reports on the operations and results of the Company and its subsidiaries. It also approves the Company management forecasts. It reviews and approves the report on corporate governance. It also determines whether the positions of Chairman and Chief Executive Officer are to be combined or split, appoints the Chairman and Chief Executive Officer and decides on his or her compensation. It makes stock option grants, free allocations of shares, and implements employee shareholding plans. It also reviews the Company's gender equality policies each year. It calls and gives notice of General Shareholders' Meetings.

As explained earlier in this Report, in line with the limits on the powers of senior executive management, management transactions that are significant in terms of their nature and/or amount must be submitted to the Board for prior approval.

In line with the principles of sound governance, the Board gives to the Audit Committee or to a specific *ad hoc* committee of independent directors the task of examining or monitoring significant transactions or any other matter.

The Board may also consult its own external legal or financial advisers as needed.

ACTIVITY OF THE BOARD OF DIRECTORS DURING 2017

10 meetings 1 of which held off-site at one of the Group's business locations	Average attendance rate: 95%	1 meeting of independent Directors chaired by the Lead Director

In fiscal year 2017, the Board of Directors met ten times (eleven times the previous year). It had an average attendance rate of 95% (*versus* 85.3% the preceding year). The meetings lasted an average of 2 hours (1 hour 45 minutes in 2016).

In 2017 the Board spent more time reviewing and considering the Group's strategy in respect of its various banners at meetings which were attended by their operating management. A Board meeting was held for the first time on-site at one of the Group's commercial locations, in Toulouse, so as to understand better the operating realities of the strategy adopted for Géant hypermarkets and the "corner" concept deployed by Géant partnering with Cdiscount and to meet local teams while visiting the hypermarket.

The Board also considered and acted on the following matters:

Approval of financial statements – Financial position

The Board of Directors reviewed and approved the financial statements as of 31 December 2016 (annual and consolidated) and the interim financial statements for the first half of 2017 (consolidated), together with the related reports and management forecasts of Casino, Guichard-Perrachon, determined the amount of the 2016 dividend, and approved an advance payment on 2017 dividends. In this connection, it reviewed the business performance of the Company and its subsidiaries, the business outlook and the Group's detailed financial position, and heard the opinion of the Audit Committee and the Statutory Auditors' opinion. The Board discussed and approved the Group's press releases. It also reviewed the Group's business performance at the end of March and end of September as well as the quarterly presentation on debt levels, financings, and the liquidity positions.

It approved the refinancing of a line of credit, followed the bond exchange offer and closely monitored the change in financial ratings.

The Board reviewed all of the Group's material risk exposures, changes in the levels of risk and the action plans deployed to address them. It received half-yearly reports from the Internal Audit and Internal Control department and was informed on the status of action plans to prevent cybercrime and to strengthen anti-corruption measures and comply with the measures resulting from the "Sapin II" Law[1] and European regulation on protection of personal data.

The Board also decided to implement a share repurchase program.

Strategy – Activities of the Group

The Board of Directors reviewed the Group's three-year strategy and the 2017 budget. It benefited from specific presentations on the situation, businesses, and strategic pillars, innovations and action plans for each banner, in particular, in France for Géant Casino, Casino supermarkets, Franprix, Casino Proximités, and Cdiscount and, in Latin America, Exito and GPA, with presentations by their respective operating management.

The Board asked Nathalie Andrieux, an independent Director formerly Chairman of La Poste Numérique and member of the *Conseil National du Numérique*, to undertake a review Cdiscount's digital strategy, in light of her very significant expertise in the area of digital technology. Nathalie Andrieux reported her findings and conclusions and suggested avenues for further consideration during a meeting also devoted to orientations to develop a multi-channel strategy for use of data.

(1) French law n°2016-169 dated 9 December 2016 relating to transparency, anti-corruption measures and modernisation of economic life.

The hypermarket visit organised in connection with the Board's off-site meeting also involved a visit and presentation of the Espaces Fenouillet shopping mall, showing the value creation of the Group's dual model (real property and retail distribution) as well as the CSR strategy applied in connection with the transformation of the site where the hypermarket is located.

Proposals for partnering relationships or development were also reviewed by the Board, including a proposed partnership with the British group Ocado, which specializes in online grocery retail, and the development of the digital marketing business within RelevanC, a Group subsidiary. The Board was also informed of the extension of the alliance with Dia through creation of a joint purchasing and payment centre for private label products of both groups and a centre of expertise in the area of logistics and private label innovation.

Governance and CSR

The Board of Directors performed its annual review of the Company's position with regard to corporate governance principles. The review covered such issues as the composition and organisation of the Board and the Committees of the Board, the situation of directors in relation to independence criteria and the proportion of women on the Board, particularly in light of the proposed re-appointment of the directors whose terms expired at the 5 May 2017 Annual General Shareholders' Meeting.

It reviewed the Lead Independent Director's annual report on the application of the principles of sound governance by the Chairman and Chief Executive Officer in each of these roles, as well as by the Board of Directors and the Committees of the Board. In this connection, the Lead Director presented the Report on the meeting of independent Directors following the formal outside evaluation made on the Board's operations sent to members at the end of 2016 that the Board discussed and the conclusions of which it approved.

The Board of Directors discussed the Chairman's Report on the organisation and functioning of the Board of Directors and Senior Management, as well as on the internal control and risk management procedures presented in the 2016 Registration Document.

The Board also approved the Chapter of the 2016 Registration Document presenting the Group's CSR policies, the accomplishments in 2016, and action plans undertaken after hearing a specific presentation by the Group's Director of Human Resources and a Report by its specialized Committee.

The Board of Directors approved the changes to the strategic advisory agreement between Euris and the Company submitted at the 2017 General Shareholders' Meeting and reviewed the related-party agreements previously authorised and continued in 2016.

It updated the Internal Rules of the Board of Directors and approved implementation of an Insider Trading Policy on the recommendation of the Governance and Social Responsibility Committee.

It decided on a training program for the Director representing employees and his membership on, and participation in the work of, the Appointments and Compensation Committee.

In December 2017, it received the presentation on the principal actions taken in 2017 in connection with the Group's gender parity policy action plans for 2018 and heard a report from its specialised Committee.

It decided to broaden the mission of the Governance Committee into the area of corporate social responsibility, reflecting the commitment to programs of social responsibility at the highest level of the organisation and made corrective adaptations to the Charters and the Board's Internal Rules (see also presentation on work of the Governance Committee in section 5.5.2 below and Article 12.2.5 of the Board's Internal Rules in section 11.4 of Chapter 11 of the Registration Document).

It renewed the annual authorisations granted to the Chairman and Chief Executive Officer, as presented above in section 5.3.2.

Compensation – Free grants of shares

The Board of Directors decided on the components of the Chairman and Chief Executive Officer's compensation for 2017 subject, for the first time, to approval by the shareholders at the General Shareholders' Meeting of 5 May 2017 and set the amount of his variable compensation for 2016 on the basis of criteria established during the preceding fiscal year. It decided on the terms and conditions for allocating directors' fees granted for fiscal year 2017 to all the members of the Board of Directors and its specialised Committees as well as to the non-voting Directors and the independent Lead Director. It authorised payment of a fee to Nathalie Andrieux in respect of the special assignment she undertook during the fiscal year.

The Board adopted plans for granting free performance shares and plans for granting free shares to managers responsible for the success of strategic and/or particularly complex transactions.

Annual General Shareholders' Meeting

The Board of Directors approved the Agenda, reports and draft resolutions presented at the Ordinary and Extraordinary General Shareholders' Meeting held on 5 May 2017, including those relating to the components making up the Chairman and Chief Executive Officer's compensation and amendments to the Articles of Association to provide for election of directors representing employees to the Board.

At each meeting the work and decisions taken by the Board were preceded by presentation of all the work of its specialised Committees, as set forth below in detail.

5.5.2. Specialised Committees of the Board of Directors

The Board of Directors is assisted by three specialised committees that report to the Board: the Audit Committee, the Appointments and Compensation Committee and, since 7 July 2015, the Governance Committee, renamed, as of 15 December 2017, the Governance and Social Responsibility Committee, following the broadening of its missions in the area of social responsibility.

The members of these Committees are appointed by the Board, which is also responsible for appointing their respective chairmen. The Committees' composition and organisation are reviewed each year by the Appointments and Compensation Committee, the Governance and Social Responsibility Committee and the Board of Directors. When selecting Committee members, the Board takes into account their professional background and expertise.

The specific roles, duties and functioning of each Committee are defined and are regularly reviewed by the Board of Directors. They are included in the Board of Directors' Internal Rules and in the Charter prepared for each Committee describing their respective organisation and rules of procedure.

Board meetings generally take place after a meeting of one or more committees depending on the matters on the agenda of the Board meeting in question. The committees report to the Board on their work and observations, and inform the Board of their opinions, proposals or recommendations, as appropriate, in each of their respective fields of expertise.

The Board may also decide at any time to set up a special *ad hoc* committee of independent directors to examine a specific issue. Under the Internal Rules of the Audit Committee and of the Governance and Social Responsibility Committee, they must consist of at least three members at least two of whom, including the Committee chairman, must be independent directors for purposes of the criteria used in the Afep-Medef Code. With respect to the Appointments and Compensation Committee, the Internal Rules provide that it is to have a minimum of three members, a majority of whom must be independent.

In connection with its work, each Committee may organise meetings with the Senior Management of the Company and its subsidiaries, as deemed necessary, and freely call on the services of outside consultants or ask for any information that it needs to perform its functions.

The Chairmen of the Committees report orally on their Committee's work during Board meetings and a written report is also made available to members of the Board.

ACTIVITIES OF THE BOARD COMMITTEES IN 2017

Audit Committee	Appointments and Compensation Committee	Governance and Social Responsibility Committee
6 meetings	5 meetings	3 meetings
Attendance rate: 100%	Attendance rate: 100%	Attendance rate: 100%

AUDIT COMMITTEE

Composition as of 7 March 2018

	Status	Independence	1st appointment/ last renewal	Number of meetings	Rate of attendance
Catherine Lucet	Chair	●	7 July 2015		100%
Gérald de Roquemaurel	Member	●	5 May 2017	6	100%
Frédéric Saint-Geours	Member	●	5 May 2017		100%
Rate of independence		**100%**			

The proportion of independent directors on the Committee exceeds the two-thirds recommended by the Afep-Medef Code.

All members of the Audit Committee hold or have held senior executive positions and, therefore, have the financial or accounting skills required by Article L. 823-19 of the French Commercial Code.

Role and Duties

The Audit Committee is responsible for assisting the Board of Directors in reviewing the annual and interim financial statements and in dealing with transactions or events that could have a material impact on the position of Casino, Guichard-Perrachon or its subsidiaries in terms of commitments and/or risks.

The Company ensures that the Audit Committee meets to review the annual and interim financial statements at least two days before the Board meeting held to approve them.

As required by Article L. 823-19 of the French Commercial Code, the Committee deals with matters relating to the preparation and control of accounting and financial information. It reviews the terms and conditions applicable to approving the financial statements, as well as the type, scope and outcome of the work undertaken by the Statutory Auditors for the Company and its subsidiaries.

Thus, it notably monitors the effectiveness of internal control and risk management systems, the audit of the financial statements of the Company and the Group by the Statutory Auditors and the Statutory Auditors' independence.

To this end, it interviews the Statutory Auditors and received a presentation of their proceedings and audit findings. The Audit Committee may meet with the Statutory Auditors at any time and at least once a year in the absence of any Company representatives. Additional meetings with them as well as with the comptroller responsible for internal audits may be held at the Committee's request.

The Committee organises the Statutory Auditor selection process.

Since 15 February 2015, the Audit Committee also reviews, prior to their signature, all material agreements between, on the one hand, the Company or its wholly-owned subsidiaries and, on the other hand, related parties (defined as the other Casino Group companies, the Group's parent companies and their subsidiaries and the associated companies). It informs the Senior Corporate Management and the Board of Directors of its opinion on these agreements, for information or prior to their approval as applicable. The Audit Committee's role in this case is to establish that the transaction falls within the scope of the related party procedure and express an opinion on whether the agreement fairly balances the interests of the Company and the related party (see also paragraph 5.5.5 below on the procedure for reviewing related party agreements and its scope).

The Audit Committee's powers and duties are set out in a Charter, including those concerning risk analysis and the detection and prevention of management errors. The Charter was last updated on 26 July 2016 as a result of the EU statutory audit reform legislation. Its powers and duties are also set forth in the Board of Directors' Internal Rules.

Activity of the Audit Committee in 2017

The Audit Committee met six times in 2017 (8 times during the preceding fiscal year): in addition to the meetings on the financial statements and on the half-yearly work of the Internal Audit and Control Department, several meetings were held to examine issues relating to cyber-criminality, anti-corruption measures, or compliance with European rules on protection of personal data as well as transactions and operations relating to strategy or transactions with related parties. The rate of attendance was 100% (96.43% in 2016).

The Chief Financial Officer, the Chief Accountant, the Director of Group Consolidation, Reporting, and Standards, the head of the Internal Audit and Internal Control Department, the Group General Counsel and the Board Secretary who is also the Committees' Secretary, all generally attended and participated in these meetings. Representatives of the Statutory Auditors attend the meetings when the annual and interim financial statements, changes in accounting or auditing standards, and the work of the Internal Audit and Internal Control Department are reviewed or discussed. On the basis of the matters on the Agenda, other executives, including the Chief Operating Officer, the Director of Operations, the Strategic Planning and Investments Director, the Director of Group Accounting Principles and Transverse Projects, the Chief Financial Officer for Latin America, the Head of the Risk Prevention Committee and Chairman of the Group's Ethics Committee, the Group Director of Legal Risks and Compliance Officer, the Head of the Group's Information Systems Security Department, the Director of Client Data and Marketing, the Group Head of Information Systems and Privacy, and the Head of Real Estate Transactions also participated in Audit Committee meetings. During its review of the 2016 financial statements, the Committee met the Statutory Auditors without any representatives of the Company being present.

The Committee's work focused on the following areas:

When the 2016 annual financial statements and the 2017 six month interim financial statements were subject to approval, the Audit Committee monitored the process for closing the accounts and the integration of the closing of the accounts of the Group's various publicly-traded subsidiaries. It reviewed and discussed the note prepared by the Financial and Accounting Department on the off-balance sheet risks and commitments and the Statutory Auditors' Report that, among other things, includes their conclusions with respect to their auditing work, the review of all completed consolidation transactions, and the financial statements of the Company. In this connection, the Committee reviewed the main risks to which the Group is exposed and the accounting options retained with respect to provisions. In particular, it examined the accounting of GPA's tax risks and changes in applicable legal and accounting framework. It made sure the accounting methods and processes used in the financial statements were appropriate.

The Committee was advised about the Statutory Auditors' fees, about "non-audit" engagements pursuant to the procedure for prior approval that has been implemented for such type of engagement and took due note of the confirmation by the Statutory Auditors that there were no situations or risks that might affect their independence during the fiscal year just ended. It was kept informed of the changes planned in the allocation of audit engagements within the college over the 2017-2020 period.

In connection with its review of the annual financial statements, the Committee reviewed the section of the draft Chairman's Report dealing with internal control and audit and risk management procedures.

The Committee was also regularly kept informed about changes in the Group's indebtedness and financial rating, as well as on the class action suit filed against Cnova NV in the United States.

Furthermore, the Committee reviewed the partnerships put in place in the connection with its strategy aimed at expanding and re-energising the Franprix Leader Price network as a franchise.

In connection with its review of the significant related party transactions, it issued an opinion on the proposed renewal for three years of the strategy consulting agreement with Euris and the sale of non-food goods between Distribution Casino France and Cdiscount as well as a real property development project in connection with the partnering agreement with Mercialys after reviewing, in each case, financial and legal experts' reports. In addition, it reviewed the annual report on all of the related party transactions, the purpose of which is to regroup all of the agreements and transactions that took place in between or among these related parties in 2017, including transactions exempted from the scope of application of the Committee's prior systematic review.

The status of the project for implementing IFRS 9.15 and 16 was reviewed at a meeting in which the Statutory Auditors participated. They also presented their audit plan during the fiscal year in connection with the year-end closing of the accounts as well as the new format for their reports for fiscal year 2017 resulting from the reform of legal audits (report to the audit committee and certification of the financial statements).

The Internal Auditing Management Department presented to the Committee its six-month interim activity reports on completed audits, the results of the annual campaign for monitoring the status of implementation of risk management action plans, and the assignments performed in coordination with the internal auditing teams of the various entities of the Group.

The monitoring of the action plans aimed at preventing cyber-criminality was the subject of a new presentation by the Head of the Group's security and information systems department.

The Committee was also informed about the work carried out in 2017 by the Group's Internal Control Department, including the status of the action plans implemented to improve the internal control and the risk management mechanism, eliminate weaknesses, and ensure compliance with applicable law and regulations. In particular, it met with the Internal Control Department for a review of the Group's main risk mapping issues, the methodology used, and the actions plans put in place. The Committee received regular reports on the status of actions to improve the anti-corruption mechanisms in connection with implementation of the Sapin II Law presented by the Chairman of the Group's Ethics Committee. In addition, it was given a presentation on the work being undertaken in the Group with a view to bringing it into compliance with European rules on protection of personal data, which takes effect in May 2028, in addition to the activities reports of the Internal Control and Audit Department.

The Audit Committee issued a favourable opinion on the new reorganization of the operation of the Group's Internal Control and Audit Department as from 2018. It will involve division into two functions and detachment of the Internal Control Department which will now report to a new Department of Risk and Compliance. The Committee, furthermore, approved the internal audit program for 2018.

The Committee made known its comments, observations and recommendations on the work conducted and monitoring of it.

The Committee's Chair reported to the Board of Directors on the work at each of the Audit Committee's meetings.

APPOINTMENTS AND COMPENSATION COMMITTEE

Composition as of 7 March 2018

	Status	Independence	1st appointment/ last renewal	Number of meetings	Rate of attendance
Gérald de Roquemaurel	Chairman	●	5 May 2017	5	100%
Nathalie Andrieux	Member	●	7 July 2015		100%
Gilbert Delahaye	Member	N/A	15 December 2017		
Jacques Dumas	Member		13 May 2016		100%
Rate of independence		**2/3**			

The proportion of independent directors on the Committee complies with the Afep-Medef Code's recommendation calling for a majority of independent directors (the Director representing employees not being counted in the calculation).

The Chairman and Chief Executive Officer participates in the work of the Appointments and Compensation Committee relating to the Committee's director selection and appointment process and assists in preparing the information on the compensation policy of key executives who are not corporate officers.

Role and Duties

The role of the Appointments and Compensation Committee is set out in its Charter. It was amended on 15 December 2017, with the responsibilities delegated to it relating to reviewing social and environmental annual report and the Company's gender parity policy being transferred to the Governance and Social Responsibility Committee in connection with the broadening of that Committee's role in the area of CSR. The Board of Directors' Internal Rules, also amended, set forth these responsibilities.

The Appointments and Compensation Committee's Charter is responsible, in particular, for assisting the Board in reviewing candidacies for Senior Management positions and in selecting future directors in light of the criteria and standards set by the Governance and Social Responsibility Committee to ensure, among other things, complementarity of expertise and diversity, a development and human resources succession plan, the independence of the Directors, determination and monitoring of the Company's corporate executive officer compensation, granting of stock options or free shares plans by the Company as well as implementation of employee shareholder plans.

Activity of the Appointments and Compensation Committee in 2017

The Appointments and Compensation Committee met five times in 2017 (the same as in 2016). The average attendance rate at these meetings was 100% (compared to 86.67% 2016).

During the fiscal year, the Committee pursued its process for selecting new women for the Board in accordance with the complementarity criteria adopted and with a view to achieving and retaining balanced representation of men and women. It expressed a favourable opinion on the proposals for renewal of directorships of Directors whose terms were due to expire, to be submitted at the General Shareholders' Meeting of 5 May 2017. It made recommendations on the composition of the Board's Committees during the fiscal year.

The Committee performed its annual review of the independence of directors while taking into account all of the criteria in the Afep-Medef Code. As part of this review, it examined whether any directors had any relationships with Group companies, as the case may be, that might affect their judgement or lead to conflicts of interest.

It was consulted about the proposed amendments to the Articles of Association dealing with selection of employee Directors of the Company and the inclusion of an employee Director on a Board Committee.

It was consulted about the method of determining the Chairman and Chief Executive Officer's fixed and variable compensation for 2017 and on the variable part for 2016. It was also informed regarding the overall compensation of other members of the Executive Committee. It reviewed the proposed resolutions and the Board's Reports, on the one hand, on the advisory vote of shareholders on the components of the Chairman and Chief Executive Officer's 2016 compensation and, on the other hand, the binding shareholder vote on his 2017 compensation policy submitted at the General Shareholders' Meeting held in May 2017. It also reviewed the sections of the Chairman 's Report, which can be found in the 2016 Registration Document, relating to matters for which he is responsible.

The Committee was also consulted about proposals to carry out free allocations of shares for the benefit of managers of the Group.

The Committee made its recommendations on the director attendance fees to be allocated to Board members and members of the Board's Committees, as well as to the Lead Director and the non-voting directors as well as the proposed compensation for Nathalie Andrieux in connection with the special assignment she undertook at the Board of Directors' request.

In connection with its responsibilities in the area of corporate social responsibility (CSR) (transferred to the Governance and CSR Committee beginning with fiscal year 2018), the Committee, during 2017, reviewed and discussed the content of the Chapter in the 2016 Registration Document on CSR presented to it by the Director for the Group's CSR policy the approval of which it recommended to the Board. It reviewed the workplace gender equality policy deployed in each of the countries in which the Group operates, looking toward the Board's annual discussion of this subject.

The Committee reviewed the Group's existing succession and development plans. It noted the continuous efforts to update the succession plans of the various operating units' management committees, their key managers, and the Chief Executive Officer.

The Chairman of the Committee reported to the Board of Directors on the work carried out at each Committee meeting.

The Appointments and Compensation Committee used outside research and benchmarking surveys, mainly carried out by specialist firms, to assist it in some of its duties.

GOVERNANCE AND SOCIAL RESPONSIBILITY COMMITTEE

Composition as of 7 March 2018

	Status	Independence	1st appointment/ last renewal	Number of meetings	Rate of attendance
Frédéric Saint-Geours	Chairman and Lead Director	●	5 May 2017	3	100%
Sylvia Jay	Member	●	7 July 2015		100%
David de Rothschild	Member		5 May 2017		100%
Rate of independence		**2/3**			

Role and duties

The purposes, organisational rules and operation of the Committee are collected in a specific Charter that was amended and approved most recently by the Board of Directors on 15 December 2017. Since that date the Committee has been called the Governance and Social Responsibility Committee. The Board of Directors' Internal Rules also set forth its responsibilities.

.The Committee was created in 2015 to monitor the development of governance rules, oversee their proper application and propose any appropriate adaptation and ensure they are adequate to the Group's needs. In the area of governance, in particular, it is responsible for monitoring subjects relating to rules of conduct and ethics applicable to Directors, determining the terms and conditions of, and conducting, assessments of the Board's organization and functioning and managing conflicts of interest. It periodically reviews the Board's structure, size and composition.

In the area of CSR its purposes and responsibilities were enlarged from 15 December 2017 and defined so as to be consistent with those of the two other committees. It is thus responsible for reviewing in relation to the Group's strategy the Group's policies in the area of ethics and rules of conduct and corporate social, environmental and societal responsibility, implementation of such policies and their results. In this connection, it ensures, together with the Audit Committee, the existence of systems for identification and management of the principal risks relating to these areas and compliance with applicable law and regulations. It analyses the Group's participation in non-financial indices. It reviews the information provided annually in the Management Report in respect of non-financial information under applicable law as well as the gender parity policy, responsibilities previously given to the Appointments and Compensation Committee.

Work performed in 2017

During 2017, the Governance Committee met three times (same as in 2016). The attendance rate was 100% (also 100% in 2016).

The Committee's work mainly focussed on the following matters:

The Committee reviewed the Lead Director's annual report on the functioning of the Board and the conditions under which the duties of Chairman and Chief Executive Officer are respectively performed. It examined the section of the Chairman's report on corporate governance included in the 2016 Registration Document.

The Committee reviewed the size and the membership of the Board and its Committees and was regularly briefed on the status of the selection process for new female directors with respect to which it had recommended the search criteria in accordance with the conclusions from the evaluation of the Board's operations.

It reviewed the information provided to shareholders about agreements with related parties subject to their approval, consistent with the AMF's recommendations, in connection with the General Shareholders' Meeting held on 5 May 2017.

It recommended adoption of the Insider Trading Policy presented to the Board of Directors early in the fiscal year as well as various related adjustments to the Board's Internal Rules also intended to reflect European regulations on market abuse, the Afep-Medef Code revised in November 2016 and the appointment of a Director representing the employees for whom it subsequently reviewed and recommended the orientation program and appointment to the Appointments and Compensation Committee.

In connection with its initial responsibilities in the area of corporate social responsibility (CSR), it examined and discussed during fiscal year 2017 the Social and Environmental Responsibility policy implemented by the Company, when it was presented by the Group's Head of Human Resource. In this connection, it reviewed the defined focus areas and priorities, the selected non-financial indicators and the action plans and goals reached. It approved continuation of the strategy deployed and made recommendations, including strengthening external communication on successes.

At year-end, the Committee recommended that the Board concentrate in the Committee responsibility for reviewing all issues relating to corporate social responsibility (dimensions ethics and rules of conduct, governance, social and environmental) presently shared with other Committees, change its name to "Governance and Social Responsibility" and define its role and responsibilities in the area of CSR and its interactions with the Audit Committee, which would be informed about its work and opinions. These proposals were approved by the Board after receiving the favourable opinion of the other Committees. In connection with the broadening of its responsibilities, review the compliance with main CSR orientations (previously given to the Audit Committee) as well as review of the gender parity policy and of the statement of non-financial performance, that will be substituted for the Annual Report on Social and Environmental Responsibility (previously prepared by the Appointments and Compensation Committee), were transferred to it.

The committee also reviewed the Company's status *vis-à-vis* the reports issued by the AMF and the High Commission on Corporate Governance in 2017 and the recommendations of the Afep-Medef Code revised in November 2016. It recommended that the Company's practice of limiting the meeting of non-executive Directors to only independent Directors remain unchanged, since that approach, authorised by the Code, is well suited for the situation of a controlled company and provides complete satisfaction.

The also reviewed the renewal of specific annual authorisations granted to the Chairman and Chief Executive Officer detailed in the Board of Directors' Internal Rules.

The Committee used outside analyses and studies carried out by specialist firms to assist it in some of its duties.

The Committee's Chairman reported to the Board of Directors on the work carried out at each meeting of the Committee.

5.5.3. Lead Director – Work Performed in 2017

The Internal Rules of the Board of Directors provide for the mandatory appointment of a lead independent director whenever the same person simultaneously holds the offices of Chairman of the Board of Directors and Chief Executive Officer.

The position of Lead Independent Director was created on 11 May 2012 upon the proposal of the Chairman and Chief Executive Officer. Since 7 July 2015, this position has been held by Frédéric Saint-Geours, appointed Chairman of the Governance Committee on that date.

The Lead Director participated in all Board of Directors meetings (10 meetings) and chaired all of the meetings of the Governance Committee (3 meetings). He is also a member of the Audit Committee and participated in all of its meetings (6 meetings).

His powers and duties are described in Article 13 of the Board's Internal Rules. The Lead Director ensures that combining the roles of Chairman and Chief Executive Officer does not have an adverse impact on the proper functioning of the Board, on such matters as the information given to directors, the inclusion of items on the agenda of Board meetings and the organisation of Board discussions and votes.

To this end, he may consult the Governance and Social Responsibility Committee at any time about any issues that could create a problem.

In 2017:

- The Lead Director chaired the annual independent directors meeting which, this year, focused on the findings of the evaluation, performed in late 2016, of the functioning of the Board and its Committees.
- In his report to the Governance Committee, the Lead Independent Director confirmed that the positions of Chairman of the Board of Directors and Chief Executive Officer and the duties of the Board and the Board Committees were performed satisfactorily and that no problems had come to light or been reported to the Appointments and Compensation Committee or the Governance Committee or the Lead Independent Director during the fiscal year concerning any actual or potential conflicts of interest. The Lead Independent Director, therefore, confirmed the proper functioning of the Board with regard, in particular, to the organisation of its discussions and votes and the information given to directors. He informed the Chairman and Chief Executive Officer of the observations and recommendations.
- With respect to chairing the Governance Committee, the Lead Director assessed the annual review of the governance practices under the Afep-Medef Code, its implementation guide and the reports of the AMF and the High Commission on Corporate Governance; he ensured the proper review of the issues relating to governance and the adjustments to take account of regulatory changes, in particular in connection with elaboration of an Insider Trading Policy following the effectiveness of European Regulation 596/2014 dated 16 April 2014 on market abuse. He presented to the Board and to the Audit Committee the thoughts of the Governance Committee on broadening the scope of its responsibilities in the area of corporate social responsibility and its new name (Governance and CSR Committee), thereby reflecting the attention being paid to CSR challenges at the highest level of the Group;
- The Lead Director participated in the selection process of candidates under consideration to become members of the Board of Directors and in the discussions relating to the training programme for the Director representing employees on the Board.
- As member of the Audit Committee, he participated in all of its work, including the review of related party agreements, monitoring actions taken to comply with European regulations on protection of personal data, strengthening the anti-corruption program in connection with complying with the so-called "Sapin II" Law and implementation of strategic transactions falling within the scope of the Group's strategy.
- The Lead Director discussed regularly with the Board Secretary to help prepare meetings of the Board Committees and presentations of important issues to be examined by the Board or requiring a Board decision.
- The Lead Director reported on his activities to the Governance Committee and the Board of Directors.

The Board of Directors' secretary is available to assist the Lead Director in the performance of his responsibilities.

5.5.4. Evaluation of the Board's functioning

In accordance with the Afep-Medef Code, the Board of Directors' Internal Rules provide for an annual discussion and regular assessment of the Board's functioning and performance, to be conducted by the Governance Committee (since its creation on 7 July 2015), which is responsible for managing the evaluation together with the assistance of an outside consultant, if it so desires.

For 2016, the Governance Committee engaged an outside firm (SpencerStuart) to conduct the sixth formalised evaluation. It performed said evaluation in late 2016, the report of which was sent to all the Directors. The Chairman of the Committee and Lead Director presented a summary of the findings to the Board of Directors, which reviewed and discussed it and approved the implementation of all of the recommendations.

The evaluation report unanimously showed the Board's functioning to be efficient, professional and undergoing improvement. The transparency and clarity of the responses to the questions, the quality of the preparation work sent to the Board and its Committees (and, generally, the quality of the services delivered by the Board's secretary) and the good communication between the Board and its Committees contribute positively to this overall assessment.

The directors applauded the importance of regular meetings on strategy and budgetary issues, the development of business reviews presented by the Group's operating officers, the creation of a digital platform for the Board and the Committees, the creation of the Governance Committee, and the creation of the lead director position and his work.

The main suggestions confirmed and refined during the independent directors' meeting on 1 February 2017 were to continue to involve the Board in strategic discussions and the analysis of business plans, to develop the analysis of completed projects by systematically comparing them to the set budget, to organise a routine follow-up of decisions taken as well as encourage a more in-depth knowledge of the Group members' skills.

With respect to the desired balance in the composition of the Board, the directors favour staying below the twelve director threshold and deem it desirable to increase the ratio of independent members, highly qualified international members, retail distribution professionals, and women.

Various suggestions to improve the organisation of the Board's work were made with respect to the creation of a tentative meeting schedule over a longer period, the terms and conditions applicable to keeping documents on the digital platform set up in 2016, and to keeping directors informed between Board meetings. Planning to visit a French work site to better understand the operating reality of certain businesses was also proposed.

The evaluation process had not formally planned for an assessment of directors' individual contribution, as recommended by the Afep-Medef Code. Thus, each director was not asked to evaluate the contribution of each of the other members on the Board. However, during the interviews, each of them was able to talk freely about the composition and the dynamic of the Board and Committee meetings, the work carried out by the Chairmen of the Committees and the Lead Director, and review his or her own contributions. The process put in place and the positive findings on the Board's functioning are indicative of the level of professionalism and personal dedication of the Board's members, especially its independent directors. Members' opinions were sought regarding the future implementation of this process recommended by the Afep-Medef Code, which is now increasingly implemented. Although its necessity was not mentioned, it was agreed that the matter would be revisited at the time of the Board's next evaluation.

During the fiscal year the Company began implementation of the recommendations, a program that will be pursued in 2018. At the time of the annual review of the functioning of the Board, the following accomplishments, in particular, were given favourable notice by the independent directors:

- the additional time given to review the strategy and the major orientations of deployment and the increased contribution of management and operating managers to the Board's meetings;
- the visit to a commercial location of the Group to understand the new concepts implemented and meet with teams onsite;
- the evolution of the Board's membership with the selection of new independent members meeting the criteria set by the Board;
- the evolution of the Governance Committee's mission in connection with a status report 18 months after its creation.

5.5.5. Rules of Conduct

The Internal Rules of the Board of Directors and, in particular, its Section VI, set forth the rules of conduct applicable to Board members. This section was supplemented and updated in 2016 and in March 2017. The rules state that each director must perform his or her duties in compliance with the rules of independence, business ethics, loyalty, and integrity. It includes, in particular, the disclosure rules applicable to directors, namely their obligation to protect the Company's interests, to avoid and manage conflicts of interest, to make every effort to attend all meetings, and to protect the confidentiality of information, and for directors elected by the General Shareholders' Meeting to hold some equity in the Company. The measures associated with the prevention of insider trading have also been compiled in the Insider Trading Policy that was adopted in March 2017 and to which the Internal Rules of the Board expressly refer (see below). The Ethics Charter and the Code of Ethics and Business Conduct for the Group's affairs that define and illustrate the values of ethics and integrity of the Group are the documents of reference intended for all employees as well as the executives and directors of the Group. These documents may be consulted on the Company's website (https://www.groupe-casino.fr/en/the-group/insider-trading-policy/ and https://www.groupe-casino.fr/en/our-commitments-2/ethics-compliance/).

Section VI of the Internal Rules states that prior to accepting his or her assignment, each director must read the legal and regulatory provisions associated with his or her position, the applicable codes and sound governance practices, as well as any provisions specific to the Company contained in the Articles of Association and the Internal Rules.

Directors are required to request the information they believe is necessary to perform their duties. To this end, they must ask the Chairman, in a timely manner, for the information they need to make useful contributions in the discussions of the items on a Board meeting's agenda.

With respect to the rules applicable to the prevention and management of conflicts of interest, the Internal Rules state that each director is required to inform the Board of Directors of any actual or potential conflicts of interest in which they might be directly or indirectly involved and, in such a case, to abstain from taking part in discussing and voting on the matter concerned. In addition, each Director must consult with the Chairman prior to committing to any business or accepting any duties or obligations that could trigger a conflict of interest for him or her, even a potential one. The Chairman can consult with the Governance and Social Responsibility Committee and the Board of Directors regarding these matters.

It is reminded that during fiscal year 2015, the Board of Directors, so as to reflect better the Group's strong international footprint and the presence in the Group several listed companies, subsidiaries or parent companies, both in France or abroad, decided to strengthen and supplement existing procedures or governance bodies and support its efforts in the area of good governance. The Board, therefore, decided to introduce a procedure for the review of all agreements between related parties (see below), and to create the Governance and Social Responsibility Committee, in December 2017 renamed the Governance and Social Responsibility Committee, with specific responsibility for dealing with examining governance issues and social and environmental responsibility matters.

As part of its duties, the Governance and Social Responsibility Committee, therefore, may examine any exceptional issue that may give rise to a conflict of interest within the Board of Directors and render any opinion or recommendation on the matter.

PRIOR REVIEW OF RELATED PARTY AGREEMENTS BY THE AUDIT COMMITTEE

Casino considered that close attention should be paid to agreements between, on the one hand, the Company or its wholly-owned subsidiaries and, on the other hand, other companies of the Casino Group, the Group's parent companies and their subsidiaries, as well as companies accounted for by the equity method, known as the "related parties."

In this connection, and in order to prevent conflicts of interest and protect the various minority shareholders within the Group, the Board of Directors in 2015 instituted a procedure for the systematic review of related party agreements by the Audit Committee. Indeed, the procedure for the prior authorisation of regulated (*i.e.*, related party) agreements, as set forth in the French Commercial Code (prior authorisation of the Board of Directors, Statutory Auditors' special report, and approval at the General Shareholders' Meeting), is intended to apply mainly to agreements to which Casino is a direct party and does not cover routine agreements entered into under normal terms even though they represent the vast majority of intra-group agreements.

For this reason, the Board has introduced a procedure for the review by the Audit Committee, prior to presentation to the Board for information or authorisation, of all agreements between i) the Company or its wholly-owned subsidiaries and ii) other Group companies as well as controlling companies and companies accounted for by the equity method in the Group's consolidated financial statements where the transaction amount individually or in total with the same related party during the same fiscal year is greater than €10 million per transaction and, over and above this €10 million aggregate threshold, to €1 million per transaction. The Audit Committee is required to express an opinion as to whether the terms of such contracts fairly balance the interests of both parties. The procedure does not apply to agreements between the Company and its wholly-owned subsidiaries or among wholly-owned subsidiaries themselves that concern i) routine transactions carried out in the normal course of business, ii) tax consolidation agreements, provided they do not place one of the parties in a less favourable position than if it had elected to be taxed on a stand-alone basis, or iii) the issue of a guarantee or a payment for a guarantee, unless it is not consistent with the Group's normal practices in this regard.

Regulated agreements between or among related parties (as per French law) made by the Company are subject to this procedure regardless of their amount. At the request of Senior Management, any agreement not falling within the scope of the procedure may also nevertheless be submitted to the Audit Committee's review due to its characteristics. At the request of the Chairman and Chief Executive Officer or the Chairman of the Audit Committee, the Board of Directors may also decide to entrust the prior review of an agreement with a specific related party to an *ad hoc* Committee due to the nature or significance of the planned transaction.

In connection with the application of this procedure, the Audit Committee may use studies or analyses generally produced by specialist external consultants to make an informed decision about the related party agreements subject to its review.

A specific charter describing the procedure's organisation and functioning was drawn up and approved by the Board of Directors, based on the recommendation of the Audit Committee. The Board of Directors' Internal Rules also include provisions relating to the principle of a prior review of related party agreements by the Audit Committee.

The Audit Committee issued a favourable opinion on all of the transactions it reviewed in 2017 based on the reports of external experts, having concluded that their terms fairly balanced the interests of both parties. Each year, Senior Management presents a report to the Audit Committee on all related party agreements entered into during the year and on all transactions qualifying for the above-described exceptions to the submission to the related parties procedure. The report presented to the Audit Committee during the 2017 fiscal year enabled it to conclude once again that there was no need to widen the scope of application of the systematic review procedure put in place in 2015.

CONFLICTS OF INTEREST INVOLVING CORPORATE OFFICERS AND SENIOR MANAGEMENT

The Company conducts routine relations with all its subsidiaries in its day-to-day management of the Group. It also receives strategic advice from Euris, its ultimate parent company, of which Jean-Charles Naouri is Chairman and majority shareholder. Euris provides permanent advisory services on strategy and development (through a team of 17 people), on terms which are contained in an agreement dated 5 September 2003, which was approved at a General Shareholders' Meeting under the legal procedure applicable to regulated agreements and commitments with related parties, as were the subsequent amendments to that agreement. Under an amendment dated 14 March 2017, authorised by the Board of Directors, meeting on 6 March 2017, after review by, and the unanimous favourable opinion of, the Audit Committee and approval at the General Shareholders' Meeting of 5 May 2017, the term of the agreement, renewed from 2017 with the same terms and conditions of billing, was extended by 3 years. A clause was added annually revising the amount billed to the Company on the basis of changes in Euris's costs for providing strategic support and in the portion of costs shared on the basis of a cost sharing formula. In connection with its review procedure as described above, the Audit Committee expressed a favourable opinion about entering into this amendment after reviewing the reports from financial experts and independent expert advice confirming the relevance of the method used for sharing costs and its appropriateness for the engagement undertaken as well as legal opinions concluding that renewal of this agreement was in the Company's corporate interest as was the arrangement of a term of 3 years. The conclusions of the independent expert were brought to the attention of the shareholders in connection with the General Shareholders' Meeting of 5 May 2017. Under the agreement the amount paid in 2018 to Euris by the Company was €900,000 excluding VAT (see, Report of the Statutory Auditors on regulated agreements with related parties).

Euris also provides permanent strategic and development advice and assistance to the Company's subsidiaries. The total amount billed by Euris for these services in 2017 was €2.3 million excluding VAT. In addition, Euris and Foncière Euris provide staff and fitted-out premises to the Company and its subsidiaries (see note 14 to the consolidated financial statements).

To the Company's knowledge, with the exception of service contracts mentioned above, there are no other service contracts associating the members of the Board of Directors of the Company to the Company or any of its subsidiaries the terms of which would provide for the grant of special benefits.

Jean-Charles Naouri, Diane Coliche, Jacques Dumas, Didier Lévêque and Michel Savart, executive, directors or permanent representatives of companies in the Euris and Rallye groups, are members of the administrative, management and/or supervisory bodies of companies belonging to those groups and/or the Casino Group (see list of directorships in section 5.4) and receive compensation and/or directors' fees in that capacity.

To the Company's knowledge, there are no other potential conflicts of interest between the duties the members of the Board of Directors must perform for the Company and their private interests or other obligations. There are no arrangements or agreements with shareholders, customers, suppliers or others by virtue of which a member of the Board of Directors has been appointed as a director.

The responsibilities of the Audit Committee, particularly in connection with the prior review procedure for related-party agreements, and of the Governance and Social Responsibility Committee, on both of which sit a majority of independent directors, as well as the responsibilities of the Lead Director, help to prevent conflicts of interest and ensure that the majority shareholder's power is not exercised unfairly.

In addition, to the best of the Company's knowledge, there are no family ties between or among members of the Company's Board of Directors.

No loans or guarantees have been made or granted by the Company to members of the Company's Board of Directors who are individuals.

CONVICTIONS AND SANCTIONS

To the best of the Company's knowledge, no member of the Board of Directors has, during the last five years:

- been convicted of fraud or of a crime and/or incurred an official public sanction or penalty imposed by a legal or regulatory authority;
- been involved as a member of management or a director with an insolvency, or receivership or a liquidation;
- been disqualified by a court from acting as a member of an administrative, management, or supervisory body of an issuer or from acting in a managerial capacity or being involved in the conduct of the business or affairs of any issuer.

RESTRICTIONS ACCEPTED BY MEMBERS OF THE BOARD OF DIRECTORS RELATING TO THE SALE OF THEIR SHARES

Under the terms of the Company's Articles of Association, each director must own at least 100 Company shares. The Internal Rules also state that each director appointed at a General Shareholders' Meeting, whether a natural person, legal entity, or permanent representative, also undertakes to hold a number of Company shares corresponding to an amount at least equal in value to one year of directors' fees, with the directors' fees being eligible to be used to acquire such shares. The Articles of Association exempt directors representing employees from complying with this requirement, as provided by law.

Subject to the foregoing, to the Company's knowledge, there are no restrictions on members of the Board of Directors relating to the sale of their equity interests in the Company, other than the obligations adopted by the Group pursuant to the Insider Trading Policy or, generally, any applicable law or regulations regarding requirements to abstain from carrying out transactions involving Company securities in connection with prevention of insider trading.

INSIDER TRADING PREVENTION

During the 2017 fiscal year the Company updated its internal rules and recommendations on insider trading following changes in the legal and regulatory framework applicable to the prevention of market abuse with the effectiveness on 3 July 2016 of European regulation 596/2014 dated 16 April 2014 on market abuse.

On the recommendation of the Governance and Social Responsibility Committee, the Internal Rules of the Board of Directors were modified and an Insider Trading Policy was adopted. This Insider Trading Policy includes, in particular, a description of (i) the applicable legal and regulatory provisions, (ii) the definition of inside information, (iii) the measures taken by the Company to prevent insider trading, (iv) the obligations of persons with access to this inside information, and (v) the sanctions imposed. The Policy also states that Casino's listed subsidiaries or parent companies each have their own insider trading rules with which the persons subject to said rules must also comply.

The Policy applies to members of the Board of Directors, executives and assimilated persons as well, more generally, to employees who may have access to sensitive or inside information. It was sent to all such persons, who must certify that they have familiarized themselves with it and agree to comply with it.

It creates an Insider Trading Committee responsible, among other things, for answering any questions relating to the application of the Insider Trading Policy and management of lists of insiders and delayed disclosure of inside information.

The Insider Trading Policy, like the Board of Directors' Internal Rules, references the requirement to comply with the prohibition against engaging in any transaction involving the Company's securities or financial instruments:

- during the 30 calendar days preceding release by the Company of a press release announcing its annual and interim financial results, including the date of such release;
- for 15 calendar days preceding the release by the Company of a press release announcing its quarterly financial results, including the date of such release;
- from and after the date of exposure to inside information to the date on which said information is no longer considered inside information, in particular by being made public.

The opening of each black-out period triggers an email informing the persons affected by the prohibition to which is attached a calendar of the black-out periods and a reminder of the obligations that are set forth in the Insider Trading Policy.

The policy contains rules relating to compilation of lists of insiders and includes information about the disclosures that must be made by the persons defined as persons having managerial and executive responsibilities and persons having close personal ties to such persons, when they engage in transactions involving the Company's securities.

The Policy, regularly reviewed, was updated on 7 March 2018. On that occasion, a report on the activity of the Insider Trading Committee in 2017 and its action program for 2018 was made to the Governance and Social Responsibility Committee.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS AND MULTIPLE DIRECTORSHIPS

The Board of Directors' Internal Rules states that directors must devote the necessary time and attention to their responsibilities. They must make every effort to attend all Board of Directors' meetings and General Shareholders' Meetings, as well as all meetings of any Board Committees on which they serve. The Company's methods for determining and allocating directors' fees comply with the Afep-Medef Code recommendations, according to which, in particular, preponderant weight should be given to the variable portion of the fee linked to the director's attendance.

Checks are performed to ensure that no director up for reappointment at a General Shareholders' Meeting holds multiple directorships. The Internal Rules of the Board of Directors state that, in addition to these legal rules, directors are required to comply with the following recommendations of the Afep-Medef Code:

- a director also holding an executive office should not hold more than two other directorships in listed corporations, including foreign companies, not affiliated with his or her group. He or she must also seek the opinion of the Board before accepting a new directorship in a listed company not affiliated with his/her Group;
- a director should not hold more than four other directorships in listed companies not affiliated with the Group, including foreign companies; this recommendation applies at the time of appointment as a director or subsequent renewal of the directorship. Each director must inform the Company of the directorships she or he holds in other French or foreign companies. He/she must inform the Company of any new directorship or professional responsibility as soon as possible.

The table below shows the strong involvement of the Directors in the work of the Board of Directors and its Committees during fiscal year 2017:

	Board of Directors	Audit Committee	Appointments and Compensation Committee	Governance and Social Responsibility Committee
Jean-Charles Naouri	10/10 (100%)	-	-	-
Nathalie Andrieux	9/10 (90%)	-	5/5 (100%)	-
Diane Coliche	10/10 (100%)	-	-	-
Gilbert Delahaye(1)	6/6 (100%)	-	-	-
Jacques Dumas	10/10 (100%)	-	5/5 (100%)	-
Christiane Féral-Schuhl(2)	7/7 (100%)	-	-	-
Sylvia Jay	8/10 (80%)	-	-	3/3 (100%)
Didier Lévêque	10/10 (100%)	-	-	-
Catherine Lucet	10/10 (100%)	6/6 (100%)	-	-
Gérald de Roquemaurel	9/10 (90%)	6/6 (100%)	5/5 (100%)	-
David de Rothschild	8/10 (80%)	-	-	3/3 (100%)
Frédéric Saint-Geours	10/10 (100%)	6/6 (100%)	-	3/3 (100%)
Michel Savart	10/10 (100%)	-	-	-
Henri Giscard d'Estaing (non-voting director)	4/10 (40%)	-	-	-
Gilles Pinoncely (non-voting director)	10/10 (100%)	(3)	-	-

(1) Appointed after the Board of Directors meeting of 5 May 2017 and appointed a member of the Appointments and Compensation Committee on 15 December 2017.

(2) Elected at the General Shareholders' Meeting of 5 May 2017.

(3) Invited to attend all Committee meetings.

5.6. Information on the related-party agreements mentioned in Article L. 225-37-34 of the French Commercial Code

To the knowledge of the Board of Directors, there are no agreements that were made, directly or through an intermediary, between, on the one hand, any corporate executive officers or any shareholders owning or holding a number of votes greater than 10% of a company and, on the other hand, any other company of which the first company owns or holds, directly or indirectly, more than half the share capital, except for agreements relating to current operations or transactions and made on arm's-length terms and conditions.

5.7. Statutory Auditors

5.7.1. Permanent Statutory Auditors

ERNST & YOUNG ET AUTRES

Signing partners: Sylvain Lauria (since fiscal year 2015) and Yvon Salaün (since fiscal year 2015).

Date first appointed: 20 May 1978.

Date current appointment ends: at the conclusion of the Ordinary General Shareholders' Meeting to be held in 2022 to consider and act on financial statements for the fiscal year ending 31 December 2021.

In accordance with the French *Loi de sécurité financière* dated 1 August 2003 one of the Ernst & Young signing partners was rotated for the second time in 2015.

DELOITTE & ASSOCIÉS

Signing partners: Patrice Choquet (since fiscal year 2017) and Frédéric Moulin (since fiscal year 2016).

Date first appointed: 29 April 2010.

Date current appointment ends: at the conclusion of the Ordinary General Shareholders' Meeting to be held in 2022 to consider and act on financial statements for the fiscal year ending 31 December 2021.

In accordance with the French *Loi de sécurité financière* dated 1 August 2003, one of the Deloitte & Associés was rotated for the first time in 2016.

5.7.2. Alternate Statutory Auditors

AUDITEX

Alternate for Ernst & Young et Autres.

Date first appointed: 29 April 2010.

Date current appointment ends: at the conclusion of the Ordinary General Shareholders' Meeting to be held in 2022 to consider and act on financial statements for the fiscal year ending 31 December 2021.

BEAS

Alternate to Deloitte & Associés.

Date first appointed: 29 April 2010.

Date current appointment ends: at the conclusion of the Ordinary General Shareholders' Meeting to be held in 2022 to consider and act on financial statements for the fiscal year ending 31 December 2021.

Chapter 6

Executive and management compensation

6.1. Chairman and Chief Executive Officer's compensation

6.1.1. Components of compensation due or awarded in respect of 2017

The principles and criteria for determining, allocating and awarding the components of the Chairman and Chief Executive Officer's compensation were set by the Board of Directors on 6 March 2017 based on the recommendations of the Appointments and Compensation Committee and the benchmarking studies performed by outside consultants. They were then approved by the shareholders at the Annual General Meeting of 5 May 2017 as required by Article L. 225-37-2 of the French Commercial Code (*Code de commerce*). Accordingly, the Chairman and Chief Executive Officer's compensation for 2017 comprised fixed compensation, annual variable compensation and a long-term incentive, determined as follows:

FIXED COMPENSATION

His gross fixed compensation was €480,000, unchanged since 2013.

ANNUAL VARIABLE COMPENSATION

His annual variable compensation was entirely contingent on the achievement of quantitative objectives, with no minimum guaranteed amount.

In line with market practice, his 2017 target variable compensation was 130% of fixed compensation if all the objectives were met (*i.e.* a gross amount of €624,000).

His variable compensation was based solely on objectives reflecting the Group's strategic priorities and consistent with the objectives set for Executive Committee members, as follows:

- Exclusively quantitative objectives:
  - Three purely financial quantitative objectives aligned to the Group's priority operational and financial objectives for 2017:
    - organic growth in consolidated net sales;
    - organic growth in consolidated trading profit;
    - underlying earnings per share.

    Each criterion had a pre-defined minimum achievement level equal to 50% of the target, a target level for a performance in line with the Group's objectives and an outperformance level, with a linear progression between the minimum and maximum levels.
  - A non-financial quantitative CSR objective aiming to have Casino, Guichard-Perrachon represented on at least one of the three following non-financial indices, which comprise the best-performing companies in terms of ESG (Environmental, Social and Governance) criteria: FTSE4GOOD Index, Euronext Vigeo Indices and DJSI.
- Heavy weighting to the financial objectives, with the following weightings assigned to the four criteria:
  - the three financial criteria accounted for 90% of the target amount (*i.e.* €561,600) and up to 118.8% (*i.e.* €741,600) in the event of outperformance, with each one representing one third (*i.e.* 30% and up to 39.6% in the event of outperformance);
  - the CSR objective accounted for a maximum of 10% of the target amount, which is in line with current market practice.
- Outperformance applied only to the financial criteria and was capped at 132% of their target amount.

  The maximum potential variable compensation in the event of outperformance was therefore €804,000, representing 167.5% of fixed compensation, unchanged since 2016.

Determination of the amount of variable compensation due for 2017

On 7 March 2018, the Board of Directors reviewed the results achieved and determined the amount of variable compensation due for 2017.

The amount of variable compensation as a percentage of the gross €624,000 target was as follows:

- organic growth in consolidated net sales: 18% or €112,320;
- trading profit: 34.4% or €214,400;
- underlying earnings per share: 10.4% or €64,900;
- non-financial quantitative CSR objective: 10% or €62,400.

The total annual variable compensation due for 2017 therefore came to a gross amount of €454,020, representing 72.8% of the target amount and 94.6% of fixed compensation.

In 2016, the total gross variable compensation was €625,120, representing 100.2% of the target amount and 130.2% of fixed compensation.

As required by Article L. 225-37-2 of the French Commercial Code, payment of the annual variable compensation due for 2017, as determined, is subject to approval of the shareholders at the Company's Annual General Meeting of 15 May 2018 (5th resolution).

LONG-TERM INCENTIVE (LTI)

In 2017, to increase the variable component of the Chairman and Chief Executive's total compensation package and to include an assessment of the Group's longer term performance, the Chairman and Chief Executive was also awarded a long-term cash incentive plan contingent on performance conditions assessed over a three-year period.

The target amount, if the performance conditions are met, is set at a maximum of 100% of fixed compensation, *i.e.* a gross amount of €480,000.

Payment of the long-term incentive is contingent on a service requirement and the achievement of two performance conditions assessed at the end of a period of three financial years (2017-2019). The performance conditions, each of which accounts for 50% of the incentive, are based on:

- growth in total shareholder return (TSR) (ratio of the average of the 120 last closing prices in 2019 to that of 2016 with dividends reinvested over the period) relative to that of nine European food retailers: Ahold-Delhaize, Carrefour, Colruyt group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco. The percentage is calculated on a linear basis according to the position of the Company's TSR in the sample, with penultimate place being the minimum required level;
- growth in the Group's average EBITDA margin. A minimum achievement level is set and the percentage is calculated on a linear basis between the minimum and target levels.

The performance conditions are demanding and consistent with those set for the LTI plans covering the Group's key managers in 2017.

As required by Article L. 225-37-2 of the French Commercial Code, payment of the long-term incentive is also subject to approval of the shareholders at the Company's Annual General Meeting to be held in 2020.

Based on benchmarking studies and recommendations made by the Group's specialised consultants, the structure of the Chairman and Chief Executive Officer's annual variable compensation is in line with market practice as regards the number and type of criteria used, the heavy weighting of the quantitative financial objectives and the addition of a non-financial quantitative CSR objective. The provision of a long-term cash incentive plan is also in line with market practice and recommendations.

OTHER COMPONENTS OF THE COMPENSATION AND BENEFITS OF ANY KIND ALLOCATED IN CONNECTION WITH THE DIRECTORSHIP

The Chairman and Chief Executive Officer received a director's fee in 2017, the amount of which was half of that allocated to the non-executive directors, *i.e.* a maximum gross amount of €12,500.

He does not and has never received any share grants, performance shares or stock options. He is expressly excluded from such plans under the resolutions approved by the Annual General Meeting of 5 May 2017 and the resolution renewing the authorisation to make share grants to be submitted to the Annual General Meeting of 15 May 2018.

He does not and has never received any multi-year variable or exceptional compensation.

Furthermore, the Chairman and Chief Executive Officer is neither covered by any supplementary pension plan nor would he be entitled to any compensation for loss of office or any non-compete indemnity.

He is a member of the mandatory Group pension plans (ARRCO and AGIRC) and the death and disability plan covering all management employees within the Company.

He did not receive any benefits of any kind in respect of 2017.

6.1.2. Compensation due or paid to the Chairman and Chief Executive Officer by Casino, Guichard-Perrachon in respect of and during 2017

Total compensation, directors' fees and benefits of any kind due and paid by the Company to Jean-Charles Naouri in his capacity as Chairman and Chief Executive Officer in respect of and during 2016 and 2017 were as follows:

	2016		2017	
(gross amounts in €)	Amounts due[1]	Amounts paid[2]	Amounts due[1]	Amounts paid[2]
Fixed compensation	480,000	480,000	480,000	480,000
Variable compensation	625,120	-	454,020	625,120
Long-term incentive	Not applicable	Not applicable	Not applicable	Not applicable
Multi-year variable compensation	Not applicable	Not applicable	Not applicable	Not applicable
Exceptional compensation	Not applicable	Not applicable	Not applicable	Not applicable
Directors' fees	12,500	12,500	12,500	12,500
Benefits in kind	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**1,117,620**	**492,500**	**946,520**	**1,117,620**

(1) Compensation and directors' fees due in respect of the relevant year regardless of the payment date.
(2) Total compensation and directors' fees paid by the Company during the year. Variable compensation is paid in the year after it is earned.

6.1.3. Stock options and share grants awarded by the Company during 2017

(€)	2016	2017
Value of stock options granted during the year	Not applicable	Not applicable
Value of share grants made during the year	Not applicable	Not applicable

6.1.4. Compensation due and paid to the Chairman and Chief Executive Officer in respect of and during 2017 by Casino, Guichard-Perrachon, its controlled subsidiaries, companies that control it and companies controlled by them

Total compensation, directors' fees and benefits of any kind due and paid to the Chairman and Chief Executive Officer in respect of and during 2016 and 2017 by Casino, Guichard-Perrachon, its controlled subsidiaries, companies that control it and companies controlled by them were as follows:

	2016		**2017**	
(gross amounts in €)	Amounts due	Amounts paid	Amounts due	Amounts paid
Compensation	1,947,620[(1)]	1,322,500[(1)]	2,101,520[(2)]	2,272,620[(2)]
Value of stock options granted during the year	Not applicable	Not applicable	Not applicable	Not applicable
Value of share grants made during the year	Not applicable	Not applicable	Not applicable	Not applicable
TOTAL	**1,947,620**	**1,322,500**	**2,101,520**	**2,272,620**

(1) Compensation and/or directors' fees paid in 2016 in respect of 2016:
Casino, Guichard-Perrachon: see table in 6.1.2;
Rallye: €10,000 in directors' fees;
Euris: €820,000, of which €520,000 in fixed compensation and €300,000 in annual variable compensation in respect of 2016.
(2) Compensation and/or directors' fees paid in 2017 in respect of 2017:
Casino, Guichard-Perrachon: see table in 6.1.2;
Rallye: €10,000 in directors' fees;
Euris: €1,145,000, of which €520,000 in fixed compensation and €625,000 in annual variable compensation in respect of 2017.

6.1.5. Employment contract, death and disability plans, termination benefits and non-compete benefits

Employment contract	Supplementary pension plan	Benefits due or potentially due on termination or change of position	Non-compete benefits
None	None[(1)]	None	None

(1) Jean-Charles Naouri is a member of the mandatory Group pension plans (ARRCO and AGIRC) and the death and disability plan covering all management employees within the Company.

6.1.6. Principles and criteria for determining, distributing and allocating components of the Chairman and Chief Executive Officer's compensation for the 2018 fiscal year

Pursuant to the terms of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, distributing, and allocating the fixed, variable, and exceptional components comprising the aggregate compensation and benefits of any kind for which the Chairman and Chief Executive Officer is eligible with respect to 2018 in connection with his corporate executive mandate must be submitted for approval at the General Shareholders' Meeting of 15 May 2018.

In this context, at its meeting dated 7 March 2018, and based on the Appointments and Compensation Committee's opinion, the Board of Directors set the principles and structure of the Chairman and Chief Executive Officer's compensation with respect to 2018.

PRINCIPLES

The Board of Directors uses the Afep-Medef Code as its reference to determine the principles for setting the compensation of senior executive corporate officers and, to lead its discussions, relies on external experts' analyses and conclusions to educate the Board and the Appointments and Compensation Committee on existing market practices. These routine compensation analyses make it possible to draw a comparison between, on the one hand, the executive corporate officer's compensation structure and how it has evolved, the weight assigned to each of the components, as well as the criteria for setting his variable compensation and, on the other, the practices of other comparable companies, particularly those of which the executive corporate officer is the controlling shareholder or a member of the controlling shareholder's family.

The Board of Directors ensures that the compensation policy is consistent with the Company's corporate interests and the interests of shareholders and stakeholders. The performance indicators selected for setting the variable compensation must be in line with the Group's strategy. They are challenging and integrate financial and non-financial criteria that can be assessed annually and/or multi-annually.

Based on the Appointments and Compensation Committee's proposal, the Board of Directors decided to set the structure of the Chairman and Chief Executive Officer's compensation for 2018 in the following way:

COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION

Relying on the analyses and recommendations of specialised external consultants, the Board of Directors, decided to modify the Chairman and Chief Executive Officer's compensation policy in 2017 in order to include an evaluation of the Group's performance over a longer term and to increase the variable part of his overall compensation.

For 2018, further to the analyses made in 2017, a new review of the Chairman and Chief Executive Officer's compensation was made by outside experts. In this connection, the Board of Directors has decided to renew the structure of the Chairman and Chief Executive Officer's compensation for 2018 on the following terms and conditions:

Fixed compensation

Fixed compensation will be €480,000, unchanged since 2013.

Annual conditional fixed compensation

The target amount of the annual variable compensation will continue to be fixed, in line with market practices, at 130% of fixed compensation (*corresponding to a gross amount of €624,000*), when the set objectives are met; in the event of over-performance, it may reach a maximum amount unchanged at 167.50% of fixed compensation (*corresponding to a gross amount of €804,000*).

The annual variable compensation remains entirely subject to achievement of challenging objectives reflecting the Group's strategic priorities:

- Quantitative objectives only:
  - Three budget-based quantitative objectives aligned with Casino's priority operating and financial objectives for 2018.
    The proposed objectives, which are consistent with Group quantitative criteria and objectives for awarding the 2018 bonus to members of the Executive Committee, relate to:
    - organic growth in consolidated sales;
    - organic growth in consolidated trading profit;
    - changes in consolidated cash flow (CAF).

    Each criterion includes a minimum, or target, completion level, corresponding to an achievement level that is consistent with the Group's objectives as well as a level of over-performance compared to the target which is also pre-determined. The proportionate variable compensation fluctuates linearly between the minimum and maximum thresholds.
  - One non-financial quantitative CSR objective which is the same as for 2017 the vesting conditions for which have been strengthened for 2018. Thus, achievement of this criterion is now evaluated on the basis of the average of the ratings to be obtained by Casino in the assessment of the following three non-financial rating agencies, FTSE group, Vigeo Eiris and DJSI, with, in addition, the inclusion of a target amount (*average of Casino's ratings in 2017*) and a minimum (*average of Casino's ratings over the last four years*). The proportionate variable compensation fluctuates linearly between these minimum and target and maximum thresholds.
    Maintenance of a non-financial quantitative criterion associated with CSR, which is completely consistent with observed practices, highlights the strategic value the Group places on the development of its CSR policy.

In this context, a criterion relating to CSR has been included in determining the annual bonus of managers since 2016.

- No guaranteed minimum.
- Preponderance of financial objectives in determination of 2018 variable compensation:

  The weight of the four criteria breaks down as follows:
  - the three financial objectives account for 90% of the target amount (*corresponding to a gross amount of €561,000*) and up to 118.8% (*corresponding to a gross amount of €741,600*) in the event of over-performance, on the basis of one third each, or 30%, and until 39.6% in the event of over-performance;
  - the CSR objective accounts for a maximum of 10% of the target amount, a share in line with current observed practices.
- The over-performance entitlement is reserved for the three financial criteria, thus continuing to represent 132% of their target amount.

Thus, the breakdown of these quantitative criteria and their relative weight in determining the Chairman and Chief Executive Officer's 2018 variable compensation are as follows:

Objectives Target amount: €624,000 (or 130% of fixed compensation)	Variable component target	Variable component maximum
Financial quantitative objectives		
Organic growth in consolidated sales (excluding petrol and calendar effects)		
% of the target amount	30%	39.6%
Amount *(in € thousands)*	187.2	247.2
Organic growth in consolidated trading profit		
% of the target amount	30%	39.6%
Amount *(in € thousands)*	187.2	247.2
Changes in consolidated cash flow (CAF)		
% of the target amount	30%	39.6%
Amount *(in € thousands)*	187.2	247.2
Non-financial quantitative objective		
Average of ratings reported in 2018 in the following 3 indicators: FTSE group, Vigeo Eiris and DJSI		
% of the target amount	10%	10%
Amount *(in € thousands)*	62.4	62.4

Long-Term Variable Compensation (LTI)

In accordance with market practices and the recommendations of outside firms consulted about the preponderance of variable compensation in the make-up of aggregate compensation, but also to assess the Group's performance over a longer term, the Board of Directors decided to renew for 2018 the LTI mechanism in cash in the form of long-term conditional variable compensation used for the first time in 2017.

Conditional variable compensation, therefore, will be determined as follows:

- The target amount, assuming the performance conditions are met, will remain at 100% of fixed compensation, or a gross amount of €480,000.
- The performance conditions will continue to be assessed at the end of a period of three fiscal years (*2018-2020*).
- No guaranteed minimum.
- For each of the two criteria used, a minimum threshold of achievement, a target level, and a maximum amount corresponding to achievement consistent with the Group's objectives are also pre-established.
- Final payment of the compensation is conditioned on the executive's presence and subject to completing the following two unchanged performance conditions assessed at the end of the period,each of which accounts for 50% of the maximum target compensation:
  - Change in relative Total Shareholder Return (TSR), (*ratio of the average of the last 120 closing prices of the year 2020 and that of the year 2017by integrating the amount of the dividend per share paid during the period*) as compared with the TSR of nine European companies in the food retail industry namely: Ahold-Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco. The proportionate variable compensation is calculated linearly according to the positioning of the TSR of the Company in the panel, with a minimum achievement threshold reinforced and set at the median of the panel.
  - Change in the Group's average EBITDA/sales ratio. A minimum achievement threshold that must be reached is set and the proportionate variable compensation fluctuates linearly between the minimum threshold and the target maximum amount.

The elements for determining the annual and long-term variable compensation of the Chairman were made the subject of a new analysis in 2018, after the one conducted in 2017, by specialised consultants, which concluded that the structure of the annual variable compensation of Casino's Chairman and Chief Executive Officer was consistent with market practices concerning the number and type of criteria used, the greater weight given to quantitative financial criteria, and the presence of a non-financial quantitative criterion associated with CSR, which is in line with the practices observed and with the Group's desire to prioritise the development of its CSR policy. The renewal of the system of a long term variable compensation component in cash is also consistent with the practices observed and recommendations made relating to changes in the weight of variable compensation in the structure of compensation and inclusion of the creation of long-term shareholder value.

In accordance with Article L. 225-37-2 of the French Commercial Code, payment of the variable component of the compensation due for the 2018 fiscal year, after determining its amount based on the achievement of the above-defined objectives, is subject to the prior approval of shareholders at the Ordinary Shareholders' Meeting of the Company to be held in 2019. Payment of the long-term variable compensation, after determining its amount in 2020 according to the achievement of the above-defined objectives, is subject to shareholder approval at the Ordinary Shareholders' Meeting of the Company to be held in the year of its payment, *i.e.* 2021.

Other Components of the Compensation and benefits of any kind allocated in connection with the directorship

In addition, in his capacity as Director of the Company in 2018, the Chairman and Chief Executive Officer will receive a director's fee the amount of which will be reduced by half compared to the amount paid to other external directors, *i.e.*, a maximum gross amount of €12,500.

The Chairman and Chief Executive Officer is not and never has been the beneficiary of stock option subscription or stock option purchase plan or share or performance shares plans. He is expressly excluded from the list of beneficiaries under the terms of the resolutions submitted at the Extraordinary Shareholders' Meetings of 5 May 2017 and of 15 May 2018.

In addition, the Chairman and Chief Executive Officer does not benefit from any supplemental pension plan and is not entitled to any severance compensation in the event of termination of his duties nor to any compensation in connection with a non-compete obligation.

He is enrolled in the Company's mandatory supplemental collective pension scheme (*régime collectif obligatoire de retraite complémentaire*) (*ARRCO and AGIRC*) and its collective employment insurance scheme (*régime de prévoyance*), available to all managers.

He will not receive any benefits of any kind in respect of 2018.

6.2. Compensation and/or directors' fees paid to the other corporate officers

6.2.1. Principle and method of determining directors' fees paid in 2017

At the Annual General Meeting of 19 May 2009, the shareholders set the maximum total amount of directors' fees to be allocated to the directors and the members of the Board's specialised Committees at €650,000.

The method of allocating the directors' fees for 2017, as voted by the shareholders, between directors and members of the Board's specialised Committees was determined by the Board of Directors on 15 December 2016, based on the recommendations of the Appointments and Compensation Committee:

- The total gross fee per director is set at €25,000, unchanged since 2007, comprising a fixed portion of €8,500 and a maximum variable portion of €16,500 based on their attendance rate at Board meetings. Variable fees not paid to absent members are not reallocated.
- The total gross amount of directors' fees allocated to the Chairman and to each director representing the majority shareholder is also unchanged and is capped at €12,500 (a gross fixed portion of €4,250 and a gross variable portion of €8,250).
- Members of the Board's specialised Committees receive a gross fixed fee (€6,500) and a gross variable fee, which is unchanged (€13,500 for members of the Audit Committee and €9,500 for members of the Appointments and Compensation Committee and the Governance and CSR Committee). Variable fees not paid to absent members are not reallocated.
- A special additional gross fee of €5,000 was allocated to members of the Audit Committee for the two extraordinary meetings held in 2017 to review the following related party transactions: (i) disposals of stores to master franchisees, and (ii) the data provision and monetisation agreement with RelevanC.
- An additional gross fee of €10,000 for 2017 (unchanged since 2015) was allocated to the Lead Independent Director.
- As previously, under the authorisation granted by the shareholders on 16 May 2016, the Board of Directors decided on 15 December 2017 to pay a fee to the non-voting directors on exactly the same basis as to other directors, *i.e.* €25,000, comprising a gross fixed portion of €8,500 and a gross variable portion of up to €16,500, calculated on a pro rata basis. This sum is included in the total amount of directors' fees approved by the shareholders at the Annual General Meeting held in 2009.

Total gross directors' fees paid in 2017 in respect of 2016 amounted to €472,693 *versus* €486,322 paid in 2016 in respect of 2015, with a significant variable portion based on attendance in line with the Afep-Medef Code recommendations.

6.2.2. Directors' fees and compensation paid in 2016 and 2017

Total compensation and directors' fees paid in 2016 and 2017 by the Company, its controlled subsidiaries, companies that control it and companies controlled by them, to corporate officers other than the Chairman and Chief Executive Officer and to the non-voting directors were as follows:

(gross amounts in €)	Directors' fees and compensation paid in 2016		**Directors' fees and compensation paid in 2017**	
Director	Directors' fees (in respect of 2015)	Other compensation[1]	Directors' fees (in respect of 2016)	Other compensation[1]
Nathalie Andrieux	22,817	-	39,500	
Didier Carlier[2]	11,000	805,182	12,500	823,963
Diane Coliche[3]	-	402,687	8,333	470,704
Jacques Dumas[4]	6,979	916,821	21,583	1,017,467
Pierre Giacometti[5]	20,500	-	7,667	
Henri Giscard d'Estaing	29,700	-	21,708	
Sylvia Jay	30,000	-	38,000	
Gérard Koenigheit[5]	12,500	-	5,208	
Marc Ladreit de Lacharrière[6]	11,500	-	7,922	
Didier Lévêque[7]	12,500	800,284	12,500	842,430
Catherine Lucet	53,500	-	52,000	
Gilles Pinoncély	53,962	-	41,271	
Gérald de Roquemaurel	68,462	-	68,000	
David de Rothschild	39,492	-	32,000	
Michel Savart[8]	12,500	935,028	12,500	971,185
Frédéric Saint-Geours	66,962	-	79,500[9]	

(1) Directors' fees and/or compensation and benefits of any kind paid by Casino's controlled subsidiaries and/or companies that control Casino or companies controlled by them.

(2) No longer a director since 6 March 2017. Other compensation paid in 2017: €823,963, including gross variable compensation of €279,000 in respect of 2016 and gross fixed compensation of €544,963, excluding gross deferred bonuses of €230,371.

(3) Other compensation paid in 2017: €470,704, including gross variable compensation of €150,000 in respect of 2016, gross fixed compensation of €317,976 and €2,700 in benefits in kind, excluding a gross exceptional bonus of €1,742 and a gross bonus of €58,000. In 2016, excluding a gross exceptional bonus of €1.28 million.

(4) Representative of Euris, parent company of the Group, which in 2017 invoiced total fees of €6.3 million excluding VAT, including €900,000 to Casino, Guichard-Perrachon, in respect of the strategic advisory services it provides to the Casino Group's parent companies and their subsidiaries.
Other compensation paid in 2017: €1,017,467, including gross variable compensation of €488,750 in respect of 2016, gross fixed compensation of €504,019 and €4,700 in benefits in kind (excluding gross exceptional and deferred bonuses of €1,017,721) and other gross directors' fees of €20,000. In 2016, excluding a gross exceptional bonus of €2,625,000.

(5) No longer a director since 13 May 2016.

(6) No longer a director since September 2016.

(7) Other compensation paid in 2017: €842,430, including gross variable compensation of €215,500 in respect of 2016 and gross fixed compensation of €529,245 (excluding gross exceptional and deferred bonuses of €109,453) and other gross directors' fees of €97,685. In 2016, excluding a gross exceptional bonus of €95,000.

(8) Other compensation paid in 2017: €971,185, including gross variable compensation of €360,000 in respect of 2016 and gross fixed compensation of €601,000 (excluding gross exceptional and deferred bonuses of €482,350) and other gross directors' fees of €10,185.

(9) Including the additional director's fee of €10,000 gross in respect of his duties as Lead Independent Director.

6.2.3. Directors' fees paid in 2018 in respect of 2017

Total directors' fees paid in 2018 in respect of 2017 by the Company to corporate officers other than the Chairman and Chief Executive Officer and to the non-voting directors were as follows:

	Directors' fees paid in January 2018 in respect of 2017				
	Directors		Committees		
(gross amounts in €)	Fixed	Variable	Fixed	Variable	**Total**
Nathalie Andrieux[(1)]	8,500	14,850	6,500	9,500	39,350
Didier Carlier[(2)]	1,063	1,650	-	-	2,713
Diane Coliche	4,250	8,250	-	-	12,500
Gilbert Delahaye[(3)]	5,667	9,900	-	-	15,567
Jacques Dumas	4,250	8,250	6,500	9,500	28,500
Christiane Féral-Schuhl[(4)]	5,667	11,550	-	-	17,217
Henri Giscard d'Estaing	8,500	6,600	-	-	15,100
Sylvia Jay	8,500	13,200	6,500	9,500	37,700
Didier Lévêque	4,250	8,250	-	-	12,500
Catherine Lucet	8,500	16,500	6,500	18,500	50,000
Gilles Pinoncély	8,500	16,500	-	-	25,000
Gérald de Roquemaurel	8,500	14,850	13,000	28,000	64,350
David de Rothschild	8,500	13,200	6,500	9,500	37,700
Frédéric Saint-Geours[(5)]	8,500	16,500	13,000	38,000	76,000
Michel Savart	4,250	8,250	-	-	12,500

(1) Nathalie Andrieux received gross exceptional compensation of €15,000 and €1,018 in travel expenses for her review of the Group's digital strategy carried out at the request of the Board of Directors.
(2) Permanent representative of Cobivia (director) until 6 March 2017.
(3) Appointed director representing employees on 6 May 2017.
(4) Appointed director on 5 May 2017.
(5) Including the additional director's fee of €10,000 gross in respect of his duties as Lead Independent Director.

Total gross directors' fees paid in January 2018 in respect of 2017 to the members of the Board of Directors and the Board's specialised Committees amounted to €459,197. The total gross amount of directors' fees paid in 2017 in respect of 2016 amounted to €472,693. The variable component represents a significant weighting of the total amount of directors' fees.

6.2.4. Stock options and share grants awarded by the Company and related companies to employees of the Group who are also corporate officers of the Company

The following share grants were made in 2017 by the Company or related companies to employees of the Group who are also corporate officers of the Company:

	Grant date	Vesting date	Date from which the vested shares may be sold	Number of shares granted	Value of the shares based on the method used in the consolidated financial statements
Share grants made during the year by Casino, Guichard-Perrachon(1)					
Diane Coliche	20/04/2017	20/04/2020	21/04/2022	1,954	€28.49
Jacques Dumas	20/04/2017	20/04/2020	21/04/2022	9,767	€28.49

(1) Vesting of the share grants is contingent on a service requirement and on the achievement of two performance conditions assessed over a three-year period (2017, 2018 and 2019), each concerning half of the initial grant: TSR compared to a sample of European companies in the Food Retail index and the Group's average EBITDA margin (EBITDA/net sales).

	Grant date	Vesting date	Date from which the vested shares may be sold	Number of shares granted	Value of the shares based on the method used in the consolidated financial statements
Share grants made during the year by Rallye, controlling shareholder(1)					
Jacques Dumas	03/04/2017	03/04/2019	03/04/2021	3,309	€13.75
Didier Lévêque	03/04/2017	03/04/2019	03/04/2021	12,847	€13.75
Michel Savart	03/04/2017	03/04/2019	03/04/2021	3,309	€13.75

(1) Vesting of the share grants is contingent on a service requirement and on the achievement of two performance conditions, each concerning half of the initial grant: EBITDA interest coverage ratio and cost of debt.

Share grants that vested in 2017, made by the Company or related companies to employees of the Group who are also corporate officers of the Company, were as follows:

	Grant date	Vesting date	Number of shares granted	Number of shares vested	Date from which the vested shares may be sold
Share grants made by Casino, Guichard-Perrachon that vested during the year(1)					
Diane Coliche	13/05/2016	13/11/2017	13,165	13,165	13/05/2018
Jacques Dumas	13/05/2016	13/11/2017	5,335	5,335	13/05/2018

(1) Vesting of the share grants was contingent only on a service requirement.

	Grant date	Vesting date	Number of shares granted	Number of shares vested	Date from which the vested shares may be sold
Share grants made by Rallye, controlling shareholder, that vested during the year(1)					
Jacques Dumas	29/07/2014	29/07/2017	1,172	1,172	29/07/2019
Didier Lévêque	29/07/2014	29/07/2017	4,431	4,431	29/07/2019
Michel Savart	29/07/2014	29/07/2017	1,172	1,172	29/07/2019

(1) Vesting of the share grants was contingent on a service requirement and on the achievement of two performance conditions, each concerning half of the initial grant: EBITDA interest coverage ratio and cost of debt.

6.3. Executive Committee compensation

The executive compensation policy is designed to ensure a competitive compensation positioning relative to general market practices and to be in line with similar companies. It is also designed to encourage and reward performance in terms of both Group business/sales and results and individual performance.

Total compensation paid to Executive Committee members comprises a fixed and a variable component.

The variable component is contingent on the achievement of various objectives:

- quantitative Group objectives, which are identical to those set for the Chief Executive Officer;
- individual quantitative objectives related to the operating units and departments for which the person is responsible (*e.g.* achievement of budget or strategic plan);
- individual qualitative objectives related to a general appraisal mainly taking account of managerial attitudes and behaviour, including a CSR objective as from 2016.

An annual "road map" sets out the applicable criteria, the weighting assigned to each criterion in the overall appraisal, and the targets to be met.

The variable component can represent up to 50% of the fixed component if the objectives are met and up to 100% if they are exceeded.

In 2017, total gross fixed and variable compensation paid by the Company and its controlled subsidiaries to Executive Committee members, other than the Chairman and Chief Executive Officer and excluding exceptional bonuses, amounted to €14.03 million, including a variable component of €6.1 million in respect of 2017 and €30,400 in benefits in kind.

6.4. Stock options and share grants awarded to Executive Committee members

The Chairman and Chief Executive Officer is not and has never been entitled to receive stock options or share grants from Casino, Guichard-Perrachon, its controlled subsidiaries or companies that control it.

As employees, Executive Committee members may receive stock options and/or share grants, as part of a policy to retain key people and give them a stake in the Group's development.

Share grants are contingent on the achievement of a performance condition specific to the Company and on the beneficiary being employed by the Group on the vesting date or on the exercise date for stock options.

Options are granted with no discount to the share price calculated on the basis of the average quoted prices during the 20 trading days immediately prior to the grant date.

The Company may also make one-off share grants to employees who have made a significant contribution to strategic or highly complex transactions.

In 2017, nine Executive Committee members were granted 171,043 free shares either contingent on a service requirement and performance conditions or on a one-off basis. 151,975 free shares vested to five Executive Committee members in 2017.

The share award policy and details of the various plans which were still valid at 31 December 2017 are provided on pages 331 and 332.

Chapter 7

Risk factors and insurance

Risk management is an integral part of the Group's operational and strategic management and is organised at several levels (see below).

The Group has reviewed the main risks that could have a material impact on its operations, financial position or results. These risks are described below.

7.1. Risk factors

7.1.1. Operational risks

7.1.1.1. RISKS RELATED TO PRODUCT PROCUREMENT AND MARKETING

Competition and economic risks

The Group's stores and E-commerce sites are exposed to fierce competition. Competition is particularly intense in the mature French market. Outside France, the Group's leadership in most markets is under constant attack from international and local retailers that are seeking to strengthen their positions. The Group may be forced to cut selling prices in order to protect its market shares, and this may have a negative impact on its results. The competitive environment and related trends are monitored and taken into account for each country and banner, mainly through efficient pricing management and promotional and customer loyalty initiatives, as well as by identifying and carrying out asset development or purchase and sale transactions.

In addition, its ability to adjust its selling models to customer expectations is a major issue for the Group, given the structural changes in consumer habits such as the growing popularity of online shopping and digital technology, demographic and social change (ageing population, urbanisation, increase in single-person homes) and the increasing polarisation of customers' consumption patterns.

The Group's sales, trading profit and cash flow depend on the economic environment in its host countries. An economic downturn in one or several markets, or in all of its markets may negatively impact its financial position, results or ability to implement strategic decisions.

Product quality, conformity and safety risks

Guaranteeing traceability and product safety and complying with health and safety standards in stores is a major challenge that can have far-reaching consequences on the Group's reputation and financial performance, and breaches in this area may even result in liability claims.

From product specifications to store operations, an end-to-end system ensures that the Group sells safe, healthy and high-quality products. The Group Quality department coordinates the actions of the various local Quality departments, which are responsible for guaranteeing the quality of private-label products and ensuring that all products sold are safe for the consumer. These exchanges mainly involve sharing best practices and procedures (product quality and safety policy, traceability procedure, supplier audits, crisis management, product removal and recall, etc.). They led to the implementation of a Group Quality Charter distributed to all business units in 2012.

Withdrawal or recall procedures for defective or non-conforming products are implemented around 300 times a year. The delivery of contaminated baby milk by a French supplier has highlighted the need to strengthen existing internal procedures through better communication with the various business units. The Group is currently reviewing ways to improve the existing system. From December 2017 to early February 2018, the Group implemented a system that prevents the scanning of recalled products and was the first to introduce this technology.

Additional information is provided in section 8.2.2.1 of the Corporate Social Responsibility report and in section 7.2.3.4 "Merchandise management".

The Group's E-commerce units with marketplace activities are exposed to reputational risk and possibly also liability risk which could have an impact on the Group's results in the event that their marketplace merchants sell sub-standard products.

Information systems and data protection risks

The Group is dependent on its technical infrastructure and computer applications for all aspects of the day-to-day management of the business, including purchasing, sourcing, distribution, online sales, loyalty programme management, data exploitation, invoicing, cash collection, reporting and consolidation, as well as electronic data interchange and access to internal information. The protection of data about our customers and employees is also a major focus.

Information systems protection, uptime and integrity are therefore considered of prime importance. The Group runs, directly or indirectly, an extensive array of information systems (servers, networks, applications, websites and databases) that are essential to the operation and efficient management of its activities. Any breach of systems integrity, for example due to a technical failure or cyber-attack, could have an adverse effect on the Group's business operations and assets. A hardware or software failure, or failure by a service provider (especially a hosting company), interruption of mission-critical IT services or a data security breach could have an unfavourable impact on the Group, particularly the E-commerce business which is highly dependent on reliable and secure computer systems.

The Group implements comprehensive measures in each business unit to protect sensitive data, in particular personal data about customers and employees, and ensure business continuity.

Risks related to partnerships and franchises

The Group's banners in France and in international markets have affiliate and franchise networks. These networks represented 52% of the Group's stores and 19% of retail space at 31 December 2017 and mainly concerned the supermarket (Casino, Franprix and Monoprix), discount (Leader Price and Surtimax) and convenience (Vival and Spar) networks. Thus, the Group is exposed to reputational risk in the event that franchisees' practices do not comply with the applicable regulations or with the Group's standards or values, and also to default risk. Each network maintains close relations with its franchisees/affiliates, through regular contact with and support from the networks' sales advisors. Credit risk is managed by each of the networks through regular monitoring of outstanding payments.

Supply chain risk

The Group is not dependent on any specific supply, manufacturing or sales contracts. Casino deals with more than 30,000 suppliers.

Products sold by the Group may be sourced from suppliers based in countries that present risks of non-compliance with the laws and standards on working conditions in manufacturing environments, or with the values listed in the Universal Declaration of Human Rights and the ILO's Declaration on Fundamental Principles and Rights at Work. By pledging to uphold the United Nations Global Compact since 2009, the Group has regularly reaffirmed its commitment to ensuring that human rights are protected and promoted in all of its international subsidiaries and by all of its suppliers. The Group has drawn up a Suppliers Ethics Charter setting out its commitment to promoting responsible trade. Suppliers that manufacture private-label products for the Group are required to sign the charter, reflecting their agreement to abide by the principles set out in the Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions. Suppliers also agree to undergo audits to make sure that they comply with their commitments in accordance with the conditions set out in Casino's "Supplier Compliance Programme Manual".

The Group's social responsibility and duty of care approach is described in more detail in section 8.2.3 of the Corporate Social Responsibility report.

The Group has also developed several initiatives in France aimed at small and medium-sized enterprises (SMEs), such as appointing a coordinator in charge of facilitating relations between the Group and SMEs. It also promotes local producers and food production channels through long-term partnerships and best agricultural practices.

The initiatives taken by the Group to control and support suppliers of private-label goods in their CSR approach are described in section 8.2.3.2 of the Corporate Social Responsibility report.

Logistics risks

The Group's stores and E-commerce businesses have set up bespoke supply chains to re-stock integrated stores and franchisees and to deliver goods ordered online to retail customers. Changes in supply chain organisation or the failure of one or more logistics processes could lead to temporary or prolonged business disruption and have an adverse effect on the Group's image and financial results.

Supply chains are organised at local (country) level rather than internationally, and they may differ depending on the business.

For example, the logistics network operated in France by the Group's specialised subsidiary Easydis makes deliveries from 22 sites throughout the country, representing some 900,000 sq.m. of warehousing, to all of the various banners except for Monoprix, Franprix-Leader Price and Cdiscount, which have their own logistics networks.

Goods are delivered to the point of sale or, in the case of online orders, to the pick-up point or customer's home by transport companies and courier services such as La Poste. Failure by these contractors to fulfil their delivery obligations may have an adverse effect on the Group's image and financial results.

Risks related to trademarks and banners

The Group owns substantially all of its trademarks and is not dependent on any specific patent or licence, except for the "Spar" trademark which is licensed to the Group for use in France. The licence was last renewed in 2009 for a further ten years. In France, 866 stores are operated under this banner, including 767 franchise stores.

The Group proactively protects all of the trademarks that it uses or distributes and does not believe that any potential infringement of trademark regulations would have a material adverse effect on its operations and/or results.

7.1.1.2. OTHER OPERATIONAL RISKS

Fraud, corruption and theft risks

Incidences of fraud, theft and corruption may have a negative impact on the Group's results and image. The various Group business units deploy internal control processes aimed at limiting the occurrence of these risks.

The Group believes that acting with integrity, fairness and honesty is crucial to long-lasting success. It has established an internal control framework along with internal control tools and systems tailored to its businesses and corporate culture. Details of the Group's anti-corruption policies and systems to flag up possible breaches of ethical standards are presented in section 8.1.9 of the Corporate Social Responsibility report.

Implementation of the Group's anti-corruption programme is the responsibility of each business unit's Senior Management. The Risk Management and Compliance department is responsible for ensuring the effective compliance with the programme. This new department, created in January 2018, is headed by the Group Compliance Officer and includes the Internal Control department. It helps the business units develop action plans as part of its initiative to raise awareness of ethics and corruption issues.

Geographic risks

Some of the Group's businesses are exposed to risks and uncertainties arising from trading in countries that may experience or have recently experienced periods of economic or political instability, especially in Latin America. As of end-2017, international operations accounted for almost 45% of consolidated net sales. The occurrence of geographic risks may affect the Group's business operations and, potentially, its financial position and the value of its underlying assets including goodwill (the breakdown of goodwill by business and geographical segment is provided in Note 10.1 to the 2017 consolidated financial statements (see Chapter 3 of this Registration Document) and goodwill impairment losses are disclosed in Note 10.5.2). The Group draws up action plans and implements measures to mitigate the impacts of these risks and ensure business continuity.

Human resources risks

The skills, drive, quality and engagement of Group employees play a significant role in developing the business. If the Group were to fail to identify, attract, retain and train skilled employees, especially in emerging economies and/or in the Group's principal markets, the development of its businesses and results could be affected.

The Group addresses this risk by developing a nurturing and participative working environment and encouraging employees to adopt its values. As an engaged employer, the Group takes various initiatives aimed at fighting all forms of discrimination, promoting diversity, equal opportunity and gender equality and improving workplace health and safety. The human resources policy in this respect is described in Chapter 8 "Corporate Social Responsibility" and in section 7.2.3.3 "Human resources policy".

Climate change and other environmental risks

The Group may be exposed to climate change risks that may have a direct or indirect impact on its businesses, assets and employees and possible consequences on its financial position. The main climate change risk identified as potentially having a material impact on the Group's activities is the increase in extreme weather events such as the 100-year flood in France (particularly Paris), cyclones on Reunion Island, and droughts in Brazil and Argentina. Not only could an increase in the occurrence of such events have direct consequences for the Group's activity, it could also have an indirect impact such as an increase in raw material prices, fewer seasonal product sales and a rise in energy prices. The Group draws up action plans and implements measures to mitigate the impacts of these risks and ensure business continuity (see in particular section 8.2.4 of the Corporate Responsibility Report).

The Group's low-carbon strategy to combat global warming is described in section 8.2.4.3 of the Corporate Social Responsibility report.

The Group's 253 service stations in France, 66 in Brazil and 23 in Colombia are subject to regular strict inspections. A ground pollution prevention plan has been launched in France, comprising sub-soil and groundwater surveys and continuous surveillance of all underground structures. Service stations outside France are also subject to monitoring and inspection procedures.

7.1.2. Legal risks

COMPLIANCE RISKS

Due to the nature of its businesses and international footprint, the Group is subject to a wide variety of local laws and regulations, including labour, competition, distribution, consumer and town planning laws, personal data protection regulations, and public health and environmental laws. Changes in these laws and regulations, particularly if they lead to more rigorous, stepped up obligations, investigations, inquiries and controls, as well as potentially applicable penalties, could have a negative impact on the Group, its results and its reputation.

Both in France and abroad, the Group is required to follow all laws and regulations governing the operation of establishments open to the public, notably health and safety regulations and product conformity and safety regulations, and of classified facilities (service stations).

In addition, administrative approvals are required to open new stores and extend existing ones.

In the various host countries, expansion through bolt-on acquisitions may be subject to approval by the local competition authorities. One condition of such approval may be the sale of certain assets in a commitment procedure.

Five of the Group's subsidiaries are listed on stock exchanges and are subject to securities laws and regulations in the listing country. For example, Companhia Brasileira de Distribuçao – GPA (Brazil) is listed on the BM&FBOVESPA in São Paulo and the NYSE in the United States through a Level III American Depositary Receipt (ADR) program and is therefore also required to comply with the Sarbanes-Oxley Act.

Moreover, some of the Group's businesses are subject to specific regulations, notably, in France, Banque du Groupe Casino (banking and personal finance), Cdiscount (E-commerce), Sudéco (real estate), Floréal and Casino Carburants (service stations) and GreenYellow (solar energy).

The necessary legal structures and processes have been set up at the appropriate levels to ensure compliance with the applicable regulations, as failure to do so can result in heavy penalties (see section 7.2.3.4).

Since 2016, measures have been taken to raise awareness of the new European General Data Protection Regulation due to come into effect in May 2018, as well as other legislation arising from it. A Steering Committee common to all relevant business units has been meeting regularly since 2017 to identify the new requirements introduced by this legislation and to assist the banners in bringing their policies into line.

Group-wide initiatives to prevent bribery and corruption were taken well before the Sapin II Act was passed on 9 December 2016. For example, a Group Ethics Committee was set up during 2016. A Steering Committee responsible for monitoring the implementation of Sapin II Act requirements was set up at the end of 2016. Several new departments or positions (compliance officers, Risk Management and Compliance department) have also been created and tasked with drawing up and implementing the necessary procedures and ensuring the Group's compliance with the provisions of the new law (see in particular section 8.1.9 of the Corporate Social Responsibility report).

Despite measures taken to comply with the regulations that apply to its business activities, the Group cannot guarantee that all risks will be eliminated. The materialisation of such a risk could negatively impact its business activities, results or reputation.

As part of its CSR policy, similar measures have been taken with regard to the new corporate duty of care law passed on 27 March 2017 (see section 8.2.3.1 of the Corporate Social Responsibility report).

TAX AND CUSTOMS RISKS

The Group is required to comply with the rules applicable in its host countries to the industries in which its various business units operate. Identifying, monitoring, managing and controlling tax risks are the responsibility of the Group Tax department and the Tax departments of the various business units.

The Group is subject to periodic tax audits in France and in its other host countries. Provision is made for all accepted reassessments. Contested reassessments are provided for on a case-by-case basis, according to estimates taking into account the risk of an unfavourable outcome of legal actions and appeals engaged.

Tax risks at GPA are discussed in Note 13.2 to the 2017 consolidated financial statements (see Chapter 3 of this Registration Document).

CLAIMS AND LITIGATION

In the normal course of its business, the Group is involved in various legal, administrative and arbitration proceedings and is subject to controls by administrative and regulatory authorities. Provisions are set aside to cover these proceedings when (i) the Group has a legal, contractual or constructive obligation towards a third party at the year-end; (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (iii) the amount of the obligation can be reliably estimated.

Information on outstanding claims and litigation is provided in Notes 2 and 13.3 to the 2017 consolidated financial statements (see Chapter 3 of this Registration Document).

As regards the class action brought against Cnova N.V. and the Group, described in Note 13.3 to the consolidated financial statements, the US federal judge approved the terms of a settlement and the compensation arrangements for the plaintiffs at a hearing held on 15 March 2018. The final judgement and order of dismissal was officially signed on 19 March 2018 and the case is now closed.

As of the Registration Document filing date, the Company is not and has not been involved in any other legal, arbitration or administrative proceedings (including any such proceedings that are pending or threatened of which the Company is aware) which may have, or have had, during the previous 12 months, a material adverse effect on the financial position or profitability of the Company and/or the Group.

The Group is the subject of two investigations by the French and European competition authorities.

In early February 2017, France's Competition Authority launched an investigation into the practices of Vindémia Logistique and Vindémia Group in the areas of consumer goods supply and distribution on Reunion Island. At this stage, the Competition Authority has not issued any complaint and it is not currently possible to predict the probable outcome of the investigation.

At the end of February 2017, the European Commission launched an investigation into contracts for the purchase of basic consumer goods, the sale of services to manufacturers of branded products and the sale to consumers of basic consumer goods. The companies targeted by the investigation included Achats Marchandises Casino – A.M.C. (formerly E.M.C. Distribution) and Intermarché Casino Achats (INCAA). At this stage, the European Commission has not issued any complaints and it is not currently possible to predict the probable outcome of the investigation.

7.1.3. Financial risks

The main risks associated with the Group's financial instruments are market risk (currency risk, interest rate risk and equity risk), counterparty risk and liquidity risk.

Financial risk monitoring and management is the responsibility of the Corporate Finance department, which is part of the Group Finance department. This team manages all financial exposures in coordination with the Finance departments of the Group's main subsidiaries. It has issued good practice guidance governing all financing, investment and hedging operations carried out by Group business units.

The Group uses derivative financial instruments such as interest rate swaps and forward currency transactions to manage its exposure to interest rate risks and currency risks. These instruments are mainly over-the-counter instruments transacted with first-class bank counterparties. Most of these transactions or instruments qualify for hedge accounting.

However, like many other large corporates, the Group has the possibility of taking very small, strictly controlled speculative positions as part of its hedging policy, for more dynamic and flexible management of its interest rate positions.

A breakdown of derivative financial instruments by type of risk and accounting classification is provided in Note 11.5.1 to the 2017 consolidated financial statements (see Chapter 3 of this Registration Document).

7.1.3.1. MARKET RISKS

Market risks (interest rate risk, currency risk and equity risk) are discussed at length in Note 11.5.2 to the 2017 consolidated financial statements (see Chapter 3 of this Registration Document).

As regards currency risk, due to its geographical diversification, the Group is exposed to currency translation risk. In other words, its statement of financial position, income statement, and consequently its financial ratios, are sensitive to changes in exchange rates used to translate the financial statements of foreign subsidiaries outside the eurozone. In 2017, the currencies of the countries in which the Group operates rose against the euro relative to 2016, while they had fallen significantly in 2016 relative to 2015. Increases in the average rate were 7.0% for the Brazilian real (-4% in 2016) and 1.2% for the Colombian peso (-9.7% in 2016). In 2017, the currency effect on net sales and trading profit was 2.2% (-3.2% in 2016) and 2.9% (-4.6% in 2016), respectively. Currency risk is not hedged.

Given the nature of its business, the Group is not exposed to any material commodity risk.

7.1.3.2. COUNTERPARTY AND CREDIT RISK

Counterparty risk related to trade receivables and other assets is discussed in Note 11.5.3 to the 2017 consolidated financial statements (see Chapter 3 of this Registration Document).

7.1.3.3. LIQUIDITY RISK

Liquidity risk is discussed at length in Note 11.5.4 to the 2017 consolidated financial statements (see Chapter 3 of this Registration Document).

Banque du Groupe Casino's liquidity risk is monitored under the liquidity policy of the CMCIC group (50% joint owner with Casino). The bank's liquidity position is therefore assessed based on CMCIC group standards and early warning indicators, as well as regulatory ratios.

The main objectives of liquidity risk management processes are to:

- ensure that the bank has secure sources of refinancing by preparing monthly projections of cash surpluses and requirements based on a comparison of committed financing facilities and customer loan forecasts;
- gradually bring the bank into line with the new Basel III liquidity ratios by extending the duration of transactions in order to closely match cash flows from assets and liabilities.

At 11.15%, the bank's Tier 1 and CET1 capital adequacy ratios significantly exceed the minimum set by the banking supervisor.

7.2. Internal control and risk management

7.2.1. Organisation of and general approach to internal control and risk management

7.2.1.1. STANDARDS

The Group's internal control and risk management system is based on the internal control and risk management framework published by the *Autorité des marchés financiers* (the "AMF Framework"). The system's organisation and procedures comply with the general principles described in the AMF Framework, the related internal control and risk management guidelines dated January 2007 and the updated risk management guidelines dated July 2010.

This report is based on interviews, reviews of audit reports and responses to AMF questionnaires and internal questionnaires designed to identify all components of the Group's internal control and risk management system.

It also refers to the 17 principles of effective internal control of the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO Framework") published in 2013.

7.2.1.2. SCOPE

The Group's risk management and internal control systems as described in this report are those applicable to the parent company and to its controlled subsidiaries within the meaning of Article L. 233-1 of the French Commercial Code (*Code de commerce*).

The Group's five listed subsidiaries, Intexa in France and Éxito, Companhia Brasileira de Distribuçao (GPA), Cnova, and Via Varejo outside France, are also subject to various internal control and risk management obligations. Companhia Brasileira de Distribuçao (GPA) is listed on the NYSE and is therefore required to comply with the Sarbanes-Oxley Act.

7.2.1.3. PARTIES INVOLVED IN RISK MANAGEMENT AND INTERNAL CONTROL

Senior Management, *via* the Executive Committee, is responsible for defining, designing and implementing the risk management and internal control system.

The Board of Directors of Casino, Guichard-Perrachon (the "Company") is informed of the main characteristics of the risk management and internal control systems. It has set up an Audit Committee, whose composition, role and work in 2017 are described in the Board of Directors' corporate governance report (see section 5.5.2 "Committees of the Board of Directors – Audit Committee").

Under the responsibility of the Board of Directors, the Audit Committee's role is chiefly to supervise the preparation and control of accounting and financial information, which includes obtaining assurance about the effectiveness of the internal control and risk management systems. It periodically reviews internal control procedures and, more generally, audit procedures. It reviews all facts or events that may have a significant impact on the position of the Company or its subsidiaries in terms of commitments and/or risks. The Committee is also responsible for checking that the Group has the appropriate resources and structures to identify, detect and prevent risks, errors or irregularities in the management of its business. As such, it maintains continuous oversight of the risk management and internal control system. In extra-financial matters, in December 2017 the Governance Committee's remit was broadened to encompass corporate social responsibility (governance, social and environmental aspects). Accordingly, the Audit Committee now works with the new Governance and CSR Committee to ensure that systems for identifying and managing the main ethics and CSR risks are in place and that they comply with the relevant legal and regulatory provisions.

The Charters of the Board of Directors and the Audit Committee clearly describe the Committee's duties which were extended in 2015 to include the systematic review of material agreements between related parties prior to their signature.

The Boards of Directors of most of the Group's listed subsidiaries have set up an Audit Committee or equivalent structure to assist them in these areas and play a key role in monitoring the effectiveness of the Group's internal control and risk management system. The listed subsidiaries have also voluntarily adopted charters dealing with the prior approval of related-party agreements.

During 2017, the Group Internal Audit and Internal Control functions were combined into a single department. In January 2018, Group Internal Audit was split off into a separate department and Group Internal Control became part of the new Group Risk Management and Compliance department headed by the Group Compliance Officer.

The Risk Management and Compliance department is structured into three main functions:

- Risk Management and Compliance, whose role is to:
  - help the Group business units, in France and abroad, to identify, evaluate and monitor risks related to the Group's activities, in cooperation with the operational managers in charge of risk management and the Management Committees of the business units,
  - create and update risk maps (Group, corruption, fraud, etc.),
  - make sure that the Group's internal systems and policies comply with the main laws and regulations that apply to the Group's operations and, where necessary, help the business units to draw up corrective action plans and make sure they are implemented;
- Internal Control, whose role is to:
  - oversee the implementation of a common internal control system across the Group in response to identified risks. This role will involve defining control measures to implement across all the key processes managed by the Group business units, and making sure they have been correctly applied, by means of regular audit programmes,
  - establish a process for identifying and analysing instances of fraud, and improving efficiency in the detection and prevention systems set up in the business units;
- Anti-corruption/Sapin II, whose role is to continue implementing and coordinating measures related to Sapin II requirements.

Within the Group, each unit is responsible for defining and implementing its own internal control and risk management system (see section 7.2.2.3 below) and Group Risk Management and Compliance works with the local teams responsible for these areas.

Group Internal Control also deploys initiatives to raise awareness of the risks of fraud and corruption, encouraging the senior managers of each business unit to continuously strengthen the management of these risks. For example, a major Group-wide project was initiated with the aim of improving prevention and detection of fraud. It involved mapping fraud risks related to the Group's operations and drilling down the risk mapping exercise to each of the French and international business units. The new Risk Management and Compliance department will take over responsibility for the actions initiated from January 2018.

The Group Insurance department liaises with the operating and support units to help identify, assess and transfer insurable risks. It participates in risk mapping and reviews of the liability and insurance issues associated with calls for tenders, major contracts and development transactions. It defines and coordinates insurance policies in order to consolidate the Group's vision of risks and obtain improved coverage at lower premiums. The Group has purchased several global and centralised master insurance policies. Where permitted under local laws and regulations, risks are insured directly under the master policies. Alternatively, the master policies may increase or extend the limits or conditions of cover available under policies purchased locally.

Local insurance policies for construction activities, vehicle fleets, workplace accidents, health and protection, for example, are purchased in the host country in coordination with the Group Insurance department and local insurance advisers.

The Group Insurance department is also responsible for managing or overseeing litigation on operational matters with the Group Legal department.

In 2017, the Group took further steps to streamline and centralise its insurance programmes and set up a new programme covering all of its subsidiaries for cybercrime risk.

The Risk Prevention Committee participates in the Company-wide risk management process and ensures that a consistent overall process is in place to prevent risks that could have a major impact on the implementation of the Company's strategy, the achievement of its objectives or, more generally, its continuity.

The Committee meets several times a year as and when needed and includes representatives of the Executive Committee, the main corporate departments (Legal, Human Resources, Finance, Internal Audit and Internal Control) and operational divisions (Hypermarkets, Supermarkets, Supply Chain, Group Purchasing, Property Development) as appropriate. In early 2017, the Risk Prevention Committee set up a cross-functional Steering Committee to support the business units in implementing the European General Data Protection Regulation (see section below).

The Group Ethics Committee created in 2016 is responsible for overseeing the ethics system and making sure that it is taken into account in local management decisions. Its main role is to:

- define the ethics framework and associated procedures;
- raise awareness, understanding and implementation of the Group's ethics system, particularly in terms of combating bribery and corruption;
- oversee the implementation of a network of compliance officers throughout the Group;
- make sure that the operating business units implement training and awareness-raising actions.

At the end of 2016, a cross-functional Steering Committee was set up to implement a system that complies with the new French anti-bribery and corruption regulations. Supported by the functional departments, the Group Ethics Committee ensures that the system is properly implemented in each Group business unit under Senior Management responsibility, and that it is effective. The Group Compliance Officer, the network of compliance officers appointed by the French business units, and the Ethics Committees set up by the subsidiaries outside of France all contribute to the ethics governance mechanisms.

Lastly, a crisis management process has been set up to manage crises affecting employees, consumers, the Company's image and its assets. The process involves representatives of Senior Management (the Chairman and Chief Executive Officer depending on the case, and the Human Resources Director) and internal staff (heads of the branches, business lines, or units concerned, and the External Relations, Quality, Communication, Legal and Insurance departments) or external experts (specialists, lawyers, etc.) as needed to deal effectively with the crisis.

The process is improved continuously based on actual experience, with the aim not only of better managing crisis situations but also of pre-empting them by setting up intelligence systems covering the various crisis factors that could face the Group. Periodic drills are organised involving the main parties that deal with crisis management.

7.2.2. General risk management principles

7.2.2.1. DEFINITION OF RISK MANAGEMENT

The risk management system encompasses a set of resources, behaviours, procedures and actions adapted to the Group's specific characteristics that enables Senior Management to effectively detect and keep risks at acceptable levels for the Company if not eliminate them altogether. Taking advantage of opportunities and developing the business in an inherently uncertain environment necessarily involves a certain amount of risk-taking.

Employees, managers and department heads are responsible for ensuring that risk management and internal control systems operate efficiently while continuously seeking to improve them.

7.2.2.2. RISK MANAGEMENT OBJECTIVES

The key objectives of risk management are to help:

- create and preserve the Company's value, assets and reputation;
- secure decision-making processes and the processes that help the Company meet its objectives;
- ensure that the Company's actions are consistent with its values;
- promote a shared vision of the main risks among all employees.

7.2.2.3. RISK MANAGEMENT PROCESS

Within the Casino Group, risk management is decentralised, with the subsidiaries' Management Committees having responsibility for identifying, assessing and dealing with their main risks under the supervision of the parent company's Senior Management.

Risk identification

The Group is faced with various types of risks such as market risk, operational risk and legal risk. These risks are described in section 7.1.

Each year, major risks at the parent company level are reviewed by a cross-functional working group made up of representatives of the Group Finance, Internal Audit, Risk Management and Compliance (since its creation in 2018), Insurance, Legal, Information Systems Security and Human Resources departments. At the business unit level, each Management Committee is asked to identify and analyse their ten major risks. For each risk, this involves:

- assessing the inherent and residual risk;
- performing a correlation analysis with the main causes and consequences;
- recommending ways of addressing the risk in order to improve internal control (with four options: conservation, mitigation, transfer or avoidance – see below);
- drawing up formal action plans to reduce the level of residual risk.

The Risk Management and Compliance department monitors implementation of the action plans drawn up by the largest business units to strengthen the effectiveness of their internal control system for managing these risks.

The Group Internal Control and Insurance departments have developed methods and tools to assist the business units in identifying their ten major risks. These include:

- a risk catalogue to facilitate the identification process and ensure that all business units describe the same risks in the same way. Business units may include in their Top 10 risks that are not listed in the catalogue;
- criteria and rules for determining the probability and impact of the risks, so as to perform assessments of both the inherent risk (before the effects of any existing internal controls) and the residual risk.

For all business units, risk checklists are used to manage and track the implementation of action plans.

Risk assessment

The risks identified by each business unit's Management Committee are analysed and quantified by the business unit and the resulting risk map is used as the basis for the Group Internal Control department's work and for preparing the annual audit plan implemented by the Group Internal Audit department.

Risks are reviewed regularly during Group Internal Audit assignments. The internal auditors evaluate them independently according to their impact and likelihood of occurrence, taking into account existing internal controls.

Risk treatment

The control activities described below seek to reduce the risks identified by the Management of each business unit and at Group level, and whose occurrence may prevent the Group from achieving its objectives.

The various risk identification and assessment tools are monitored by each business unit, which develops action plans designed to reduce these risks based on previously-defined risk mitigation procedures. The four possible ways in which risks can be treated include:

- risk mitigation: measures are taken to mitigate the probability and/or impact of the risk; the Group Internal Control department may be requested by the business unit to implement necessary means to mitigate the risks;
- risk conservation: no measures are taken to change the probability and impact of the risk; it is accepted and assumed by Management;
- risk avoidance: the activities giving rise to the risk are abandoned;
- risk transfer: the probability or impact of the risk is reduced by transferring or sharing part of the risk, for example on the insurance market.

The Group Internal Audit department assesses the risks inherent in the business units' activities and the implementation of the associated internal controls, in order to identify residual risks which may be potentially material. Action plans are recommended to control these residual risks. The internal auditors subsequently check that these recommendations have been implemented and the risks reduced.

Each business unit is responsible for organising a business continuity plan to deal with crisis risk and for setting up a process for reporting critical information and managing potentially harmful events. Local management may call on the Group Crisis Management unit for support.

7.2.3. General internal control principles

7.2.3.1. DEFINITION OF INTERNAL CONTROL

The internal control system is defined and implemented under the responsibility of each business unit. This organisation allows them to participate in controlling their activities, while ensuring operational efficiency and efficient use of resources. It also helps to ensure that the material risks that may affect a business unit's ability to achieve its objectives are dealt with appropriately.

7.2.3.2. INTERNAL CONTROL OBJECTIVES

The AMF Framework states that internal control aims to provide reasonable assurance concerning:

- compliance with laws and regulations;
- compliance with Senior Management instructions and guidelines;
- efficient execution of processes, particularly for the safeguarding of assets;
- the reliability of financial information.

However, as underlined by the AMF Framework, no matter how well-designed or well-applied, no internal control system can provide absolute assurance that the Group will achieve its objectives. All internal control systems have inherent limitations, due notably to uncertain external events, the exercise of human judgment and the breakdowns that can occur because of human failures such as simple errors.

7.2.3.3. INTERNAL CONTROL ENVIRONMENT

Because of its diverse business base and broad international reach, the Group has adopted a decentralised structure that takes better account of each business unit's local features and makes the decision-making process more efficient.

Each business unit has its own support functions, which work in cooperation with the corresponding Group department.

Setting and communicating objectives

Strategic and financial objectives are set by the parent company's Senior Management in a three-year business plan which is reviewed every year. The first year of the plan constitutes the annual budget.

The business plan process is led by the Strategic Planning department, which is responsible for:

- coordinating preparation of the business units' business plans and checking that they are consistent and are aligned with the Group's strategy;
- liaising with the business units' Finance departments to check that major cash inflows and outflows are balanced, particularly capital expenditure, financial resource allocation and debt management transactions;
- with the Group Finance department and its Budget Control unit, monitoring actual performance against the business plan and updating the business plan to take into account actual results;
- contributing, with the Executive Committee and the business or support units concerned, to the preparation of the main corrective action plans and monitoring their implementation.

Code of Ethics and Conduct

The Group's new Code of Ethics and Conduct, adopted in 2017, is based on the values and commitments set out in the Group's Ethics Charter and defines the rules of conduct, the principles and the ethics obligations that all members of personnel must abide by at all times in their daily work. The Code specifically sets out the principles and behaviour to adopt as regards bribery and corruption.

In 2017, pursuant to the Sapin II Act of 9 December 2016 on transparency, anti-corruption and the modernisation of the economy, the Group rolled out the Code to all of its subsidiaries in France, set up an internal whistleblowing system, created a network of compliance officers whose main role is to answer employees' questions about the Code of Ethics and Conduct and to receive and deal with alerts raised under the whistleblowing system. The system guarantees that the whistleblower's identity and the contents of the alert will remain strictly confidential.

The Group also continued to implement training programmes to raise employee awareness about bribery and corruption issues. All employees were informed about these arrangements, after consultation with the staff representative bodies, through notices displayed in the various business premises and on intranets, and in an explanatory document attached to their payslips.

Similar arrangements exist in the foreign subsidiaries.

More detailed information on the action taken by the Group to prevent bribery and corruption can be found in section 8.1.9 of the Corporate Social Responsibility report.

The Group Risk and Compliance department will monitor the effectiveness of these systems in coordination with the Group Internal Audit department.

Responsibilities and powers

Segregation of duties

Each business unit is responsible for organising its structure in such a way as to ensure proper segregation of duties. The structure is set out in a formal organisation chart. Organisation charts for the main business units and support functions are available on the Group's intranet. Compliance with the principle of segregation of duties is also supervised by local or Group Internal Audit as part of their work.

Delegation of powers and responsibility

The business units' Legal and Human Resources departments manage and supervise the process of delegating signature powers and responsibilities in accordance with local law. The Legal department is responsible for issuing guidelines for delegations and defining their scope. The Human Resources department implements and oversees application of these guidelines.

Human resources policy

The Group's human resources policy aims to ensure a better allocation of resources within the Group through structured recruitment and careers management policies designed to help achieve the objectives set by the parent company.

The Group also has specific training policies, particularly in business management, personal development and the Group's various business areas.

The business units base their compensation policies on an analysis of market practices and on the principle of internal pay parity, in order to motivate employees.

Managerial practices are assessed each year during the annual appraisal process to ensure that they conform with the Group's set of guidelines for managerial attitudes and behaviour. The results contribute to the determination of part of the management bonuses.

In January 2017, Management entered into the following agreements with the representative trade unions:

- a Group agreement on corporate social responsibility in order to continue its long heritage of innovation on behalf of employees, society and the environment;
- a Group agreement on employment and skills planning and forecasting, which aims to support employees in their career path and to anticipate future needs in terms of skills and expertise.

Lastly, in November 2017 a Group agreement on gender equality was signed for a period of one year, which includes a commitment to analyse pay levels for men and women within the Group based on 2016 data.

Information systems

The Group has developed a target model based primarily on two well-known management software suites available on the market, one for administrative functions and the other for sales functions. The model also encompasses IT standards and governance frameworks to ensure that the information systems are geared to the Group's current and future objectives. The dissemination of these best practices also helps to enhance systems security (hardware and software), data storage, secure access management and business continuity.

Following the work of the Group Internal Audit department on data security management in the various business units in 2015, 15 golden cybercrime prevention rules were introduced to enhance the protection of information systems and data security and to deal with systems obsolescence through the systematic use of security patches. A system has been set up to support and monitor the deployment of these rules in all business units in cooperation with the Group Information Systems Security department. This department also reports regularly to the Group Audit Committee on progress in action plans for preventing cybercrime risks.

Personal data protection

In early 2017, a Steering Committee was set up to monitor progress in work undertaken to implement the new regulatory requirements set out in the European General Data Protection Regulation. It meets every two weeks.

The aim is to make the Group a responsible and engaged leader in the digital economy and in personal data protection.

A progress report is drawn up regularly and presented to the Risk Prevention Committee.

Operating procedures and methods

The Group has internal control procedures for its significant business processes. These include Accounting (four processes – monitoring standards; recording transactions; closing and preparing the parent company financial statements; and preparing the consolidated financial statements – sub-divided into 17 procedures) and Purchasing (five processes – assortment definition; identifying, negotiating with and selecting suppliers; monitoring contractual commitments; quality, hygiene, safety and environment; and general administrative services – sub-divided into 26 procedures). They describe the objectives of the processes, the departments and activities concerned and the guidelines to be followed. These procedures are published on the intranet sites and other documentary databases of the various Group business units.

Dissemination of information

The Group's information systems, intranet sites, databases and other communication media are used not only to communicate information but also to centralise and circulate procedures applicable to the various activities.

The timeframe for providing information is designed to give the parties involved sufficient time to react appropriately.

A specific procedure sets out what to do in situations likely to lead to a crisis at Group level. A reporting tool is used by a number of business units for prompt reporting to Senior Management.

All Group employees are bound by a duty of confidentiality covering any information used in the course of their work.

Insider trading prevention

The Company complies with the regulations on inside information and with recommendations issued by the stock market authorities regarding the management of risks related to the possession, disclosure and use of inside information.

A Stock Market Code of Conduct was adopted in the first quarter of 2017 on the recommendation of the Governance and CSR Committee. Its content is described in the Board of Directors' corporate governance report (see section 5.5.5 "Code of Conduct – Insider trading prevention"). It sets out the applicable regulations and the risk prevention measures implemented by the Company, in particular the black-out periods prior to publication of the Company's results during which the relevant employees may not trade in the Company's shares. A Stock Market Conduct Committee has been set up to spread information about and monitor compliance with the provisions of the Code.

7.2.3.4. INTERNAL CONTROL ACTIVITIES

The control activities described below are designed to mitigate the legal risks described in section 7.1.2.

Organisation

The Group Legal department's role is to ensure that the Group's operations comply with the applicable laws and regulations. It reports to Senior Management on all major legal matters and helps to share and spread good practices among the various business units.

Each consolidated company has its own Legal department that oversees compliance with applicable laws and regulations and reports to the Group Legal Counsel.

The Group Risk Management and Compliance department, in liaison with the Group Legal department and the relevant business unit departments, is responsible for identifying risks related to laws and regulations and for ensuring that the associated controls are properly applied.

Tax matters are dealt with by a department reporting to the Group Finance department. Its main role is to provide support to the Group business units in France and its foreign subsidiaries. It monitors regulatory changes and developments in all types of taxes and duties affecting the Group.

More generally, the Tax department is responsible for spreading, disseminating and implementing the tax practices it considers appropriate throughout the Group, with the support of the Finance department. It also monitors tax audits and disputes in France and abroad. However, these audits and disputes are managed at the country level. The Group Tax department may be assisted by local tax advisors in order to better understand the position in the host country concerned.

It receives Group reporting documents (France and international) updated on an annual or half-yearly basis in order to fulfil its role.

The larger business units or subsidiaries may have their own dedicated tax units, failing which a tax correspondent is designated.

Legal intelligence

Legal intelligence is handled in each entity by legal experts who may be assisted by external law firms if necessary.

The legal teams have access to databases and specialist reviews to keep them abreast of developments on a daily basis.

The Group Human Resources department and the labour law specialists in the Legal department are also involved in legal intelligence with regard to labour law.

Transcribing legislation into internal rules

The legal team is responsible for advising the business units and ensuring that they comply with the laws and regulations applicable to them. To do this, it prepares and circulates opinions, standard procedures and memos on the Group's legal and regulatory obligations.

Informing and training staff on relevant regulations

Training programmes for managers and/or operations teams on current issues or specific points are regularly organised by the legal teams, with the assistance of external experts if necessary.

The Group Legal department and the Legal Risks department work closely with the Risk Prevention Committee to develop and implement action plans to raise awareness about legal risks among the Group's operational and support teams, by distributing procedures and providing training to employees.

Regulatory compliance controls

The heads of business units and their representatives are responsible for ensuring compliance with the applicable laws. Compliance checks are the responsibility of the internal audit teams. Disputes and litigations are monitored by each dedicated legal unit assisted by external experts and/or the Legal Risks department, if necessary.

Compliance with Senior Management instructions and guidance

Circulation of Senior Management instructions and guidance

In France, the Chief Executives of the business units are responsible for deploying the Group's strategy, whilst in the international business units, responsibility for implementation lies with the Country Managers, supported by the International Coordination department. This department is responsible for monitoring the units' monthly results, preparing the top management succession plans, implementing synergies and sharing best practices between business units, supported by the Development and Holdings department on external expansion issues.

Monitoring compliance with management instructions and guidance

A large number of key performance indicators are used to monitor compliance with Senior Management instructions and guidance, and to measure any deviations from its objectives. The frequency of indicator reporting depends on the type of information concerned. The financial reporting systems are used to monitor performance on a consolidated and business unit basis.

Senior Management receives a monthly management report prepared by Group Budget Control, presenting the key performance and management indicators, together with consolidated financial statements and financial statements for each business unit. It also includes comments on performance compared to objectives and a report on the main projects.

The business units' management reporting packages are all prepared according to a standard format based on IFRS so that they can easily be consolidated by Group Budget Control. The consolidated reports are used to manage the business, and also to analyse actual-to-budget and actual-to-prior year variances.

Oversight of the business units' performance is strengthened by formal reviews of the monthly reports conducted between the business units' Chief Executives and Group Senior Management. Group Budget Control also submits regular reports to Senior Management on its analysis work.

Monthly working capital reviews are organised between each business unit's Finance department and Group Budget Control.

The comprehensive management information reported to Senior Management is used to track actual performance against annual objectives and ensure that corrective action is taken whenever necessary.

Group Budget Control may also provide support and assistance to the business units by analysing their position and making recommendations.

Business unit budgets are reviewed from time to time during the course of each year and full-year targets may be adjusted to take account of any developments specifically affecting a given business unit.

The business units' investment and capital spending projects in excess of a certain amount are submitted for approval during weekly meetings between the Strategic Planning department and Senior Management. The Group Investment Committee is then notified of the approved projects.

The control activities described below are designed mainly to mitigate the operational risks described in section 7.1.1.

Processes designed to protect people and property

The system of permanent controls to protect people and property is the responsibility of the business units' technical and operations departments and various other departments as appropriate. These departments are assisted by external experts in the relevant fields whenever necessary.

Fixed-asset management

The Group's new construction projects are based on specifications drawn up jointly with experts. They comply with all applicable regulations and are designed to meet the functional and operational objectives of the building.

The entire construction process is overseen by a project manager, who ensures that the contractual terms – particularly in terms of delivery dates and construction quality – are fulfilled and the project is brought in within budget.

The Group's property portfolio is monitored from both a technical and an administrative standpoint. Regular maintenance operations are carried out to keep the properties in an optimal state of repair for their purpose.

SAP Immo fixed-asset management software is used to manage asset values based on French GAAP for the separate company accounts, on IFRS for the consolidated accounts, and on tax rules for the tax accounts. SAP Immo is interfaced with the reporting system in order to facilitate the fixed-asset management process and ensure that accounting information is reliable.

Banner protection

The commercial leases signed by business units are drawn up in accordance with the Group's requirements to ensure that they offer adequate protection against the risk of eviction. They are monitored by the property management teams, who are responsible for renewing them on expiry.

The Group has a large number of affiliated stores and franchisees. The Group Legal department ensures that the contracts are watertight and the operations teams oversee franchisees' activities.

To effectively manage the legal and other risks inherent in the business, the development teams implement robust controls during the contract drafting and implementation phases, and make every effort to resolve problems before they go to litigation.

Intellectual property protection

All trademarks used by the Group are registered with the appropriate organisations in France and in all countries where the Group operates or is likely to operate in the future.

The Group Legal department is responsible for the preventive and defensive protection policy and uses outside firms to make sure that no identical or similar trademarks are registered by other parties and to take appropriate action in the event of infringement.

Image protection

Corporate communications are the responsibility of Senior Management, which approves all information to be released by Group Communications prior to its publication. Group Communications also has authority over and responsibility for all releases by the business units – even those that have their own Communications department – that could potentially affect the Group's image.

The Group Communications department is also responsible for managing risks to Casino's image and that of its employees. It checks any information published about the Group on all types of media (newspapers, social networks, etc.) and responds in a manner tailored to the situation concerned.

Merchandise management

The purchasing strategy, in terms of both assortment and suppliers, is based on market research and reflects the business unit's main strategic goals. Action plans are drawn up on the basis of internal or external research to ensure that the product offering is consistently aligned with market expectations and the banner's positioning.

Buyers conduct regular checks during calls for tenders, and supplier selection and deselection processes, to identify and minimise supplier dependence risk.

Lastly, performance indicators are tracked in order to monitor the effectiveness of the Group's purchasing processes.

The quality policy for Casino's private-label and similar products is determined by the Group Quality Control department which communicates and/or provides training in product quality and safety best practices at the request of other business units in order to involve them in the Group's quality strategy.

Since 2011, exchanges of best practices between all the Group's host countries have laid the foundations for an international quality policy, including the definition of common performance indicators and preparation of a Quality Charter, which was circulated to all business units in 2012.

The Group Quality department defines and implements product and supplier control processes for Casino private-label and similar products, value lines bearing the Casino seal of approval and direct imports.

Quality audits are carried out at supplier plants, particularly those that manufacture Casino private-label products. Analytical product control plans are also drawn up and implemented.

Measures taken by Group business units to safeguard inventories include ensuring the security of warehouses, equipment and merchandise, goods reception and shipping processes, and monitoring compliance with standards applicable to hazardous or regulated products.

Physical inventories are performed during the accounts closing process and at regular intervals during the year to monitor performance indicators and detect any anomalies in the flow of merchandise.

Management of financial assets and financial flows

The control activities described below are designed to mitigate the market risks described in section 7.1.3.

Financial flows are managed by procedures designed to promote secure cash receipts and disbursements. Disbursements must be approved by an authorised signatory, with two signatures required for external payments. Financial inflows and outflows are controlled through reconciliations between bank statements and the accounting records.

Financing, short-term investment and financial risk management policies are overseen by the Group Corporate Finance department in coordination with the subsidiaries' Finance departments, using a conservative and pro-active approach particularly with respect to counterparty and liquidity risk management. Major transactions are monitored individually.

The Group Corporate Finance department has issued a guide to financing, investment and hedging best practices which is distributed to subsidiary Finance departments. The guide sets out financing methods, selection criteria for banking partners, appropriate hedging products and required authorisation levels.

The French and international business units' cash positions and forecasts are reported weekly and continuously monitored. The Group's other financial risk exposures, such as interest rate risk, currency risk on financial transactions and banking counterparty risk, are measured and analysed in monthly reports to Senior Management that also include action plans for managing any material identified risks.

7.2.3.5. MONITORING OF INTERNAL CONTROL

Continuous monitoring

The risk management system is regularly monitored and reviewed by the senior managers of each business unit who ensure the day-to-day supervision of its effective implementation. The managers are notably responsible for implementing corrective action plans and reporting any significant deficiencies to Group Senior Management. This allows Senior Management to check that the system matches business requirements and to take any required remedial action.

Monitoring by Internal Audit

The Group Internal Audit department and the business units' Internal Audit departments regularly review the effectiveness of the risk management and internal control system during their internal control assessments and contribute to its supervision.

The Group Internal Audit department assists Senior Management and the various French and international business units in fulfilling their responsibility for monitoring the risk management and internal control systems. It reports to the Company's Audit Committee at least twice a year on its activity and supervisory role and responds to the Committee's questions and requests.

The Group Internal Audit department helps the business units to stay abreast of internal control best practices developed within or outside the Group.

The central internal audit team is supported by local teams in France and in international business units, which report to Group Internal Audit on a dotted-line basis. These central and local teams represent around 100 auditors.

The central team's annual audit programme is prepared by the Group Internal Audit department based on the Group's risk analysis, the principle of audit cycles for the key business processes and any major issues identified by the senior managers of the business units or departments falling within the central team's audit scope.

The business units' Internal Audit departments draw up their own annual audit programmes which are approved by their Senior Management and, where applicable, reviewed by their own Audit Committee. The programmes are also sent to the Group Internal Audit department.

The annual audit plan presented to the Group Audit Committee for the upcoming year includes three types of audit assignments:

- Category A: audits performed directly by Group Internal Audit;
- Category B: audits performed by the local internal audit teams or external firms with Group Internal Audit oversight and presentation of the audit report to the Group Audit Committee;
- Category C: operational or cross-functional audits focused on local issues only, for which the reports will not be presented to the Group Audit Committee.

The Group Internal Audit Charter, approved by the parent company's Audit Committee, describes the role and responsibilities of the Group Internal Audit department. The Charter has been cascaded to the business units' internal audit teams with some adjustments. Internal audit guidelines have also been prepared for use by the central internal audit team as a support tool for their audit assignments, based on the professional standards of the Institute of Internal Auditors (IIA).

All Group Internal Audit reports are sent to Group Senior Management and the Company's Audit Committee, as specified in the Internal Audit Charter.

Monitoring by external auditors

The Statutory Auditors are required to obtain an understanding of the organisation and operation of the Group's internal control procedures and to present their observations. In addition, the Statutory Auditors are required to have regular discussions with Group Internal Audit, Group Risk Management and Compliance, the local Finance departments and the Group Finance department. It reports on its work to the Company's Audit Committee.

7.2.4. Internal control over accounting and financial information

7.2.4.1. OBJECTIVES

Internal control over accounting and financial information aims to provide reasonable assurance regarding:

- the compliance of published accounting and financial information with the applicable standards;
- compliance with Senior Management instructions and guidelines concerning accounting and financial information;
- the reliability of information circulated and used internally for management or control purposes that contributes to the preparation of published accounting and financial information;
- the reliability of the published financial statements and the other information disclosed to the markets;
- the protection of assets;
- the prevention and detection of fraud and accounting and financial irregularities to the extent possible.

The scope of internal control over accounting and financial information described below covers the parent company and all companies included in its consolidated financial statements

7.2.4.2. MONITORING THE FINANCIAL REPORTING PROCESS

General organisation

Each business unit has its own Accounting and Finance departments to ensure that local requirements and obligations are fully taken into account. However, some business units outsource some of these activities to shared services centres. The Group encourages business units to organise their accounting and finance function by process, which helps ensure more consistent accounting treatments, better segregation of duties, implementation of controls and compliance with procedures.

The Group-level Accounting, Budget Control and Corporate Finance departments monitor and oversee the local departments. They also consolidate data reported by the business units and produce the accounting and financial information published by the Group.

Each year, the subsidiaries' Chief Executive Officers and Chief Financial Officers jointly sign representation letters attesting to the accuracy of their company's accounting and financial information and the existence of an appropriate system of internal control.

The Audit Committee reviews the annual and interim financial statements and the Statutory Auditors' conclusions in order to form an opinion as to whether the financial statements should be approved for publication by the Board of Directors.

For this purpose, it makes enquiries about the process for preparing accounting and financial information and obtains assurance that:

- appropriate control procedures were applied through its review of the internal auditors' work;
- the account closing process went smoothly;
- the main accounting options selected for the preparation of accounting and financial information were appropriate;
- the Statutory Auditors completed their work.

Application and control of accounting and tax policies

The system aims to ensure that local accounting standards comply with regulations and that they are available to everyone involved in the preparation of accounting and financial information.

As part of the consolidation process, each Group business unit transmits to the Group Accounting and Budget Control departments its consolidation package prepared in accordance with IFRS, including an income statement, statement of financial position, statement of cash flows, statement of changes in equity and key performance indicators.

The Group Accounting and Budget Control departments have prepared and distributed a Financial Reporting Guide designed to ensure that reported information is reliable and consistent throughout the Group. The guide describes Group accounting policies and consolidation principles, adjustments and entries, as well as management accounting principles and the accounting treatment of complex transactions. It is updated regularly and is sent to and discussed with all users of the Group's financial reporting system.

A system to monitor developments in accounting regulations and standards helps to ensure early identification of changes that may affect the Group's IFRS-based accounting policies. Any regulatory developments that have an impact on the Group's accounting procedures are explained in a presentation seminar and in memos.

As regards taxation, validation audits are performed on the Group's taxable results and major transactions for the year are analysed from a tax perspective. Lastly, information meetings are organised and procedure memos are issued by the Group Tax department to communicate details of any new tax laws, regulations or jurisprudence.

Tools

Each business unit uses the tools required to process and prepare accounting and financial information in compliance with the segregation of duties principle.

Accounting and financial information prepared in accordance with IFRS and restated based on Group consolidation policies is reported by the business units to the Group using a single consolidation and financial reporting system, which offers a user identification feature, better remote access authentication, improved security and evolvability.

The reporting system is administered by a dedicated unit.

7.2.4.3. PROCESS FOR THE PREPARATION OF ACCOUNTING AND FINANCIAL INFORMATION

Identification of risks affecting the preparation of published accounting and financial information

The Management of each business unit is responsible for identifying risks affecting the preparation of published accounting and financial information. Upstream tasks and tasks associated with the production and closing of the accounts are segregated to prevent fraud and accounting and financial irregularities. Controls are performed at the appropriate level taking into account the degree of risk. An accounting standards team makes sure that any developments in the relevant standards are taken into account.

Control activities to ensure the reliability of published accounting and financial information

Preparation and consolidation of accounting and financial information

The processes for preparing and closing the accounts are organised with the aim of ensuring that published accounting and financial information is of a high quality. A hard close is performed, based on estimates. This process allows the accounting treatment of complex transactions to be determined in advance and also reduces the year-end workload so that financial information can be published within a short timeframe without sacrificing data quality or reliability.

Most of the consolidation adjustments are recorded by the business units based on consolidation instructions issued by the Group Accounting Standards department. The Group Accounting department, which is responsible for keeping track of accounting developments, has set up training programmes to assist business units in using the reporting system and the Financial Reporting Guide, so as to guarantee the quality of reported data and the reliability of financial and accounting information.

Data consistency is assured through programmed controls covering both local and consolidated data.

Group Accounting continuously monitors changes in the Group's percentage interest in the capital and voting rights of subsidiaries and associates. It is responsible for ensuring that changes in the scope of consolidation or in consolidation methods are duly applied.

As required by law, the Group has two Statutory Auditors. The current auditors were appointed for the first time in 2010 and reappointed in 2016. Their network of local accounting firms may also be involved in auditing the accounting information reported by the Group's subsidiaries, including consolidation adjustments. Their procedures include verifying that the annual financial statements are prepared in accordance with generally accepted accounting principles and give a true and fair view of the results of operations for the year and the financial position and net assets at the year-end.

The Accounting department acts as the interface with the external auditors of the Group business units. The Group's Statutory Auditors are appointed according to a process initiated and overseen by the Audit Committee, in accordance with Afep-Medef Code recommendations and the European regulations (Regulation (EU) No. 537/2014 and Directive 2014/56/EU) applicable since 17 June 2016.

Management of external financial reporting

The Group Investor Relations department's role is to provide the financial community with accurate, specific and fair information about the Group's strategy, business model and performance.

Financial information is prepared and validated by the accounting and budget control units prior to publication.

The legal and accounting units also contribute to producing the Registration Document and the management report.

The Board of Directors reviews all information and news releases about the Group's results or financial and strategic transactions, and may make comments and proposals. The Audit Committee reviews information on the annual and interim financial statements prior to release. Sales and earnings news releases are submitted to the Statutory Auditors for review and comment.

Financial information is disclosed to the markets through the following communication channels:

- media releases;
- conference calls for quarterly releases of sales figures;
- annual and interim results presentations;
- road shows, conferences, meetings or conference calls with financial analysts and investors, in France and abroad;
- Annual General Meetings;
- Registration Documents and Annual and Corporate Social Responsibility Reports;
- the Group's corporate website.

Group Investor Relations is also involved in checking and setting the publication timetable for the financial information prepared by listed subsidiaries and ensures consistency among the various media produced by the Group.

7.3. Insurance – risk coverage

Overview of the insurance policy

Risks are insured under master policies – whenever this is allowed under local regulations and does not pose any operational problems – in order to ensure consistent levels of cover and benefit from economies of scale by pooling risks.

The Insurance department, which reports to Group Finance, is notably responsible for:

- helping to identify, analyse and quantify insurable risks;
- contributing to the technical risks prevention policy, overseeing implementation of preventive measures recommended by the insurers, especially in establishments open to the public;
- negotiating and managing the Group's insurance programmes;
- negotiating personal protection insurance programmes in France in liaison with the Human Resources department;
- negotiating and coordinating insurance programmes purchased by subsidiaries when the insured risks cannot be included in the Group's centralised master programmes;
- managing and overseeing claim processes;
- contributing to the crisis management process.

To help the department to fulfil these responsibilities, the Group purchases insurance programmes through international brokers from leading insurance companies specialised in insuring major risks.

Assessment of insurance cover and related costs

SELF-INSURANCE

To manage and control its insurance costs, in 2017 the Group continued its policy of self-insuring small, high-frequency claims, corresponding mainly to civil liability and property damage claims.

In addition to the partial self-insurance represented by deductibles, since 2006 the Group has reinsured part of its property damage risks through its captive reinsurance company in Luxembourg. In 2017, the reinsurance captive's commitments were reduced from €10 million to €9 million per year (net of reinsurance).

This strategy helps to strengthen the Group's control over risks and the management of claims while also keeping premiums as low as possible.

SUMMARY OF INSURANCE COVER

The Group took further steps to streamline its insurance programmes and set up a new programme covering all of its subsidiaries for cybercrime risk.

The insurance programmes described below are those for 2016, which were still in force as of the date of this report. They may be changed at any time to take account of changing risks and developments in the activities to be insured, changes in claims experience, or changes in insurance provider decided by the Group, in particular to take account of insurance market capacity, available cover and rates.

PROPERTY DAMAGE AND BUSINESS INTERRUPTION INSURANCE PROGRAMME (INCLUDING NATURAL DISASTER AND POLITICAL VIOLENCE COVER)

The aim of this programme is to protect the Group's assets.

It covers traditional risks such as fire, flood, explosion, natural disaster, subsidence, electrical damage, business interruption and tenant risks. The programme has been extended to include coverage of natural disasters and political violence in the Group's host countries.

In 2017, the Group decided to structure the programme differently while maintaining the insured amount at €400 million per claim and per year. The restructuring has led to a reduction in premiums. The limits and/or sub-limits applicable to certain named perils and/or regions have been improved.

A "Fire" claim was made on 27 December 2017 in Brazil following a fire in a GPA warehouse. This could have an impact on the property damage insurance premiums and the Group's self-insurance programme on the 1 July 2018 renewal date, but the increase will not exceed 20% of the current levels. The scope of coverage will not be affected.

CIVIL LIABILITY INSURANCE PROGRAMME

This programme covers the Group for all losses that might be incurred due to bodily injury, damage to property or consequential loss suffered by third parties that may be caused by the Group's fault, error, omission or negligence in the performance of a service and/or its business operations.

General liability cover is capped at €75 million per claim and per year, with the same limits applicable to professional liability cover.

OTHER INSURANCE PROGRAMMES (MANDATORY AND DISCRETIONARY)

Additional or separate insurance programmes may be purchased due to the specific nature of certain activities or risks. These programmes are purchased on an international basis or locally in liaison with the subsidiaries, either because they need to be managed locally or for regulatory or cost reasons.

These insurance programmes mainly concern the following policies:

- liability insurance;
- environmental liability insurance;
- building manager and/or property portfolio manager professional liability insurance;
- fleet insurance;
- construction insurance: structural damage/non-builder developer/comprehensive site insurance, etc.;
- transported goods insurance;
- corporate officers' liability insurance;
- cybercrime insurance.

The Group believes that the guarantees and insured amounts under these master insurance policies correspond to those generally purchased by companies of a similar size operating in the same industry. When allowed by law, the Group will pursue its policy of purchasing worldwide master insurance policies in order to improve and/or increase the levels of cover or the management of risks in areas where this is necessary, while controlling the associated costs.

Risk prevention and crisis management

The operational, technical and shared services departments implement measures to prevent and manage property damage risks. They are assisted by the technical departments of insurance companies through:

- regular audits of high-value facilities by the insurers' technical departments, mainly covering hypermarkets, shopping centres and warehouses;
- joint monitoring of facility inspection and risk prevention reports by the technical departments of both the Group and the insurers;
- monitoring of the protection systems in place at each facility depending on needs and priorities (*e.g.* sprinklers, security installations, intruder detection systems, etc.);
- monitoring of property damage risk maps including natural events, SRCC (strike, riot, civil commotion) and political violence risks in France and in the Group's other host countries.

In 2017, the Group pursued its centralised fire prevention policy by maintaining the number of international visits by the insurers' technical departments in order to improve visibility of risks in its main host countries.

Concerning product liability risk, the Group has maintained and pursued the quality and prevention initiative launched several years ago, upstream of the stores, for both private-label and other products (see Chapter 8 "Corporate Social Responsibility").

Similarly, in the case of a crisis and/or a major incident, the Group has the technical, human and advisory resources enabling it, depending on the circumstances, to rapidly intervene to protect people and property and to maintain business and service continuity.

Chapter 8

Corporate social responsibility (CSR)

8.1. CSR continuous improvement programme

The Casino Group's CSR programme helps to create and strengthen sustainable, trust-based relationships with employees, customers, suppliers and all other stakeholders, while respecting each host country's culture and local practices. Embedded in all Group activities, CSR priorities act as a driver for employee motivation. They are designed to improve the Group's social, human resources and environmental impact, as well as its financial performance. The Group's CSR policy aims to pave the way for responsible consumer habits and improve the sustainability of the Group's business model by fostering stakeholder trust through ongoing dialogue.

The implementation of the CSR programme is a growth driver for the Group as it helps to:

- boost employee motivation and engagement;
- attract top talent;
- enhance the Group's competitiveness by improving its environmental impact, particularly in terms of energy use;
- increase sales of responsible, innovative high-growth products, such as organic foods;
- foster long-term, trust-based relationships with customers, suppliers, shareholders, public authorities and other stakeholders.

8.1.1. Commitments

The CSR policy was drafted in line with the Casino Group's ethical principles (see chapter 8.1.9) and its commitment to respect and promote the principles affirmed by:

- the Universal Declaration of Human Rights;
- the ILO core conventions, including Convention 29 on forced or compulsory labour, Convention 87 on freedom of association and protection of the right to organise, Convention 98 on the application of the principles of the right to organise and collective bargaining, Convention 100 on equal pay for men and women workers for work of equal value, Convention 105 on the abolition of forced labour, Convention 111 on discrimination in employment and occupation, Convention 138 on the minimum age for admission to employment, and Convention 182 on the prohibition of the worst forms of child labour and immediate action for their elimination;
- the United Nations Global Compact, which the Group signed in 2009;
- the Women's Empowerment Principles, which the Group endorsed in 2016;
- the Paris Climate Agreement and the Montreal Protocol;
- the 17 Sustainable Development Goals (SDG) adopted by UN member states.

The Casino Group is working directly and indirectly towards 13 SDGs, implementing policies to address the highest-priority issues. The commitments and associated action plans are set out in section 8.4.

8.1.2. Organisation

The Casino Group's commitment to sustainable development, affirmed beginning in 2002, is backed by organisation and governance involving managers at all levels of the Group and at the highest level of the organisation.

In December 2017, the Board of Directors decided to entrust the assessment and monitoring of corporate social responsibility issues to the Governance Committee, broadening its responsibilities and renaming it the Governance and CSR Committee. The Committee is tasked with examining, in connection with the Group's strategy, its ethical, socially responsible, environmental and societal commitments and policies, their implementation and their results, and providing opinions or making recommendations to the Board of Directors.

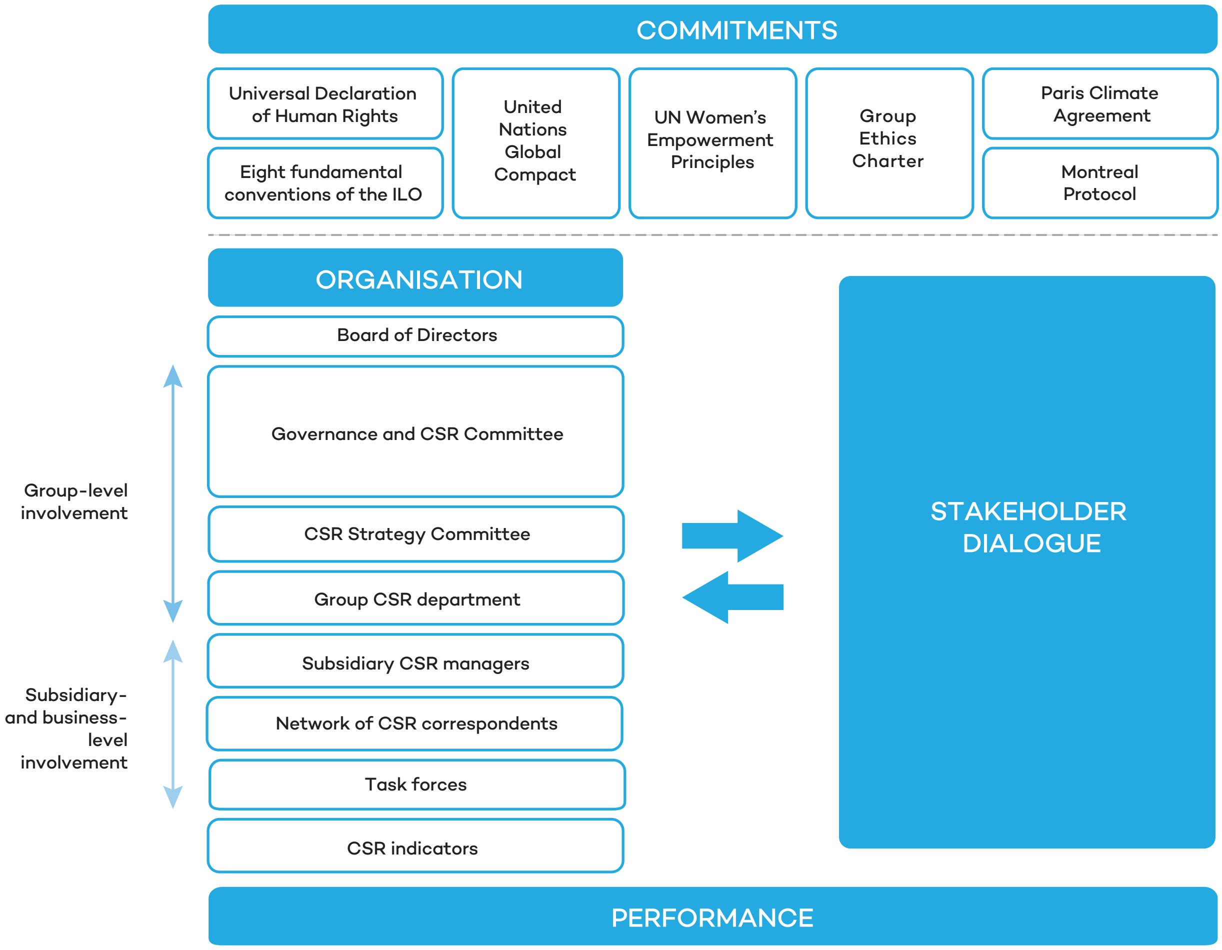
Within this framework, the Committee must ensure, alongside the Audit Committee, that systems for identifying and managing the main risks relating to these areas of responsibility are in place, and that they comply with legal and regulatory provisions. The Committee also examines the Group's policy on gender equality and its overall approach to diversity (previously assigned to the Appointments and Compensation Committee). It also contributes, alongside the Appointments and Compensation Committee, to discussions on the implementation of CSR criteria in the Chairman and Chief Executive Officer's compensation. The Committee's powers are set out in its Charter and the Board of Directors' Internal Rules (see Chapter 5).

As at 7 March 2018, the Governance and CSR Committee was made up of three directors, two of whom were independent according to the criteria of the AFEP-MEDEF Code. It is chaired by the Senior Independent Director. The implementation of the Group's CSR policies, the annual report on social and environmental data and the vigilance plan established pursuant to French law 2017-399 of 27 March 2017 on due diligence and systems for the detection and prevention of corruption implemented in accordance with the French anti-corruption law 2016-1691 of 9 December 2016 were the topics presented to the Governance and CSR Committee on 1 March 2018. Change in the membership of the Governance and CSR Committee at the end of the 2018 General Meeting and the areas of expertise of its members[1] are set out in Chapter 5 of the Registration Document.

The CSR Strategy Committee was set up in 2010 to validate the Group's CSR commitments and monitor their implementation in the Group's various entities. Made up of 12 members, eight of whom sit on the Executive Committee, the Committee met three times in 2017. Since the Committee's creation, meetings have focused on analysis of the Group's CSR challenges, socially responsible investment (SRI) ratings, the carbon impact of Group operations, the impact of raw materials on deforestation, the social ethics policy, refrigerant gases, CSR materiality analysis and CSR objectives for 2020. Three issues were examined in 2017: animal welfare policy (see chapter 8.2.3.4), the core CSR commitments for private label products in France (see chapter 8.2.2) and the Group's social compliance programme (see chapter 8.2.3).

At the Annual Shareholders' Meeting, the Group's CSR policy is presented to shareholders to respond to any questions about its direction and objectives.

The Group's CSR department began rolling out the continuous improvement programme in France and abroad in 2011 in coordination with the various subsidiary CSR departments. It reports directly to the Group's Director of Human Resources, a member of the Executive Committee. This programme is based on the principles and scope laid out in the ISO 26000 standard.



(1) *Subject to the approval of resolutions submitted to the shareholders at the Shareholders' Meeting of 15 May 2018.*

A network of CSR correspondents, led by the Group CSR department, is in place in subsidiaries around the world. In France, this network is supported by Diversity Outreach Correspondents.

The following committees also assist in deploying the CSR policy:

- the Human Resources Steering Committee;
- the Scientific Committee on Nutrition and Health;
- the Quality Committee for France;
- the CSR Committee in place locally. For example, at Grupo Éxito in Colombia, it comprises the Group CSR Director and representatives of the subsidiary's senior management. It met twice in 2017 to monitor policy implementation.

8.1.3. Identification and management of ESG risks (Environmental, Social and Governance)

Implementation of the CSR approach also plays a role in managing the risks to which the Group is exposed.

The Risk Management and Compliance department, created in January 2018 (see chapter 7), is tasked with:

- helping Casino Group entities, in France and abroad, identify, evaluate and monitor risks related to the Group's activities;
- updating risk maps (Group, corruption, fraud, etc.);
- making sure that the Group's internal systems and policies comply with the main laws and regulations applying to Group operations;
- drafting action plans and corrective measures and ensuring their implementation.

The entire risk management system, including management of ESG risks, is aimed at reducing residual risk to a target level defined by Group directors. Major risks are identified and addressed on the basis of a risk catalogue, in conjunction with criteria and rules for determining their probability and potential impact. Analysis of the correlation between the cause and effect of these risks is carried out annually by the Group Internal Control department.

This risk management system takes into account the Group's social, societal and environmental challenges, and includes four categories of CSR risks: social and psychosocial risks, product quality/compliance/safety risks, legal and regulatory risks (ethical risk of non-compliance with commitments made by the Group and non-compliance with regulations) and climate risks.

Pursuant to French law 2016-1691 of 9 December 2016 on transparency, anti-corruption and the modernisation of the economy and French law of 27 March 2017 on due diligence, the Group has set up additional risk analyses.

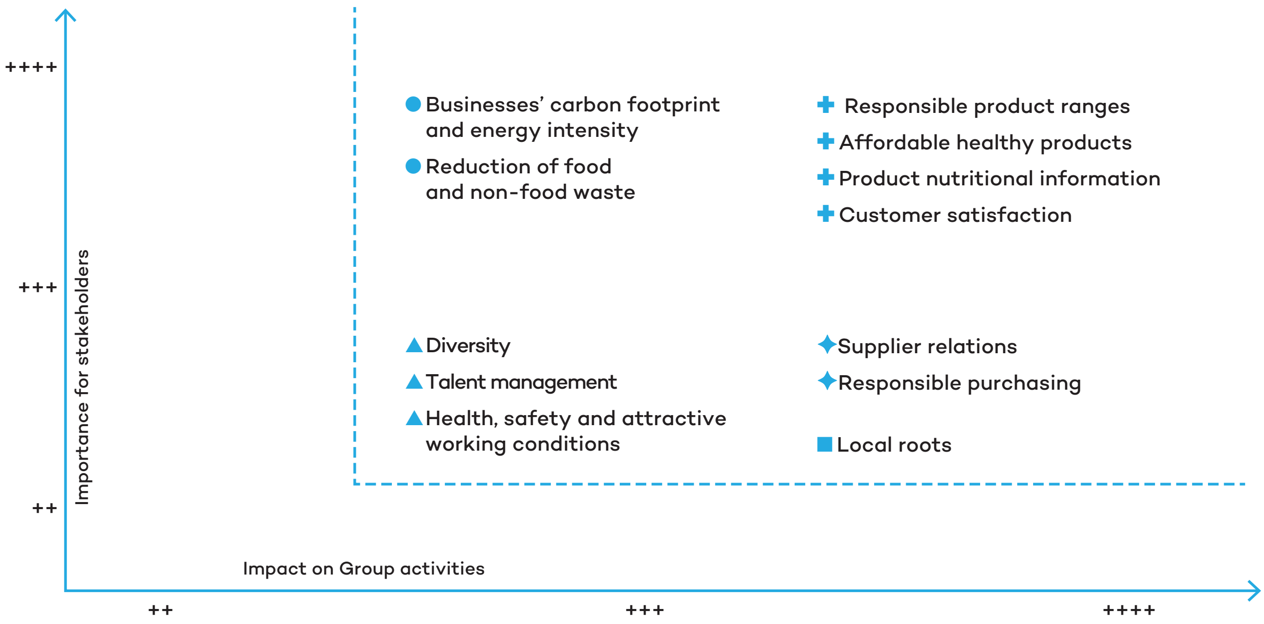
The Risk Management and Compliance department takes initiatives to foster a risk culture within the Group. Roughly 10 entities and about a hundred process managers (marketing, purchasing, finance, real estate) have been made aware of risks through individual interviews.

8.1.4. Materiality analysis

The Group conducts materiality analyses to identify and respond to its major social, societal and environmental challenges, to manage its main non-financial risks and to advocate responsible economic growth and business development.

As such, to evaluate and update the "CSR Spirit" continuous improvement programme (see chapter 8.1.5), a study of the most strategic issues at Group level was conducted in 2015. This materiality analysis enabled CSR challenges to be ranked in order of priority based on (i) their medium-term impact on the Group's development, and (ii) their potential to create value for the Company and their importance for stakeholders. This analysis confirmed the relevance of the 15 priorities underpinning "CSR Spirit" since 2011, particularly in view of stakeholder interests, sector practices, risk factors and opportunities liable to have an impact on the Group's development and the consistency of the initiatives implemented by each of the Group's subsidiaries.

Performed by a third party, this work shone a spotlight on the major challenges facing the Casino Group, as shown below:



Key
The symbols in front of each challenge refer to one of the five focuses of the "CSR Spirit" continuous improvement programme.

- ▲ Committed employer
- ✚ Responsible retailer
- ■ Local corporate citizen
- ● Environmentally committed group
- ✦ Trusted partner

The study was backed up by analyses carried out at the Group's two biggest subsidiaries so as to factor in the specific expectations of local stakeholders:

- In Colombia: in 2016, Éxito conducted a materiality study with a consulting firm to confirm and prioritise challenges while factoring in specific local expectations. Éxito consulted several stakeholders including employees, shareholders, customers and suppliers.
- In Brazil: assisted by a consulting firm specialising in CSR, GPA developed a materiality matrix in 2015. The associated work drew on documentary analysis, individual interviews with the company and external partners, and an on-line survey sent to GPA employees, suppliers and customers. The resulting materiality matrix, presented to GPA's executive committee, validated the 2015-2017 strategic priorities, in line with the Casino Group's five CSR pillars. It confirmed employee expectations with respect to GPA's social and solidarity commitments and quality of life. It also underlined the importance placed by external stakeholders on responsible consumption practices and management of customer-related operational waste, and by suppliers on SME development and local jobs. In 2017, assisted by a specialised external firm, GPA also conducted an in-depth study to take into account the expectations expressed by the International Integrated Reporting Council (IIRC), the 17 Sustainable Development Goals and newly identified societal expectations, such as the health and well-being of local population, climate change and data security.

8.1.5. "CSR Spirit" continuous improvement programme

A core feature of its CSR policy since 2011, the "CSR Spirit" continuous improvement programme covers 15 priorities defined using materiality and impact analyses (see chapter 8.1.4) and an analysis of the Group's main risks and opportunities (see chapter 8.1.3).

The updated "CSR Spirit" continuous improvement programme for the 2016-2020 period is as follows:

Committed employer
- Promote diversity
- Help young people enter the workforce
- Provide growth opportunities for employees
- Take action for health, safety and well-being at work

Responsible retailer
- Take action to protect consumer health
- Encourage consumption that is respectful of the environment and biodiversity
- Combat food waste

Trusted partner
- Strengthen ethical social compliance
- Support local production channels
- Promote the CSR initiatives of suppliers

Local corporate citizen
- Develop foundation programmes
- Develop solidarity partnerships

Environmentally committed group
- Reduce greenhouse gas emissions
- Increase energy efficiency
- Reduce and recover waste

Each Group entity draws up action plans, which are then subject to annual monitoring by the Group CSR department. The results of the CSR approach are evaluated internally and externally each year (see chapter 8.1.8).

8.1.6. Stakeholder dialogue

For many years now, the Group has maintained regular, constructive dialogue with local and national stakeholders in all its host countries. The focus is on open, productive dialogue, with a view to developing or co-creating innovative projects and partnerships. Dialogue takes place through various means depending on the stakeholders, at both entity and Group level. At Group level, stakeholders can be invited to participate in CSR Strategy Committee meetings on key issues in an effort to create a more structured dialogue and a better understanding of their expectations.

Key stakeholders and dialogue methods

Stakeholders	Key dialogue methods
Employees	▪ Internal newsletters, intranets ▪ Alert, counselling and mediation unit ▪ Engagement surveys
Employee representatives	▪ Regular dialogue with staff representative organisations ▪ Company agreements
Shareholders, investors and rating agencies	▪ Corporate websites ▪ Annual report, registration document, communication on progress ▪ Letter to shareholders, roadshows ▪ Annual General Meeting
Customers	▪ Banner and product websites ▪ Social media ▪ Consumer service ▪ Consumer surveys
Students and young graduates	▪ Websites ▪ Partnerships with schools ▪ Participation in job fairs
Suppliers	▪ SME Relations Officer in the central purchasing organisation (since 2000) ▪ SME forums
Public and local authorities	▪ Partnerships with public authorities (ministries and national government agencies)
NGOs and associations	▪ Ongoing dialogue with local, national and international associations (responding to requests and surveys, meeting with NGOs, etc.) ▪ Participation in roundtables

EMPLOYEES AND THEIR REPRESENTATIVES

Human resources and CSR policies are built on regular dialogue with employees and their representatives. The strength of the Group's commitment is reflected in its many initiatives in favour of social dialogue, and its work to establish tools for listening and exchanging with employees. These programmes and tools are described in section 8.2.1.3.

Embracing this concept, Management and the representative trade unions decided to implement a Casino CSR agreement in 2014. A second agreement has been signed for the 2017-2020 period. Initiatives have also been introduced to encourage dialogue with employees of the Group's various banners in France.

CUSTOMERS

The Group's banners engage in quality dialogue with customers, deploying various tools to tune in to their concerns and develop products and services that meet their expectations. The Group draws on:

- Social media. The Casino Group and its banners have accounts on the various social networks in order to exchange with their customers and answer their questions in real time. In 2012, the Casino Group created "C'Vous", its French consumers' social network, for people interested in talking about products and services in their local store. In 2017, "C'Vous" represented a community of nearly 150,000 members who could vote for their favourite products, participate in the creation of future food and non-food products and make suggestions.
- Satisfaction surveys and questionnaires. In France, all of the banners carry out customer surveys and organise store visits by specialised service providers. The questionnaires address a wide variety of issues that affect customer satisfaction, from store cleanliness and service quality to the range of products on offer.

  Measured in all Group entities, customer satisfaction is monitored and analysed. In 2017, Extra and Pão de Açúcar had customer satisfaction rates of 84%. In Colombia, Éxito carries out about 100 customer surveys per store, more than a million each year, in addition to on-line surveys (more than 2,000 each year), to define and track satisfaction levels, which were more than 4.4 out of 5 in 2017.

  Reports are prepared and forwarded to the relevant departments (purchasing, marketing, and stores) so that corrective and preventive initiatives can be implemented, taking customer feedback into account in sourcing systems.
- A dedicated organisation and the training of teams. The Group has several customer service centres open 24/7 by telephone (at a toll-free number), post or the Internet, allowing customers to obtain information on stores and products, and to get answers to their questions.

  Training programmes in customer satisfaction and listening to customers are run in all Group entities.
- Loyalty programmes. The Group's main banners have established loyalty programmes to improve customers' satisfaction and monitor their needs. They are a key tool in meeting expectations, giving loyal customers access to preferential offers tailored to their shopping habits. The Éxito programme brings together more than 5.8 million people and is Colombia's largest.

The system as a whole serves to measure customer satisfaction and meet customer expectations. Feedback from these programmes helps the Group to adapt its store concepts and product ranges to meet consumer expectations in terms of responsible consumption (see chapter 8.2.2).

Policies relating to ethics, animal welfare and the environmental impact of products are also of interest to consumers, mirroring the policies developed by the Group (see chapter 8.2.2).

LOCAL COMMUNITIES

The Group maintains regular dialogue with local communities as part of its activity and also through the actions of its Foundations (see chapter 8.2.5).

With stores in France, Brazil, and Colombia, in cities and rural areas, the Group contributes to the economic development of the areas where it operates. It also works with local communities through the local suppliers it supports (see chapter 8.2.3.3). Stores also meet the expectations of local populations through solidarity programmes (see chapter 8.2.5).

In 2017, the Casino Group made a commitment to various local communities, notably through the implementation of partnerships and store development projects. Through the External Relations department and the Human Resources department, the Group has signed the Charter for Local Employment of the City of Paris, as well as the Local Employment Charter of the Nice Metropolis.

The Group engages in dialogue with local stakeholders when opening, developing or closing stores. The External Relations department assists the Group's banners as needed with local authorities and decision-makers (elected officials, governments, consular authorities, etc.).

The Group has also participated in preparatory work and partnerships initiated by local authorities, taking part in the preliminary consultative commissions and signing the Climate Action Plan of the City of Paris, the objective of which is to reduce greenhouse gas emissions in the Paris area by 75% by 2050 compared with 2004 through initiatives in several areas including travel, housing, urban planning, resource and waste management, and food.

PARTNER ORGANISATIONS (NGOS AND ASSOCIATIONS)

The Casino Group takes part in the work of the ILO Global Business and Disability Network, of which it is a founding member, as well as France's *Initiative Clause Sociale* (ICS) fair trade initiative, and industry human rights association *Entreprises pour les Droits de l'Homme*. It also participates in the Consumer Goods Forum. It is a partner of TFT Earth, an NGO whose goal is to transform supply chains to make them more sustainable and to fight deforestation.

In France, the Group is a member of various specialist associations such as CSR watchdog *Observatoire de la Responsabilité Sociétale des Entreprises* (ORSE), the French Association for the ILO (AFOIT), Global Compact France, UN Women, working parents observatory *Observatoire de la Parentalité*, equal opportunity education network *Réseau National des Entreprises au Service de l'Égalité des Chances dans l'Éducation* and anti-exclusion foundation *Fondation Agir Contre l'Exclusion*. For environmental challenges, the Group works with eco-design and life cycle management unit *Pôle Éco-Conception et Management du Cycle de Vie*, retail association *Perifem*, and environmental bodies such as *Éco-Systèmes, Éco-Emballage, Corepile* and *Recylum*.

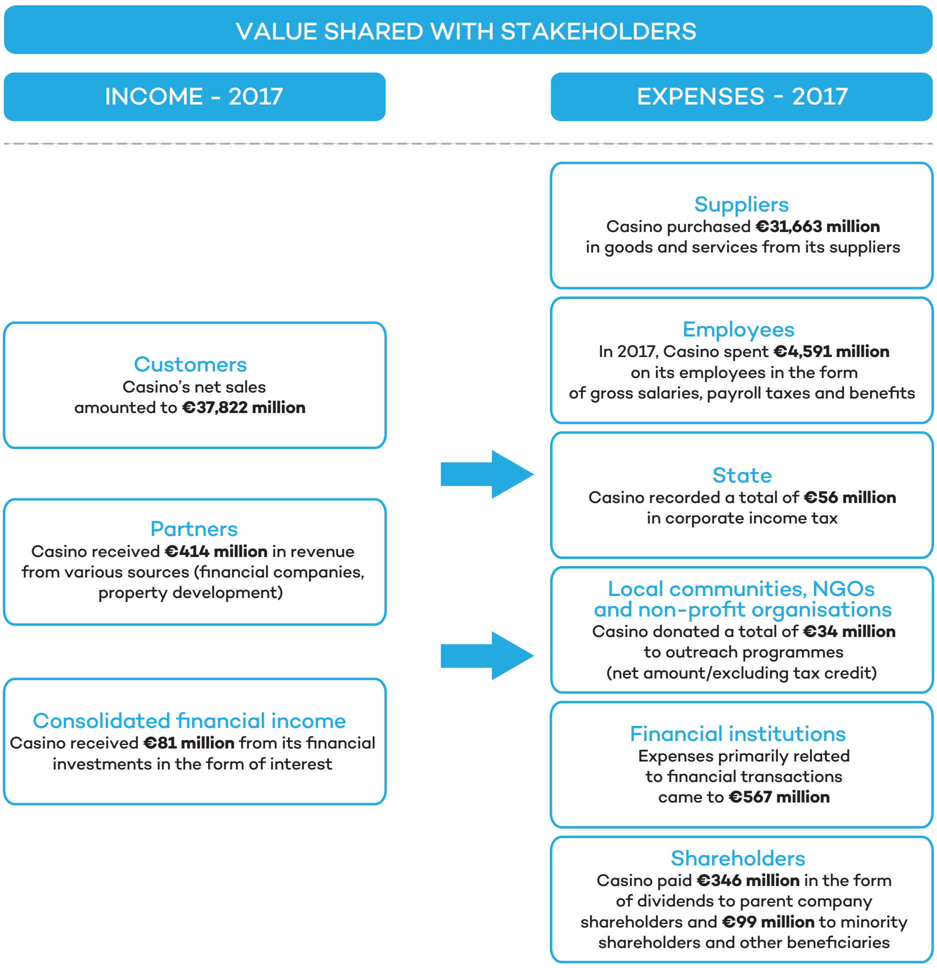
The international subsidiaries also foster dialogue with stakeholders. In Brazil, GPA is a member of the Ethos Institute, an industry CSR association, and supports the work of the Akatu Institute, which conducts information and engagement initiatives on responsible consumption. GPA also works with *Compromisso Empresarial Para Reciclagem* (CEMPRE), an industry association that seeks to encourage waste reduction, reuse and recycling, and is a member of *Grupo de Trabalho para Pecuaria Sustentavel* (GTPS), a sustainable livestock working group, and the Global Compact. In Argentina, Libertad supports IARSE (Argentine CSR Institute) and the Global Compact.

In Colombia, Éxito interacts with various national stakeholders including SENA (National Apprenticeship Service) and international bodies including TFA 2020, the Consumer Goods Forum, which it joined in 2007, WWF and BanCO$_2$.

In 2017, the Group responded to various requests and questionnaires from recognised NGOs, particularly on the issues of fishing, animal welfare and planned obsolescence.

FINANCIAL COMMUNITY

The Group maintains regular dialogue with socially responsible investment players, including rating agencies and investment funds, by taking part in interviews and providing information when requested. The Group responded to several requests and questionnaires in 2017, relating to nutrition issues, food waste, animal welfare and corporate governance.



8.1.7. CSR awareness raising and training

The application of the Group's CSR policy is underpinned by the development of a "CSR culture" within the company, requiring the implementation of awareness-raising and training on CSR issues, as well as initiatives to be taken.

To raise its employees' awareness, the Group:

- features CSR commitments and actions in its communication media such as intranets and internal newsletters, including a special CSR issue produced in 2017 and distributed to Group employees in France;
- relies on Casino World Community (CWC), its internal social network. Accessible to all Group employees, this exchange and information platform provides an overview devoted in part to CSR policy and commitments. It regularly circulates the Group's news on the subject, including initiatives carried out by subsidiaries, in order to raise the awareness of all employees and encourage the exchange of best practices. In 2017, CWC shared the Group's key CSR performance indicators – energy efficiency, gender equality and greenhouse gas emissions (see chapter 8.1.8).

The Group uses its internal training centres to train its employees on CSR issues. In France, the Campus internal training centre offers all employees a training course on CSR issues and commitments relating to the fight against corruption, benevolent management, the promotion of diversity and the fight against discrimination. Profession- and position-specific CSR challenges are an integral part of training modules. Training for seafood chefs, for example, now includes information on sustainable fishing, while that given to future Casino restaurant managers takes into account job-related CSR issues, such as the nutritional impact of products, food waste and organic waste.

8.1.8. Programme performance

PERFORMANCE OBJECTIVES

The Group's six internal targets for 2020 stemming from the CSR progress approach were drawn up and approved by the CSR Strategy Committee in 2016. They focus on disability, professional equality, the proportion of organic products in sales, energy efficiency, recycling and waste reduction. Certain indicators are taken into account in the variable compensation of executives (see next section).

The Group's objective is to remain in the FTSE4Good, Euronext Vigeo Eiris and DJSI non-financial rating agency indices, and to improve the non-financial score given by Sustainalytics by at least four points in three years.

EMPLOYEE EVALUATIONS

The Group's CSR commitment is an integral factor in the assessment and variable compensation systems in place for all of its management teams, in France and internationally, up to the highest level in the organisation.

As an example, a quantifiable non-financial CSR target accounting for 10% of the target amount of the variable compensation of the Casino Group's Chairman and Chief Executive Officer was introduced in 2016. The conditions applicable to the objective have been tightened for 2018. From now on, the degree of achievement of the criterion will be assessed on the basis of Casino's average score in the evaluations issued by FTSE Group, Vigeo Eiris and DJSI, backed up by the introduction of a target amount (average of Casino's latest ratings recorded on 7 March 2018) and a minimum (Casino's average rating over the last four years).

The management evaluation systems are part of the human resources policies implemented by each subsidiary, in line with their most material challenges (see chapter 8.1.4):

- Managers in France were evaluated in 2017 on the implementation of the Group's six Managerial Attitudes and Behaviours (MAB), which account for 30% of their variable compensation. Since 2016, management guidelines have been updated so that one of the six MABs – the Social and Societal (CSR) MAB – could be used to determine how effectively employees take CSR into account in their position and business.
- For 2018, the Group has introduced variable compensation for executives in France, with a quantifiable CSR target representing 5% comprising two criteria defined by the Group CSR Strategy Committee: the "percentage of women managers" for respect of gender equality, and the "annual electricity consumption per square metre of retail space" for respect of environmental policy. This decision reaffirms Casino Group's tangible commitment to making CSR central to its business and social model. The members of the Casino Group's Executive Committee, excluding the Chairman and Chief Executive Officer, for whom the quantifiable CSR criterion is described above, are also covered by this system.
- In Brazil and Colombia, approximately 5% of the variable compensation of executives is similarly subject to the achievement of quantitative CSR targets covering environmental indicators (energy efficiency and reduction of carbon footprint), social indicators (gender equality and disability) and/or societal indicators (investment by foundations).

SRI RATINGS

The Group's inclusion in these non-financial indices, which comprise the top performing companies in terms of social, environmental and governance criteria, demonstrates the depth of its commitment to CSR.

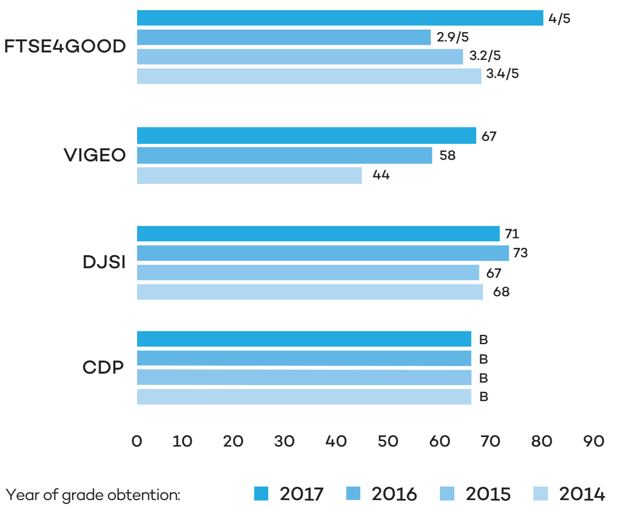
In 2017, the Casino share was included in:

- FTSE4Good;
- Euronext Vigeo indices: Eurozone 120, Europe 120;
- Ethibel Sustainability Index (ESI) Excellence Europe;
- MSCI ACWI ESG Leaders Index and MSCI ACWI SRI Index;
- STOXX® Global ESG Leaders indices.

For several years, the Casino Group has participated in the evaluation conducted by RobecoSAM as part of the DJSI index. Rated 69/100 in 2014, it scored 71/100 in 2017, a performance that places it in the top 14% of the best-performing companies in its category. The Group has been selected to feature in the Agency's "Sustainability Yearbook", which presents the most successful companies in terms of CSR policy and performance.

For the fifth consecutive year, Grupo Éxito was part of the DJSI Emerging Markets index, which each year honours top performing companies using a selection of economic, environmental and social criteria. Éxito is also part of the FTSE4Good Emerging Markets Index, which takes into account the ESG performance of companies from more than 20 emerging countries.

Casino has reported to the Carbon Disclosure Project (CDP) since 2013. Its rating has risen to B, a level maintained in 2017.



Improving steadily since 2013, the SRI rating is a testament to the improvement programme and to the determination of the Group and its corporate governance structures to continuously improve CSR policies and performance.

AWARDS AND DISTINCTIONS

Group initiatives regularly receive awards and distinctions. In 2017, Casino was awarded the Grand Prize for Responsible Retailing from France's Essec business school for the CSR initiatives at its Monoprix subsidiary. The Group also received the Essec Human Resources Prize for gender equality and the Essec Prize for the Franprix student recruitment programme.

The Group also received three prizes at the LSA Diversity and CSR Awards ceremony.

Regarding its actions to promote more responsible retailing…

The Group has been awarded the LSA Trophy for Nutrition and Health Innovation for the range of pesticide-free, additive-free and preservative-free products resulting from Casino's "Agriplus" initiative, which responds to a key issue for consumers, namely their increasing concern about their diet.

A second "Innovation concept food" trophy rewarded the Franprix brand and its *"Noé"* (Noah) concept, which allows people to "consume differently" *via* a choice of responsible products. A majority of products bear the AB organic food label, with items chosen for their nutritional or fair-trade performance, as well as products sold in bulk with reusable containers such as groceries, wine, vinegar, shampoo, soap, and detergent.

Through Monoprix, the Casino Group has won several CIWF awards for its actions in favour of animal welfare: the Good Egg Award at the 2013 Good Farm Animal Welfare Awards; the Good Dairy Commendation in 2014 for its commitment to improving the welfare of dairy cows; the Good Egg Award in 2016; and a Commendation in the Rabbit Innovation Awards in 2017. In 2017, Casino was rewarded for its commitment to ethical treatment of laying hens with a Golden Egg Award.

Disco, the Group's subsidiary in Uruguay, has been awarded the DERES prize for its "Vida saludable" (healthy life) programme, whose objective is to improve the quality of life of its customers, employees and the broader society.

Regarding its Environmental programmes…

At the Corporate & Environment Awards organised by the French Environment and Energy Management Agency (ADEME) and the Ministry for the Ecological and Solidary Transition, Monoprix received the 2017 Grand Prize, in the Biodiversity category, for its *"Monoprix Tous Cultiv'acteurs"* programme. This initiative aims at the gradual adoption of agro-ecological practices by partner producers, by banning certain pesticides and protecting pollinators.

Éxito's responsible construction initiative has been honoured with a special award from the Colombian Council of Sustainable Construction (CCCS) and the U.S. Green Building Council.

Regarding its role as a committed employer

Franprix received the "Orange Day Champion" prize awarded by the UN Women France Committee for the company's commitments and actions against violence against women.

8.1.9. Ethics and compliance

The Casino Group believes that acting with integrity, fairness and honesty is crucial to long-lasting success. The Group reaffirms its ethical principles with stakeholders in the Group Ethics Charter, which includes nine commitments, and with suppliers in the Supplier Ethics Charter (see chapter 8.2.3).

Through its membership of the UN Global Compact in 2009 and its Group Ethics Charter, Casino affirms its commitment to combating corruption and complying with national and international laws, principles, standards and regulations, as well as principles of transparency and good governance.

The implementation of the compliance and anti-corruption programme is the responsibility of the senior management of each of the Group's entities, which implements the Code and rolls out its guidelines in accordance with the specific features of its activities and/or geographical location, as well as applicable regulations, while reporting to the Group's Ethics Committee.

GROUP ETHICS COMMITTEE

The Group Ethics Committee, established in 2016, is responsible for steering the ethics system, particularly the fight against corruption, and ensuring that it is taken into account by Group entities.

Its main tasks are to:

- set out the framework of the ethics system and associated procedures;
- promote the presentation, understanding and implementation of the Group's ethics system, particularly in the fight against corruption;
- oversee the establishment of the network of ethics officers within the Group;
- ensure the conduct of training and awareness initiatives by Group entities.

As part of their responsibilities, the Group Ethics Committee and the Group Ethics Officer ensure the implementation and proper functioning of an anti-corruption system in accordance with legal requirements. They rely on the work of the Risk Management and Compliance department and the Internal Audit department.

The Group Ethics Committee reported to the Audit Committee of the Board of Directors on the policies and action plans implemented.

CODE OF CONDUCT

In addition to the nine principles of the Ethics Charter, a Code of Conduct, applied within the Group, lays down the rules of conduct, principles and ethical obligations by which all members of personnel must abide at all times in their daily work.

Each employee is expected to act in strict compliance with laws and regulations, to be fair and honest, and to behave with exemplary professional ethics.

The Code of Conduct sets out the Casino Group's policy on business ethics and individual behaviour. It is a reference guide applicable to all employees, managers and directors of the Group and Casino Group companies, including subsidiaries and controlled companies. It describes the values that are central to the Group's culture: legal and regulatory compliance, integrity, loyalty, transparency, honesty and respect for others.

The Code, which contains concrete illustrations, covers the following topics: conflicts of interest, anti-corruption (including rules relating to gifts and invitations), relations with public officials (including the prohibition of contributions on behalf of the Group to election candidates, political parties, organisations or other political entities), use of intermediaries, free competition, confidentiality of information (including protection of confidential or sensitive information and prevention of insider trading), protection of personal data, protection of the Group's assets, accuracy and reliability of financial information.

The Group condemns corruption in all its forms and works steadfastly to ensure that its employees are committed to upholding this principle. It has made a firm commitment to comply strictly with anti-corruption regulations in France and its host countries, to pursue a process of continuous improvement in the identification and prevention of corruption risks and to sanction improper or non-compliant practices.

The values and rules set by the Group are communicated to the Group's partners within the context of its activities (service providers, suppliers, customers, public authorities, temporary workers, etc.).

MAPPING CORRUPTION RISKS

To comply with the provisions of the Sapin II law, the Group has drawn up the first map of its main risks, which has been presented to the Group Ethics Committee and the Audit Committee.

NETWORK OF ETHICS OFFICERS – PREVENTION AND ALERT

The Group has appointed a Group Ethics Officer, a member of the Ethics Committee, tasked with applying the Group's ethics framework, facilitating the network of ethics officers established in each entity in France, and interacting with international subsidiaries.

Group employees may contact the network of ethics officers by means of confidential alert lines to report any acts they deem contrary to the Ethical Charter.

The network of ethics officers ensures that employees understand the Group's principles and values, responds to questions, receives alerts, analyses and processes them, ensures confidentiality and, depending on their materiality, informs the Group Ethics Officer and the Group Ethics Committee.

Internationally, whistle-blowing systems for employees and external stakeholders are accessible 24/7. Promoted *via* internal or external communication media (entities' websites), they allow employees, customers, suppliers, shareholders and third parties with business or contractual relationships with the entity to report confidentially by email or phone any acts that may be in violation of principles of integrity, transparency, dignity or equality.

Alerts submitted *via* these channels are transcribed into reports, which are in turn reviewed by the Ethics Committees of each of the entities concerned.

TRAINING AND AWARENESS

To develop a culture of ethics and transparency, training and awareness-raising mechanisms have been adopted within the Group's subsidiaries.

In France, initiatives taken in 2017 focused notably on:

- the training of more than 5,000 employees on the Group's policy in terms of ethics and fighting corruption;
- awareness raising for all employees, with the establishment of a display on all administrative sites setting out the principles of the Code of Conduct, the sending of an explanatory brochure individually and the distribution of messages *via* intranets;
- the reinforcement of measures taken during the referencing process of suppliers and the training of buyers in the reinforced control expected of them.

Internationally, the Colombian "Transparencia" programme is the subject of an annual poster campaign covering specific aspects of its ethics programme. In 2017, the "todo se sabe" ("everyone knows") campaign, which includes emails, posters, brochures and audio messages, discussed expectations in terms of transparency. New hires also follow an e-learning course covering the topics in Éxito's transparency policy.

In Brazil, in addition to internal communication mechanisms such as e-mails or mass mailings, GPA has organised games featuring practical cases from the Code of Ethics, produced and broadcast a video, and rolled out training sessions for store employees. Systems for assessing suppliers' "ethical risk" were established in 2017, including the distribution of questionnaires, the conduct of investigations in the event of risk being identified and the performance of due diligence procedures by a specialised third party.

The assessment of the effectiveness of these mechanisms is recorded in the internal audit plan depending on the entity.

RESPONSIBLE LOBBYING

The Casino Group lobbies in the countries where it operates through the External Relations department, in order to consult, discuss with, and inform elected officials involved in drafting legislation and participate in the work of different organisations that represent its industry. It nurtures regular and open dialogue, which is necessary for building public policy.

It responds to requests for information and testimony in parliamentary hearings as required.

The Group acts in accordance with the OECD Principles for Transparency and Integrity in Lobbying, and in line with the commitments set out in its Ethics Charter.

As such, it ensures compliance with national and international standards, laws and principles, including the fight against corruption; in 2018, it will publish the amounts devoted to its interest representation work.

In 2017, the Group also complied with the Sapin II law of 9 December 2016 on transparency, anti-corruption and the modernisation of the economy. In accordance with legal requirements, it will report to the High Authority for the Transparency of Public Life in 2018 on activities conducted among national public officials in the second half of 2017, and from 2019 on activities of the prior year.

It declares its activities as an interest representative to the French Senate and the European Parliament.

It is also a member or partner of professional associations in its various sectors of activity (retailing, logistics, distance selling, etc.), as well as associations of local elected officials, with whom it interacts on topics of general interest (the revitalisation of town centres in particular).

The External Relations department organised a training session on responsible lobbying for 53 developers of the Group's banners, with the testimony of elected officials and territorial officials. One of the aims of this training was to review the ethical rules relating to relations with local authorities and decentralised public services.

TAX TRANSPARENCY

The Casino Group's tax policy is implemented by a dedicated team with access to all resources, in terms of both training and documentation, necessary to (i) take into account changes to the law and (ii) support operating teams in France and abroad.

It is based on the following focuses and commitments:

- The Group complies with all national tax legislation and pays all taxes due in all host countries in a timely manner. It complies with the recommendations of the OECD, notably with regard to intragroup transactions, and does not use structures located in "non-cooperative countries" tax jurisdictions as defined by regulations.
- The Casino Group maintains open, constructive relationships with the various administrative authorities, legislative bodies and courts in charge of performing tax audits, updating standards and settling disputes.

8.2. Policies and initiatives in place

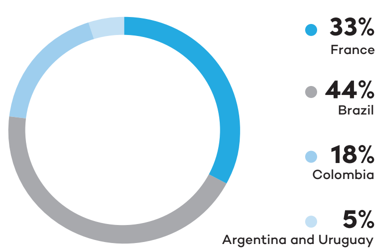
8.2.1. The Casino Group, a committed employer

In every host country, the Casino Group develops and implements innovative human resources and management policies that are sensitive to local cultures. These policies are designed to foster the professional development of employees and enhance their talents, combat discrimination and support equal opportunity, nurture constructive, innovative social dialogue, protect employee health, safety and well-being in the workplace, and offer fair, progressive compensation and benefits.

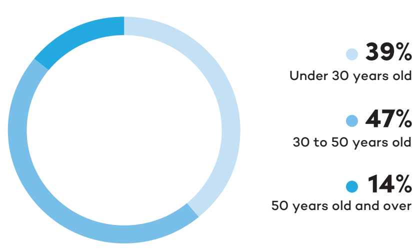
Each unit's human resources department is responsible for defining its policies in line with the core principles laid down by Corporate Human Resources, which are based on i) developing a shared culture of business, social and environmental performance; ii) creating synergies and deploying tools to improve human resources management; and iii) respecting the unique identity and culture of every subsidiary. The Group is a leading employer in most of its host countries, particularly France, Brazil and Colombia. Women represent 53% of the workforce, and 39% of all employees are under 30. A third of employees are based in France (including the Indian Ocean) and two-thirds in South America.

	2016	2017						2016/17
	Group	Group	France	Brazil	Colombia	Uruguay	Argentina	change
Total workforce under permanent or fixed-term contracts at 31 December	**227,842**	**226,606**	**75,449**	**100,288**	**39,879**	**7,767**	**3,223**	**-0.5%**
Women	121,388	119,609	42,880	51,084	19,885	4,278	1,482	-1.4%
Men	106,454	106,997	32,569	49,204	19,994	3,489	1,741	+0.5%
Under 30 years old	88,402	86,971	20,846	43,802	18,088	3,527	708	-1.6%
30 to 50 years old	107,758	107,319	35,304	47,625	18,700	3,267	2,423	-0.4%
50 years old and over	31,682	32,316	19,299	8,861	3,091	973	92	+2.0%

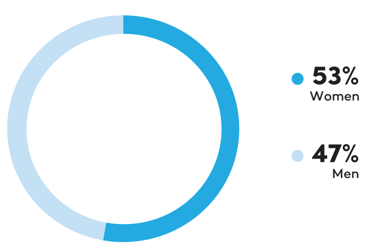
Workforce by country



Workforce by age



Workforce by gender



Group	2016	**2017**	2016/17 change
Number of hires under permanent or fixed-term contracts	109,539	110,706	+1%
Of which number of hires under permanent contracts	42%	41%	-1 point

In France, 3,982 employee contracts were terminated during the year, of which 14 due to redundancies following the closure of two stores. All of the other terminations were attributable to the employee's behaviour.

Separations due to corporate reorganisations are the subject of extensive negotiations with employee representatives and are accompanied by a wide range of placement and support measures.

Organisation of working hours

Casino is committed to respecting each employee's working hours, rest periods and regular holidays. Measures have been taken to address issues arising from atypical working hours (weekends, on-call) or specific needs (people with disabilities, for example) and to meet employee expectations for a more satisfying work-life balance.

The vast majority of Group employees (93%) have been hired under permanent contracts, with fixed-term contracts used primarily to replace staff on leave or to support in-store teams during peak seasonal periods. 85% of employees work full time.

Employee working hours comply with the local host-country legislation applicable to each unit. In addition, initiatives have been deployed concerning:

- part-time working: although most employees hold full-time contracts, the Group has undertaken in France to give priority to part-time employees when filling a new full-time position. A voluntary system is also in place that since 2012 has enabled more than 2,300 people to switch from a part-time to a full-time contract;
- the issues involved in atypical working hours, such as night work, weekend work, inter-shift breaks (maximum number allowed), on-call or stand-by hours, etc. Sunday work is governed by agreements negotiated with employee representatives, which reaffirm the Group's commitment to ensuring that employees working regular Sunday hours do so on a voluntary basis and are paid at an overtime rate. In addition, these agreements exceed the standards set in the industry-wide labour agreements for daily working hours, inter-shift breaks and minimum part-time working hours. Internationally, Éxito has issued a detailed guide to the organization of working hours and the related rules, which is given to each employee, and compensates for atypical hours with such measures as paying for transport and meals, and rotating employee shifts on a voluntary basis. Systems are in place to track and verify working hours. For example, every Libertad store has been equipped with a biometric time clock, accessible to employee representatives and union delegates, and GPA has a hotline that employees can use to report problems with working hours or workload issues;
- the issues arising from specific needs, particularly those of disabled employees. In 2011, the Group introduced an initiative to support and assist employees acting as caregivers to a frail or highly dependent family member or loved one. This was followed in 2013 by a collective agreement on family caregiver leave that allows an employee, under certain conditions, to take up to 12 working days of paid leave per year to care for a loved one. Since the beginning, more than 2,130 days of leave have been donated to the programme, enabling 220 family caregivers to take time off. Employees concerned can request a specially published caregiver booklet, get free, confidential advice on a dedicated platform and attend talks on various caregiving issues. In 2017, parental support workshops and conferences on such topics as "caring for others and for yourself" were organized for caregiving employees in order to review the programmes and procedures in place across the organisation. In all, Casino management and employees donated 555 days of caregiving leave during the year;
- the work-life balance expectations of employees. Initiatives to broaden support for employees with children are discussed in detail in section 8.2.1.3.

8.2.1.1. PROMOTING DIVERSITY AND EQUAL OPPORTUNITY

The Casino Group has been combating all forms of discrimination since 1993. Convinced that diversity is a driver of business performance, it is pursuing an assertive commitment to hiring people from diverse backgrounds, promoting equal opportunity at every level and in every process, and fostering a sense of community.

Combating discrimination and stereotypes

This commitment is based on several action principles, including fighting the stereotypes that underpin discrimination, building policies jointly with representative labour unions, addressing all areas of discrimination and measuring the effectiveness of initiatives.

The Group has pledged to uphold the French Diversity Charter and has been awarded the French government's diversity label. It is actively fighting against discrimination based on national or ethnic origin, social background, gender, disability, age, sexual orientation, religious affiliation, union membership or physical appearance.

In France, the Group was honoured with four LSA Diversity Awards in 2017, presented by a panel of retailing and agrifoods professionals.

Led by the Corporate Human Resources Department, these policies are deployed in every unit across the Group.

Commitment

- The Casino, Monoprix, Cdiscount, Franprix and Leader Price banners have all signed the Diversity Charter. Under its terms, the Group has pledged to 1) raise awareness and understanding of non-discrimination and diversity issues among executives and employees involved in hiring, training and career development; 2) uphold and promote the application of the principle of non-discrimination in all its forms and at every stage of the human resources management, process, particularly hiring, training, promotion and career development; 3) endeavour to reflect all of society's diversity, particularly its cultural and ethnic diversity, across the entire workforce; and 4) inform every employee of this commitment to non-discrimination and diversity, as well as of its outcomes.
- The Group has also signed the LGBT Commitment Charter, pledging to ensure equal rights and treatment for all employees regardless of their sexual orientation.
- In 2009, Casino was the first French retailer to earn the "Diversity Label", awarded by Afnor Certification to companies leading the way in this area. Following new audits, the label was awarded again in 2012 and 2016, when it was also extended to Monoprix.
- French units have also expressed their commitment through agreements negotiated with employee representatives. On 30 May 2017, for example, Monoprix signed a three-year diversity and quality of worklife agreement, while in March it deployed an employee communications campaign and signed the French government's "Pact for equal employment opportunities for applicants regardless of their origin".
- Internationally, in 2015 GPA signed the Diversity Charter and rolled out action plans in every subsidiary to drive progress by 2020 in five priority areas: disabilities, ethnic or national origin, sexual orientation, gender identity, and gender equality in the workplace. In 2017, GPA publicly demonstrated its engagement by signing the commitments of the *Fórum de Empresas e Direitos LGBT* and the Women's Empowerment Principles developed by UN Women.

Organisation

In France, the diversity process is supported by a Diversity Promotion Department and a network of more than 70 Diversity Outreach Correspondents and experts. Policy implementation is led by the Group Diversity Committee, which is made up of seven employee representatives and seven senior executives.

Resources deployed

Sensitivity and awareness training

To combat stereotypes and bias, a wide range of awareness-building and training programmes have been deployed.

In France, several guidebooks have been published for employees, including:

- "Managing Religious Diversity in the Workplace";
- "Changing our Perception of Young People";
- "Physical Appearance: Deconstructing Stereotypes, Overcoming Prejudice";
- "Sexual Orientation and Gender Identity: Best Practices in the Workplace";
- "Gender Equality in the Workplace: Combating Everyday Sexism";
- "Disabilities in the Workplace: fighting stereotypes, supporting jobs for the disabled", published in 2017.

In 2017, all of these guidebooks were compiled into a diversity kit that was distributed to Group managers and every store nationwide. A dedicated brochure addressing discrimination based on national or ethnic origins was distributed to Casino employees along with their payslips, while a poster campaign was conducted in the administrative offices and stores.

On 22 February 2017, Monoprix helped to build awareness among its head office managers by organising a conference on stereotypes and diversity with the participation of the Executive Committee.

Internationally, GPA organised a Diversity Week in its offices, stores and warehouses in 2017. It featured a wide variety of training sessions, conferences, debates, surveys and other events addressing such issues as people with disabilities, non-discrimination on the basis of ethnic or national origin, young people and seniors. During the week, a diversity handbook was issued to 27,000 employees, 130 managers were trained in recognising unconscious bias and more than 1,000 people attended the conferences organised in the stores and warehouses. GPA is also raising awareness of diversity issues among outside stakeholders and regularly organises public conferences. Lastly, its communication, marketing and training teams have been given a responsible communications guidebook that reviews the guidelines for ensuring that all forms of corporate communication are non-discriminatory.

Training

A non-discriminatory hiring module has been deployed in France for human resources teams, store managers and other people likely to be involved in the hiring process (more than 4,700 people in all).

Training is also being offered to people in charge of hiring in the international units. GPA, for example, has trained all of its senior executives and the human resources managers of its Pão de Açucar and Extra banners, while the training modules offered by Assaí University address diversity issues.

Responsible hiring

Non-discriminatory hiring methods and systems have been widely deployed across the Group.

In France, when opening new stores, Casino uses the simulation (role-play) recruitment method (SRM) to guarantee bias-free hiring. Franprix has hired 150 people based on the no-CV testing method developed with the support of a start-up.

When hiring managers and supervisors, the Group asks applicants to take a satisfaction survey that covers diversity issues. In 2017, the satisfaction rate was 95%. These departments also use highly diversified sourcing channels to reach applicants from diverse backgrounds, such as Mozaïk RH, Our Neighbourhoods Have Talent (NQT) and the Foundation for Action Against Exclusion (FACE), and have participated in more than 40 job forums (including the "Hello Handicap" forum) and meetings with staffing agencies such as local employment offices and Second Chance Schools.

Commitment control

Systems have been introduced to track the proper application of policies and procedures. Non-discrimination testing based on national or ethnic origin is performed every three years. The latest round, in 2016, covered additional tests related to sexual orientation. Based on its outcomes, action plans were deployed in 2017 by Monoprix and other French units, covering such areas as training and securing the hiring process.

At year-end, an equal opportunity and diversity perception survey was conducted in the Casino and Monoprix units. Led by a specialized organisation (Kantar TNS-Sofres), the survey polled 8,400 employees to assess the impact of the Group's commitment to employees, identify the strengths and weaknesses of the systems in place, benchmark the Group against the national average, and measure the progress made over the years.

Lastly, a discrimination counselling and advice unit offers Casino and Monoprix employees the possibility of confidentially reporting incidents in which they have experienced or witnessed actual or perceived discrimination. Éxito and GPA also have confidential reporting systems to alert management of cases of actual or perceived discrimination.

Acting for the integration and retention of disabled workers

Commitment

The Casino Group has been assertively engaged in hiring and retaining disabled employees since 1995, and reaffirmed its commitment in 2015 by signing the International Labour Organisation's Global Business and Disability Network Charter. In addition, GPA has pledged to uphold the Diversity Promotion Charter of the Brazilian Entrepreneurs' Network for the Inclusion of People with Disabilities, with the support of the ILO.

The inclusion of people with disabilities is one of the internal objectives defined and validated by the Strategy Committee for 2020. It is also a factor in determining a GPA manager's bonus, with the goal of increasing the percentage of disabled people in the workforce to more than the legally mandated 5%.

In 2017, the Group had 7,465 employees classified as disabled working under permanent or fixed-term contracts, representing an increase of 4.6% compared to 2016. Casino, which has the equivalent of 13.30% of jobs filled by people with disabilities, has been implementing an assertive disability policy for more than 20 years.

This deep commitment has been expressed in the undertakings, action plans and performance targets defined, in particular, in a number of agreements with trade unions.

The seventh such agreement, signed with employee representatives and covering the 2017-2020 period, provides for the hiring of 100 people with disabilities, the ramp-up of work/study programmes and a contingent of 120 interns. In 2017, Monoprix negotiated its fifth agreement, which includes undertakings to i) pursue an active hiring policy designed to bring in 180 new employees and 60 interns over the three-year period; ii) fund measures to retain employees who become disabled during their careers; and iii) conduct disability-related training.

Action plans

Action plans have been deployed across the Group by the human resources departments, with three underlying objectives:

- hiring people with disabilities:

  To meet their targets for hiring the disabled, the banners are facilitating the hiring process by partnering with dedicated organisations, such as *Cap Emploi* at Monoprix. To expand its hiring opportunities, Cdiscount participates in job forums for the disabled (Forum Emploi Handicap) and posts vacancies on disabled employment websites such as hanploi.com. In Colombia, the workforce at year-end 2017 included more than 150 people with disabilities hired under the *"Población Vulnerable"* programme initiated in 2006 in partnership with *Fundación para la Investigación y el Desarollo de la Educación Especial* (FIDES), a foundation specialised in the integration of people with cognitive disorders. Since 2006, the programme has supported more than 1,800 disabled people who had been abused or had suffered from vulnerable situations or hardship;

- educating and building awareness and sensitivity:

  A diverse array of employee training and awareness building programmes are under way throughout the Group. During the 2017 European Disability Employment Week, the French banners deployed such sensitivity initiatives as the *Handipacte Challenge*, a teaching game that brought together more than 500 people at Casino, and on-line events and questionnaires at Monoprix. Cdiscount organized its annual disability day with events and theme booths that attracted more than 490 employees in 2017.

  Casino rolled out a "Never Alone with Disability" poster campaign and organised cause-related marketing campaigns that enhanced shopper awareness while raising more than €60,000 for the Handichiens association;
- deploying training modules for recruitment teams and other stakeholders. These included "Overcoming Disability" used at Monoprix and Cdiscount, and two modules deployed by Casino, Leader Price, Franprix and Casino restaurants: "Non-Discriminatory Hiring", which covers disabilities, and "Making Every Shopper Feel Welcome", which facilitates store access and improves the shopping experience for people with motor, sight, hearing, mental or psychological impairments.

  Guidebooks have been issued to Group managers and employees to help them integrate people with disabilities. In France, a dedicated guidebook was published in 2017 and is now available to all Group employees.

  Internationally, GPA helps managers to integrate mentally impaired young people into their teams with a training programme conducted in collaboration with the APAE association, which is dedicated to facilitating employment for the mentally disabled. In all, 118 young people participated in the programme in 2017. During Diversity Week, GPA organised a large number of disability-related events in its stores, warehouses and offices;
- retaining employees who become disabled during their careers. The Group is committed to retaining employees who become disabled during their careers by deploying technical, organisational or technological solutions to realign their jobs or workstations, conducting ergonomic studies, performing career assessments and offering training.

Performance

Group	2015	2016	**2017**	2016/17 change
Number of disabled employees at 31 December (under permanent and fixed-term contracts)	6,790	7,134	7,465	+4.6%

Since 2015, the number of employees classified as disabled has increased by 10% group-wide and by 34% in Brazil. GPA banner Assaí, which is deploying a growing number of employee awareness and training initiatives, ended 2017 with 5.2% of its employees classified as disabled, an outstanding achievement for the retail industry in Brazil.

Acting in support of young people, particularly from disadvantaged backgrounds, and older

In France, Casino, Monoprix and Cdiscount are implementing agreements designed to deploy intergenerational initiatives, such as training, mentoring and special support, for young adults (under 26) and older employees. The Casino transmission of knowledge agreement sets a minimum percentage for the hiring of young people and older employees, the retention of a given percentage of young adults and a dedicated orientation programme called *"C Duo Génération"*, which assigns a mentor to facilitate the integration of young employees, as well as housing assistance for work/study trainees.

Commitments and actions

As part of its commitment to breaking down the barriers to entry into the job market for young people, the Group has undertaken to:

- develop work/study programmes and offer young people initial job experience

  The Group employs more than 7,400 work/study trainees. Programmes to facilitate the hiring and integration of work/study trainees have been introduced in every unit.

  In France, Casino organised a Work/Study Celebration Day for the sixth consecutive year. The event, which is unmatched in the French mass retailing sector, brought together more than 200 mentors and 200 work/study trainees from educational backgrounds ranging from vocational trade certificates (CAP) to Master's degrees. A panel of banner executives honoured the winners of the 2017 Best Work/Study Trainees Contest. Monoprix has expanded its partnership with French culinary arts school Ceproc and trained 120 apprentices in 2017, of whom 70% were later hired.

  In Brazil, a dedicated programme to support work/study trainees and apprentices is under way with the goal of offering the young participants permanent employment with the company once they complete their studies. On Reunion Island, Vindémia organised two apprenticeship job dating events in 2017, which attracted more than 190 applicants.

In Argentina, Libertad offers work/study and vocational training programmes in partnership with schools and universities, and has given more than 60 young people their first work experience as part of the Cordoba provincial government's *"Primer Paso"* programme.

Grupo Éxito is participating in the Colombian Labour Ministry's "40,000 first jobs" programme, which is helping to break down the barriers to entry into the job market for young adults aged 18 to 28 and enable them to gain their first work experience in private companies;

- facilitate student orientation and school-to-work transition

  The Group works very closely with schools and educational organisations to promote its jobs and diversify its sources of new hiring. Casino recruitment teams visited more than 100 schools and participated in a large number of student job fairs. In 2017, Cdiscount exhibited at more than 30 student job fairs, participated in conferences and round tables, and expanded its school partnerships. Éxito, Libertad and, in Brazil, GPA partner with educational institutions and national apprenticeship organisations (schools, universities, SENAC in Brazil, SENA in Colombia) and participate in a wide range of job fairs. Libertad, for example, developed a vocational training programme in 2017 in association with *Universidad Empresarial Siglo 21* in Córdoba.

  A guidebook and communication campaigns have been deployed in every Casino facility to facilitate access to internships for middle school students in France;

- combat stereotypes

  A guidebook entitled "Changing our perception of young people" is handed out to all employees to help them understand preconceptions about young people and encourage intergenerational dialogue;

- undertake specific initiatives to help young people who are poorly qualified or from underprivileged backgrounds.

  The Casino Group has pledged to recruit within a store's immediate employment area and to promote local employment. In 1993, it signed a national partnership agreement with the French Ministry for Urban Development (renewed in 2013), an agreement with local employment agencies, and the Businesses and Neighbourhoods Charter sponsored by the Ministry for Urban Development.

  To support young people, the Group has forged several partnerships with such organisations and NGOs as the Civic Service Agency, the Civic Service Institute and the Business Network for Equal Opportunity in Education, Our Neighbourhoods Have Talent (NQT) and *Talents des Cités*. Monoprix offers coaching, internships for school-leavers who lack basic skills and paper qualifications, and other opportunities in close liaison with Second Chance Schools, local missions, and the *Epide* organisation, which helps young people get back into the job market. Franprix is partnering the *Étincelles* network, which guides young people in difficulty back into the working world by introducing them to new job families, organising meetings with professionals and presenting opportunities. In 2017, it also formed a partnership with *France Terre d'Asile*, which hires people recognised as asylum seekers. In 2017, the Casino Group and its banners organised the fourth edition of *"Cap sur le Groupe Casino"*, which offered nearly 250 middle school students from disadvantaged neighbourhoods vocational guidance and an introduction to the Group's businesses.

Performance

Employees aged under 30 accounted for 39% of the consolidated workforce at 31 December 2017, while those aged 50 and over represented 14%.

In 2017, Casino hired 1,210 people from underprivileged neighbourhoods under permanent or fixed-term contracts, 407 interns and 90 work/study trainees. The Group employs more than 7,400 work/study trainees.

8.2.1.2. FOSTERING GENDER EQUALITY IN THE WORKPLACE

Gender equality is one of the Group's flagship commitments.

Since 2002, the Group has sought to enhance the gender diversity of its teams at every level of the organisation through an assertive policy on gender equality across job categories, career management, human resources processes (compensation, access to training, hiring and promotion) and parenthood. In recognition of this commitment, Casino was awarded the "AFNOR Workplace Equality Label" in 2013.

The Board of Directors' diversity policy is presented in the Board of Directors' report on corporate governance (section 5.2.2 above).

Commitment

The Group has undertaken a number of commitments to external and internal stakeholders. In 2017, it:

- pledged to uphold the Women's Empowerment Principles developed by UN Women, thereby strengthening its resolve and its initiatives aimed at combating discrimination and promoting gender equality in the workplace in France and Latin America;
- signed, on 16 November 2017, the "Gender Equality Manifesto" issued by the Group's *"C'avec elles"* women managers network created in 2011. In so doing, the members of the Executive Committee reaffirmed the Group's determination to lead the way in driving progress towards equal opportunity and gender equality. The Manifesto is organised around five priority objectives, supported by effective real-world initiatives: Combat gender discrimination and sexism – Guarantee equal opportunity for everyone throughout their careers – Hire women – Support parenthood – Encourage gender equality in the world.

In 2017, Casino signed a new agreement with employee representatives that included undertakings to support equal pay, conduct a compensation survey, and expand the training programmes for managers when employees return from maternity, adoption or long-term parental leave.

Internationally, Éxito began the process of certifying its gender equality process in 2016, working in partnership with the Colombian Ministry of Labour and under the auspices of the United Nations Development Programme (UNDP). A risk assessment was performed by UNDP representatives with the goal of earning the "Equipares" label, awarded to companies that have fostered conditions and implemented actions, particularly to transform their corporate culture, in order to promote gender equality.

Action plans

Since 2017, action plans in each country have been structured around the seven Women's Empowerment Principles developed by UN Women:

- establish high-level corporate leadership for gender equality;
- treat all women and men fairly at work – respect and support human rights and non-discrimination;
- ensure the health, safety and well-being of all workers regardless of gender;
- promote education, training and professional development for women;
- implement enterprise development, supply chain and marketing practices that empower women;
- promote equality through community initiatives and advocacy;
- measure and publicly report on progress to achieve gender equality.

To steadily increase the proportion of women in managerial positions, each subsidiary's human resources department tracks, every six months, eight strategic indicators, whose performance outcomes are presented to the Group's Executive Committee and Board of Directors each year.

The main initiatives undertaken in this area in 2017 included:

- Initiatives to express the Group's commitments: manager forums were organised to encourage female leadership and awareness-raising campaigns were conducted for customers and employees. For example, GPA organised a gender equality forum in São Paulo that was attended by 150 managers, as well as by the banner chief executives and outside guests. During the event, GPA signed the Women's Empowerment Principles with the Brazilian chapter of UN Women. In Colombia, Grupo Éxito held a "Forum with Inspiring Women" event in Medellín and Bogotá, during which well-respected women executives of Colombian companies discussed their experience and careers with nearly 300 Éxito employees. In addition, two awareness-building campaigns were conducted during the year. "HeForShe", an international solidarity campaign initiated by UN Women to advance gender equality, encourages men to support the feminist cause. The Orange Day campaign calls on people to prevent and end violence against women. All of the French banners got involved in these campaigns through cause-related marketing and social media events that raised funds to support the actions undertaken by UN Women. The Group's engagement was honoured in France by the Office of the Secretary of State for Gender Equality, which presented the Orange Day Champion award to Franprix when the campaign was launched with UN Women.
- Actions to combat everyday sexism: following the 2016 publication of the "Combating Everyday Sexism" guidebook and its distribution to every Group employee, a pilot training programme was rolled out for Group marketing and communications managers. A Group "Communicating Without Cliché" guidebook especially designed for the marketing and communication teams was prepared in 2017 for release in 2018.
- Initiatives to ensure equal pay: in 2017, a specialised consultancy was commissioned to conduct a compensation study in France to identify any unjustified wage gaps and to pursue the necessary corrective actions under way since 2008, in particular through a dedicated budget set aside as part of the annual pay round.
- Initiatives to support parents: as part of its parental support policies, Casino has deployed a wide range of initiatives. It grants an additional day of paternity leave (*i.e.* 12 days instead of 11), tops up the social security benefit paid to employees on paternity leave so as to maintain their salary, raises employee and manager awareness with parenthood guidebooks, and offers parental services (access to Yoopies.fr for finding childcare solutions). Internationally, GPA employees can take up to six months' maternity leave instead of four as provided by law.
- Initiatives to support women's career development: an array of support and training schemes have been implemented to facilitate and accelerate the career development of women. In 2017, for example, the Group introduced the "Lead Her Ship" e-learning programme to improve the managerial skills of women managers. Group senior executives mentored members of the *C'avec elles* women managers' network, as part of the third round of the programme that has involved more than 90 mentoring partners since 2015. Since 2014, "Performance and Gender Equality" training programmes have been offered in France to support the career development of senior women managers. In Colombia, Éxito has stepped up the training plans for women employees and in 2017, women accounted for 43% of the managers attending courses.

To ensure gender parity, the Group carefully maintains an equal number of men and women in programmes intended for future executives. For example, parity is a core focus of the Group's Talent Pool initiative under way since 2009. Lastly, the *C'avec elles* advocacy network is actively helping to improve career prospects for women with a wide variety of actions involving its 750 members, including networking, personal growth workshops, and an outreach partnership with the *Sport dans la Ville* association.

Performance

	2016	2017					2016/17 change
	Group	Group	France	Brazil	Colombia	Other*	
% of women managers	37%	38%	40%	32%	30%	24%	+1 point

* *Uruguay and Argentina.*

In Colombia, 32% of management committee members are women, up six points compared with 2015.

8.2.1.3. PROVIDING AN ENVIRONMENT CONDUCIVE TO EMPLOYEE FULFILMENT

Encouraging social dialogue

The Group's commitment to social dialogue, the right to organise and the collective bargaining process is supported by innovative labour relations policies.

Commitments

The sixth commitment in the Group Ethics Charter, issued in 2011, is to "support effective social dialogue" across the enterprise. As a signatory of the United Nations Global Compact, the Group and its subsidiaries acknowledge their commitment to upholding freedom of association and the right to collective bargaining. The Supplier Ethics Charter specifies the Group's expectations regarding freedom of association, which must be respected across the supply chain.

These commitments, which are led by the Corporate Human Resources Department, are as follows:

I. Participation in collective bargaining with employee representatives and implementation of the resulting agreements:

Casino maintains regular dialogue with its representative trade unions, as well as with 1,000 employee representative bodies and 5,500 elected employee representatives. More than ten agreements and action plans are currently in force, covering the employment of people with disabilities, gender equality, workplace health and safety, benefits and compensation. Their implementation is regularly monitored and their outcomes are presented to the representative trade unions every year. The agreements provide for the implementation of policies and actions that are presented to the unions in committee. In 2017, three new agreements were signed, concerning corporate social responsibility, gender equality in the workplace and social dialogue. The social dialogue agreement specifies both the procedures for managing the process and the systems and resources in place to support the career development of employee representatives. The CSR agreement, which reaffirms the parties' commitment to incorporating CSR into the Group's business and labour relations model, covers all of the social responsibility and environmental issues identified in the Group's CSR continuous improvement programme.

Internationally, Éxito considers social dialogue to be one of the three strategic pillars of its human resources commitment, and has reaffirmed its compliance with national and international standards in agreements signed with its representative trade unions. Two thousand employees were trained in the social dialogue process in 2017.

Every unit across the Group has signed collective bargaining agreements with its representative unions, covering such issues as working hours and compensation.

II. The allocation of facilities and equipment and the recognition of union involvement:

Under the social dialogue agreement signed in France, the resources allocated to trade unions have been increased, so that they can perform their duties and represent employee interests more effectively. These resources include offices, equipment (mobile phones, computers, printers, internet access, etc.), and a contribution to operating costs in the form of a further 22,000 paid hours for representation purposes in addition to the allowance provided by law. The agreement also calls for skills and vocational training for employee representatives with an outside organization, the introduction of a validation of acquired experience (VAE) programme, and the publication of a booklet reviewing the principles of trade union legislation and social dialogue for managers.

To encourage union involvement, a Union Career Charter has been issued, which, in alignment with the fight against discrimination, expresses the Group's commitment to:

- educate and train managers in the social dialogue process;
- recognize union activities as part of an employee's career path with the Group by i) facilitating the balance between union involvement and career development; ii) providing support for union representatives throughout their involvement; iii) facilitating access to training and recognizing the experience acquired in performing their union duties; and iv) ensuring fair compensation for union representatives;
- encourage the sharing of union responsibilities between women and men.

Internationally, Éxito is actively committed to guaranteeing and supporting respect for union rights and social dialogue, with such policies as employer-paid transport and housing costs, protection of unionised employees, a confidential whistle-blowing system, and training for union representatives.

Social dialogue

In France, Monoprix conducted an engagement survey in 2017, which offered employees an opportunity to express their opinion of the company, their store and their working conditions. Based on the findings, action plans have been defined on a store-by-store basis. One of Monoprix's four CSR objectives for 2020 is to have "80% of employees prepared to recommend Monoprix as a place to work" as a measure of employee satisfaction.

Internationally, Éxito conducts a survey of 22,000 employees every two years. In 2016, it obtained a score of 80, up from 78.6 in 2014 and lifting its status from "highly satisfactory" to "outstanding". The company is also pursuing a variety of other programmes designed to gather employee suggestions and opinions, such as the *"360° Contigo Buzón de Sentimientos"* conducted in stores and warehouses and the "360° Contigo Exprésate" for office employees. In 2017, these surveys enabled employees to share more than 30,000 ideas for improvement and suggestions concerning 12 themes, such as working conditions and facilities, career development, work schedules, their sense of belonging and compensation.

As part of its *"Yo Soy Libertad"* programme, the Argentinian subsidiary is deploying various initiatives designed to nurture a harmonious working environment and conducts employee satisfaction surveys to measure workplace sentiment and identify appropriate responses. In 2017, the unit designed a new survey concerning interpersonal relationships, the sense of belonging and recognition, which yielded a satisfaction score of 68%, up 11% from the previous round.

In Brazil, GPA Malls led an engagement survey in association with an expert consultancy that resulted in a score of 77%, a 24-point increase on the prior year. The findings have already been used to devise and implement improvement action plans.

Incentivising compensation to drive individual, collective and CSR performance

The principles of executive compensation are presented in section 6 above.

The Group's compensation policy takes into account each employee's:

a. skills;

b. level of responsibility; and

c. experience.

The Group is committed to offering at least the legal minimum wage, with fair, competitive compensation in line with market practices observed for each job and tailored to the specific local characteristics of each host country. Surveys are carried out regularly in France and other host countries to assess the competitiveness of the Group's compensation compared with its peers. These surveys mainly concern management positions and jobs that are difficult to fill.

To encourage individual and group performance, most managers, supervisors and employees are eligible for variable compensation (bonuses) based on the fulfilment of quantitative and/or qualitative objectives.

Management bonuses are determined on the basis of:

a. Group objectives;

b. individual quantitative and qualitative objectives;

c. an assessment of Managerial Attitudes and Behaviours (MAB), which aims to strengthen a management culture that upholds Group values. The MAB score accounts for 30% of the variable compensation.

Known as L.I.D.E.R.S. from the French acronym for leadership, innovation, decision, engagement, and customer, social and societal responsibility, the MAB standard has been deployed in France and most other host countries. In view of the Group's commitment to CSR, it was upgraded in France in 2016 to assess how well managers are integrating CSR considerations into their businesses and management projects.

A quantitative CSR objective has been included in the bonus criteria for managers in Colombia and Brazil since 2016. A similar system will be introduced in France for 2018, with quantitative social and environmental objectives determining around 5% of the total bonus (see section 8.1.8 above). At the same time, these aspects will no longer be assessed during the MAB exercise, so that the MAB score's impact on the bonus will be reduced by around 5%.

In addition to compensation, Group units also offer employees a variety of benefits, which may include discounts on their in-store purchases and financial contributions to their medical, meal, transport, housing and education expenses.

Providing benefits to employees and their families

The Casino Group offers employees an array of benefits, which may include medical cover, death and disability insurance and other benefits in line with each country's legislation and practices, which top up mandatory schemes. This coverage is partially financed by the employer.

In France, discretionary and statutory profit-sharing agreements and savings schemes are also in place, in particular for Casino, Monoprix and Cdiscount employees. Most employees also get discounts on their in-store purchases, as well as financial assistance for housing and recreation, notably through the works councils.

Internationally, in 2017, 27,500 Éxito employees took advantage of the *"Presente"* fund, whose benefits include health coverage, an insurance system, and access to holiday parks at preferential rates.

Offering employee savings schemes in the French units

Statutory profit sharing

In France, the initial statutory profit-sharing agreement signed by Casino in 1969 has been frequently updated, while similar agreements are in place at Monoprix, Franprix, Leader Price and Cdiscount.

Incentive

The Group's first discretionary profit-sharing plan was signed in 1986 in France for employees of the Casino banner. In recent years, it has comprised an across-the-board profit-share, based on Casino's overall performance, and a local profit-share, based on the performance of each unit. Since the signature of a new agreement in February 2016, 60% of the across-the-board profit share is now awarded in proportion to the employee's annual compensation (as opposed to 80% in the previous agreement) and 40% in proportion to his or her length of service (as opposed to 20% in the previous agreement). The local profit-share is awarded entirely in proportion to the employee's annual compensation, and may be paid on an annual or half-yearly basis, depending on the unit. Other Group companies, such as Monoprix and Cdiscount, have also set up discretionary profit-sharing schemes for their employees.

In this way, more than 70,000 employees in France are covered by a statutory and/or discretionary profit-sharing plan, which led to the payment of a total €25.3 million in respect to 2016 (€15.7 million in statutory profit-shares and €9.6 million in discretionary profit-shares).

Savings plan

In France, Group employees are offered the opportunity to invest in a savings plan in a number of ways, including the payment of their profit-shares into the plan, voluntary monthly or occasional payments, or the transfer of paid leave from their time savings account. Certain Group companies contribute to these savings by matching the investments made by their employees, under various terms and conditions.

At 31 December 2017, around 90,800 current and former Group employees in France were invested in a PEE and/or PERCO employee savings plan, representing total assets of €204.4 million or approximately €2,250 per investor. During the year, the French companies paid €3.5 million in matching contributions into employee savings plans.

Fostering health, safety and well-being at work

The Group is actively engaged in improving the safety and physical and mental health of its employees.

The related policies are being applied by each subsidiary's human resources department with the support of:

- management, which is responsible for implementing risk prevention plans and taking the necessary steps to eradicate situations at risk;
- employees, who are informed of the issues and empowered to play an active role in ensuring their safety and improving their working conditions;
- subcontractors, who are expected to comply with the safety rules in Group stores.

In France, the workplace health and safety process is governed by multi-year health, safety and quality of worklife agreements and action plans negotiated with employee representatives, which all provide for the implementation of initiatives and the tracking of their outcomes and indicators. In 2017, a collaborative project with the Health, Safety and Quality of Worklife Correspondents network validated the new set of core health, safety and quality of worklife commitments in the divisions and subsidiaries.

The Group's process is based on three principles:

I. <u>Deploy preventive measures to improve in-store safety and attenuate occupational risks</u>

To improve its health and safety performance, several years ago the Group deployed an occupational risk prevention process in France that was defined with the trade unions and governed by agreements specifying the objectives, methods and expected outcomes concerning the prevention of psychosocial risks, workplace health and safety, and the prevention of difficult working conditions. Occupational risk assessment campaigns are conducted annually in every Group unit. Monoprix has performed an assessment with a focus on preventing musculoskeletal disorders and psychosocial risks. At the same time, the Group leads or takes part in working groups in connection with the recommendations issued by national reference bodies, in order to identify and prevent risks in jobs specific to the Group's business activities, such as logistics or shelf-stacking (process/working methods, lifting equipment, PPE, etc.). To further attenuate occupational risks, a large number of training courses are offered in proper gestures and posture, safety rules, fire prevention, etc. In line with the public safety measures in effect in France, the Group deployed a training programme in 2017 to raise employee awareness of how to reduce risk in the event of a terrorist attack and to prepare the stores to respond to a threat in ways that ensure the safety of both employees and customers. Since its launch in March 2017, nearly 3,000 employees have taken part in the programme. Lastly, a national Occupational Health and Safety Charter to protect temporary employees was signed by Casino's logistics subsidiary in January 2015.

Internationally, GPA is continuing to deploy its Environmental Risk Prevention Programme (PPRA) and Medical Control and Occupational Health Programme (PCMSO), in a commitment to assessing potential environmental, medical and accident risks and implementing appropriate prevention plans. Éxito has introduced a dedicated system to assess and track musculoskeletal risks.

II. Improve quality of worklife and employee well-being

To improve the quality of worklife and employee well-being, action programmes have been rolled out in every Group unit, in particular to:

- Increase motivation, reduce workplace stress and support employees in difficulty

  In a demanding business environment and constantly changing world, the Casino Group has chosen to invest in developing motivation, to enhance employee well-being and drive corporate performance, by encouraging the benevolent exercise of managerial responsibilities.

  In France, the Human Resources department initiated an outreach and training programme on benevolent management practices in 2014, with the support of the Executive Committee and the assistance of a doctor specialising in workplace well-being. The programme is designed to increase employee motivation by reducing workplace stress. These initiatives helped to raise the awareness of more than 4,500 managers (including members of the Group Executive Committee, unit management committees, etc.) through presentations by outside consultants and the roll-out of an e-learning platform where any manager can extend the learning experience and access practical, useful content (videos, quizzes, etc.). A network of 1,000 "benevolents" has been deployed to identify employees who may be in difficulty, befriend them and steer them in the right direction, to the occupational physician, for example, or to managers, the HR department, or a support and assistance platform. In 2017, the benevolents received dedicated training to assist them in their duties. The eight levers of benevolent management have been integrated into the managerial training curricula and the new hires induction programme. A wide range of benevolent management awareness-building initiatives were undertaken in 2017, including conferences and round tables, quarterly management newsletters and the development of a mobile app.

  The first Benevolent Management Awards event was organized in 2017 to showcase and celebrate benevolent management initiatives. Of the 130 submitted initiatives, 70 were short-listed by the unit management committees and 16 were honoured with Awards following a vote by the Executive Committee. Lastly, a "Benevolent Management Practices" module has been added to the "Trade and Retail" masters' programme at Jean Monnet University in Saint-Étienne.

  To combat and prevent the antisocial behaviour that may be experienced in the workplace, employees are offered training and in-store sensitivity campaigns are conducted to raise customer awareness. In addition, an initiative was undertaken in 2017 in France to provide employees who are victims of violent situations and other potentially traumatic events with counselling by a clinical psychologist.

  To effectively assist employees facing administrative, legal or financial difficulties, the Group recommends an array of advisory and support services provided by specialised organisations, which assisted more than 680 people in 2017.

- Adjusting working conditions and fostering an appropriate work-life balance

  To support a more satisfying balance between work and private life, an important vector of employee well-being, a number of initiatives have been deployed across the Group:

  - Adjustments to working hours (part-time options, family caregiver leave – see section 8.2.1 above). To improve work-life balance, GPA has rolled out two flextime programmes that define the rules and procedures currently applicable to employees, particularly when a child is born.
  - Telecommuting: an teleworking option has been offered to Casino IT teams and some of the administrative employees in the Vitry offices. In Colombia, the highly positive response to a support staff telecommuting programme piloted in 2017 has encouraged Éxito to extend the option in 2018.
  - Right to disconnect: all employees in France have been given an information kit reviewing their "right to disconnect" from work-related electronic communications. Managers have received a "Positive Habits" module presenting the right to disconnect and the related best practices for using email and organising meetings.
  - Personal life: the Group recognizes and encourages its employees in France to get involved in volunteer activities. In particular, in 2017 Casino distributed a guide reviewing the procedures for implementing volunteer projects and informed employees about the possibilities for training and for certifying the skills acquired during their volunteer work. During the year, Éxito continued its *"tiempo para ti"* (time for you) employee programme, which is designed to facilitate a healthy work-life balance with flexible hours and days off for personal or family activities or for graduations. More than 117,000 hours have been used, benefiting over 16,310 employees. In Brazil, Assaí has expanded its *"Assaí Pensando em Você"* programme, which celebrates events such as Mother's Day, Father's Day and Children's Day at the head office and in the stores.

III. Conduct awareness and screening campaigns on major public health issues

The Group organises information days to raise employee awareness about major public health issues. Casino holds "At the Heart of Health" days that offer head office, store and warehouse employees an opportunity to meet with healthcare professionals (doctors, nurses, dieticians, tobacco addiction specialists, etc.), participate in workshops (smoking prevention, nutrition, cardiac rehabilitation, etc.), get blood tests (cholesterol, blood sugar, etc.) and receive individual support. Other awareness-building days were organised in 2017 to address the risk of cardiovascular disease, a major public health issue in France, with the participation of a medical team and the Health, Safety and Working Conditions Department. During the event, employees could take blood tests (cholesterol, blood sugar, blood pressure) and speak with the Chief Physician and a dietician. An information session on wellness at work was also offered, which featured corporate yoga classes. Lastly, in 2017, the Group joined with France's National Cancer Institute to sign the Charter of 11 "Cancer and Work" Commitments, reaffirming its pledge to effectively improve support for employees who have developed cancer, by maintaining them on payroll and preparing for their return after remission.

Internationally, Éxito is addressing physical fitness issues through its "Vida Sana" initiative, which enabled more than 13,480 people to participate in exercise programmes and sports in 2017. Another 24,100 employees received medical advice in such areas as dietetics, eye care and nutrition.

GPA encourages its employees to exercise by negotiating special employee rates at local fitness centres. It also conducts an annual flu vaccination campaign.

Performance

Group	2016	**2017**
Lost-time accident frequency rate	16.3	18.9
Lost-time accident severity rate*		0.8
Percentage of time lost to workplace accidents and illness (including occupational illness)*		4.8%

* *2016 data were not available for the entire Group.*

At constant scope of reporting (*i.e.* excluding GPA), the severity rate was unchanged from 2016 and the percentage of time lost to workplace accidents and illness declined by 0.2 point.

Managing talent and supporting career development

Since the beginning, Casino has been committed to providing career growth opportunities for its employees, who are the driving force behind its operating performance. The diversity of the Group's job families, its global footprint and its multi-format retailing model offer employees a myriad of opportunities for mobility and professional growth. Internal mobility is a priority for the Group, and one of the keystones of its human resources policy. Casino, for example, is committed to filling 50% of management positions by promoting from within.

The mobility policy has two major objectives:

- facilitate employee career development within the Group;
- ensure that the Group has adequate resources to meet its current and future needs.

Several systems are in place to support these policy goals:

- performance and/or job reviews;
- Career and Mobility Committees, tasked with identifying needs and facilitating internal mobility;
- succession plans, which enable the deployment of personal education and training programmes;
- high-potential talent programmes, such as the Group-level "Young International Talents" initiative designed to nurture the potential of future international managers, enhance the international culture of the Group's teams, develop synergies, facilitate the sharing of best practices among the units and retain talent by offering compelling career opportunities. Another example is the "Talent Pool" in France, which comprises three programmes for employees with three to ten years' experience, identified by human resources teams through individual reviews, or by the Development Committee and the Career Committees. These programmes are all focused on helping participants to build their career plans and measure their potential, while providing carefully crafted support to enhance their performance. These types of programmes are also in place in local Group subsidiaries. In Brazil, GPA defined a talent pool for all of its units in 2017, while in Argentina, 147 people were trained during the year under the *"Pool de Altos Potenciales"* programme set up by Libertad to nurture its future corporate leaders.

Developing employability with training

Training is one of the key pillars of employee growth and sustained employability.

In line with Group targets, each subsidiary's human resources department offers training plans to support growth and career development and to guarantee the smooth integration of new hires. These plans are carefully aligned with changing jobs and skills requirements, with employee expectations, as expressed in their annual performance reviews, and with changes in the organisation and in legal and regulatory obligations.

In every unit, training focuses on four main subjects:

- Health, safety and quality rules and practices, in compliance with the Group's occupational health and safety policies and applicable legislation;
- technical training in the Group's businesses, which plays a key role in successfully deploying the Group's strategy to increase professionalism and maintain its leadership in the fresh produce segment. The number of training courses for food professionals (butchers, fishmongers, and pastry chefs) was increased in 2017;
- training in customer service, a strategic concern for the Group. In 2017, Éxito trained more than 13,900 employees in best customer service practices through its *Servicio Superior* programme, while Franprix deployed its *Le Client au Cœur des Essentiels* course;
- management and leadership training. In 2017, Libertad launched the *Desarrollo de Lideres* training programme, which was attended by more than 140 managers during the year. Assaí continued to roll out its trainee operations programme, which is educating the future leaders of tomorrow. In all, 122 new leaders participated in the programme during the year. In addition, the "Grow Programme" helped to hone the leadership and management skills of more than 1,715 section managers. More than 4,700 executives were trained in leadership with Éxito's *Escuela de Liderazgo* programme in 2017.

Training in the Group is delivered by dedicated teams:

- In France, the Casino Campus corporate university offers a diversified range of classroom and e-learning programmes designed to address all of the skills development needs of Group employees in the retail trades, the acquisition of technical capabilities and management practices. In France, more than 43,000 Casino, Monoprix, Franprix, Leader Price, Cdiscount and Vindémia employees received some form of training in 2017.
- In Brazil, the Universidade Assaí corporate training centres offer courses focusing on the cash & carry business that were attended by more than 21,000 people in 2017. Of these 4,000 were trained following the deployment of 12 new digital modules.
- Éxito's "training schools", dedicated to mass-retailing jobs, are increasingly shifting their courses to digital formats in order to reach more employees. As part of this process, digital modules were created in 2017 in the textile, butcher shop, pastry, and fruit & vegetables schools for the Éxito, Surtimax and Carulla banners.

The Group believes that its training capabilities are a powerful driver of employability and upward social mobility:

- The banners in France are expanding the number of trade certification programmes, such as those delivering professional qualification certificates (CQP) recognised across the French retailing industry. In 2017, CQPs were earned by more than 740 Group employees, including 200 at Monoprix.
- They are also stepping up schemes like the CléA certificate attesting to proficiency in basic knowledge and vocational skills, which is primarily aimed at people with few qualifications and a lack of trade certifications. So far, more than 60 people have earned CléA certification. The French banners are also supporting employees in validating their acquired experience under France's VAE programme, which allows them to earn a diploma based on their job experience.

Performance

Group	2015	2016	**2017**	2016/17 change
Total number of training hours	3,418,383	4,050,876	4,389,459	+8%
Total hours of training per person	15	18	19.5	+9%

Responding to organisational change

In compliance with local legislation, the Human Resources departments support employees in responding to organisational changes by pro-actively implementing dedicated measures upstream.

The Casino strategic workforce planning agreement represents another vector of dialogue in anticipating organisational changes in the business operations. In France, the Group signed its first career development, employability and skills agreement in 2008 and negotiated a new agreement in 2016. In addition, it is increasing the number of opportunities for employees to transfer to harder-to-fill jobs, supported by CQP and other trade certification training needed for the new position.

8.2.2. The Casino Group, a responsible retailer

In recent years, the impact of food products on health, the environment and producers has made food and nutrition a leading public health issue and a major concern in today's society. In response, the Casino Group is pursuing a product policy combining safety, flavour, healthfulness, nutritional balance, environmental stewardship and sensitivity to production conditions. The Group's corporate by-line, "nourish a world of diversity", expresses this commitment to offering everyone affordable, top-quality products so that its customers can shop more responsibly.

As part of its CSR continuous improvement process, three priorities have been defined:

- safeguard the health of consumers;
- encourage consumers to shop more responsibly to preserve the environment and biodiversity;
- combat food waste.

The Group is driving progress towards these goals by improving its own private-label brands, enjoining national brands to deploy improvement plans, keeping consumers better informed about products and responsible shopping, and supporting its suppliers.

To actively contribute to the public debate on the connection between food and health and respond to stakeholder expectations, the Group formed a working group in June 2017 to define a set of core commitments for its private-label brands in France.

This process is designed to meet three main objectives:

- continue to improve the products' nutritional and taste performance;
- address shopper expectations, particularly with respect to certain controversial product ingredients. Several reports have raised concerns among consumers and retailers about the potential risks of a number of substances;
- improve upstream production methods and conditions.

Presented to the CSR Strategy Committee in December 2017, these core commitments address the need to prevent the development of cardiovascular diseases, obesity and other chronic disorders; attenuate the risks related to endocrine disruptors, antibiotic resistance or allergens; and support the development of more sustainable production chains. They have also confirmed the Group's commitments for its private-label brands in France for the 2018-2020 period.

8.2.2.1. ENSURING PRODUCT QUALITY

Product quality and safety are top priorities for the Group, across every private-label product range. From product specifications to store operations, an end-to-end system ensures that the Group sells safe, healthy products of the highest quality.

In every host country, the quality management system is based on:

- a Group Quality Charter embraced by the subsidiaries;
- a dedicated organisation and the expertise of Group teams:
  - the Group Quality department coordinates regular meetings with subsidiary Quality departments to share best practices and procedures in such areas as product quality and safety policies, traceability, supplier audits, crisis management, and product withdrawal and recall,
  - the subsidiary Quality departments guarantee the quality standards applied to the private-label products and ensure that every product sold is safe for the consumer;
- the International Featured Standards (IFS) and the work of the Global Food Safety Initiative (GFSI). The Casino Group is a member of the Consumer Goods Forum's GFSI, and its subsidiary Libertad is a member of the GFSI South Latam Group. The GFSI is a global benchmark for food safety standards throughout the supply chain;
- regular audits of production facilities, with particular emphasis on the management of health and safety risks in compliance with Hazard Analysis Critical Control Point (HACCP) principles. The Casino Group audits:
  - suppliers of private-label food products. Supplier facilities that have not been IFS-certified are regularly inspected to ensure that they comply both with applicable legislation and with Casino's specific standards,
  - its warehouses, to verify that best practice procedures and guidelines are being properly followed. All Casino warehouses have earned final IFS Logistics certification,
  - hypermarkets and supermarkets in France, which are inspected twice a year in accordance with IFS Food Store standards. The Brazilian, Argentine and Colombian subsidiaries also apply these standards in their stores;

- demanding specifications defined for every sourced private-label product, which ensure that the supplier delivers a product that complies both with applicable legislation and the quality grade expected by the banners in terms of ingredients, taste and the origin and traceability of the raw materials. These specifications, which are contractually binding on both the Group and the supplier, consist of descriptive technical data, compliance statements and analysis reports. They provide a clear, shared definition of the product before it arrives on the store shelf;
- collaborative management tools shared with food manufacturers to ensure compliance with specifications and effective product tracking;
- traceability, withdrawal, recall and crisis management procedures and systems, implemented as soon as necessary;
- product quality controls conducted throughout the year:
  - in-store product control plans: each private-label product is analysed several times by independent laboratories, based on microbiological and physiochemical criteria (more than 63,000 tests are performed on Casino, Franprix, Leader Price and Monoprix products each year),
  - monitoring taste, aroma and sensory characteristics using sensory analyses conducted with consumers. Operations in France and Brazil have their own sensory evaluation laboratories,
  - grading of fresh produce in warehouses, with approximately 260,000 inspections of Casino products each year,
  - each breach of compliance detected is analysed and addressed with an action plan.

The subsidiaries have also deployed their own programmes. GPA, for example, improves and expands the following programmes every year:

- the "Quality from the Source" programme, which is improving the quality and traceability of fruit, vegetables and eggs by inspecting product transport and storage conditions and the use of pesticides. Depending on the supplier's risk assessment, GPA controls and, if necessary, tracks the proper implementation of the defined remedial action plans;
- the "Programa Evolutivo de Qualidade" (PEQ) programme, which assists suppliers in developing safe, high-quality private-label products and in seeking internationally recognised certification from an independent body. The programme is extended to new product categories each year.

8.2.2.2. TAKING ACTION TO PROTECT CONSUMERS

The Group's health and nutrition programme, initiated in 2005, capitalises on the experience and expertise it has acquired since 1901, when the first Casino private-label product was created. It has since been strengthened:

- in 2008, with the signing of a charter of voluntary nutritional progress commitments with the French Ministry of Health, under the National Health and Nutrition Plan (PNNS);
- in 2010, with the creation of a Health Committee that meets four times a year to analyse data, the latest scientific trends and consumer expectations in the field of health. It issues recommendations on controversial ingredients such as aspartame, endocrine disruptors, bisphenol, pesticides and titanium dioxide, and supports the Group in developing special private-label product lines in France, such as poultry raised without antibiotics and frozen vegetables that are guaranteed to be free of quantified pesticide residues.

Today, the Group is actively engaged in:

- improving the nutritional profile of its private-label products by reducing their salt, fat or simple sugar content, or substituting certain fats with others that offer a better nutritional profile;
- developing product ranges for specific nutritional requirements, such as baby food, gluten intolerance, diabetes and low-fat products;
- introducing more legible nutrition labelling to keep shoppers better informed;
- conducting research into innovative products and production methods;
- promoting healthy, balanced lifestyles and eating habits.

Improving the nutritional profile and ingredients of private-label products

Since 2008, the Casino brand has made a considerable effort to reduce the salt, sugar and fat in the recipes of more than 2,000 items, in accordance with PNNS recommendations. The new content standards have been incorporated in the product specifications. In addition, strict criteria have been defined in the specifications for both food products (free from GMOs or ingredients produced from GMOs, no irradiated ingredients, etc.) and household and personal care products (no parabens, triclosan, etc.). Similar work has been carried out for the Monoprix brands, in accordance with the banner's Sustainable Nutrition Charter, which covers nutritional standards, the banning of controversial ingredients, the traceability of raw materials, and raw materials quality standards. The introduction of a set of core commitments for the Group's private-label brands in France in 2017 will help to align these brand-specific processes over the 2018-2020 period.

Internationally, Éxito is pursuing the action plans to optimise its food products that were defined as part of the nutritional assessment conducted in 2015. The nutritional profiles of more than 4,280 products were analysed in 2017, with a focus on enhancing the healthcare product lines. The banner is also continuing to optimise its private-label food products, with 50 products reformulated in 2017 and 100 suppliers trained in reformulating their products.

Developing specific product ranges

In addition to including nutritional and health criteria in its sourced private-label product specifications, the Casino Group markets several product ranges aligned with the nutritional needs of certain consumers.

- a line of products for diabetics and gluten-intolerant people. All of the Group's private-label brands include gluten-free products;
- the *"Casino Bien pour Vous !"* brand features sugar-free and gluten-free products developed in association with the French Diabetes Federation (FFD) and the French Association of Gluten Intolerance (AFDIAG);
- Monoprix's Naturalia stores also carry an AFDIAG-certified gluten-free line (revised in 2017 so that 98% of its products are now organic and gluten-free), a broader salt-free line and a broader lactose-free line;
- the Taeq private-label distributed in Colombia and Brazil also includes products suitable for gluten-free, sugar-free and lactose-free needs;
- a range of products for special diets. The "Leader Price Fine Ligne" line features low-salt, low-sugar and low-fat products developed with the help of nutrition experts, while Monoprix is continuing to expand its "new diets" line with salt-free products. Éxito is pursuing its private-label food product reformulation programme, with 48 products nutritionally reformulated in 2017.

Offering more healthful products and production methods

To attenuate consumer exposure to pesticides and antibiotics, in 2016 Casino launched the Agriplus programme to develop and promote innovative farming initiatives that are beneficial for the environment, farmers and consumers (see section 8.2.3.3 – Supporting agroecological farming and production chains).

Today, this programme has made it possible for Casino stores to offer:

- 24 frozen vegetable SKUs guaranteed to be free of pesticide residue (16 frozen SKUs and eight fruit and vegetable products launched in early 2018). The innovation stems from an engaged process of improving agroecological practices and quality, in order to address the leading concern of consumers by eliminating all traces of pesticides in food. The pesticide-free guarantee is backed by the precautions taken at each stage of the farm production cycle by Casino partners, who apply sustainable farming practices (carefully selected crop land and seeds, crop protection plan, etc.). The absence of quantified residual insecticides, fungicides, herbicides or other pesticides is verified by an accredited independent laboratory;
- all of the Casino private-label chickens and Terre & Saveurs salmon are raised without antibiotics. Antibiotic resistance is a public health issue and the use of antibiotics in livestock farming is the second food risk concern cited by French consumers. For this reason, Casino has been working for several years with livestock breeder associations who are focusing on natural practices, animal welfare and feed quality to support the development of antibiotic-free production chains. In this way, it has developed chicken and pork production chains that are antibiotic-free across the animal life cycle. This process is helping to combat antibiotic resistance, in line with the French Ministry for Agriculture's 2017 Ecoantibio plan to reduce the use of antibiotics in farming by 25% over five years.

  In all, more than 50 products complied with the Agriplus standard in 2017.

  Monoprix is also taking part in the initiative and markets antibiotic-free poultry, pork and fish products under its private-label brands.

In addition, all of the banners carry organic products (see section 8.2.2.3) that guarantee the use of best production practices.

Informing consumers about product nutritional profiles

The Group supports the practice of providing shoppers with more and better information about the nutritional composition and health impact of the products they consume.

Private-label food products feature nutritional labelling stating the energy value, quantity of protein, carbohydrates, sugar, lipids, saturated fats, dietary fibre and sodium, and any allergens in the list of ingredients, as well as the origin of meat in ready meals. At its own initiative, the Casino brand applies this labelling even on the product families that are not subject to the regulations.

Casino helped to fund and participated in national trials to define a simplified nutritional labelling process, whose purpose was to choose the most effective system to guide shoppers, and particularly the least advantaged, in their food choices. For more than two months, four kinds of labels were affixed to products and tested in 40 stores, including 12 Casino supermarkets. Following the tests, the French authorities decided in 2017 to support the voluntary use of the "Nutri-Score" labelling system based on nutritional analysis, in order to inform consumers about the nutritional value of pre-packaged foods and facilitate their purchase decisions. The colour-coded logo ranks products in five categories, ranging from the most nutritional (Green/A) to the least (Red/E), based on favourable nutrient and food content (fibre, protein, fruits and vegetables) and unfavourable nutrient content (calories, saturated fatty acids, sugars and sodium). In early 2018, the Group introduced the new labelling scheme, which remains optional, on 600 private-label Casino products marketed initially *via* the Casino Drive drive-through shopping business.

Casino is also the first retailer to use Allergobox.com, a French website for people with allergies or food sensitivities. Its database now includes 3,300 Casino-brand food products that consumers can look up to see if they are compatible with their dietary restrictions.

Internationally, Éxito is continuing to roll out its voluntary nutritional labelling system to more than 1,000 of its private-label products. It is based on the Guideline Daily Amounts (GDA) standards, which indicate the calorie and macro nutrient content of food as a proportion of recommended dietary allowances (RDA). RDAs are based on scientific evidence of dietary requirements, and provide guidance on the average amount of key nutrients needed for a balanced diet. In 2017, Éxito launched the "Bueno Para Ti" (Good for you) campaign, affixing the label to more than 1,700 gluten-free, organic and nutritionally beneficial products.

GPA further improved its nutritional labelling system on its Taeq private-label products, indicating the levels of saturated fats, fibre, sodium and vitamins, and continued to highlight the presence of any allergens or additives in the list of ingredients. All Libertad private-label food products also carry detailed nutritional labels.

Promoting balanced eating habits

The Group's banners encourage their customers and employees to embrace a healthy lifestyle by eating properly and exercising.

- Éxito encourages its customers to live healthier lifestyles by running shopper and employee awareness campaigns in the Éxito, Carulla, Surtimax and Super Inter corporate magazines and by sponsoring sporting events to promote physical activity and exercise. It has also deployed a broad-based awareness campaign called *"Cuidarte es bueno, hacerlo es facil"*, which is encouraging people to live a more balanced lifestyle by eating healthy foods according to the right diet.
- In addition, Éxito has also begun to self-regulate its advertising aimed at children under 12. In line with the recommendations on the marketing of foods and non-alcoholic beverages to children issued by the World Health Organisation and the Pan American Health Organisation Council of Experts, Éxito is committed to promoting healthy eating habits to children and reducing their exposure to advertisements that encourage the purchase of less healthy products. As a result, Éxito does not advertise less healthy foods to children or run commercials in time slots where more than 35% of the viewers are under 12. It is also improving the nutritional qualities of the private-label products marketed to children under 12, in compliance with its nutritional commitments.
- As part of its CSR policy, since late 2015, Disco has managed the wide-ranging *"Vida Saludable"* programme, which is raising shopper awareness and supporting the transition to a healthier lifestyle, particularly in terms of food and diet. The programme is educational, with posters and stickers that clearly identify the healthiest products in the store and guide the shopper to the proper eating habits they need to improve their health. The products were selected by professional dieticians for their nutritional value in eight categories, such as gluten-free, sugar-free, low-salt, low-calorie and organic, that offer something to meet everyone's needs.

8.2.2.3. ENCOURAGING MORE RESPECTFUL CONSUMPTION FOR THE BENEFIT OF THE ENVIRONMENT AND BIODIVERSITY

To encourage more environmentally responsible shopping, the Casino Group has deployed a number of initiatives since 2007 to reduce the environmental impact of its merchandise, including developing product lines that comply with stricter environmental standards, labelling food products with their environmental footprint, optimising and reducing packaging, and conducting advertising campaigns to encourage the return of end-of-life products for recycling.

To enable customers to buy more environmentally friendly products, Casino Group stores now carry more than 26,680 products certified as responsible, an increase of 36% compared with 2016. Promoted to shoppers in dedicated product areas or through marketing and/or promotional campaigns, these products contribute a growing share of the units' revenue stream.

Supporting organic farming and good farming practices

The Group offers a wide array of organically grown food products, with more than 17,420 SKUs on store shelves across the Group, up 26% compared to 2016. Of these, 2,400 are marketed under private label brands. In addition, the Group is expanding its organic banners in France with Naturalia and, since the second half of 2017, Franprix Noé, with merchandise focused on organic and other products that deliberately reflect a more responsible shopping experience (see section 8.2.2.5 – "Building responsible shopping awareness among customers").

To support organic farmers, in 2017 the Group joined with the *Fédération des Entreprises et Entrepreneurs de France* to organise a trade show dedicated exclusively to French organic farmers with the goal of slotting new products. Fifteen suppliers were presented awards for their commitment. The Group also supports farmers in converting to organic agriculture by marketing their products in Naturalia stores with the label "grown in orchards being converted to organic".

In partnership with the *C'Vous* shopper social media (150,000 members in 2017), the Casino Group organized an event dedicated to organic products and brands, along with educational discussions of sustainability issues, which brought together more than 5,500 participants and recorded nearly 30,000 visits.

Internationally, Group banners market nearly 1,860 organically grown food products, which are regularly advertised and showcased to customers either in dedicated corner displays or in the usual store sections. GPA's Pão de Açúcar banner, for example, promotes organically grown products during its "Organic Thursday" events, offering customers a 20% discount.

In addition to all of these organically grown products, in 2017, Group banners marketed a total of more than 1,730 food items certified as compliant with good agricultural and animal husbandry practices, representing an increase of 85% compared to 2016.

In France, Casino sells around a hundred fresh products under the Terre & Saveurs brand, which are produced using traditional outdoor farming methods by farmers who apply good agricultural or animal husbandry practices (alternative growing methods, little or no post-harvest treatment, respect for the real requirements of crops, respect for the aquatic environment, etc.). More than 319 products marketed under the Club des Sommeliers brand also meet specifications that comply with good agricultural practices.

The Group encourages its suppliers in other countries to comply with the Good Agricultural Practices (GAP) standard. Éxito, for example, has deployed a GAP certification programme covering more than 700 fresh products in 2017 and GPA has introduced new standards in its GAP protocol that include inspecting farmlands, undertaking corrective action plans and tracking their outcomes.

Expanding the range of vegetarian products

To reduce the impact of what we eat on the climate and the environment, several studies have demonstrated the need to change the carbon footprint of the average French person's diet by eating less animal protein and more fruits, vegetables and legumes. In response, the Casino Group is developing several lines of vegetarian and vegan products that resonate with new consumer expectations. Casino, for example, has launched the "Veggie" line of vegetarian ready meals and organic vegetable drinks, while Monoprix markets the *"Le Végétal"* range of primarily vegetable-based dishes. In 2017, Naturalia opened four organic, 100% vegan stores stocked with 2,000 staple foods that are entirely vegetable-based. Franprix Noé offers a diversified range of vegan products.

Genetically modified organisms

Since 1997, the Group has guaranteed that the ingredients, additives and flavourings used in its private-label products sold in Casino, Monoprix, Leader Price and Franprix stores in France are entirely GMO-free.

Outside France, the subsidiaries' private label products comply with applicable legislation and labelling rules. In Brazil, for example, products are inspected, and indicate the presence of GMO ingredients in excess of 1%.

Reducing the impact of packaging

Expanding bulk aisles and displays

In France, to reduce the amount of packaging, the Casino, Franprix, Naturalia and Monoprix are developing scoop and weigh concepts for organic dried fruits and vegetables, cereals, dried fruits, coffee and pasta.

Franprix is introducing new concepts in several stores for buying detergent, fabric softener and dishwashing liquid by weight and wine in reusable, refillable bottles.

Internationally, GPA is deploying its *Reutilizar* Project, which offers shoppers the option of bringing their own jars and containers to participating stores to bulk purchase nearly 40 foodstuffs, such as grains, cereals, pepper and nuts. In this way, they avoid using disposable packaging and purchase only the amount they plan to use.

Eco-design

The Group is supporting the improved eco-design of its private-label products by:

- Encouraging suppliers to introduce eco-design processes. For example, whenever a new product is created, GPA is careful to reduce the amount of packaging, which is consistently made from Forest Stewardship Council (FSC)-certified cardboard. In Colombia, Éxito is helping suppliers of Taeq, Carulla and Cautivia products to cut down on packaging and developing products whose packaging is fully recyclable. In 2017, Monoprix launched a line of certified organic wines in eco-designed bottles.
- Providing its private-label product suppliers in France with an on-line application on the "mieuxproduire.fr" website enabling them to calculate a product's environmental index, understand the main components of its environmental footprint and run simulations on how to reduce the impact of packaging.

- Partnering the *Pôle Éco-conception* association in Saint-Étienne, where it is helping to raise awareness of eco-design techniques among SMEs and facilitating implementation of their projects.
- Leading circular economy programmes. Outside France, GPA's *"Novo de Novo"* circular economy programme, initiated in 2009, collects waste packaging and reuses it to make new packaging for Taeq and Qualita private-label products. Since 2001, the 100 or so recycling stations located in Extra and Pão de Açúcar stores have collected more than 100,000 tonnes of recyclable packaging material, which has been reused to make several million private-label product packages.

Risks prevention

To address consumer concerns about the health impact of mineral oil migration from recycled food packaging, in France the Group has pledged i) to conduct regular analyses of the mineral oil content of its private-label packaging to ensure that it is less than the minimum allowable content set by the Group and ii) to use only recycled packaging materials capable of impeding the migration of these oils or, when that is not possible, to use virgin fibres for any new packaging developed in 2017.

8.2.2.4. COMBATING FOOD WASTE

In view of the financial, environmental and social issues arising from food waste, in recent years the Group has been reducing sources of waste by offering solutions to customers and employees, deploying systems to reduce spoilage and unsold food, and donating expired or collected food. In 2013, the Group signed the National Pact Against Food Waste set up by the French Ministry of Agriculture and Food. Actionable levers in the fight against food waste include:

- continuously improving store operating procedures by optimising orders, limiting spoilage through employee training and education, and improving the promotional stockpiling of damaged or expiring products;
- donating products to associations such as the French Federation of Food Banks (FFBA) when products are nearing their sell-by date. The Group has partnered with the FFBA since 2009 and, since 2015, with a number of social enterprises like Phoenix, which collects products several times a week in more than 100 stores. In France, these and other initiatives (see section 8.2.5.2) resulted in the donation of more than 13,100 tonnes of food to NGOs in 2017, an increase of 33% compared with 2016;
- raising employee and customer awareness:
  - over 60% of food waste is attributable to people's shopping and eating habits, which is why the banners are conducting a range of smart shopping awareness campaigns to educate their customers. During France's National Day Against Food Waste in 2017, a leaflet was prepared and distributed in the banners and corporate offices. The Group also posted an on-line animation on the corporate and banner websites to show the public and employees a variety of best practices and good habits that help to prevent food waste. Employee awareness was also enhanced at Casino by an "Eco Gestures" guide to practices that effectively reduce spoilage and improve waste management. In 2017, a training programme was developed to teach employees how to combat food waste. GPA led a "zero waste" awareness-building campaign to encourage stores to reduce food waste, using a video to train store employees in waste recycling and composting practices;
- working with suppliers to:
  - extend product sell-by dates, without increasing health risks,
  - remove best-by dates on certain categories of products,
  - optimise food product packaging with the development of single-serve or portionable packs,
  - share their experience in fighting against food waste, by redistributing misshapen or non-standard products in local channels, for example, or processing waste food into new products (turning avocados into guacamole, apples into apple juice, etc.). This approach has been introduced by Monoprix as part of the "agricultural partnerships" with growers, buyers and other stakeholders in the fruit and vegetable production chain;
- the development of new concepts such as:
  - scoop and weigh: the Pão de Açúcar, Casino, Naturalia, Monoprix, Franprix and Franprix Noé banners sell organic dried fruit and vegetables in bulk. This system is being supported by shopper awareness campaigns, including explanatory labels on products (see section 8.2.2.3),
  - the re-processing of damaged fresh produce: Monoprix, which also sells Re-Belles brand jams made from damaged fruit, began offering the new "Shop and Give" service in 2017. When customers order new groceries for home delivery, they can return their unexpired products, fruits, vegetables and used batteries and light bulbs to the deliverer for donation or recycling,
  - the sorting of inedible meat, fish and other organic food scraps for reuse in animal feed, biogas generation or composting (see section 8.2.4.7 – Sorting and recycling store waste).

8.2.2.5. EDUCATING CUSTOMERS IN RESPONSIBLE CONSUMER HABITS

Developing more responsible store concepts

The Casino Group, whose banners already stock a broad, diversified range of responsible products, is also developing and expanding its responsible shopping presence with the Naturalia organic food banner, which has 161 outlets, and Naturalia Vegan, which opened its fourth unit in 2017. In September 2017, Franprix debuted its new Noé concept, which focuses on certified organic and fair-trade products that are both tasty and healthy, a wide choice of bulk merchandise (wine, detergents, organic cereals, flour, pulses, grains, etc.), and organic meat and poultry. In Colombia, Grupo Éxito has opened its first Carulla Fresh Market store, dedicated to responsible consumption with an expanded selection of local organically grown products. The store carries a total of nearly 3,000 SKUs, including 170 organic products, gluten-free products, low-sodium and/or low-sugar products, as well as vegetarian and vegan products.

Promoting responsible products

In 2008, Casino was the first retailer to introduce carbon labelling on its private-label products to make customers aware of the environmental impact of their purchases. Over the years, the carbon index has been gradually replaced by the environmental index. In 2017, a new milestone was reached with the Environmental Impact label, which this time is based on public data and national standards. Since July 2017, Casino has been providing its processed food suppliers with a free collaborative application, known as *"Mieux Produire"*, which they can use to collect data and calculate the Environmental Impact of their products. This process gives the Group greater insight into the environmental impact of its Casino, Franprix and Monoprix private-label products, while keeping customers aware and informed *via* the www.mieuxproduire.fr website. Lastly, the application includes a simulation module that supports suppliers in their commitment to continuous improvement.

The Casino Group encourages the purchase of responsible products, for example, by conducting advertising and promotional campaigns for locally and organically grown products and by supporting initiatives such as the "Who's the Boss?!" private label. In 2016, the Group began in-store marketing of "Who's the Boss?!" milk and since 1 November 2017, the entire line of Monoprix brand UHT milk products (in Tetra-packs, in bottles, whole, semi-skimmed, etc.) has been produced according to the "Who's the Boss?!" specifications – *i.e.* with fair compensation for the dairy farmer and three to six months of grazing, local fodder and guaranteed GMO-free feed for the cows. It has also launched a PDO Fourme de Montbrison blue cheese and a "Who's the Boss?!" brand organic butter. The Group also supports dairy farmers in the Monts du Forez, Pyrénées-Atlantiques and Val-de-Loire regions with the "Ensemble les Éleveurs" line of dairy products. In July 2017, Casino banners organized marketing campaigns to promote local and regional products by showcasing a selection from 180 suppliers.

Reducing the use of plastic bags

To encourage more responsible shopping and reduce household waste, since 2003 the Casino Group has reduced the number of disposable bags available in its stores, offering instead a line of reusable bags.

- Since 2016, the banners in France no longer provide disposable plastic bags, in compliance with local legislation.
- In other countries, subsidiaries are deploying an increasing variety of initiatives to encourage a preference for reusable bags (in-store displays, loyalty programme incentives, etc.) and reduce the use of disposable plastic bags. In Brazil, GPA has introduced a rewards system for customers who do not use plastic bags, offering stylish new reusable bags. In São Paulo, GPA and the city's other large retailers stopped offering free plastic bags in their stores in May 2015. As part of its *"Reutilizar #praserfeliz"* programme, GPA has extended its range of bags with a new line of fashionable, environmentally friendly reusables called *"Sacolas do Brazil"*. Under Libertad's *"Juntos en Acción"* CSR programme, in-store initiatives have been rolled out to reduce the use of plastic bags, in particular by opening a special "green" checkout line for its "*caja verde*" customers.

In Colombia, Grupo Éxito encouraged the use of reusable plastic bags in 2017 through its *"#YoTrajeMiBolsa"* campaign, which asked shoppers to bring back their reusable bags the next time they came to the store.

8.2.3. The Casino Group, a trusted partner

As a retailer, the Casino Group's corporate social responsibility commitment addresses the risks, opportunities and challenges inherent in its supply chain.

One of the primary goals of CSR policy is to monitor and improve the social and environmental impacts of the supply chain by:

- deploying a process to assess social, human and environmental risks at suppliers and across the production chains;
- strengthening monitoring and improvement procedures for suppliers of private-label products based in countries at risk, particularly in respect to due diligence obligations;
- supporting local production chains;
- facilitating suppliers' CSR initiatives.

8.2.3.1. DUE DILIGENCE PLAN

Commitment

The Casino Group's due diligence plan is built on the commitments it has made to stakeholders and the initiatives it has been involved in since the early 2000s.

In particular, through the nine commitments in its Ethics Charter, the Group has reaffirmed its respect for the values, principles and human rights defined in:

- the Universal Declaration of Human Rights;
- the International Covenant on Civil and Political Rights;
- the International Covenant on Economic, Social and Cultural Rights;
- the eight Fundamental Conventions of the International Labour Organization (ILO) on freedom of association and the effective recognition of the right to collective bargaining (Convention 87: Freedom of Association and Protection of the Right to Organise and Convention 98: Right to Organise and Collective Bargaining); the elimination of all forms of forced or compulsory labour (Convention 29: Forced Labour and Convention 105: Abolition of Forced Labour); the effective abolition of child labour (Convention 138: Minimum Age and Convention 182: Worst Forms of Child Labour); the elimination of discrimination in respect of employment and occupation (Convention 100: Equal Remuneration and Convention 111: Discrimination).

It has also pledged to uphold:

- the 10 Principles of the United Nations Global Compact, since 2009. The Group's commitments are reflected in these principles, particularly Principle 2: Businesses should make sure that they are not complicit in human rights abuses; Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour; Principle 5: Businesses should uphold the effective abolition of child labour; and Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery;
- the Women's Empowerment Principles developed by UN Women, since 2016 (Principle 2: Treat all women and men fairly at work – respect and support human rights and non-discrimination);
- the 17 Sustainable Development Goals, particularly SDG 5 on gender equality; SDG 8 on decent work and economic growth; and SDG 12 on responsible consumption and production.

As a founding member of Businesses for Human Rights, the Casino Group supports cross-industry initiatives to identify and prevent risks in the areas of human rights violations, employee health and safety and serious damage to the environment.

The Group supports and takes part in multi-stakeholder initiatives:

- the Consumer Goods Forum (CGF) led by the Global Social Compliance Program (GSCP), of which it has been a member since 2007; the CGF resolution on business actions against forced labour; and the Cerrado Manifesto Statement of Support to protect Brazil's Cerrado from deforestation;
- the *Initiative Clause Sociale* (ICS), of which it has been a member since 2000 and whose audit protocol it uses to monitor and improve working and environmental conditions in the production facilities;
- the Business Social Compliance Initiative (BSCI), of which it has been a member since 2017, to help harmonize standards and strengthen its audit plans;
- the Accord on Fire and Building Safety since 2012, to support the multi-stakeholder efforts to improve safety conditions in factories in Bangladesh, in alignment with local practices;
- *Associação Brasileira do Varejo Têxtil* (ABVTEX) in Brazil, which brings together mass and speciality retailers to monitor and improve production conditions in local garment factories.

These commitments are demonstrated to:

- employees, through the Group Ethics Charter and the Code of Ethics and Conduct issued in 2017 to reaffirm, in particular, the Group's commitment to preventing and fighting against corruption (see section 8.1.1);
- stakeholders, through the Group's support for global and industry initiatives (see the above paragraph) and its CSR strategy, deployed since 2011;
- suppliers, particularly through the Supplier Ethics Charter.

Lastly, the Casino Group nurtures open, constructive dialogue with stakeholders (see section 8.1.6). In 2014, for example, it signed an initial CSR agreement with the four representative trade unions, which was renewed in 2016 for a further three-year period. Through the agreement, the parties acknowledge the importance of:

- encouraging suppliers to address CSR issues in their own supply chain and to promote their responsible products;
- their duty of care and due diligence;
- the need i) to continue training buyers in the standards defined in the Supplier Ethics Charter and to take working conditions and environmental criteria into account when selecting suppliers; and ii) to audit supplier production facilities in countries deemed at risk and to assist them, to the extent possible or necessary, in deploying corrective action plans.

Due Diligence Committee

In 2017, the Casino Group set up a Due Diligence Committee, whose members include the Secretary of the Board of Directors, the Chairman's Advisor on Legal Security and Prevention, the General Secretary of AMC, the Group Risk and Compliance Director, the Group CSR Director, the Group Insurance Director, the Group Audit and Internal Control Director and the Group Quality Director.

Its role is to:

- ensure proper implementation of French law 2017-399 of 27 March 2017 on the Duty of Care of Parent Companies and Ordering Parties, which is designed to identify risks and prevent serious violations of human rights and fundamental freedoms, serious harm to the health and safety of persons, and serious damage to the environment resulting from the operations of the company, the companies it controls and its supply chain;
- define the risk mapping methodology and effectively map the risks involved in the operations of the Group and its suppliers;
- analyse the findings of the risk mapping exercise;
- ensure that action plans to mitigate risks and prevent serious violations or harm are in place and assess their effectiveness;
- ensure that an alert mechanism is in place to report potential violations.

The risk mapping exercise will be tracked and reviewed annually, to assess the effectiveness of the Group's action plans and its interaction with stakeholders.

The process of mapping corruption risks and deploying a system to prevent and fight against corruption, in compliance with French Law 2016-1691 of 9 December 2016, was led separately under the supervision of the Group Ethics Committee (see section 8.1.9).

Risk mapping

To more effectively analyse the risks involved in the Group's business operations (see section 7.1.2 – "Operational risks"), the Due Diligence Committee has defined and deployed a risk map that, based on the procedures in place, has identified the specific risks of causing serious violations of human rights and fundamental freedoms, serious harm to employee health and safety, or serious damage to the environment due to the direct operations of the Group. Existing procedures intended to prevent these risks were assessed in the light of the human resources, quality, purchasing, CSR and environmental policies in place. The main risks identified primarily concern discrimination and the risk of non-compliance with supplier approval procedures.

The Group has mapped its supplier-related risks to identify those related to the purchase of national-brand and private-label merchandise for resale and of goods and services for general and administrative purposes.

Twelve main risks were addressed with regard to the Group's operations, including child labour, forced labour, discrimination, employee health and safety, and, on the environmental side, deforestation and soil contamination. Each risk was weighted to reflect the relative seriousness of each one in relation to the Group's business operations.

Because the Group believes that supplier risk primarily concerns the type of substances found in its sourced products, the mapping methodology focuses on analysing the risks related to these substances. The risk map is based on four main criteria:

- the number of substances contained in the sourced product and each substance's level of risk in the 12 assessed categories. Each one's degree of criticality was systematically analysed using documentary sources (international studies, NGO reports, surveys, media reports) and in-house assays; In all, 200 substances at risk have been identified, assessed and classified according to their level of criticality;
- the supplying country and its risks with respect to the product and any assessed substances. In recent years, the Group has analysed risks in the countries where its private-label products are manufactured, enabling it to assess and address each substance's risks stemming from its country of manufacture or origin (see the paragraph on "production plant approval policies in countries at risk" below);
- product purchasing volumes: the likelihood that the Group will incur the risk increases with volume;
- the number of vendors per product category. A larger number of small suppliers makes auditing the upstream production chains a more complex process.

To assess the overall sourced product risk from the standpoint of due diligence, the risk criteria described above were weighted according to the following criteria, in descending order of importance: substance criticality, country of supply, purchase volumes and number of vendors.

This analysis made it possible to map the Group's purchasing risks and rank them by criticality.

In turn, this highlighted the product categories whose content presented the highest risk profiles, according to the 12 identified risks. These included:

- products containing palm oil;
- products sourced from cattle ranches in Brazil;
- textile products.

In the year ahead, suppliers of these products will be the focus of priority action plans.

The supplier risk map was presented to TFT Earth, a specialist in the impact of supply chains and raw materials on the environment and deforestation. The risk mapping exercise will be presented in early 2018 to the representative trade unions.

Mitigation and prevention initiatives

As will be seen below, the Casino Group has been implementing the prevention plans and risk mitigation programmes mandated by the new French duty of care law for many years now. Among the prevention programmes introduced and strengthened over this period to address the identified internal risks arising from the Group's operations, many are designed to avoid the risk of abusing human rights, harming employee health and safety or seriously damaging the environment. In particular, they are being deployed as part of the Group's human resources policies (see section 8.2.1.3 on social dialogue and workplace health and safety policies and section 8.2.1.1 and 8.2.1.2 on diversity and gender equality in the workplace policies), social responsibility policies (see section 8.2.5 on community outreach policies), purchasing and quality policies (see section 8.2.2) and environmental policies (see section 8.2.4).

For the highest risk product categories, such as private-label apparel, in recent years the Group has been deploying risk prevention and mitigation plans across the entire supply chain. Similarly, initiatives are in place to prevent the risk of serious harm or damage at suppliers of private-label products containing palm oil or sourced from cattle ranches in Brazil.

In 2018, expanded or additional action plans and monitoring will be deployed at private-label and national brand suppliers whose products contain the highest risk substances identified in the risk map.

Alert and report compilation mechanisms

The Casino Group has set up an alert mechanism and a system for compiling reports of alleged or actual risk of causing the serious violations, harm or damage described in French Law 2017-399 of 27 March 2017. Any such alert or report may be notified to the Casino Group at the following address: contact75g@deontologue.com.

This system expands on the internal alert mechanism already available to employees (see section 8.1.9).

Risk assessment procedures and mitigation and prevention initiatives for suppliers of private-label products

The Supplier Ethics Charter, which is applicable across the entire supply chain, reaffirms the Group's commitment to promoting responsible retailing and more specifically to:

- banning all illegal practices in business relations and requiring compliance with applicable laws, principles, international and national standards and regulations in force, as well as the Group's anti-corruption policies;
- upholding human rights (prohibiting child and forced labour, combating discrimination and abuse, respecting freedom of association, offering at least the legal minimum wage, etc.), and occupational health and safety;
- taking constant care to protect the environment, particularly by optimising the use of natural resources, diligently managing waste and abating pollution;

The distribution and signing of the Supplier Ethics Charter is a key step in the process of approving the production facilities that manufacture the Group's private-label products. By signing the Charter, suppliers recognise the primacy of the principles contained in the following documents:

- the Universal Declaration of Human Rights;
- international conventions on fundamental human rights;
- fundamental international labour standards, as defined by the ILO Declaration;
- other applicable international labour standards (ILO conventions).

By endorsing the Charter, the supplier embraces the Group's commitments and may not sub-contract without the Group's formal agreement. The endorsement also implies that the supplier accepts inspections to verify compliance with these commitments in accordance with the conditions set out in the Group's Supplier Compliance Programme Manual (SCOP).

Production plant approval policies in countries at risk

Since 2002, the Casino Group has deployed a social ethics initiative with its apparel and other private-label suppliers in an effort to monitor and help to improve the labour and environmental conditions in which these products sold by the Group are manufactured. Managed by the corporate CSR Department in liaison with the Purchasing Departments, the initiative has been rolled out in the business units with the support of specially appointed social ethics representatives.

The initiative is based on a strict supplier selection and approval procedure, covering endorsement of the Supplier Ethics Charter, outside inspections performed by independent audit firms, and, when necessary, the implementation of corrective action plans.

Every year, the CSR Department updates the country risk analysis and the production facility selection and approval guidelines, in line with the degree of country and industry risk. The country risk analysis, which was revised in 2017, assesses and compiles several different indicators, including the number of fundamental conventions ratified by the country, the UNDP's Human Development Index (HDI), the percentage of child labour according to UNICEF, the prevalence of forced labour according to the ILO, the World Bank's Worldwide Governance Indicators (WGI), and the Environmental Performance Index (EPI) developed by Yale University and Columbia University. In this way, it defines the list of countries where sourcing is authorized, prohibited or subject to tighter audit procedures, such as Bangladesh, India and China. In all, of the 105 countries where sourcing is authorized by the Group, 67 are subject to the stricter procedures.

The inspection and audit procedure, as well as the undertakings to be upheld by the supplier and the manufacturing facilities, are specified in the Group's Supplier Compliance Programme Manual (SCOP), given to every approved supplier.

Annual social audit campaign

The Group supports compliance with consistent, strict standards at both the national and international levels. Involved since 2000 in France's *Initiative Clause Sociale* (ICS), it joined the Business Social Compliance Initiative (BSCI) in 2017. It also supports the international initiatives being led by the Consumer Goods Forum, particularly in its determination to eradicate forced labour. In Brazil, GPA is a member of the national apparel retailers association, *Associação Brasileira do Varejo Têxtil* (ABVTEX), which certifies national suppliers and subcontractors based on 18 criteria for ethical conduct, including the prohibition of child labour and forced labour.

Every year, an audit campaign is conducted with a priority focus on plants manufacturing the highest risk product categories and/or based in countries most likely at risk of violating human rights (child labour, forced labour, employee health and safety abuses) and working standards. Recurring audits are performed in China, India and Bangladesh.

The semi-announced or unannounced audits are carried out by specialised independent firms in accordance with ICS standards. Based on the resulting audit score, the Group may decide to terminate its relationship with a production facility. The Group shares with other ICS member banners a database of findings and scores of audits performed in shared supplier plants.

In 2017, for example, the ICS validated a total of 1,245 audits of Group supplier facilities, of which 71% or 885 were directly performed by the Group. Of these, 74% were initial audits and 26% were follow-ups. Of the directly audited plants, 59% were based in China, 9% in Bangladesh and 3% in India.

Since joining BSCI, the Group also takes into account a number of audits whose implementation methodology is closely aligned with the ICS process already in use.

Lastly, 116 Brazilian factories were certified by ABVTex in 2017.

Support for suppliers

Audit reports are issued following audits of production facilities and, when necessary, corrective action plans are prepared that the non-compliant plants undertake to implement within a given time frame. The Group's local offices play an essential role in helping suppliers and their factories to properly understand the Group's expectations and the implementation of any corrective action plans.

Internal and external follow-up audits are performed to ensure that the plan's remedial actions are properly implemented.

Educating and training buyers

The CSR Department organises regular awareness-building initiatives to present the Ethics Charter to purchasing teams and local offices.

Group-wide, around 89% of buyers concerned were trained or attended awareness-building sessions on the new social compliance process in 2017.

During the year, buyers for the AMC purchasing hub were offered nine training sessions that reviewed the Group's ethical policies and guidelines, deployment of the process and the outcomes of the social audit campaigns.

Cdiscount conducted several training sessions for all of its private-label product buyers. GPA also organises regular training and awareness sessions. Monoprix deployed a digital training programme that was attended by around 100 employees in 2017.

Dedicated programmes in Bangladesh

In light of circumstances specific to Bangladesh, the Group continues to audit all of the local tier-1 plants supplying its private-label apparel, with stricter plant safety inspections and surprise audits systematically performed prior to inclusion on supplier panels.

Although the Group did not contract with the Rana Plaza workshops, it pledged to uphold the Bangladesh Accord on Fire and Building Safety in July 2013, so as to support the ongoing collective and collaborative process and help to improve safety conditions in local factories. All Bangladeshi workshops manufacturing goods for the Group are monitored and audited under the Accord, with corrective action plans deployed as necessary. The Group will continue to support the initiatives undertaken as part of the Transition Accord, which comes into effect in June 2018. By year-end 2017, more than 80% of the Group's supplier factories were in compliance with the Accord.

These initiatives are enabling the Group to assess each supplier's situation and deploy the identified risk mitigation and prevention programmes.

Risk assessment procedures and, mitigation and prevention initiatives for suppliers in high-risk businesses

Palm oil production chain

As one of the first retailers to deploy a palm oil policy back in 2010, the Casino Group believes that close collaboration among stakeholders across the production chain – NGOs, refiners, growers and manufacturers – is the only way to achieve the common goal of using only palm oil produced without causing deforestation or exploitation.

In 2011, it addressed a variety of stakeholder concerns by joining the Roundtable on Sustainable Palm Oil (RSPO).

In 2015, with the support of non-governmental organisation TFT, the Group pledged to:

- ensure transparent traceability of the palm oil used in its private-label brands, by first identifying the refiner or initial marketer in order to open visibility throughout the supply chain, from tree to mill;
- eventually use palm oil produced without causing any deforestation or exploitation, *i.e.* from plantations that do not harm high conservation value forests[(1)], carbon-rich forests[(2)] and peatlands[(3)], that support the development of small producers and respect local communities and workers' rights;
- support responsible local producers in Brazil and Colombia;
- share progress reports and information regarding initiatives and next steps.

In 2015, the Group undertook several initiatives to get private-label suppliers involved in this process, sending them letters describing its palm oil policy and organising awareness-raising working seminars in Brazil. It also published the "Casino Group Palm Oil Procurement" guide to promote the policy among employees, and held several working meetings to engage the teams concerned in the various banners. Further efforts included calculating the palm oil footprint of the Group's private-label products as well as gathering information to trace the palm oil content back to the initial importer and/or refiner.

The palm oil footprint of Casino, Monoprix and Leader Price private-label food products is estimated at 3,610 tonnes (4,900 in 2015). A full 80% of the palm oil is RSPO-certified, of which 71% is delivered through a segregated supply chain, and more than 69% is traceable back to the initial importer, The "zero deforestation" commitments of these initial importers were analysed with TFT in 2016 and 2017, with a focus on four fundamental criteria:

- the company's palm oil policy;
- the company's reputation in its palm oil business and practices;
- the transparency of its supply chain;
- the initiatives undertaken to apply its policies or improve its sources.

Following the analysis, a webinar was organised in September 2016 to present the results to the suppliers concerned in France and enjoin them to promote the policy with the identified refiners. Suppliers who fail to provide sufficient evidence of their commitment are requested by the Group to deploy and monitor the actions needed to better comply with their zero deforestation policy.

(1) High conservation value areas are areas of high biological, social and cultural value that are important to conserve, and that contain rare species and habitats. For more information, please visit https://www.hcvnetwork.org/
(2) High carbon stock areas include primary forests, high-, medium- and low-density forests, and young regenerating forests. For more information, please visit: http://highcarbonstock.org/the-hcs-approach-toolkit/
(3) Peatlands are areas where the soil contains more than 65% organic matter.

Subsidiaries in Latin America are also heavily engaged in the palm oil policy.

The palm oil footprint of GPA's private-label products was estimated at 150 tonnes in 2017. Tier-2 refiners and mills have been identified to ensure compliance with the Group's commitments. In Colombia, Grupo Éxito is supporting TFA 2020, a multi-stakeholder initiative launched in 2012 after the Rio+20 Summit, whose objective is to reduce tropical deforestation related to palm oil, soy and beef (www.tfa2020.org). In 2017, Éxito also signed the Palm Oil National Agreement, which supports stakeholder efforts to eliminate deforestation in the palm oil supply chain.

Beef sourcing

Aware of the social and environmental challenges of beef production in Brazil, in 2009 GPA joined the Working Group on Sustainable Livestock (GTPS). It also signed Brazil's national pact towards eradicating slave labour in 2005, and includes clauses on the prevention of child labour in its supplier contracts. In 2014, GPA's Risk Management Department, in liaison with the CSR Department, updated the social and environmental risk map in its supply chains. In the wake of reports about the serious health risks of eating beef, in 2015 GPA worked with TFT to map all of its beef suppliers and identify the origins, traceability, husbandry conditions and potential risks across the production chain.

As part of the resulting beef sourcing policy, which was launched in March 2016 in partnership with TFT, GPA has undertaken to:

- promote its commitments to suppliers, with more than 20 meetings organised in 2017, and share with them a GPA policy presentation and procedure manual;
- map the exact coordinates of the farms that directly deliver cattle to GPA suppliers;
- verify that the farms are not located in at-risk regions;
- take action if this is the case.

To trace this information, particularly concerning tier-2 ranches, GPA asks direct suppliers to input their farm data into the Safe Trace system, so that beef supplies can be traced from pasture to plate and ensure that the supply chain is free of deforestation, forced labour or the exploitation of indigenous lands. This new policy has been endorsed by GPA's top three suppliers and a majority of its smaller suppliers, so that more than 98% of beef volumes are now sourced from suppliers that have implemented a meat origin inspection programme. Seven suppliers refused to commit to the traceability policy and can no longer supply GPA.

Direct suppliers report the coordinates of the farms from which they directly source their cattle in the Safe Trace system, which can geo-locate the farms and, thanks to the partnerships, determine each one's social and environmental situation. In this way, GPA can ensure that the origin of the beef complies with its sourcing policy. For those suppliers that have not mapped their supplying farms, GPA has formed a partnership with the *"Aliança da Terra"* NGO and *BovControl*, whose Producing Right application enables suppliers to collect the coordinates and obtain an analysis of the farms' environmental situation.

Since the beginning of the programme, more than 7,451 direct farms have been identified. For more information, please visit www.gpabr.com/en/sustainability/transforming-the-value-chain/

In Colombia, Éxito is working with WWF, Climate Focus, *Fundación Natura* and *Nueva Federación de Ganaderos* to set up a responsible beef sourcing policy, as part of the objective of increasing cattle production capacity, while ensuring sustainable land use and protecting local ecosystems. As such, specific technical standards have been defined to audit cattle farms in a variety of areas, including the conservation of water resources. In 2017, Éxito's Carulla banner marketed beef from cattle farms certified as sustainable by the Rainforest Alliance.

Fish sourcing

The seafood production chain, particularly for private-label tinned tuna, runs a high risk of abusive labour conditions and overfishing. To encourage more sustainable fishing practices, the Casino Group has therefore committed to:

- fighting against illegal fishing by ensuring that fishing boats supplying the banners are not listed as illegal, unreported or unregulated (IUU);
- improving traceability and best practices by:
  - encouraging suppliers to join the International Seafood Sustainability Foundation (ISSF) and to use fish caught by vessels identified in the ISSF's Proactive Vessel Register (PVR),
  - prohibiting the most destructive fishing techniques, particularly longlining,
  - defining responsible specifications. The Casino brand, for example, uses whole yellowfin tuna weighing more than 20 kg, which enables better traceability and helps to protect juveniles;
- supporting a sustainable supply of tuna for the Casino private-label and *Tous les Jours* brand tinned tuna, with the following targets for 2018:
  - at least 60% of the yellowfin tuna caught in free schools (without FADs). The rest is fished either by pole and line or as part of a fishery improvement project (FIP) implemented to support sustainable fishing practices and management,
  - at least 20% of skipjack tuna caught in free schools and at least 50% as part of an FIP;

- sourcing from different fishing grounds so as to limit pressure on stocks;
- enabling consumers to purchase more responsibly by:
  - improving consumer information by indicating the species and ocean of origin on the tins,
  - adjusting in-store offerings to available resources,
  - no longer expanding the line of yellowfin tuna-based products.

Casino sells tinned yellowfin tuna caught by the more environmentally friendly pole and line method.

Monoprix offers a range of private-label tinned yellowfin tuna certified as being caught by French-flag vessels in Atlantic and Indian Ocean fishing banks, in free schools using purse seines (guaranteed without FADs).

Likewise, for many years, the Group has been steadily improving its seafood offering. Since 2007, Casino has taken a number of steps to protect fishery resources, such as phasing out the sale of the most endangered deep-sea species (emperor fish, blue ling, cutlass fish, grenadier and tusk, and, since late 2016, tope shark and blue shark). It has also stopped selling other endangered species, such as North-East Atlantic dogfish, eel, elver and white grouper. Lastly, based on the scientific consensus that depleted fish stocks must be rebuilt, Casino will no longer sell, as from 2018, any European sea bass (*Dicentrarchus labrax*) caught in the North fishing area (North Sea, English Channel and Celtic Seas) and to limit its supplies from the Bay of Biscay and the Mediterranean to fish caught by pole and line during the species' spawning season, in February and March. These responsible decisions will support the replenishment of sea bass stocks.

This policy is shared and supported by the Group's other banners. For example, Éxito has stopped selling endangered species and has committed to protecting saltwater and freshwater fish species in danger of extinction. It also respects local fishing quotas. In 2017, it selected as suppliers 1,000 families who still practice traditional fishing, which guarantees that the fish are caught in authorized areas and that any smaller than the minimum size are released to ensure the future of the species.

8.2.3.2. PROMOTE SUPPLIERS' CSR INITIATIVES

Maintaining close relationships with SMEs

Since its inception, the Casino Group has maintained close relationships with its suppliers, such as SMEs, farmers and cooperatives (see the responsible retailer section).

In France, the Group has deployed a number of initiatives to support this commitment. In particular, it has appointed an SME Officer to facilitate interaction with the purchasing hub and a mediator to handle business disputes. The Group works with the FEEF and *Association Nationale des Industries Alimentaires* (ANIA), as well as with the *Club d'Entreprise Agro-développement*. It supports the Open Agrifood think tank dedicated to innovations in the food chain, which organised a forum on Food and Values in 2017. As part of the SME Forum, quarterly meetings are held to address the expectations of SMEs and the challenges they face in their respective markets.

SMEs help the Group to secure its position in its host regions and create local jobs, while differentiating its stores with local products and a community image. In recognition, the Group joined with ANIA, the French Trade and Retail Federation (FCD), farm cooperatives association COOP de France and the FEEF to sign the charter of commitment on the creation and sharing of value across the French agrifoods chain. Lastly, the Group supports the "Engaged Entrepreneurs" label developed by the FEEF to promote SMEs to consumers by providing reassurance as to a product's origin and production and helping people to shop more meaningfully. In addition, the FEEF honoured the Group's development of its *"Juste Bio"* bulk selling concept with a Gold Grain Award, which celebrates partnerships between SMEs and retailers.

The Group also fosters regular dialogue with the agrifoods production chains. Examples include its support for the Dairy Values Charter, issued by the National Milk Producers Federation to ensure transparency in milk prices, and the *"Cœur de gamme"* agreement with the National Beef Federation (FNB), designed to promote pedigree beef breeds more effectively with a *"Cœur de gamme"* label. Under the latter agreement, the Group has pledged to take into account the farmer's production costs and to promote the new label in its stores.

In Colombia, to strengthen its relationship with local suppliers, Éxito organized its fifth Private-Label Supplier Convention, which was attended by 200 participants.

Assessing CSR and environmental performance

To support French suppliers in their CSR initiatives, the Casino Group encourages them to:

- self-assess their CSR practices using the Valorise portal (www.valo-rise.com) set up in 2017 with trade organizations ANIA, FEEF, COOP de France and FCD, of which the Group is a member. The portal is designed to i) make it easier for suppliers, from VSEs to large international corporations, to self-assess their CSR performance with one-time data input; ii) optimize supplier CSR self-assessment with a single on-line questionnaire based on the ISO 26000 standard; iii) facilitate the management of CSR initiatives; and iv) promote engagement in CSR by stakeholders across the supply chain. During the year, 180 Group suppliers self-assessed their CSR policy, providing invaluable information to gauge the maturity of their commitment and practices;

- calculate the environmental impact of their products using the www.mieuxproduire.fr platform set up by the Group's purchasing hub. The site has an application that enables agrifoods manufacturers to input data and calculate a product's environmental index, in terms of greenhouse gas emissions and eutrophication, in compliance with ADEME recommendations. Leveraging its pioneering expertise in environmental product labelling, with its carbon index and environmental index, the Group has developed an application that enables private-label suppliers to assess the environmental impact of their products and identify pathways to optimisation (see section 8.2.2.3 – "Promoting responsible products"). It is already being used by more than 150 manufacturers.

Lastly, the Group's purchasing hub nurtures constructive dialogue with its main national brand suppliers, in order to share its CSR objectives and priorities and/or set up collaborative projects. For example, two projects to reach out to disadvantaged youth were deployed in 2017. The first, with Danone, involved a cause-related marketing campaign to support *Sport dans la Ville*, the leading French association dedicated to the social inclusion of young people through sports. The other, with Coca-Cola, encouraged the young entrepreneurs supported by the Our Neighbourhoods Have Talent NGO.

8.2.3.3. SUPPORTING LOCAL FARMERS AND AGRICULTURAL PRODUCTION CHAINS

Long-term production chain partnerships

The Group has forged several partnerships with farm cooperatives and farm product production chains.

Casino has set up dedicated heifer production chains with the Altitude, Feder Sicarev and Arcadie cooperatives. These partnerships support the signing of long-term, three-party contracts that guarantee farmers stable purchasing volumes and prices based on actual production costs, while providing consumers with high quality, fully traceable products. Volumes under contract currently represent nearly 30% of regularly stocked beef products.

Since 2013, the Group has supported milk producers in the Monts du Forez region, who experienced difficulties following the closure of their processing plant, by marketing their milk under the *"Lait des éleveurs du Monts du Forez"* label. Franprix also sells Cant'Avey'Lot milk under the *"Lait de la vallée du Lot"* brand that meets the specifications of the *Bleu Blanc Coeur* Charter. In May 2015, the Casino Group also acquired a poultry packing plant that supported the creation of a wholly French-owned integrated poultry production chain. In 2017, the Group signed a new multi-year contract to promote PDO and PGI cheeses from the Savoy region.

In Colombia, Éxito is supporting local producers by forming partnerships with recognised NGOs and organisations, such as the Clinton Foundation and the Salva Terra Foundation, which assisted more than 1,900 producers in 2017. Small producers are offered a programme of technical assistance, productivity improvements, delivery management and other support, along with a pledge to buy their products at the best possible price, which helps to drive local social and economic development. In 2017, 92% of the fruits and vegetables marketed in Éxito Group banners were grown in Colombia, of which 82% were sourced locally and directly from around 670 small growers. Lastly, Éxito is continuing to roll out its supplier training programme in partnership with EAFIT University, with 500 SME employees strengthening their business management skills by earning the *"Diplomado de Fortalecimiento en la Gestión Empresarial"*.

In Brazil, GPA is expanding the "Caras do Brasil" programme, which offers craft cooperatives the opportunity to sell their products in Pão de Açúcar stores. Social and environmental criteria are also used in selecting producers to supply the range, which is regularly promoted in stores. The "Quality from the Source" programme is getting fruit, vegetable and egg suppliers engaged in controlling pesticide use, product transport and storage conditions in the upstream supply chain.

Improving farming practices

In 1999, Casino launched Terre & Saveurs, a private label for traditional fresh produce grown in compliance with standards that encourage good agricultural practices (soil analysis, adaptive treatments, strictly limited to plant needs, etc.).

The Casino Group also markets private labels supporting better farming practices, *via* Casino's "AgriPlus" programme and Monoprix's *"Tous Cultiv'acteurs"* initiative.

Launched in 2016 following collaborative work with Casino partners already engaged in agroecological farming, AgriPlus is developing and promoting innovative farming initiatives that are beneficial for the environment, farmers and consumers. Its holistic approach covers the full range of farming, animal husbandry and aquaculture practices, organised around four pillars:

- innovative crop farming and animal husbandry practices, entirely rethought to produce differently and responsibly;
- an agroecological approach based on collaborative working up and down the production chain, to harmoniously combine business performance with environmental stewardship;
- an approach that ensures high-quality products aligned with the taste and food safety expectations of today's consumers;
- a transparent approach, based on guarantees monitored by independent bodies.

Products endorsed by the programme are identified by the easily identifiable AgriPlus logo.

Monoprix has launched the *"Tous Cultiv'acteurs"* initiative, which aims to promote a farming model that is more sustainable, and particularly more respectful of pollinators. A three-year agreement has been signed with 38 partner suppliers, covering more than 500 producers and based on specifications co-defined with the Bee Friendly® label and farming experts. The initiative is supporting farmers in a continuous improvement process with the goal of earning the Bee Friendly® label for their products. The label's highly demanding standards include a blacklist of pesticides that have been banned to protect pollinators and a set of good agricultural practices, in order to promote biodiversity on farms, develop more resilient production systems requiring fewer pesticides, and forge partnerships with local beekeepers.

These initiatives are helping to support local production chains as they transition to more responsible crop and livestock farming methods.

Promoting local products

Working with local producers, the Group's banners develop and promote lines of locavore products.

Local producers are supported in making their production and supply chains, production standards and administrative management more professional, enabling them to expand their business beyond their commercial relationship with Casino. One of the Group's objectives is to make local products more visible to its shoppers.

Since 2011, Casino has marketed the *"Le Meilleur d'Ici"* line of local products made within a radius of about 80 km around Casino supermarkets and Géant hypermarkets. In 2017, the Group created and launched the 1000PRO platform connecting local producers and the Casino Shop, Spar, Vival and other convenience banners. It is helping to facilitate the short-channel marketing of farm products by enabling producers to supply their products to local stores of their choosing.

Throughout France, Monoprix carries a *"Made in Pas Très Loin"* range of products produced within 100 kilometres of the store, which totalled nearly 4,300 grocery, beverage, produce and frozen SKUs in 2017.

Vindémia is also deploying this concept, supporting nearly 800 local farmers and ranchers, while continuing to expand the *"Le Meilleur d'Ici"* line and marketing the *"Nou la fe"* and *"Produits péi"* labels.

To support traditional fishing, Casino is actively deploying the *"La Criée"* concept by partnering with a large number of Atlantic and Mediterranean ports. A daily distribution system has been specifically put in place to deliver fresh seafood directly from the ports to customers every day, in cooperation with small fishing companies. Monoprix is rolling out its "Monoprix Coastal Fishing" initiative, which involves the sale of fish from environmentally responsible fishing practices that promote species renewal. Casino and Monoprix stores carry Marine Stewardship Council (MSC)-certified products, as a guarantee of more sustainable fishing.

8.2.3.4. ENSURING ANIMAL WELFARE

Action principles

To offer products that are more respectful of animal welfare, in recent years the Casino Group has been working in close collaboration with suppliers, production chains and animal rights organisations.

To drive a cycle of continuous improvement, the Group favours dialogue with a wide range of stakeholders, including NGOs, veterinarians, suppliers and production chains, consumers and employees. It hopes that these initiatives will improve and broaden the array of animal-welfare friendly products on its store shelves and enable customers to enjoy better quality products made from more ethically treated animals.

The chosen approach consists of both monitoring conditions in the breeding, transport and slaughtering process and supporting the production chains as they transition to better, more welfare-friendly practices.

Consumer awareness plays a critical role in improving the treatment of farm animals, and to inform shoppers about the animal welfare aspects of the products they buy, the Group is developing a labelling system in collaboration with three recognized animal rights organisations. The project is designed to develop a solution that will help to support standardised labelling in France, thereby encouraging consumers to choose the most welfare-friendly products.

The Group's approach to animal welfare is part of an inclusive dynamic of innovation and progress, involving all of the stakeholders concerned:

- Upstream: the Group is committed to fostering constructive dialogue with cattle ranches and slaughterhouses, with the aim of continuously improving their practices.
- Animal rights stakeholders: the Group is supported by such partner NGOs as *La Fondation Droit Animal* (LFDA), Compassion in World Farming France (CIWF France) and *Œuvre d'Assistance aux Bêtes d'Abattoirs* (OABA).
- Veterinarians: the Group also relies on experts to guide it in addressing animal welfare issues more effectively across the supply chain.
- Consumers: the Group is totally dedicated to product quality, one of whose core components is the ethical treatment of animals. It therefore strives to keep shoppers better informed about animal welfare issues.

- Stores: all of the banners participate in showcasing products sourced from more animal-friendly production chains.
- Employees: special attention is paid to employees in raising their awareness of animal welfare issues.

In deploying its animal welfare policies, the Casino Group upholds the five fundamental freedoms established by the Farm Animal Welfare Council and accepted as the baseline in this area.

Animal welfare policies are defined by the CSR Strategy Committee, whose 12 members include eight members of the Executive Committee.

In France, implementation is led by an Animal Welfare Steering Committee, which comprises a multidisciplinary team involving all of the stakeholders concerned:

- Corporate social responsibility (CSR);
- Quality – including an animal welfare officer;
- Purchasing;
- Marketing.

The Animal Welfare Steering Committee is tasked with:

- coordinating operational deployment of the policies;
- monitoring developments and benchmarking performance;
- defining key animal welfare performance indicators;
- regularly tracking progress;
- capitalising on observed best practices;
- defining improvement action plans.

Commitment

In the case of its private-label products in France, the Casino Group has pledged to:

- define the minimum animal welfare standards applicable to its private-label products during the husbandry, transport and slaughtering phases of the meat, eggs, milk and fish production chains;
- define action plans for the meat, eggs, milk and fish production chain to gradually improve animal welfare in each one;
- increase the number of animal-welfare friendly products available in stores;
- improve the supplier audit procedure concerning animal welfare, starting with the inspection of slaughtering conditions in the meat production chain;
- improve consumer information by developing and testing animal welfare labelling in the stores and by helping to roll out a standardised national animal welfare labelling system in France.

In accordance with French legislation, the use of antibiotics to promote growth and of meat and bone meal to feed farmed animals is prohibited.

Egg sourcing

The Group is committed to improving laying hen husbandry conditions.

It was the first retailer in France and Brazil to announce that it would stop selling eggs from caged hens, undertaking some of the industry's most ambitious commitments:

- In France, Monoprix discontinued the sale of eggs from caged hens under its private label in 2013 and by national brands in 2016. In 2017, the Casino, Franprix and Leader Price banners undertook a similar commitment for 2020.
- In Brazil, GPA has committed to selling only eggs from cage-free hens under its own brands by 2025, in line with the public health standards and regulations defined by the Brazilian Ministry of Agriculture. GPA is the only retailer to have made such a commitment in Brazil.

  In 2017, GPA launched a line of eggs from cage-free hens that has extended its organic and free-range egg products.

Milk sourcing

All of the banners market organic milk under their private labels, as well as other milk that enjoys better guarantees under their private labels:

- Casino supports the *"Lait des éleveurs du Monts du Forez"* label, which offers better husbandry conditions. On the small family farms in the Monts du Forez region, the cows are mainly fed grass and spend over six months of the year in pastures located more than 700 metres above sea level;
- Under the *"Lait de la Vallée du Lot"* brand, Franprix sells Cant'Avey'Lot milk that is locally produced by 30 dairy farmers in the Cantal, Aveyron and Lot departments in compliance with the *Bleu Blanc Coeur* Charter.

Improving slaughtering conditions

More than 60% of the Group's beef supplies come from slaughterhouses audited under an inspection programme introduced in 2015. The audits ensure that the animals are treated ethically and that suffering is kept to a minimum, especially in such key phases as transport, stunning and killing.

Improving consumer information

With its partners LFDA, CIWF France and OABA, the Casino Group is actively developing and testing the procedures for implementing an animal welfare labelling system, in order to devise a solution that can help to deploy a standardised label.

8.2.4. The Casino Group, actively committed to the environment

8.2.4.1. ENVIRONMENTAL POLICIES

Commitment

In 2009, the Group pledged to uphold the United Nations Global Compact and defined the environmental priorities in its corporate social responsibility improvement process.

In response to the challenges posed by climate change, the Group supports and implements environmental policies designed to meet and comply with:

- the objectives of the 2015 United Nations Climate Change Conference (COP 21);
- the UN Sustainable Development Goals;
- the objectives of the Montreal Protocol;
- national legislation, such as France's Energy Transition Act;
- the recommendations of the French Agency for Environment and Energy Management (ADEME), in its 2030-2050 roadmaps.

In this way, it is committed to deploying a low-carbon strategy aligned with the Paris Agreement's below 2°C scenario.

This strategy is primarily designed to:

- reduce the Group's use of non-renewable natural resources;
- combat pollution and the waste of raw materials by recycling waste through the local circular economy;
- protect natural habitats by reducing pressure on biodiversity.

The Group has signed:

- the Paris Climate Action Charter and the Charter for Sustainable Urban Logistics established by the City of Paris;
- the agreement between the French government and the French Trade and Retail Federation (FCD) to have doors fitted on 75% of refrigerators containing fresh produce by 2020;
- through its Grupo Éxito subsidiary, the Cerrado Manifesto Statement of Support and the TFA 2020 initiative to fight against deforestation.

Organisation

To lead this process, in 2012 the Group strengthened its organisation by creating an Environment Department as part of the CSR Department and tasking it with coordinating environmental priorities, sharing best practices and monitoring action plans. Each Group unit is responsible for locally implementing the organisation and action plans required to meet the predefined objectives, in alignment with local circumstances and practices.

The subsidiaries are responsible for:

- pursuing the Group's environmental priorities;
- deploying an environmental management system supported by the environmental indicators needed to manage the action plans for the defined priorities. The performance outcomes are shared with each unit's managers and employees and reviewed annually by the CSR Department with the unit's Management Committee.

In particular, the stores are committed to:

- reducing their greenhouse gas (GHG) emissions;
- improving their energy efficiency;
- reducing, recovering and reusing their waste.

8.2.4.2. RAISING AWARENESS

Among Group employees

The Group educates its employees on environmental issues through best practice guides, seminars and conferences, and internal media such as the corporate intranet and employee newsletters, all of which clearly explain the challenges related to global warming, waste management, energy savings, biodiversity and food waste. Employees can also consult a wide range of handbooks and guides, including the *Guide des Écogestes en Magasin* with solutions for saving energy, sorting waste and reducing food waste in stores; the Group's 12 Solutions brochure, produced to coincide with COP 21 and handed out to employees to promote best practices; and the Sustainable Cold Chain Guide, published in partnership with ADEME to raise awareness among technical teams of the importance of reducing greenhouse gas emissions from store refrigeration units and to identify actionable low-carbon commercial refrigeration solutions.

Among external stakeholders

The Group has partnered with TFT to fight against deforestation. In France, Casino worked with Humanity & Biodiversity to publish the Enhancing Biodiversity on Farms: Tools for Farmers guidebook, which was distributed in 2016 to raise awareness of biodiversity issues and offer practical, real-world solutions for measuring and reducing a farm's impact on biodiversity.

In Colombia, Éxito is supporting and participating, in partnership with the Ministry of Environment and Trade and the WWF, in the *Limpiemos Colombia* (Let's Clean Up Colombia) campaigns to raise people's awareness of waste recycling. In Brazil, the Assaí banner is encouraging customers to bring their packaging back to the store for recycling, with the possibility of receiving discounts on their electricity bill.

In 2016, the Group renewed a number of initiatives aimed at raising employee and customer awareness about food waste (see section 8.2.2.4).

8.2.4.3. THE LOW-CARBON STRATEGY TO FIGHT AGAINST GLOBAL WARMING

The main sources of the Group's greenhouse gas emissions are:

- direct fugitive emissions from refrigeration systems (90% of Scope 1 emissions);
- indirect emissions from the consumption of purchased electricity (100% of Scope 2 emissions);
- indirect emissions from the purchase of merchandise for resale, the purchase of services, the transport of goods and people, and waste treatment processes (Scope 3 emissions).

Performance

The Group has pledged to reduce its Scope 1 and Scope 2 greenhouse gas emissions per square metre of retail space by 20% between 2012 and 2020.

Greenhouse gases (GHGs)

Amount of GHG emissions (in tCO_2eq)	Group 2016	**Group 2017**	France	Brazil	Colombia	Other(1)
Scope 1*: direct emissions from combustion and refrigerants	1,120	989	481	440	-	63
Scope 2**: indirect emissions from the consumption of purchased electricity	410	403	105	178	85	35
Scope 3**: estimated indirect emissions from other sources	30,000	30,000				

* *The total Scope 1 coverage rate in square metres of retail space was 81% in 2017, excluding Franprix and Éxito refrigerants and HVAC coolants (94% in 2016). At comparable scope of reporting, direct emissions from combustion and refrigerants rose by 9% over the year.*

** *The total Scope 2 coverage rate in square metres of retail space was 98% in 2017, at comparable scope of reporting.*

*** *The Group has conducted several studies to estimate its Scope 3 impact. In 2012, Scope 3 emissions for the Casino banner were measured with the support of a specialized consultancy. In 2016, the Scope 3 impact was confirmed by a study of the Group's biodiversity impact in France conducted in association with the Henri Fayol Institute in Saint Etienne. Lastly, in 2017, the impact in France was calculated by the Group using internal purchasing data and emission factors. The findings of these studies were then extrapolated to calculate Group-wide Scope 3 greenhouse gas emissions, which are estimated at around 30 million tonnes of CO_2 equivalent a year, including emissions from the purchase of merchandise for resale. This estimate will be refined by 2020.*

(1) Argentina and Uruguay.

Policies

The greenhouse gas reduction targets have been defined in alignment with the below 2°C scenario proposed by the Paris Agreement in 2015.

Reducing fugitive emissions of refrigerants (Scope 1)

In order to comply with the Montreal Protocol, the Group is committed to reducing fugitive emissions of high global warming potential refrigerants by 18% between 2015 and 2025.

As part of this process, in 2015 the Group published a handbook of recommendations to assist its technical teams in installing low-carbon refrigeration systems.

The main measures introduced are designed to:

- reinforce leak containment systems in existing piping by scheduling preventive maintenance based on constantly monitored refrigerant levels;
- increase the proportion of low global warming potential refrigerants (hydrocarbons, CO_2 and NH_3) in new installations.

In France, Casino supermarkets and Monoprix stores are reducing their initial HFC refrigerant load by commissioning hybrid refrigeration systems producing their negative cold with climate-neutral natural coolants. The most recent new systems installed in Monoprix outlets and Casino convenience stores use only natural refrigerants, like CO_2 or hydrocarbons.

In South America, since 2017 GPA and Éxito have been testing similar installations with their technical partners to prepare for wider deployment.

Reducing indirect emissions related to energy (Scope 2)

Current projects are focused on improving the energy efficiency of stores and decarbonising consumed electricity by increasing the proportion of self-consumed power from renewable sources, such as the solar panels installed on store roofs or solar canopies (see section 8.2.4.4).

Reducing other indirect emissions (Scope 3)

The other material sources of emissions, in descending order, are:

- merchandise sold (excluding fuel);
- fuel sold;
- customer mobility;
- goods transport;
- employee commuting.

With merchandise sold representing the main source of indirect emissions, impelling a shift in production and consumption towards lower-carbon products is a critical factor in deploying a low-carbon strategy.

To do so, in recent years, the Group has been supporting agroecological farming methods that use less chemical fertilizer and encouraging people to improve their nutritional balance by embracing a more vegetable-based diet (see chapter 8.2.2.3 – "Responsible retailer").

In addition, the Group is committed to reducing emissions generated by the transport of goods, by activating the following levers:

- reducing distances travelled;
- increasing loads carried per delivery;
- using railways and inland waterways as alternatives to overland carriage;
- upgrading the vehicle fleet, with CNG-fuelled, hybrid and Euro VI-compliant vehicles;
- using low-carbon fuels like biomethane;
- training employees in eco-driving techniques.

In France, Franprix restocks its Parisian stores *via* the Seine river and is continuing to modernise its delivery fleet with Euro VI-compliant lorries. Monoprix supports the use of biomethane fuel in its CNG lorries. Casino assigns 98% of its city-centre deliveries to lorries complying with the latest Euro V and Euro VI emissions standards and equipped with a particularly silent nitrogen cooling system. Using biogenic compressed natural gas (CNG) fuel reduces particulate matter emissions by 85% and greenhouse gas emissions by 60%. In recent years, the growing use of stackable handling containers has improved lorry load factors.

In Brazil, GPA is continuing to upgrade its fleet with lorries that emit less CO_2 and particulate matter. It is also testing the use of double-decker trailers to increase delivery load factors and reduce distances travelled. In Colombia, Éxito has reduced distances travelled by increasing the load capacity of its store delivery lorries, and has centralised the coordination of import shipments to optimise container fill rates.

Adapting to climate change

The main climate change risk identified as potentially impacting the Group's activities is the increase in extreme weather events, such as the 100-year flood in Paris, cyclones in Reunion, and drought in Brazil and Argentina. An increase in the occurrence of such events would have not only direct consequences for the Group's operations, but also an indirect impact through higher raw material prices, fewer seasonal product sales and higher energy prices. For example, the drought experienced in Brazil in recent years, particularly in the state of São Paulo, has led to a significant rise in the price of electricity, since most of it is produced at hydropower plants.

These risks can be managed by i) complying with local regulations, which specify the equipment to use for managing rainwater and overflow (such as retention basins on green roofs); ii) strategic stockpiling of basic commodities in partnership with suppliers; and iii) improving the energy self-sufficiency of stores with solar panels and generators to guarantee uninterrupted operations and reduce energy consumption. Supplies and stocks of highly weather-sensitive products are managed using software that takes into account data relating to temperature, wind speed, rainfall and snowfall in each region.

8.2.4.4. REDUCING THE USE OF NATURAL RESOURCES

Energy

Performance

Amount of energy used *(in MWh)*	Group 2016	**Group 2017**	2016/17 change	France	Brazil	Colombia	Other[1]
Electricity	3,292,714	3,230,301	-2%	1,522,220	1,133,913	422,302	151,867
Natural gas *(in MWh LHV)*	200,313	205,465	+3%	147,913	21,496	23,341	12,715

N.B. Available data covers 98% of total square metres of retail space (98% in 2016).
(1) Argentina and Uruguay.

Commitment

The Group has pledged to reduce the amount of electricity used per square metre of retail space by 20% between 2012 and 2020.

In 2017, the amount was down by 4.5% compared with 2015.

Policy

Energy use is being reduced through a continuous improvement process based on tracking consumption, performing facility energy audits, and upgrading the least energy efficient installations.

Electricity is primarily used by commercial refrigeration and air conditioning systems, followed by lighting.

Measures taken to reduce electricity consumption include:

- fitting doors on refrigeration units containing fresh or chilled products;
- installing low-energy lighting and air conditioning systems.

In France, the energy management process in Géant hypermarkets, Casino supermarkets, Monoprix stores, the corporate head office building in Saint-Etienne and the Franprix and Leader Price administrative offices in Vitry have all been certified in accordance with the ISO 50001 energy management standard. In 2017, 96% of Géant hypermarkets, 73% of Casino supermarkets and 26% of Monoprix stores were covered by an Energy Performance Contract, which guarantees to reduce their baseline consumption by at least 20%.

In Brazil, energy retrofits were performed in GPA hypermarkets in 2015 and 2016 with the goal of reducing energy intensity by 25%. In 2017, the programme was pursued in Extra & Pão de Açúcar supermarkets, while Assaí replaced more than 1,500 vertical refrigeration units in its stores.

In Colombia, in 2017, Grupo Éxito focused on upgrading refrigeration equipment in 21 warehouses, 12 Inter supermarkets and seven Surtimax discount outlets. The programme was supported by the *"Campaña ahorremos planeta"* employee communications campaign, which explained the need to align a store's lighting, air conditioning and commercial refrigeration systems with its actual operations. In 2016, Grupo Éxito and GPA introduced a bonus system for managers based on the fulfilment of a variety of CSR objectives, including the reduction of electricity consumption.

The Group is actively engaged in deploying renewable energies, with the installation of solar power units on the canopies in its store car parks.

In France, after opening the country's first energy-positive hypermarket, the Géant Vals-Près-le-Puy, in 2016, Green Yellow commissioned its first ground-mounted, self-consumption solar power plant in 2017. The new unit's rated output of 250 kW will cover 27% of the power needs of the G Galerie Cap Costières shopping mall. This type of facility can be installed on previously unused land to supply tenants with renewable energy.

In Brazil, Assaí is operating seven self-consumption solar farms. Since 2016, Grupo Éxito has inaugurated two solar power units, including the largest such facility in Colombia, which is installed on the roof of the Viva Barranquilla shopping centre. In all, Green Yellow, the Group's dedicated energy subsidiary, has installed more than 500,000 sq.m of solar panels since it was created in 2008. Sixty-five solar power plants have been brought into service on store rooftops and car park canopies since 2007 and 15 solar farms are currently being used for self-consumption by the Group.

Water

Performance

Amount of potable water used *(in cu.m)*	Group 2016	**Group 2017**	France	Brazil	Colombia	Other[1]
Public potable water	5,398,660	4,738,153	1,516,208	2,584,747	180,070	457,128

N.B. Available data covers 65% of total square metres of retail space (68% in 2016).
(1) Argentina and Uruguay.

Policy

The Group's host regions run a relatively low risk of water scarcity, according to the global water stress map published in 2015 by the United Nations. Nevertheless, certain periods of drought caused by climate change in Latin America could occasionally disrupt the supply of drinking water or the generation of electricity from hydropower stations.

Steps taken to reduce direct water use include i) phasing out open-loop, water-cooled refrigeration systems and replacing them with closed-loop systems; ii) installing rainwater recovery systems to meet grounds watering or potable water needs in stores or warehouses; iii) installing pressure-reducing valves on taps to restrict flow; and iv) regularly monitoring consumption to detect pipe leaks.

Wastewater is appropriately treated in compliance with local legislation before being released into the public networks.

8.2.4.5. COMBAT POLLUTION AND THE WASTE OF RAW MATERIALS BY RECYCLING WASTE IN THE LOCAL CIRCULAR ECONOMY

Performance

Tonnes of waste recovered and reused	Group 2016	**Group 2017**	France	Brazil	Colombia	Other[1]
Cardboard	155,240	134,136	98,612	13,664	17,284	4,576
Other	62,073	53,981	32,591	3,257	13,995	4,138
TOTAL	**217,313**	**188,117**	**131,203**	**16,921**	**31,279**	**8,714**

N.B. Available data covers 66% of total square metres of retail space (85% in 2016).
(1) Argentina and Uruguay.

Policy

For several years now, the Group been pursuing a policy of recovering and reusing the waste from its subsidiaries' operations, in a commitment to reducing and eventually eliminating disposal by dumping and/or partial incineration without heat recovery.

■ Sorting and recycling store waste

Store waste primarily includes packaging cardboard, plastic, paper and wooden pallets used to transport and handle merchandise, damaged goods and unsold compostable produce.

The Group is committed to installing and effectively using waste sorting systems to reduce the amount of unsorted, landfilled waste and supports the development of local recycling businesses.

In 2017, Group recovered and reused more than 188,000 tonnes of waste, including cardboard, paper, plastic, glass, wood, scrap metal and organic waste.

Stores and warehouses in France sorted more than 130,000 tonnes of waste for recycling by accredited service providers. The amount of waste recovered and reused per square metre of retail space increased by 14% over the year.

In Brazil, GPA's Multivarejo business continued to roll out in-store sorting programmes for cardboard and organic waste, while the Assaí banner trialled an organic waste sorting process in six stores and improved its sorting performance tracking system. In Colombia, Éxito is pursuing an ambitious waste management policy with environmental officers in charge of training store staff and raising awareness among customers and employees. As a result, more than 31,000 tonnes of store waste was recycled in 2017. Managed by the Éxito Foundation (see section 8.2.4), the resale of recyclable materials provides up to 38% of its funding.

■ Collecting and recycling end-of-life products

To facilitate the emergence of a circular economy by using end-of-life products as sources of new raw material, the Casino Group provides in-store collection points where customers can return their scrap products for recycling. These products are then collected by the stores and sent to accredited recycling companies.

In 2017, customers returned 299 tonnes of batteries, 78 tonnes of bulbs, more than 3,000 tonnes of waste electrical and electronic equipment (WEEE), 11 tonnes of ink cartridges and 3,560 tonnes of cardboard, which were then given to accredited service providers for recycling.

Internationally, Pão de Açúcar, Extra and Assaí recycled more than 10,540 tonnes of cardboard, glass, steel, aluminium and plastic returned by customers to the collection boxes set up at store entrances. Éxito and Carulla stores also offer collection points for used batteries, end-of-life electrical and electronic devices and out-of-date medicines. Libertad provides in-store collection points for glass, certain types of packaging and used motor oil in partnership with local recycling companies.

■ Reducing air and noise pollution

In France, Franprix and Monoprix help to reduce air pollution in city centres by using alternative modes of transport such as rivers and railways. Where possible, Casino works with transport providers that use either i) lorries that are low-emission (Euro V and Euro VI-compliant) and low-noise (Piek-approved as operating under 60dB) or ii) hybrid vehicles so that the last kilometre of city-centre night deliveries can be made in silent electric mode. Since 2016, Casino, Monoprix and Franprix have supported the use of lorries running on compressed natural gas (CNG), which emits less NOx and particulate matter.

Preventing soil contamination

The main risk of soil contamination comes from the Group's service stations, which are therefore monitored through rigorous inspections by approved third parties. In France, the Group helps to prevent soil contamination by surveying underground facilities and ground water as well as monitoring subsoils. Outside France, service stations owned by Éxito and GPA are also inspected regularly to prevent any risk of pollution.

8.2.4.6. SUSTAINABLE CONSTRUCTION

The Group is pursuing its partnerships with property companies that seek and earn certification for their shopping centres, so as to guarantee environmentally friendly buildings and amenities for their tenants.

In 2017, for its second participation in the Global Real Estate Sustainability Benchmark (GRESB), Group partner Mercialys retained its Green Star status (the highest category in the ranking) and was ranked 26th in the Global Retail category, up 42 places. The ranking attests to the outstanding performance of the shopping centres, particularly in terms of environmental management.

At the 2017 Construverde International Forum & Expo, Colombia's most widely respected sustainable construction trade show, Grupo Éxito received an award from the Colombia Green Building Council (CCCS) and the United States Green Building Council for the development of sustainable real estate projects.

8.2.4.7. PROTECTING NATURAL HABITATS BY REDUCING PRESSURE ON BIODIVERSITY

Analysis of the pressure exerted by the Group's operations on biodiversity shows that the main impact stems from the way the products sold in Group stores are produced and consumed. In particular, products in the palm oil, beef, soy and fish production chains have an impact on biodiversity.

To meet the goal of cutting greenhouse gas emissions in France by 75%, there needs to be a shift in eating habits from animal to vegetable protein, a reduction in the excessive intake of proteins and carbohydrates, as well as a 60% reduction in food waste (according to the ADEME forecasting exercise, *Vision 2030-2050*).

To reduce its indirect impact on biodiversity, the Group is supporting this food transition by developing product lines with smaller environmental footprints and encouraging customers to adopt more environmentally responsible shopping habits.

The main initiatives being deployed by the Group are presented in sections 8.2.2.3 and 8.2.4.3.

8.2.5. The Casino Group, a local corporate citizen

As a local retailer with strong roots in city centre, suburban and rural communities, the Casino Group contributes to local economic development, community outreach and support, social cohesion and the fight against poverty and exclusion. Through the CSR continuous improvement programme, it encourages its banners to get more involved in community support partnerships with food banks and other leading non-profit associations, to develop local in-store community initiatives and to support the actions of its Foundations. The Group is dedicated to meeting the diverse needs of associations present in its host communities.

Through its foundations and outreach partnerships, the Group is engaged in four main types of programme: food aid for the most vulnerable, support for children in difficulty, initiatives to break down the barriers to entry into the job market for underprivileged youth and the fight against social exclusion in all its forms.

8.2.5.1. SUPPORTING FOOD AID FOR THE MOST VULNERABLE MEMBERS OF SOCIETY

Many people in the Group's host countries live below the poverty line and rely on food aid for sustenance. The Group actively supports food bank associations in these countries, and contributes to them i) by organising daily in-store recovery of produce and still edible products nearing their sell-by date and ii) by participating in national collection drives.

In 2017, the Group's collection and donation initiatives resulted in the donation of more than 23,500 tonnes of products, or the equivalent of 47 million meals (nine million more than in 2016), to food banks or other social welfare organisations.

Group	2016	**2017**	2016/17 change
Recovered and donated by stores and warehouses (tonnes)	16,104	20,800	+29%
Collected from customers *(tonnes)*	2,789	2,736	-1%

In France, the Group is helping the most deprived members of society by encouraging its stores and customers to support the French food bank network (FFBA). It first partnered with FFBA in 2009, and renewed its association for a further three years in 2016. Under the new agreement, the Group, through its banners, undertakes to donate products nearing their sell-by date and, in particular, to increase the number of stores involved in the national food bank collection drive held each November. Vindémia recovers perishables from its stores and organises collections from customers in partnership with the Banque Alimentaire des Mascareignes. These donations go not only to local food banks, but also to a number of French charitable associations, such as the French Red Cross, *Secours Populaire* and the *Restos du Cœur*.

- In Brazil, GPA, which is deploying similar initiatives in partnership with associations such as Amigos do Bem, organised a day-long food drive for the fifth consecutive year. The *"Dia de Solidariedade"* resulted in the donation of 765 tonnes of food from more than 880 participating stores with the help of 10,000 volunteers.
- In Argentina, since 2013 Libertad has supported the *Red Bancos de Alimentos* food banks, organising in-store collections and participating in the *"Camina contra el hambre"* campaign to promote exercise and sports while collecting food donations. Agreements have also been signed with suppliers for the collection of unsold products.
- In Colombia, Grupo Éxito is pursuing the partnership initiated several years ago with local food banks and donated around 1,900 tonnes of merchandise in 2017. It also supports a programme to recover agricultural surplus from rural areas, which collected more than 3,200 tonnes of farm products to help feed around 580 families.

8.2.5.2. SUPPORTING CHILDREN IN DIFFICULTY

In France, Brazil and Colombia, the Casino Group is committed to helping children through a variety of programmes deployed by its four foundations to provide educational opportunities and combat child malnutrition.

Education through theatre and music

Created in 2009, the Casino Foundation helps to combat exclusion by supporting the education of children through theatre, offering them a collective artistic experience that enhances their ability to express themselves and interact with others.

It has developed two major theatre-based programmes:

- *"Artistes à l'École"*, in partnership with France's Ministry of National Education and the Odéon-Théâtre de l'Europe. It is enabling around 2,000 children to attend a two-year comprehensive artistic and cultural education curriculum covering an introduction to theatre and the theatrical professions, drama and playwriting workshops and stage productions.

  Projects are selected by a committee comprising members of the Foundation's Board of Directors, as well as artistic and educational experts. The first two-year programme ended in June 2016, and the winning student troupe was invited by the Foundation to perform its production at the Odéon-Théâtre de l'Europe, during a gala evening event attended by students, teachers, artists and Group employees. Following a new call for projects in 2016, 12 *"Artistes à l'École"* drama projects are now being funded and tracked by the Foundation. This second class' winning project will be performed in June 2018;
- *"Parrains Engagés"*, which supports children's education through theatre projects developed by associations, with a focus on projects recommended and championed by Group employees. In 2017, around ten education through theatre projects run by associations were selected nationwide by a committee of Group employees. The projects, which reached a total of 1,200 children, were especially designed to use drama to raise the cultural awareness of young audiences.

The Casino Foundation gets employees involved in its commitment to theatre through *"Tous en scène"*, a national giving programme conducted every year in Casino, Franprix and Leader Price stores, as well as in the Group's restaurants, warehouses and offices. As part of the in-store cause-related marketing campaign, employees are encouraged to participate in a photo contest. The 2017 event raised funds for the Foundation's partner associations, *Apprentis d'Auteuil* and *Tréteaux Blancs*, to develop eight new drama projects that benefited more than 500 children with little access to culture.

Instituto GPA is also recognised for its *"Música & Orquestra"* music education programme, which was set up in 1999 and has been attended by more than 15,500 disadvantaged children aged 10 to 18 over the past 15 years. The free, two-year programme offers young people from underprivileged backgrounds music theory and practice classes, as part of an orchestra that performs in stores as well as in theatres and at festivals in Brazil and abroad.

Fighting childhood malnutrition

In another of the Group's causes, *Fundación Éxito* in Colombia has developed national expertise widely recognised by stakeholders in the fight against childhood malnutrition. It takes action through its *"Gen Cero"* programme, which aims to ensure that no Colombian child under five suffers from malnutrition by 2030.

As part of this program, for the third year in a row, Colombia celebrated "Childhood Nutrition Month" in August 2017. Launched by *Fundación Éxito* and the UN World Food Programme, the initiative is intended to raise awareness of chronic childhood malnutrition issues with the support, in particular, of the Office of the President of Colombia. Through its partnerships formed with major Colombian public authorities, *Fundación Éxito* provides support to ensure healthy, balanced diets for children and expectant mothers from disadvantaged backgrounds, while raising awareness about better nutrition. In 2017, roughly €8 million was invested in programmes that reached more than 51,800 children. The latest national survey has shown that the percentage of malnourished children in Colombia declined by around three points between 2010 and 2015.

Éxito, which also conducts advocacy programmes, played a leading role in the drafting Colombia's Comprehensive Early Childhood Care Act. In addition, in recent years, it has deployed the *"Goticas"* programme, which lets customers make checkout donations to fight against child malnutrition.

Other children's support programmes

To address the wide diversity of needs, the Group organizes a variety of events and initiatives for associations working on behalf of children.

In France, in 2017 the Casino, Franprix, Leader Price and Monoprix banners lent their support to the *"Les Amis de Mikhy"* association, which is helping to develop supportive care for children hospitalised with brain tumours and other forms of cancer. Franprix also led two cause-related marketing campaigns with the microDON social enterprise on behalf of the *"Petits Princes"* association and the French Muscular Dystrophy Association and organised product donations to support the Princesse Margot association. The Group's food services subsidiary took action to support the "Make a Wish" foundation, which helps seriously ill children make their fondest wish come true. Lastly, for the 2017 Universal Children's Day, the Monoprix Foundation supported three child welfare associations following a call for projects addressing "Childhood and Solitude in the City" created in partnership with the *Ulule* crowdfunding platform.

In Argentina, Libertad's *"Donemos sonrisas"* outreach programme supports local children's aid initiatives through the in-store collection of small change donated by customers. More than ten foundations and organisations receive funding every year. Similarly, the Disco Group banners in Uruguay help to finance various foundations focused on child welfare.

8.2.5.3. BREAKING DOWN THE BARRIERS TO ENTRY INTO WORK FOR UNDERPRIVILEGED YOUTH

The Group has deployed a number of programmes to support local community associations that are helping young people, particularly from underprivileged backgrounds, to enter the work world.

In France, since 2016 the Group has supported a work entry programme run by *Sport dans la Ville*, an association that works with young people from lower-income neighbourhoods. Organised from September to December 2017 in all of the French banners, the "From Sports to Job" initiative raised funding for the association's programme to prepare 1,000 young women for the job market. The Group's *"C'avec elles"* women managers' network has created a sponsorship programme in partnership with Coca-Cola that offers scholarships to selected young aspiring entrepreneurs supported by the Our Neighbourhoods Have Talent (NQT) association.

In addition, the Group participates in the initiatives led by various organizations, such as *Institut de l'Engagement and Unis-Cités*, to help volunteers in France's civic service programme to capitalize on the skills acquired during their service and takes those acquired skills into account in its hiring procedures. In 2017, young civic service volunteers were hired during the "Trampoline" days organised by *Unis-Cités* and several managers participated in *Institut de l'Engagement* selection interviews. Since February 2016 and the signing of the Local Employment Development Charter, the Casino Group has partnered with the City of Paris as part of the "1,000 Sponsors for 1,000 Jobs" programme, which has brought together 60 employee volunteers, guided by teams from the City of Paris and its partners, to actively assist Parisian job seekers.

In Brazil, Instituto GPA offers educational programmes to help young people from low-income backgrounds enter the workforce. In partnership with the government of Rio de Janeiro, it also supports the *Núcleo Avançado em Tecnologia de Alimentos* (NATA) vocational training centre, where more than 340 students from low-income families are being trained for baking and dairy jobs. Lastly, the institute is continuing to partner with *Fundação Getulio Vargas* to fund the *"Prosperar"* programme, which has granted merit-based scholarships to thirty students.

8.2.5.4. FIGHTING SOCIAL EXCLUSION

As a founding member of the Foundation for Action Against Exclusion (FACE) and a retailer with deep local roots, the Casino Group acts as a vector of social cohesion in its host communities and engages in a wide range of initiatives to reach out to people suffering from exclusion. The Group addresses these highly diverse community needs not only through its foundations, but also through the actions undertaken by its banners, stores and offices.

In France, the Group deployed a comprehensive community response programme for the victims of Hurricane Irma, opening dedicated platforms where employees could donate to the French Red Cross with a matching contribution in the same amount from the Casino Foundation and the Monoprix Foundation. Easydis donated merchandise and Franprix activated the Arrondi system in 450 stores, enabling customers to donate to MicroDON by rounding up their purchase total to the next euro. In all, more than €83,000 and 45 tonnes of products were collected.

The Group's banners support the French Red Cross and the Emmaüs, *Secours Populaire* and *Jardins de Cocagne* associations. In particular, Franprix (in 2014) and Naturalia use the Arrondi system, which gives customers the opportunity to round up their purchase total to the next euro and donate the difference to social enterprise MicroDON, which in turn gives it to the chosen associations.

In 2017, the Monoprix Foundation, which focuses on combating social isolation in cities, dedicated €140,000 to nine projects led by the following associations: *Voisins Malins, Secours Populaire, Solidarité Nouvelle, Face au Chômage, Femmes SDF, l'Accorderie, Le Carillon and Autre Monde*. In addition, it is pursuing its three-year partnership with *Unis-Cité* to support the "Intergénéreux" programme, which helps to ease social isolation among the elderly by having teams of young civic service volunteers visit them in retirement communities or at home, to share conversation, offer outings and listen to memories and personal stories. In 2017, 20 stores took part in outreach initiatives as part of this programme.

Lastly, another community support programme involved the customer donation of non-food products to a variety of associations. In 2017, for example, Monoprix organised a back-to-school donation drive with Apprentis d'Auteuil, a used toy drive with the *Rejoué* association and a nationwide household linen donation campaign for Emmaüs. GPA launched the Winter Warmth campaign in Assaí offices and stores, which collected more than 24 tonnes of clothing and blankets that was donated to more than 17,000 people.

8.2.5.5. ENCOURAGING THE CIVIC ENGAGEMENT OF EMPLOYEES

The Group encourages employees to make a difference in the civic life of their communities, considering that this type of engagement fosters personal and professional growth.

After an internal survey confirmed that employees were interested in volunteering with charitable associations, the Casino Foundation, which believes that civic engagement is a source of employee fulfilment and skills development, launched the "Citizen Engagement" skills-sharing volunteer programme in 2016. It includes access to a dedicated on-line catalogue of volunteer opportunities to work with the Casino Foundation's partner associations. A Citizen Engagement Guidebook was also distributed in all of the office facilities. In 2017, the Casino Foundation joined with the *Institut de l'Engagement* to create the Citizen Engagement Award, which honours an employee who has volunteered to work with an association. The first Award was presented to the Sales Manager of the Géant Casino drive-through service in Villefranche-sur-Saône, who has volunteered with *Le Refuge*, an association that supports LGBT young adults who have been rejected by their families. The Foundation also launched a call for volunteers for the November 2017 nationwide food bank donation drive, which was answered by more than 100 volunteers for one-off or regular assignments.

In another form of engagement, in December 2017, the Casino Group signed an agreement with the French Ministry of the Armed Forces to support the nation's military reserve policy. A Group employee who is a member of France's operational reserve is now covered by an employment contract that is more favourable and more protective than the current contract, which may encourage more people to volunteer. It provides for i) ten days of authorised leave a year instead of the legally mandated five days; ii) adjustments to and a reduction in the prior-notice period when applying for leave; iii) approval of the "responsiveness clause" reducing the 30-day prior notice to the employer if the employee is called to active duty; iv) uninterrupted payment of the reservist employee's salary while on active duty, in addition to his or her military pay; v) uninterrupted healthcare coverage, insurance and other benefits for the reservist employee while on active duty; and vi) a guarantee that active duty leave will have no adverse impact on the calculation of the reservist employee's bonus or raises. Lastly, to make this system an innovative, collective, shared commitment, the Group has established an "operational reserve leave fund" based on the donation of days-off by supportive non-reservist employees, with matching contributions from the employer. In this way, the fund will finance the additional days of leave granted to reservist employees.

8.3. Non-financial performance

Commitment	Indicator	2016	2017	Change
Committed employer				
Promote diversity	% of women in headcount	53%	53%	-
	% of women managers	37%	38%	+1 pt
	Number of disabled employees at 31 December (under permanent and fixed-term contracts)	7,134	7,465	+5%
	Disabled employees as a proportion of total headcount	3.1%	3.3%	+0.2 pts
Help young people enter the workforce	Percentage of employees <30 years old	39%	39%	-
	Number of people on Group work-study/ apprenticeship programmes at 31 December	7,071	7,434	+5%
Provide growth opportunities for employees	Total number of training hours	4,050,876	4,389,459	+8%
	Total hours of training per person	17.9	19.5	+9%
Take action to protect employee health and well-being	Number of occupational illnesses (France)	260	247	-5%
	Lost-time accident frequency rate	16.3	18.9	+2.6 pts
	Lost-time accident severity rate	-	0.8	-
	Absenteeism rate due to accidents and illness	-	4.8%	-
Responsible retailer and trusted partner				
Take action to protect consumer health and encourage consumption that respects the environment and biodiversity	Number of "sustainable certified" products	19,684	26,687	+36%
	Number of organic food products (private-label and national-brand products)	13,838	17,422	+26%
Combat food waste	Donations by stores and warehouses (recovery) *(tonnes)*	16,104	20,800	+29%
Strengthen ethical social compliance	Number of social audits conducted by the Group (in accordance with ICS methodology)	349	885	+154%
Environmentally committed group				
Reduce greenhouse gas emissions	GHG emissions, scope 1 *(tCO_2)*[1]	907,663	988,843	+9%
	GHG emissions, scope 2 *(tCO_2)*	412,234	402,877	-2%
Manage consumption of natural resources	Total electricity consumption *(MWh)*	3,292,714	3,230,301	-2%
	Electricity/sq.m *(kWh/sq.m)*	577	581	+0.7%
	Water consumption *(cu.m)*[2]	5,397,209	4,738,153	-12%
Reduce and recover waste	Volume of operating waste recovered *(tonnes)*[3]	182,271	185,709	+2%
	Percentage of waste recovered (excluding food donations)[4]	57%	54%	-3 pts
Local corporate citizen				
Develop foundation programmes and non-profit partnerships	Funds distributed for community outreach (donations and fondations) *(€ thousands)*	76,420	84,696	+11%
	Donations of foodstuffs in meal equivalents	32,209	41,601	+29%
	Estimated number of people reached through foundations or non-profit partnerships (Casino Foundation, Éxito Foundation, Instituto GPA)	96,057	102,565	+7%

(1) Revised data excluding Éxito and Franprix.
(2) Excluding Franprix. Scope: 96% of consolidated sales.
(3) Excluding MV and Vindémia. Coverage rate: 79% of consolidated sales. 2016 data have been adjusted to enable comparisons with 2017 data.
(4) Data cover Casino entities, Leader Price, Monoprix (excluding Naturalia), Cdiscount, Assaí and Éxito. Coverage rate: 71% of consolidated sales. 2016 data have been adjusted to enable comparisons with 2017 data.

8.4. Cross-reference tables – SDG – GRI

Our 15 priorities	United Nations Sustainable Development Goals	Our commitments Our initiatives
Promote diversity Combat discrimination Favour the employment of disabled workers Promote gender equality	5 GENDER EQUALITY 1 NO POVERTY 10 REDUCED INEQUALITIES	8.2.1.1/8.2.1.2
Help young people enter the workforce Develop work/study schemes and enable access to entry-level work experience Facilitate student guidance and integration Take action to promote programmes for young people from disadvantaged backgrounds	1 NO POVERTY 10 REDUCED INEQUALITIES	8.2.1.1
Provide growth opportunities for employees Implement wage policies designed to promote individual, collective and CSR performance Train employees to promote employability Manage change in the Company	4 QUALITY EDUCATION	8.2.1.3
Take action to protect employee health and well-being Promote social dialogue Take action to prevent workplace risks Improve the quality of life at work Take action to address public health issues	3 GOOD HEALTH AND WELL-BEING	8.2.1.3
Take action to protect consumer health Improve the nutritional profile and ingredients of private-label products Develop specific product ranges Offer healthier products and production methods Inform consumers about the nutritional value of products Promote balanced consumption	3 GOOD HEALTH AND WELL-BEING	8.2.2.2
Encourage consumption that is respectful of the environment and biodiversity Support organic farming and good agricultural practices Reduce the impact of packaging Educate customers on responsible consumer habits	14 LIFE BELOW WATER 15 LIFE ON LAND 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8.2.2.3/8.2.3.3 8.2.3.4
Combat food waste Educate customers and employees Develop new product and procurement concepts	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8.2.2.4
Strengthen ethical social compliance and the duty of care plan within the supply chain	8 DECENT WORK AND ECONOMIC GROWTH	8.1.9/8.2.3.1
Support local production channels Develop long-term supply chain partnerships Promotion of local products	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	8.2.3.3

Our 15 priorities	United Nations Sustainable Development Goals	Our commitments Our initiatives
Promote the CSR initiatives of SMEs Maintain close relationships Evaluate CSR and environmental performance	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8.2.3.2
Develop foundation programmes Support food relief for the most disadvantaged members of society Support children in need Encourage employees' civic commitments	4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES 2 ZERO HUNGER	8.2.5.2/8.2.5.3
Develop solidarity partnerships Support the integration of disadvantaged young people Combat exclusion	2 ZERO HUNGER 4 QUALITY EDUCATION	8.2.5.1/8.2.5.2./8.2.5.3
Reduce greenhouse gas emissions Implement a low-carbon strategy	13 CLIMATE ACTION	8.2.4.3/8.2.4.1/8.1.1/8.1.6/8.1.8
Increase energy efficiency Reduce energy use per sq.m Use renewable energies	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 13 CLIMATE ACTION	8.2.4.4
Reduce and recover waste Sort and recycle store waste Collect and recycle used products	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8.2.4.5

GRI Sustainability Reporting Standards	
GRI 101: Foundation	
1. Reporting Principles	Chapters 8.1 and 8.5
2. Using the GRI Standards for sustainability	-
3. Making claims related to the use of the GRI Standards	-
GRI 102: General Disclosures 2017	
1. Organisational profile	Chapter 1
2. Strategy	Chapters 8.1 and 8.2
3. Ethics and integrity	Chapter 8.1
4. Governance	Chapters 5 and 8.1
5. Stakeholder engagement	Chapter 8.1
6. Reporting practice	Chapters 8.1 and 8.5
GRI 103: Management Approach 2017	
1. Explanation of the material topic and its boundary	Chapter 8.1
2. The management approach and its components	Chapter 8.2
3. Evaluation of the management approach	Chapter 8.6
GRI 200: Economic	
201: Economic Performance	Chapters 7.1, 8.1 and 8.2
202: Market Presence	Chapter 8.2
203: Indirect Economic Impacts	Chapter 8.2
204: Procurement Practices	Chapter 8.2
205: Anti-corruption	Chapters 7.2 and 8.1
206: Anti-competitive Behaviour	Chapters 7.1 and 8.1
GRI 300: Environmental	
301: Materials	Chapters 8.2.4 and 8.3
302: Energy	Chapters 8.2.4 and 8.3
303: Water	Chapters 8.2.4 and 8.3
304: Biodiversity	Chapters 8.2.2 and 8.2.4
305: Emissions	Chapters 8.2.4 and 8.3
306: Effluents and Waste	Chapters 8.2.4 and 8.3
307: Environmental Compliance	Chapter 8.2.3
308: Supplier Environmental Assessment	Chapters 8.2.3 and 8.3
GRI 400: Social	
401: Employment	Chapter 8.2.1
402: Labour/Management Relations	Chapters 8.1.6 and 8.2.1
403: Occupational Health and Safety	Chapters 8.2.1 and 8.3
404: Training and Education	Chapters 8.2.1 and 8.3
405: Diversity and Equal Opportunity	Chapters 8.2.1 and 8.3
406: Non-discrimination	Chapter 8.2.1
407: Freedom of Association and Collective Bargaining	Chapter 8.1.1
408: Child labour	Chapter 8.2.3
409: Forced or Compulsory Labour	Chapter 8.2.3
410: Security Practices	Chapter 8.2.1
411: Rights of Indigenous Peoples	-
412: Human Rights Assessment	Chapter 8.2.3
413: Local Communities	Chapter 8.1.6
414: Supplier Social Assessment	Chapters 8.2.3 and 8.3
415: Public Policy	Chapter 8.1.9
416: Customer Health and Safety	Chapter 8.2.2
417: Marketing and Labelling	Chapter 8.2.2
418: Customer Privacy	Chapter 7.2.3
419: Socio-economic Compliance	Chapter 8.1.9

8.5. Reporting methodology for CSR indicators

REPORTING SCOPE

Unless otherwise specified, the employee relations, social and environmental data concern all entities under the operational control of the Casino Group and any of its majority-held subsidiaries, in France and abroad. Data concerning affiliates, franchises and business leases are not included. Reporting is on a fully consolidated basis (data included at 100%).

The scope of CSR reporting is the same as the Group's financial reporting:

- "The Group" includes the consolidated data of all business units in the Group's host countries. These data exclude discontinued operations in application of IFRS 5;
- "Country" includes the consolidated data of store activity and the associated support services (logistics, purchasing, human resources, etc.) of business units located in:
  - France, comprising the Casino, Monoprix (including Naturalia), Cdiscount, Franprix and Leader Price banners, as well as Vindémia (located in Reunion, Mayotte, Mauritius and Madagascar),
  - Brazil, encompassing the operations of Pão de Açúzar Group (GPA) and its entities Multivarejo and Assaí. In accordance with IFRS 5, GPA's discontinued operations are excluded, *i.e.*, Viavarejo and Cnova Brazil,
  - Colombia, comprising Grupo Éxito operations,
  - Uruguay, comprising Grupo Disco and Devoto operations,
  - Argentina, comprising Libertad operations.

"Casino" encompasses the activities under the Casino banners in France and their support services.

REPORTING PERIOD AND ACCOUNTING PRINCIPLE

The non-environmental data collected cover the activity of the concerned entity or entities for the period starting on 1 January and ending on 31 December of the reference year and include sites opened or closed down during the year, except for workplace accident frequency rates, workplace accident severity rates and the number of lost hours for Casino, which cover the period from 1 December 2016 to 30 November 2017.

Environmental data cover offices, logistics sites and stores that operated for a full 12-month period between 1 October 2016 and 30 September 2017.

DATA COLLECTION

The procedures for collecting, calculating and consolidating corporate social responsibility (CSR) indicators are formally defined in a Reporting Protocol distributed to all those involved in reporting in France and in foreign subsidiaries. Improvements are made each year to guarantee:

- compliance with the requirements of the application decree relating to Article 225 on the transparency obligations for corporate CSR reporting;
- consistent calculation methodologies in all subsidiaries in France and abroad;
- the reliability of reported data.

This protocol specifies:

- the organisation of the CSR indicators' gathering, validation and consolidation process;
- responsibilities at the various process levels;
- the reporting scope and the principles for taking account of changes in scope (disposals, acquisitions);
- useful definitions for the proper understanding of required data;
- the methodologies for calculating indicators, consistent with applicable international or national reporting standards.

DATA CONSOLIDATION AND VERIFICATION

The protocol introduces control points to limit the risk of error in the transmission of information and ensure the reliable production of indicators. Accordingly, each indicator is assigned to a CSR contributor, who is responsible for collecting, checking and consolidating the data for their reporting scope.

The indicators are then validated by the subsidiary's unit in charge of producing the indicator.

All the data are then brought together and consolidated centrally by the Group CSR department, which also conducts a series of controls to verify their consistency and compliance with the calculation methods and the reporting scope.

EXTERNAL AUDIT

The reporting procedures and tools, as well as selected key indicators, were audited by EY, our Statutory Auditors.

The conclusions of this audit are set out in section 8.6 of this Registration Document.

BACKGROUND

The Casino Group mainly operates in emerging countries and in France.

Each subsidiary deploys local policies and initiatives in accordance with the Group's CSR policy.

The Group's host countries have significant economic, social, cultural and regulatory differences. Consequently, significant differences exist between the various geographic regions where the Group operates.

DETAILS ON METHODOLOGY AND SCOPE

Employee data

- Workforce: indicators about the workforce are calculated at 31 December and do not include contracts expiring on that date. Suspended contracts are not included.
- Employees with disabilities: the status of "employee with disabilities" is defined by the laws applicable to each of the Group's host countries. In France, they are defined by the provisions of Article L. 323-3 of the French Labour Code *(Code du travail)*.
- The lost-time accident frequency rate is expressed as the number of accidents per million hours worked. It corresponds to the "Number of work accidents" as a proportion of the "Actual number of hours worked". Actual number of hours worked comprises contractual working hours, overtime and additional hours less lost hours (due to occupational and non-occupational illness, and workplace accidents).
- The lost-time accident severity rate is expressed as the number of lost days per thousand hours worked. It corresponds to the "Number of lost hours due to workplace accidents" as a proportion of the "Actual number of hours worked".
  - 2016 scope: due to the overhaul of GPA's reporting tools, this entity, which covers 56% of the Group's workforce, is excluded from the 2016 data.
  - 2017 scope: the data includes the entire reporting scope.
- The absenteeism rate due to accidents and illness (including occupational illness) corresponds to the number of lost hours (excluding commuting accidents) as a proportion of the total number of hours worked. Hours worked include contractual hours, overtime and additional hours. These data do not include commuting accidents.
  - 2016 scope: due to the overhaul of GPA's reporting tools, this entity, which covers 56% of the Group's workforce, is excluded from the 2016 data.
  - 2017 scope: the data includes the entire reporting scope.
- Training
  - Includes the following:
    Initial training and continuing training hours as well as distance learning (e-learning) programmes with an actual connection time of between 10 and 60 minutes and more than 60 minutes if the theoretical training time is more than 60 minutes.
  - Does not include the following:
    Training hours spent in school under a vocational training contract (apprenticeship and work/study programmes); training hours provided to non-Group employees; coaching initiatives implemented on site by supervisors; training programmes for which documentation is not received at the reporting date, which can lead to the recording of fewer training hours.

Product and supplier data

- Organically farmed products comprise food products compliant with the local regulations applicable in each country. In France, "Bio" (organic) food products comply with European regulation No. 834/2007.
- Fair trade: fair trade-certified private-label products comprise food and fresh products that carry a fair trade label.
- "Sustainable certified" products include:
  - organically farmed food products;
  - organic or eco-friendly hygiene and personal care products compliant with the local regulations applicable in each country and, in particular, with the Ecocert guidelines in France;
  - fair trade products;
  - products with certification attesting to an environmental progress programme, *e.g.*, MSC, NF Environnement, FSC, PEFC, Paper by Nature, OK Compost home, European Ecolabel, Ecocert labelling.

  "Textile" products are not included in this category, although some of them are produced with organic cotton.
- ICS social audit: regular inspections are carried out to assess company labour practices and measure plants' compliance with the Social Clause Initiative (ICS) methodology (available at http://www.ics-asso.org). The audits are unannounced or semi-announced and are valid for a period of two years as of the initial audit date.

Environmental data

The 2016 and 2017 environmental data do not cover Mayotte, Mauritius or Madagascar (<0.6% of consolidated net sales in 2017).

- GHG emissions:

  Scope 1 corresponds to direct GHG emissions and includes the items below:

  - direct emissions from stationary combustion sources (natural gas, fuel oil);
  - direct emissions from mobile combustion engine sources (fuel for owned vehicles or vehicles leased long-term);
  - direct fugitive emissions such as those linked to refrigerant leaks, excluding the direct fugitive emissions of Franprix and Éxito not included in the emissions reported for 2017, which corresponds to a coverage ratio of 87% of consolidated sales.

  Scope 2 corresponds to indirect GHG emissions associated with energy and, more particularly, with electricity.

  The Group uses Carbon Base emission factors or factors published by recognised national sources (Carbon Base, ADEME 2017 and IPCC AR5).

- Sustainable use of resources: water, electricity and natural gas consumption can be measured from meter readings or from the entity's utility bill.
  - 2017 water consumption scope: excluding Franprix (scope covers 96% of consolidated net sales).
- Operational waste: the volume of recovered operational waste includes waste sorted by the Group's facilities and delivered to accredited service providers for recovery. Depending on subsidiaries, it includes the following: cardboard, plastics, paper, office and sales equipment, organic waste, lighting consumables, print consumables, waste cooking oil, sewage grease, bone and tallow, and scrap and metals. Packaging waste and wooden palettes and crates are not included in the reported values.
  - 2017 scope: excluding Multivarejo and Vindémia operations (scope covers 79% of consolidated net sales).
- Hazardous waste is sent for specific local management in accordance with applicable standards. It is collected and stored separately from other types of waste before delivery to specialised and accredited service providers for treatment. Only hazardous waste recovered by an accredited service provider is included in the quantity of waste recovered.

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

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.

Year ended the 31st of December 2017

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC[(1)], under the number n° 3-1050, and as a member of the network of one of the Statutory Auditors of the company Casino, Guichard-Perrachon, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 of December 2017, presented in chapter 8 of the registration document, 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 the chapter 8 of the registration document and available online.

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 March 2018 for an estimated duration of fourteen 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 its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[(2)].

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 registration document 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*) with the limitations specified in the Methodological Note in chapter 8 of the registration document.

CONCLUSION

Based on this work and given the limitations mentioned above we confirm the presence in the registration document of the required CSR information.

(1) Scope available at www.cofrac.fr
(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

2. LIMITED ASSURANCE ON CSR INFORMATION

Nature and scope of the work

We undertook four interviews with the people responsible for the preparation of the CSR Information in different departments(1), in charge of the data collection process and 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 important(2):

- 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 registration document;
- At the level of the representative selection of entities that we selected(3), 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 to identify potential omissions 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 20% of the total workforce and between 18% and 19% of the quantitative environmental information 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.

OBSERVATIONS

Without qualifying our conclusion above, we draw your attention to the following points:

- As mentioned in the methodological summary presented in chapter 8 of the registration document, the indicator "Total amount of greenhouse gases emitted – Scope 1" does not include the emissions linked to the leakage of refrigerant gases of the entities Franprix and Grupo Exito.

Paris-La Défense, the 9th of March 2018

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Eric Mugnier Partner, Sustainable Development	Bruno Perrin Partner

(1) Corporate social responsibility department, Environment department and AMC Quality department.
*(2) **Environmental and Societal information:***
- Quantitative information: electricity consumption, refrigerant gas leakages, greenhouse gases emissions (scope 1 and 2), share of recovered non-hazardous industrial waste, number of responsible products sold;
- Qualitative information: general environmental policy, mitigations actions to reduce food waste, climate change (including emissions related to the use of goods and services), 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, actions undertaken to promote and guarantee Human Rights.
Social information:
- Quantitative information: total headcount, hiring and terminations, absenteeism rate, work accidents rates, notably their frequency and their severity, number of days of training, number of employees trained;
- Qualitative information: organisation of work, health and safety conditions at the work place, training policies in place, promotion and respect of the ILO core conventions (freedom of association, anti-discrimination policies and actions, elimination of forced labour and child labour)
(3) French entity Franprix, Colombian entity Grupo Exito, Brazilian entities Multivarejo and Assaï.

Chapter 9

Casino and its shareholders

9.1. The market for Casino securities

9.1.1. Casino, Guichard-Perrachon – parent company

The Company's shares (ISIN code FR0000125585) are admitted for trading on Euronext Paris and are eligible for the Deferred Settlement Service.

The Company has also carried out several bond issues which are listed in Luxembourg. These bond issues (excluding perpetual deeply subordinated bonds) are currently rated BB+ with a stable outlook by Standard & Poor's and Ba1 with a stable outlook by Moody's Investors Service. The Company terminated its agreement with Fitch Ratings on 30 November 2017.

Lastly, on 12 January 2012, Casino set up a sponsored level 1 American Depositary Receipt (ADR) programme in the United States. Deutsche Bank is the depositary bank for these ADRs, which may be traded over the counter in the United States. Each Casino share is represented by five ADRs under this programme.

Share prices and trading volumes over the past 18 months (source: Euronext Paris)

		High and low prices		Number of shares traded	**Amount traded**
		High *(€)*	Low *(€)*	*(thousands)*	*(€ millions)*
2016	September	47.34	41.85	8,029	355
	October	47.35	41.25	9,795	434
	November	46.73	41.95	8,439	377
	December	46.85	41.26	7,800	348
2017	January	52.21	45.59	8,374	415
	February	53.20	49.43	6,410	327
	March	52.43	48.15	16,555	839
	April	55.98	49.76	8,720	461
	May	57.19	52.10	8,936	485
	June	55.57	50.65	9,057	477
	July	56.65	50.72	10,394	552
	August	52.65	45.84	7,804	392
	September	50.29	47.29	7,486	369
	October	52.42	48.15	9,911	494
	November	52.18	46.75	8,083	395
	December	53.00	48.37	8,035	408
2018	January	52.21	45.59	8,374	415
	February	47.48	43.83	8,893	404

Five-year stock market performance

	2013	2014	2015	2016	**2017**
Share price *(€)*(1)					
high	86.80	97.53	87.89	55.34	57.19
low	68.50	70.02	38.75	34.38	45.59
31 December (closing price)	83.77	76.46	42.42	45.59	50.56
Market capitalisation at 31 December *(€ millions)*	9,475	8,653	4,801	5,060	5,612

(1) Source: Euronext Paris.

9.1.2. Other listed companies

The market capitalisations of the companies listed below are based on Bloomberg data, which do not reflect the most recent changes in the number of Cnova shares at end 2016 and are therefore different from the data calculated by the Casino Group.

ALMACENES ÉXITO *(COLOMBIA)*

The Company's shares are listed on the Colombia Stock Exchange (Bolsa de Valores).

	2013	2014	2015	2016	**2017**
Share price *(COP)*[1]					
high	36,340	33,280	28,800	16,860	16,640
low	27,800	24,400	10,100	12,300	14,620
31 December (closing price)	30,000	29,200	13,500	14,900	16,560
Market capitalisation at 31 December *(COP millions)*	13,428,130	13,088,612	6,042,658	6,669,304	7,412,327
Market capitalisation at 31 December *(€ millions)*	5,064	4,552	1,744	2,121	2,076

(1) Source: Bloomberg.

CNOVA N.V. *(NETHERLANDS)*

The Company's shares were traded on Nasdaq (New York) from 20 November 2014 to 3 March 2017, when they were delisted. They have been traded on Euronext Paris since 23 January 2015.

Nasdaq (New York)	2014	2015	2016	**2017**
Closing price *(USD)*[1]				
high	8.27	8.49	5.49	5.50
low	6.71	2.28	2.15	5.25
31 December (closing price)	7.91	2.41	5.48	5.30
Market capitalisation at 31 December *(USD millions)*	3,472	1,063	2,418	1,826
Market capitalisation at 31 December *(€ millions)*	2,869	978	2,292	1,738

(1) Source: Bloomberg.

Euronext Paris	2015	2016	**2017**
Closing price *(€)*[1]			
high	6.54	5.27	5.26
low	2.14	2.00	4.28
31 December (closing price)	2.28	5.18	4.40
Market capitalisation at 31 December *(€ millions)*	1,006	2,285	1,516

(1) Source: Euronext Paris.

COMPANHIA BRASILEIRA DE DISTRIBUIÇAO *(BRAZIL)*

The Company's shares are traded on the São Paulo Stock Exchange (BM&FBOVESPA) and on the NYSE (United States) through a level 3 American Depositary Receipt (ADR) programme.

	2013	2014	2015	2016	**2017**
Closing price *(BRL)*[1]					
high	115.59	115.46	102.69	61.86	80.85
low	87.90	91.52	41.19	32.90	54.30
31 December (closing price)	104.91	98.63	41.86	54.75	78.93
Market capitalisation at 31 December *(BRL millions)*	27,719	26,142	11,122	14,567	21,041
Market capitalisation at 31 December *(€ millions)*	8,509	8,163	2,577	4,280	5,324

(1) Source: Bloomberg.

VIA VAREJO *(BRAZIL)*

The Company's shares have been traded on the São Paulo Stock Exchange (BM&FBOVESPA) since 13 December 2013.

	2014	2015	2016	**2017**
Closing price *(BRL)*[(1)]				
high	26.49	20.15	10.75	25.13
low	18.71	3.25	2.90	8.85
31 December (closing price)	20.77	3.27	10.75	24.47
Market capitalisation at 31 December *(BRL millions)*	8,777	1,407	4,625	10,544
Market capitalisation at 31 December *(€ millions)*	2,741	326	1,359	2,668

(1) Source: Bloomberg.

9.2. Dividend and tax

Given profit available for distribution of €3,653 million, including retained earnings brought forward from prior years, the Board is recommending a dividend of €3.12 per share.

After deducting the interim dividend of €1.56 paid on 11 December 2017, the remaining dividend amount comes to €1.56 per share.

The ex-date for the dividend balance will be 18 May 2018 and the payment date 22 May 2018.

Individual shareholders resident in France for tax purposes and having opted to have their investment income and capital gains from the sale of securities taxed at the progressive income tax rate will be entitled to claim 40% tax relief on their dividends, in accordance with Article 158-3.2° of the French Tax Code (*Code général des impôts*).

Dividends on any Casino shares held by the Company on the payment date will be credited to retained earnings.

Dividends paid over the last three years are as follows:

Year	Dividend per share	Dividend eligible for the 40% tax relief	Dividend not eligible for the 40% tax relief
2014	€3.12	€3.12	-
2015	€3.12	€3.12	-
2016			
Interim dividend (paid on 30 November 2016)	*€1.56*	*€1.56*	-
Remaining dividend (paid on 11 May 2017)	*€1.56*	*€1.56*	-
Total	*€3.12*	*€3.12*	-

The following table shows the total dividend payout (in € millions) and the payout rate (as a percentage of underlying net profit, Group share – see Chapter 2, page 26) over the past five years:

Year	2012	2013	2014	2015	2016
Total payout	337.8	352.9	351.9	350.1	343.6
% of underlying net profit, Group share	59.9	57.1	63.3	85.0	100.8

By law, any dividends which have not been claimed within five years of their payment date will lapse and become the property of the French State, in accordance with Articles L. 1126-1 and L. 1126-2 of the French Public Property Code (*Code général de la propriété des personnes publiques*).

Tax treatment of dividends

As from the tax season for income earned in 2018, the French Finance Law for 2018 amends the tax treatment applicable to all investment income and capital gains from the sale of securities.

The information below is provided as a guide only. Shareholders are advised to contact their tax authorities or consult their tax advisor for information specific to their situation.

INDIVIDUAL SHAREHOLDERS WHO ARE TAX RESIDENTS IN FRANCE

The tax treatment and withholding tax applicable to dividends paid to individual shareholders resident in France for tax purposes as from 1 January 2018 are as follows:

Tax treatment

Dividends paid on or after 1 January 2018 are subject to a 30% flat-rate withholding tax (*prélèvement forfaitaire unique* – PFU) comprising:

- income tax of 12.8% based on the gross dividend amount;
- social security contributions at an overall rate of 17.2% following the increase in the CSG (*contribution sociale généralisée*) surtax introduced by the French Social Security Finance Law for 2018.

However, taxpayers may elect to be taxed based on the progressive income tax rate, added to which they will be subject to a 17.2% social security contribution on investment income and capital gains from the sale of securities. In this case, they will be eligible for the 40% relief on the gross dividend amount and the 6.8% CSG deduction.

This option is irreversible and must be expressly applied for by taxpayers each year when filling out their tax return for income received that year. It applies to all investment income and capital gains from the sale of securities earned during the year covered by the flat-rate tax.

Tax system

Taxation takes place in two phases:

- On payment, dividends are subject to a 12.8% flat-rate withholding tax (*prélèvement forfaitaire obligatoire* – PFO), as well as social security contributions at an overall rate of 17.2%, resulting in a 30% total withholding tax on the gross amount of income paid by the bank or broker;
- Dividends must then be declared in the tax return filed for the year in which they are received. They are then subject to income tax of 12.8%, unless the taxpayer has opted to have all their investment income and capital gains from the sale of securities taxed at the progressive income tax rate.

Taxpayers whose 2017 taxable income is below €50,000 for a single person and €75,000 for a couple submitting a joint tax return will be exempt from the 12.8% flat-rate withholding tax on dividends paid in 2018 if they have applied to their bank or broker before 30 November 2017.

The 12.8% flat-rate withholding tax paid on dividends is taken against the income tax due in respect of the year in which the dividends are paid, irrespective of whether said income tax is determined using the 12.8% flat rate or the optional progressive income tax rate. If it exceeds the income tax payable, the excess amount is refunded by the tax authorities.

Dividends on shares registered under a share savings plan (*plan d'épargne en actions* – PEA) are exempted from income tax and social security contributions for the duration of the PEA, provided that the dividends are maintained in the PEA.

INDIVIDUAL SHAREHOLDERS WHO ARE TAX RESIDENTS OUTSIDE FRANCE

Withholding tax on dividends paid by French companies to individual shareholders who are tax residents outside France as from 1 January 2018 is set at 12.8% (unless a more favourable rate is provided for in the relevant international tax treaty).

The dividends are not subject to social security contributions.

The tax rate applicable to payments made outside France in a "non-cooperative state or territory", as defined by the French government, remains unchanged at 75%. In addition, said payments are subject to the 17.2% social security contribution.

9.3. Share buyback programme

9.3.1. Current share buyback programme

The Ordinary General Meeting of 5 May 2017 authorised the Board of Directors to buy back or arrange for the buy back of shares in the Company, under Articles L. 225-209 *et seq.* of the French Commercial Code (*Code de commerce*), Articles 241-1 to 241-5 of the General Regulations of France's securities regulator (*Autorité des marchés financiers* – AMF) and European Union legislation on market abuse (in particular, regulations No. 596/2014 of 16 April 2014 and No. 2273/2003 of 22 December 2003), primarily for the purposes below:

- to ensure the liquidity of and stimulate the market for Company securities through an independent investment services provider acting independently in the name and on behalf of the Company, under the terms of a liquidity agreement compliant with a Code of Conduct recognised by the AMF;
- to implement any Company stock option plan under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, any savings plan in accordance with Articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*), or any grant of free shares carried out in the context of the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, or any other share-based compensation mechanism;
- to deliver the shares upon exercise of rights attached to securities granting rights to Company shares through redemption, conversion, exchange, presentation of warrants or debt securities convertible to or exchangeable for Company shares, or any other means;
- to save them for later use as payment or consideration in the context of or following any external growth transactions;
- to cancel all or part of these shares in order to optimise earnings per share in the context of a share capital reduction under the conditions provided for by law;
- to implement any future market practice authorised by the AMF and, generally, carry out any transaction compliant with applicable regulations.

The shares may be acquired, sold, transferred, or exchanged by any means and, in particular, on regulated or OTC (over-the-counter) markets, including *via* block trades. These means include the use of any derivative financial instrument traded on a regulated or OTC market and the implementation of option-based strategies under the conditions authorised by the relevant market authorities, provided said means do not help cause a significant increase in the price volatility of the security. Furthermore, the shares may also be placed on loan, pursuant to the provisions of Articles L. 211-22 *et seq.* of the French Monetary and Financial Code (*Code monétaire et financier*).

The purchase price of the shares shall not exceed €100 (excluding transaction costs) per share with a par value of €1.53.

This authorisation can only be used in respect of a number of shares no greater than 10% of the Company's share capital as of the date of the Annual General Meeting of 5 May 2017, it being specified that, whenever the Company shares are purchased in the context of a liquidity agreement, the number of shares retained for calculating the aforementioned 10% threshold will correspond to the number of shares purchased, after deducting the number of shares sold back during the authorisation period under the terms of the liquidity agreement. However, the number of shares purchased by the Company and intended to be held then later used as payment or consideration in the context of an external growth transaction, cannot exceed 5% of the share capital. The acquisitions made by the Company cannot, under any circumstance whatsoever, ever lead the Company to hold more than 10% of the shares comprising its share capital.

In the event of a tender offer for the Company's shares or other securities, this authorisation could only be used for the purpose of fulfilling commitments to deliver securities, especially under share grant plans or strategic transactions initiated or announced before the tender offer was launched.

TRANSACTIONS COMPLETED IN 2017 AND UNTIL 9 MARCH 2018

Liquidity agreement

In February 2005, Casino mandated Rothschild & Cie Banque to implement a liquidity agreement to ensure a wide market and regular quotations for its shares. The agreement complies with the Code of Conduct of the French financial markets association (*Association française des marchés financiers* – AMAFI) approved by the AMF on 1 October 2008.

Casino allocated 700,000 ordinary shares and the sum of €40 million to the liquidity account.

Additional allocations were made on 25 September 2015 (€30 million) and 28 December 2015 (€50 million), bringing the total allocated to the liquidity account to €120 million.

The Company withdrew 580,000 shares from the liquidity account on 16 May 2016 and 120,000 shares on 23 May 2016. The 700,000 shares were subsequently cancelled by decision of the Board of Directors on 14 June 2016.

In 2017, a total of 5,341,434 shares were purchased at an average price of €51.22 per share and 5,341,434 shares were sold at an average price of €51.39 per share. At 31 December 2017, the liquidity account held zero shares and €130.11 million.

From 1 January 2018 to 9 March 2018, a total of 1,126,100 shares were purchased at an average price of €46.76 per share and 26,100 shares were sold at an average price of €49.83 per share. At 9 March 2018, the liquidity account held 1,100,000 shares and €78.8 million.

Other stock transactions

In 2017, the Company purchased 223,077 shares at an average price of €49.64 per share through an investment service provider acting in the name and on behalf of the Company on an arm's length basis.

Between 1 January 2018 and 9 March 2018, the Company purchased 962,900 shares at an average price of €44.31 per share through an investment service provider acting in the name and on behalf of the Company on an arm's length basis.

The Annual General Meeting of 5 May 2017 authorised the Board of Directors to reduce the share capital by cancelling shares bought back by the Company, by 24-month periods. Under this authorisation, the Board of Directors cancelled 413,622 shares on 7 March 2018.

Over the 24-month period beginning 8 March 2016 and ending 9 March 2018, the Board of Directors cancelled 2,614,312 shares: 700,000 shares on 14 June 2016, 524,440 shares on 28 July 2016, 976,250 shares on 14 October 2016 and 413,622 shares on 7 March 2018, representing 2.36% of the Company's share capital at 7 March 2018.

SUMMARY OF STOCK TRANSACTIONS

The table below shows details of treasury shares bought and sold between 1 January 2017 and 31 December 2017 and between 1 January 2018 and 9 March 2018, together with the number of treasury shares held by the Company:

	Number of shares	% of share capital represented by the total number of shares
Number of shares held at 31 December 2016	**101,328**	**0.09**
Shares purchased under the liquidity agreement	5,341,434	
Shares sold under the liquidity agreement	(5,341,434)	
Shares purchased	223,077	
Shares sold	0	
Shares cancelled	0	
Shares granted	(217,598)	
Number of shares held at 31 December 2017	**106,807**	**0.10**
Shares purchased under the liquidity agreement	1,126,100	
Shares sold under the liquidity agreement	(26,100)	
Shares purchased	962,900	
Shares sold	0	
Shares cancelled	(413,622)	
Shares granted	(51,322)	
Number of shares held at 9 March 2018	**1,704,763**	**1.54**

At 31 December 2017, the Company owned 106,807 shares (purchase cost: €5 million) with a par value of €1.53. Based on the closing price at 29 December 2017 (€50.56), their market value totalled €5.4 million.

At 9 March 2018, the Company owned 1,704,763 shares (purchase cost: €77.7 million) with a par value of €1.53 each. Based on the closing price at 9 March 2018 (€42.12), their market value totalled €71.8 million.

Treasury shares are allocated for the following purposes:

- 1,100,000 shares to the liquidity agreement;
- 268,854 shares to cover stock option plans, employee share ownership plans or share grant plans for Group employees;
- 335,909 shares to be cancelled.

On 31 December 2017, Germinal SNC, an indirectly controlled wholly-owned company, held 928 ordinary shares.

9.3.2. Share buyback programme submitted to the Annual General Meeting for approval

The Annual General Meeting of 15 May 2018 will be asked to renew the authorisation granted to the Board of Directors to buy back or arrange for the buy back of shares in the Company under Articles L. 225-209 *et seq.* of the French Commercial Code, Articles 241-1 to 241-7 of the AMF General Regulations and European Union legislation on market abuse (in particular, regulations No. 596/2014 of 16 April 2014 and No. 2273/2003 of 22 December 2003), primarily for the purposes below:

- to ensure the liquidity of and stimulate the market for Company securities through an independent investment services provider acting independently in the name and on behalf of the Company, under the terms of a liquidity agreement compliant with a Code of Conduct recognised by the AMF;
- to implement any Company stock option plan under the provisions of Articles L. 225-177 *et seq.* of the French Commercial Code, any savings plan in accordance with Articles L. 3332-1 *et seq.* of the French Labour Code, or any grant of free shares carried out in the context of the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code, or any other share-based compensation mechanism;
- to deliver the shares upon exercise of rights attached to securities granting rights to Company shares through redemption, conversion, exchange, presentation of warrants or debt securities convertible to or exchangeable for Company shares, or any other means;
- to save them for later use as payment or consideration in the context of or following any external growth transactions;
- to cancel all or part of these shares in order to optimise earnings per share in the context of a share capital reduction under the conditions provided for by law;
- to implement any future market practice authorised by the AMF and, generally, carry out any transaction compliant with applicable regulations.

These shares may be acquired, sold, transferred, or exchanged by any means and, in particular, on regulated or OTC (over-the-counter) markets, including *via* block trades. These means include the use of any derivative financial instrument traded on a regulated or OTC market and the implementation of option-based strategies under the conditions authorised by the relevant market authorities, provided said means do not help cause a significant increase in the price volatility of the security. The shares may also be loaned, pursuant to Articles L. 211-22 *et seq.* of the French Monetary and Financial Code.

The purchase price of the shares shall not exceed €100 (excluding transaction costs) per share with a par value of €1.53.

This authorisation can only be used in respect of a number of shares no greater than 10% of the Company's share capital as of the date of this Annual General Meeting or, for example, 9,914,483 shares based on the share capital as of 7 March 2018, after deducting the 1,143,854 own shares held by the Company, corresponding to a maximum amount of €991 million, it being specified that, whenever the Company shares are purchased in the context of a liquidity agreement, the number of shares retained for calculating the aforementioned 10% threshold will correspond to the number of shares purchased, after deducting the number of shares sold back during the authorisation period under the terms of the liquidity agreement. However, the number of shares purchased by the Company and intended to be held then later used as payment or consideration in the context of an external growth transaction, cannot exceed 5% of the share capital. The acquisitions made by the Company cannot, under any circumstance whatsoever, ever lead the Company to hold more than 10% of the shares comprising its share capital.

The authorisation is granted to the Board of Directors for eighteen months. It terminates and replaces the authorisation previously granted under the terms of the eighteenth resolution of the Ordinary Shareholders' Meeting dated 5 May 2017.

In the event of a public tender offer for the shares or securities issued by the Company, the Company may only use this authorisation for the purpose of meeting securities delivery commitments, especially in the context of free share plans or strategic transactions initiated and announced prior to the launch of said public tender offer.

9.4. Share capital and share ownership

9.4.1. Changes in share capital

At 31 December 2017, the share capital amounted to €169,825,403.88 divided into 110,996,996 shares with a par value of €1.53 each.

At 9 March 2018, the share capital amounted to €169,192,562.22 divided into 110,583,374 shares with a par value of €1.53 each.

CHANGES IN SHARE CAPITAL BETWEEN 1 JANUARY 2013 AND 9 MARCH 2018

From 1 January 2013 to 9 March 2018		Number of shares issued/ cancelled	Increase/(decrease in share capital) (€)		**Successive amounts of the share capital** (€)	Total number of shares in issue
			Par value	Premium		
2013	Stock options	195,756	299,506	13,601,365	172,691,087.76	112,869,992
	Absorption of subsidiaries	209	319	8,404	172,691,407.53	112,870,201
	Share grants	235,630	360,513	(360,513)	173,051,921.43	113,105,831
2014	Stock options	69,232	105,924	3,758,298	173,157,846.39	113,175,063
	Absorption of subsidiaries	99	151	2,842	173,157,997.86	113,175,162
2015	Stock options	22,485	34,402	1,251,290	173,192,399.91	113,197,647
	Absorption of subsidiaries	39	59.67	1,345	173,192,459.58	113,197,686
2016	Cancellation of shares	(2,200,690)	(3,367,056)	(100,555,713)	169,825,403.88	110,996,996
2017	-	-	-	-	169,825,403.88	110,996,996
2018	Cancellation of shares	(413,622)	(632,842)	(18,204,457)	169,192,562.22	110,583,374

POTENTIAL NUMBER OF SHARES

There are no securities or stock options (see section 9.5) that may confer entitlement to share capital, as the share grant plans underway (see section 9.5) concern existing shares.

UNISSUED AUTHORISED CAPITAL

At the Annual General Meeting on 5 May 2017, the shareholders granted the Board of Directors various authorisations to increase the share capital for the purpose of raising funds in the market, if necessary, to finance the Group's future growth and improve its financial position, as well as to make free share grants to employees of the Company and related companies.

The authorisations and delegations granted to the Board of Directors that can lead to the issuance of securities carrying rights to shares of the Company are listed below:

Transactions	**Maximum amount**	Terms and conditions	Authorisation date	Term	Expiry
Capital increase by issuing shares or securities carrying rights to new or existing shares of the Company or existing shares of any company in which it directly or indirectly owns an interest or to debt securities, with pre-emptive rights in the case of new share issues	€59 million[1][2]	With PE*	5 May 2017	26 months	4 July 2019
Capital increase by issuing shares or securities carrying rights to new or existing shares of the Company or existing shares of any company in which it directly or indirectly owns an interest or to debt securities by means of a public offering, without pre-emptive rights in the case of new share issues	€16.9 million[1][2]	Without PE*	5 May 2017	26 months	4 July 2019
Capital increase by issuing shares or securities carrying rights to new or existing shares of the Company or existing shares of any company in which it directly or indirectly owns an interest or to debt securities by means of an offering as referred to in Article L. 411-2 II of the French Monetary and Financial Code, without pre-emptive rights in the case of new share issues	€16.9 million[1][2]	Without PE*	5 May 2017	26 months	4 July 2019
Capital increase by capitalising reserves, earnings, share premiums or other capitalisable sums	€59 million[1]	-	5 May 2017	26 months	4 July 2019
Capital increase by issuing shares or share equivalents to pay for contributions in kind made to the Company comprising shares or share equivalents	10% of the share capital[1]	Without PE*	5 May 2017	26 months	4 July 2019
Capital increase by issuing shares or share equivalents in the event of a public offering initiated by Casino, Guichard-Perrachon for the shares of another listed company	€16.9 million[1][2]	Without PE*	5 May 2017	26 months	4 July 2019
Capital increase by issuing free shares to employees who are members of an employee share ownership plan provided by the Company or related companies	2% of the total number of shares outstanding on 5 May 2017 *(i.e., 2,219,939 shares)*	Without PE*	5 May 2017	26 months	4 July 2019
Stock options granted to employees of the Company and employees and corporate officers of related companies	2% of the total number of shares outstanding on 5 May 2017 *(i.e., 2,219,939 shares)*	Without PE*	5 May 2017	38 months	4 July 2020
Share grants of existing or new shares to employees of the Company and related companies		Without PE*	5 May 2017	38 months	4 July 2020

** PE = pre-emptive subscription rights.*

(1) The aggregate par value of the shares which may be issued, immediately and/or in the future, pursuant to various authorisations, may not exceed €59 million, it being specified that the par value of capital increases that may be carried out, immediately and/or in the future, without pre-emptive rights for existing shareholders may not exceed €16.9 million, without taking account of the par value of the additional shares to be issued to safeguard the rights of securities holders, as required by law.

(2) The aggregate nominal amount of debt securities that may be issued pursuant to this authorisation may not exceed €2 billion or its equivalent value in other currencies or monetary units based on a basket of currencies, it being specified that the overall amount of debt securities that may be issued pursuant to this authorisation may not exceed €2 billion or its equivalent value in other currencies or monetary units based on a basket of currencies.

None of these authorisations were used in 2017.

None of these authorisations are due to expire and therefore no resolutions will be submitted to the Annual General Meeting of 15 May 2018 for their renewal, with the exception of the share grant authorisation.

The tax and social security treatment of share grants was amended by the French Finance Law for 2018 and the French Social Security Finance Law for 2018. However, it applies only to share grants carried out pursuant to an authorisation granted by an Extraordinary General Meeting subsequent to the publication of said laws. Accordingly, in order for the Company to apply the new tax and social security treatment, a resolution aimed at replacing the unused portion of the authorisation granted by the Extraordinary General Meeting of 5 May 2017 will be submitted to the Annual General Meeting of 15 May 2018. The characteristics of the authorisation will remain the same, with the exception of the duration of the authorisation, which will be set at the remaining term of the initial authorisation, *i.e.* 26 months.

Pursuant to the authorisation renewed at the Annual General Meeting of 5 May 2017 for a period of 26 months, *i.e.* until 4 July 2019, the Board of Directors is also authorised to reduce the share capital by cancelling shares held, up to a maximum of 10% of the share capital outstanding on the date of cancellation in any 24-month period. This authorisation was not used in 2017. On 7 March 2018, the Board of Directors used the authorisation to cancel 413,622 shares acquired for this purpose.

9.4.2. Changes in share ownership

DOUBLE VOTING RIGHTS

Statutory provisions relating to double voting rights were introduced by the Extraordinary General Meeting of 30 November 1934 and amended by the Extraordinary General Meeting of 21 May 1987 (Article 28-III of the Articles of Association).

With respect to voting rights, Article 28-III of the Company's Articles of Association stipulates as follows:

"Shareholders hold as many votes as the shares he or she holds or represents, without limitation, with the only exception of the cases provided for by law or in the Articles of Association.

However, a double voting right is assigned to all fully paid-up shares effectively held in registered form in the name of the same shareholder for at least four years, as well as, in the event of a share capital increase via capitalisation of reserves, profits, or issue premiums, to those registered shares granted free of charge to a shareholder in connection with old shares for which he or she is entitled to this right.

The double voting right is forfeited ipso jure for any share that was converted to bearer-form or that was subject to a transfer of ownership except, in the event of a transfer in which the shares remain in registered form, pursuant to the terms of Article L. 225-124 of the French Commercial Code.

The vote or proxy issued by an intermediary that has either not declared itself as an intermediary registered as a holder of securities on behalf of third parties not domiciled in France, or has not disclosed the identity of the owners of the shares for which it is a registered intermediary, in accordance with regulations in force, will not be counted."

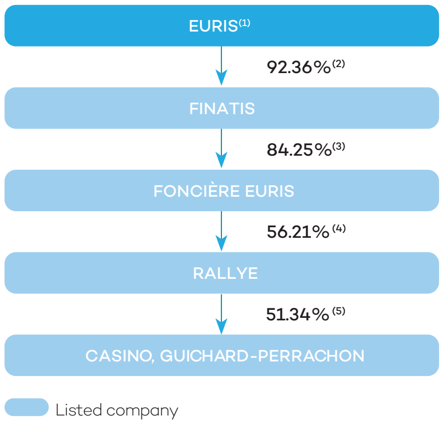
Double voting rights may be withdrawn by decision of the Extraordinary General Meeting, after approval by a special meeting of holders of double voting rights.

At 31 December 2017, a total of 163,207,946 voting rights were attached to 110,889,261 shares with voting rights in issue. The number of voting rights is different from the number of shares comprising the share capital due to the double voting right attached to registered shares, as well as the direct or indirect holding by the Company of a certain number of its own shares.

Taking into account the gain or loss of double voting rights by certain shareholders since 1 January 2018 and the number of treasury shares held directly or indirectly, a total of 161,190,652 voting rights were attached to 108,877,683 shares carrying voting rights as of 9 March 2018.

CONTROLLING SHAREHOLDER

Casino, Guichard-Perrachon is controlled, directly and indirectly, by Euris. The diagram below shows the Company's position within the Group as of 9 March 2018:



(1) Euris is controlled by Jean-Charles Naouri.

(2) 92.36% of voting rights.

(3) 84.25% of voting rights.

(4) 70.38% of voting rights.

(5) The shares are held directly or indirectly, excluding treasury shares, by Rallye and its subsidiaries and represent 63.85% of the theoretical voting rights.

CHANGES IN SHARE CAPITAL AND VOTING RIGHTS

The ownership of share capital and voting rights as of 31 December 2015, 2016 and 2017 and as of 9 March 2018 is as follows:

	Shares		Voting rights exercisable at Annual General Meeting[1]		Theoretical voting rights[1]	
31 December 2015	Number	%	Number	%	Number	%
Public	54,151,487	47.9	58,104,341	36.6	58,104,341	36.3
of which shares in registered form	4,621,214	4.1	8,574,068	5.4	8,574,068	5.4
of which shares in bearer form	49,530,273	43.8	49,530,273	31.2	49,530,273	30.9
Rallye group	55,930,447	49.4	98,127,086	61.8	98,127,086	61.1
Casino Group Employee Mutual Funds	1,283,039	1.1	2,484,803	1.6	2,484,803	1.5
Treasury shares[3]	1,832,713	1.6	0	0.0	1,832,713	1.1
TOTAL	**113,197,686**	**100.0**	**158,716,230**	**100.0**	**160,548,943**	**100.0**

	Shares		Voting rights exercisable at Annual General Meeting[1]		Theoretical voting rights[1]	
31 December 2016	Number	%	Number	%	Number	%
Public	53,838,179	48.5	57,714,619	35.3	57,714,619	35.3
of which shares in registered form	4,488,125	4.0	8,364,565	5.1	8,364,565	5.1
of which shares in bearer form	49,350,054	44.5	49,350,054	30.2	49,350,054	30.2
Rallye group[2]	55,930,447	50.4	103,146,472	63.3	103,146,472	63.2
Casino Group Employee Mutual Funds	1,126,114	1.0	2,213,265	1.4	2,213,265	1.4
Treasury shares[3]	102,256	0.1	0	0.0	102,256	0.1
TOTAL	**110,996,996**	**100.0**	**163,074,356**	**100.0**	**163,176,612**	**100.0**

	Shares		Voting rights exercisable at Annual General Meeting[1]		Theoretical voting rights[1]	
31 December 2017	Number	%	Number	%	Number	%
Public	53,886,157	48.5	57,930,445	35.5	57,930,445	35.4
of which shares in registered form	4,568,997	4.1	8,613,285	5.3	8,613,285	5.3
of which shares in bearer form	49,317,160	44.4	49,317,160	30.2	49,317,160	30.1
Rallye group[2]	55,934,790	50.4	103,165,475	63.2	103,165,475	63.2
Casino Group Employee Mutual Funds	1,068,314	1.0	2,112,026	1.3	2,112,026	1.3
Treasury shares[3]	107,735	0.1	0	0.0	107,735	0.1
TOTAL	**110,996,996**	**100.0**	**163,207,946**	**100.0**	**163,315,681**	**100.0**

	Shares		Voting rights exercisable at Annual General Meeting[1]		Theoretical voting rights[1]	
9 March 2018	Number	%	Number	%	Number	%
Public	51,041,999	46.2	55,081,136	34.2	55,081,136	33.9
of which shares in registered form	4,607,145	4.2	8,646,282	5.4	8,646,282	5.3
of which shares in bearer form	46,434,854	42.00	46,434,854	28.8	46,434,854	28.6
Rallye group[2]	56,775,285	51.3	104,005,970	64.5	104,005,970	63.8
Casino Group Employee Mutual Funds	1,060,399	1.0	2,103,546	1.3	2,103,546	1.3
Treasury shares[3]	1,705,691	1.5	0	0.0	1,705,691	1.0
TOTAL	**110,583,374**	**100.0**	**161,190,652**	**100.0**	**162,896,343**	**100.0**

(1) The number of rights to vote at the Annual General Meeting is not the same as the voting rights published under France's disclosure threshold rules (theoretical voting rights). For the monthly publication of the total number of voting rights and the number of shares comprising the share capital, the total number of voting rights is calculated based on all the shares that potentially carry voting rights, including shares stripped of voting rights (treasury shares), in accordance with Article 223-11 of the AMF General Regulations.

(2) At 31 December 2017, Rallye SA held 31.89% of the share capital (38.06% of the voting rights) directly and 50.39% of the share capital (63.21% of the voting rights) indirectly through three subsidiaries which held more than 5% of the share capital and/or voting rights. These subsidiaries are: Cobivia, which holds 8.20% of the share capital and 11.15% of the voting rights, Alpétrol, which holds 6.02% of the share capital and 8.19% of the voting rights and Habitation Moderne de Boulogne, which holds 4.23% of the share capital and 5.75% of the voting rights.

At 9 March 2018, Rallye SA held 32.77% of the share capital (39.06% of the voting rights) directly and 51.34% of the share capital (64.52% of the voting rights) indirectly through three subsidiaries which held more than 5% of the share capital and/or voting rights. These subsidiaries are: Cobivia, which holds 8.23% of the share capital and 11.29% of the voting rights, Alpétrol, which holds 6.04% of the share capital and 8.29% of the voting rights and Habitation Moderne de Boulogne, which holds 4.25% of the share capital and 5.83% of the voting rights.

On 31 July 2015, Rallye SA signed an equity swap agreement on 840,495 notional shares expiring on 31 July 2018. The swap may be settled by transferring title to the underlying shares. The agreement was settled on 9 March 2018 when the title transfer option was exercised on 840,495 shares (AMF 2018DD541587).

(3) Casino holds 928 shares through Germinal, an indirectly wholly-owned company.

To the best of the Company's knowledge, no shareholder other than the Rallye group companies referred to above and the shareholder that disclosed a notifiable interest to the AMF (see below), holds more than 5% of the share capital or voting rights of the Company at 9 March 2018.

On 31 December 2017, the Company conducted a survey of holders of bearer shares. The survey identified 39,013 direct holders or nominees, together holding 47,568,883 shares representing 42.86% of the share capital.

The number of the Company's shareholders is estimated at more than 44,000 and the percentage of share capital held by individual shareholders is estimated at 8% (sources: survey of identifiable holders of bearer shares carried out on 31 December 2017 and shareholders' register).

STATUTORY DISCLOSURE THRESHOLDS

Between 1 January 2017 and 9 March 2018, the following notifiable interests were disclosed to the AMF:

Shareholder	Date of threshold crossing	Type of threshold crossing	Number of shares and voting rights disclosed		% of the share capital[1]	% of voting rights[1]	AMF notice reference no.
BlackRock Inc[1]	17 March 2017	Increase	6,199,653	6,199,653	5.59	3.80	217C0683
BlackRock Inc[1]	23 February 2018	Increase	8,227,311	8,227,311	7.41	5.04	218C0481
BlackRock Inc[1]	26 February 2018	Decrease	8,003,609	8,003,609	7.21	4.90	218C0489
BlackRock Inc[1]	28 February 2018	Increase	8,167,951	8,167,951	7.36	5.00	218C0512
BlackRock Inc[1]	1 March 2018	Decrease	8,096,382	8,096,382	7.29	4.96	218C0527
BlackRock Inc[1]	2 March 2018	Increase	8,178,326	8,178,326	7.37	5.01	218C0536
BlackRock Inc[1]	6 March 2018	Decrease	8,095,172	8,095,172	7.29	4.96	218C0551

(1) BlackRock Inc. disclosed that it had acted on behalf of the clients and funds that it manages.

The disclosures were made on the basis of information communicated by the Company, in accordance with the requirements of Article L. 233-8 of the French Commercial Code and Article 223-16 of the AMF General Regulations, on the date the threshold was crossed.

The disclosure of the total number of voting rights, which is published monthly, is calculated based on all the shares that potentially carry voting rights, including shares stripped of voting rights (treasury shares), in accordance with Article 223-11 of the AMF General Regulations.

Furthermore, Article 11-II of the Company's Articles of Association stipulates the following with respect to the crossing of shareholding thresholds:

"Any natural person or legal entity – including any intermediary registered as the holder of securities for persons not domiciled on the French territory – who, either alone or jointly with other natural persons or legal entities, come to hold or to stop holding, in any way whatsoever, a fraction equal to 1% of the voting rights or share capital or a multiple of this fraction, must notify the company, by registered letter with acknowledgement of receipt sent within 5 trading days of effectively crossing one of these thresholds. It must declare not only the number of shares and number of voting rights it directly holds.

This person must, under the same conditions, provide the company with the number of securities it holds that grant future access to the share capital, as well as the number of voting rights attached to said securities.

These disclosure requirements will no longer apply in the event that a single or several shareholder(s) acting jointly hold more than 50% of the voting rights.

In the event of any failure to disclose information under these conditions, the portion of shares in excess of what should have been declared are deprived of the right to vote in shareholders' meetings provided, during a given shareholders' meeting, the failure to disclose is officially acknowledged and one or several shareholders jointly holding at least 5% of the share capital or voting rights make the request at said meeting. Under the same conditions, voting rights that have not been properly declared cannot be exercised. If deprived, a voting right cannot be exercised at any shareholders' meeting for two years as from the date on which the disclosure issues are remedied."

EMPLOYEE SHARE OWNERSHIP

On 31 December 2017, Group employees held 1,269,686 shares representing 1.14% of the share capital and 1.42% of the voting rights, of which:

- 1,068,314 shares through employee savings plans and different mutual funds;
- 201,372 registered shares resulting from the share grant authorised by an Extraordinary General Meeting subsequent to 6 August 2015 (Macron law).

SHARES HELD BY DIRECTORS AND OFFICERS

On 31 December 2017, shares held directly by members of the Board of Directors represented 0.09% of the share capital and 0.10% of the voting rights exercisable in general meetings. On the same date, 50.43% of the share capital and 63.25% of the voting rights were controlled directly or indirectly by these members.

On 9 March 2018, Casino shares held directly by members of the Board of Directors represented 0.09% of the share capital and 0.10% of the voting rights. On the same date, 51.38% of the share capital and 64.57% of the voting rights were controlled directly or indirectly by these members.

To the best of the Company's knowledge, transactions carried out in the Company's securities by officers and related parties in 2017 were as follows:

Date	Shareholder	Financial instrument	Purchase/sale	Number	Amount (€)
18 May 2017	Foncière Euris, director	Other types of financial instruments	Financial contract extension consisting of 250,000 put options	250,000	-

PLEDGED SHARES

As of 31 December 2017, 6,913,906 registered shares had been pledged by their holders.

These included shares pledged by the Rallye group to secure credit facilities. As of 31 December 2017, Rallye had pledged 6,737,538 Casino shares representing 6.07% of Casino's share capital.

SHAREHOLDER AGREEMENT

To the best of the Company's knowledge, there are no shareholder agreements involving the Company's shares.

9.5. Employee stock options and free share grants

For many years, the Group has offered employees opportunities to own a stake in their Company as part of a policy to retain and motivate its teams. This strategy, which was long implemented through share purchase and subscription options, is now carried out through the allotment of free shares ("share grants").

The Company's executive corporate officers are not entitled to receive share grants, in accordance with successive authorisations granted by the Annual General Meeting of shareholders.

Since 2014, share grants have been designed to:

- strengthen the commitment of and/or retain key managers both in France and internationally. The share grants are contingent on beneficiaries remaining with the Company until the vesting date (three years)[1] and, barring exceptions, on the achievement of performance conditions evaluated as from 2016 over a three-year period.
- reward a critical contribution to the success of strategic and/or particularly complex operations. The share grants are contingent only on the beneficiaries remaining with the Company until the vesting date (one to three years). When the vesting period is less than two years, the shares are subject to a lock-up period such that the combined vesting period and lock-up period would represent at least two years.

In 2017, the Board of Directors, acting on the recommendation of the Appointments and Compensation Committee and pursuant to the authorisation granted by the Extraordinary General Meeting of 13 May 2016, granted a total of 269,658 existing shares representing 0.24% of the share capital at the grant date. No shares were granted to any executive corporate officers. See below for information on the share grants.

In an effort to further align the interests of managers with those of shareholders, a specific one-off plan was implemented in 2016 under which employees benefiting from outstanding cash-settled long-term incentive plans ("cash-settled LTI plans"), especially deferred one-off bonuses awarded with respect to strategic and/or particularly complex operations, could exchange these cash-settled LTI plans for share grant plans. A total of 235,179 free shares were granted on 13 May 2016, representing 40% of the 581,226 free shares granted in 2016. Depending on the case, the shares were subject to a lock-up period such that the beneficiaries hold them for at least two years.

All outstanding share grant plans concern existing shares and do not have a dilutive effect on capital.

Share purchase options

No share purchase options were granted in 2017 and there were no share purchase plans outstanding at 31 December 2017.

Share subscription options

No share subscription options were granted in 2017 and there were no share subscription plans outstanding at 31 December 2017.

(1) Exceptionally, shares granted to key managers in 2015 are contingent on the achievement of performance conditions over a two-year period and on beneficiaries remaining with the Company for these two years. The grant was initially planned for May 2015 but was postponed until May 2016 in order to take advantage of the provisions of France's Macron law.

Share grants

Details of the various plans outstanding at 31 December 2017 are provided in the table below, it being specified that the Chairman and Chief Executive Officer is not entitled to receive share grants and that all share grants concern existing shares which will be delivered on the vesting date:

Date of Annual General Meeting	Date of Board of Directors meeting/ Grant date	Vesting date	Date from which the vested shares may be sold	Number of shares granted by the Board of Directors	Number of grants cancelled	Number of grants outstanding at the period-end
22 April 2013	18 October 2013	18 October 2018	18 October 2018	7,857	2,576	5,281(1)
22 April 2013	6 May 2014	6 May 2018	6 May 2018	1,139	0	1,139(1)
22 April 2013	6 May 2014	6 May 2019	6 May 2019	3,750	2,790	960(2)
13 May 2016	13 May 2016	13 January 2018	13 May 2018	52,176	854	51,322(1)
13 May 2016	13 May 2016	13 May 2018	13 May 2018	57,735	31,102	26,633(1)
13 May 2016	13 May 2016	13 January 2019	13 January 2019	17,610	2,775	14,835(1)
13 May 2016	13 May 2016	13 May 2018	13 May 2020	100,685	13,386	87,299(3)
13 May 2016	13 May 2016	13 May 2020	13 May 2020	7,178	0	7,178(3)
13 May 2016	13 May 2016	13 May 2019	13 May 2021	25,800	16,101	9,699(3)
13 May 2016	14 June 2016	14 June 2018	14 June 2018	15,007	1,822	13,185(1)
13 May 2016	14 June 2016	14 January 2019	14 January 2019	9,780	0	9,780(1)
13 May 2016	14 October 2016	14 October 2018	15 October 2018	33,157	11,589	21,568(1)
13 May 2016	14 October 2016	31 March 2018	15 October 2018	939	0	939(1)
13 May 2016	14 October 2016	31 March 2019	1 April 2019	870	0	870(1)
13 May 2016	14 October 2016	1 July 2018	15 October 2018	3,477	0	3,477(4)
13 May 2016	14 October 2016	1 July 2019	2 July 2019	3,477	0	3,477(5)
13 May 2016	14 October 2016	14 October 2019	15 October 2019	20,859	0	20,859(1)
13 May 2016	15 December 2016	15 December 2018	16 December 2018	11,418	0	11,418(1)
13 May 2016	20 April 2017	20 April 2018	21 April 2019	97,885	0	97,885(1)
13 May 2016	20 April 2017	20 April 2019	21 April 2019	9,555	0	9,555(1)
13 May 2016	20 April 2017	31 January 2020	1 February 2020	245	0	245(1)
13 May 2016	20 April 2017	20 April 2020	21 April 2020	156,307	16,997	139,310(6)
13 May 2016	20 April 2017	20 April 2022	21 April 2022	5,666	0	5,666(6)
TOTAL				**642,572**	**99,992**	**542,580**

(1) The share grants are contingent only upon the beneficiaries remaining with the Company until the vesting date.

(2) The share grants are contingent on the beneficiaries remaining with the Company until the vesting date and on the achievement of three performance conditions assessed annually over a three-year period (2014, 2015 and 2016) allowing the vesting of shares by thirds and each concerning one-third of the initial grant: annual organic growth (at constant scope of consolidation and exchange rates, excluding calendar effects) in the Group's consolidated sales excluding fuel; annual growth in underlying net profit, Group share at current exchange rates; and annual relative performance of the Casino share, dividends included (Total Shareholder Return – TSR) compared to the performance of companies in the STOXX Euro 600 Retail index.

(3) The share grants are contingent on the beneficiaries remaining with the Company until the vesting date and on the achievement of two performance conditions assessed over a two-year period (2016 and 2017), each concerning half of the initial grant: TSR compared to a sample of European companies in the Food Retail index and the Group's average EBITDA margin (EBITDA/net sales).

(4) The share grants are contingent on the beneficiaries remaining with the Company until the vesting date and, for one-third of the initial grant, on the achievement of two performance conditions: trading profit and net sales at E-Trend (company that operates the "MonShowroom" website), as measured at 31 December 2017.

(5) The share grants are contingent on the beneficiaries remaining with the Company until the vesting date and, for one-third of the initial grant, on the achievement of two performance conditions: trading profit and net sales at E-Trend (company that operates the "MonShowroom" website), as measured at 31 December 2018.

(6) The share grants are contingent on the beneficiaries remaining with the Company until the vesting date and on the achievement of two performance conditions assessed at the end of a three-year period (2017, 2018 and 2019), each concerning 50% of the initial grant: TSR (ratio of the average closing price over the last 120 trading days of 2019 to that of 2016, including the per-share dividend amount paid during the period) compared to a sample of nine European companies in the Food Retail index – Ahold Delhaize, Carrefour, Colruyt group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco. The calculation is performed on a straight-line basis based on the positioning of the Company's TSR in the sample between the companies ranking top and second-to-bottom, which will represent the lower limit.

Under share grant plans set up since 2011 and vesting by 31 December 2017, a total of 26% of shares did not vest because performance conditions were not met and 19% because the beneficiaries left the Group.

Under share grant plans introduced on 18 October 2013, 6 May 2014, 13 May 2016, 14 October 2016 and 15 December 2016, shares vested in 2017 as follows:

Date of Annual General Meeting	Date of Board of Directors meeting/ Grant date	Vesting date	Date from which the vested shares may be sold	Number of shares granted by the Board of Directors	Number of grants cancelled	Number of shares vested in 2017
22 April 2013	18 October 2013	18 October 2017	18 October 2017	2,705	773	1,932(1)
22 April 2013	6 May 2014	6 May 2017	6 May 2019	3,046	0	3,046(1)
22 April 2013	6 May 2014	6 May 2017	6 May 2019	36,672	30,759	5,913(2)
13 May 2016	13 May 2016	13 May 2017	13 May 2018	70,413	6,402	64,011(1)
13 May 2016	13 May 2016	13 November 2017	13 May 2018	70,491	7,949	62,542(1)
13 May 2016	14 October 2016	14 October 2017	15 October 2018	77,525	0	77,525(1)
13 May 2016	15 December 2016	15 December 2017	16 December 2018	2,629	0	2,629(1)
TOTAL						**217,598**

(1) The share grants are contingent only upon the beneficiaries remaining with the Company until the vesting date.

(2) The share grants are contingent on the beneficiaries remaining with the Company until the vesting date and on the achievement of three performance conditions assessed annually over a three-year period (2014, 2015 and 2016) allowing the vesting of shares by thirds and each concerning one-third of the initial grant: annual organic growth (at constant scope of consolidation and exchange rates, excluding calendar effects) in the Group's consolidated sales excluding fuel; annual growth in underlying net profit, Group share at current exchange rates; and annual relative performance of the Casino share, dividends included (Total Shareholder Return – TSR) compared to the performance of companies in the STOXX Euro 600 Retail index.

No shares vested under the share grant plan introduced on 11 May 2015, since it required the beneficiaries to remain with the Company until the vesting date (11 May 2017). Rights to the shares were therefore cancelled following the beneficiaries' departure from the Group.

9.6. Financial reporting

The Investor Relations department's role is to provide the financial community with accurate, specific and fair information about the Group's strategy, business model and performance.

Financial information is prepared and validated by the Accounting and Financial Control departments prior to release.

The Legal and Accounting departments also contribute to producing the Registration Document and management report.

The Board of Directors reviews all information and news releases about the Group's results or financial and strategic transactions, and may make comments and proposals. The Audit Committee reviews information on the annual and interim financial statements prior to release. News releases on sales and earnings figures are also submitted to the Statutory Auditors for comment prior to issue.

Financial information is disclosed to the markets through the following communication channels:

- media releases;
- conference calls for quarterly releases of sales figures;
- annual and interim results presentations;
- road shows, conferences, meetings or conference calls with financial analysts and investors, in France and abroad;
- Annual General Meetings;
- Registration Documents and Annual and Corporate Social Responsibility Reports;
- the Group's corporate website.

Group Investor Relations is also involved in checking and setting the publication timetable for the financial information drawn up by listed majority-controlled subsidiaries and ensures consistency among the various media produced by the Group.

9.7. Shareholders' Consultative Committee

As announced at the 12 May 2015 Annual General Meeting, the Company has put in place a Shareholders' Consultative Committee to facilitate regular and meaningful dialogue between the Company and its individual shareholders and to improve the Company's communication with respect to its shareholders.

The committee has ten members, including:

- five shareholder representatives (two individual shareholders, a former employee shareholder and two representatives of a shareholder association), designated for a two-year term;
- five Company representatives (Board Secretary, Finance department, Investor Relations department and Corporate Legal department).

The Committee is expected to meet at least twice a year. The last meeting took place on 21 March 2018.

Chapter 10

Shareholders' meeting of 15 May 2018

10.1. Presentation and draft resolutions

10.1.1. Ordinary Shareholders' Meeting resolutions

Resolutions 1 and 2: Approval of the annual and consolidated financial statements

▪ ***Presentation***

In the 1st and 2nd resolutions, the shareholders are being asked to approve the Company's annual financial statements, then its consolidated financial statements as of 31 December 2017 as well as the transactions recorded in these statements.

The financial statements for the fiscal year take into account expenses that are non-deductible for tax purposes as set forth in Subparagraph 4 of Article 39 of the *Code général des impôts* (French General Tax Code) amounting to €63,621.

These financial statements have been certified by the Statutory Auditors without reservation.

FIRST RESOLUTION

Approval of the annual financial statements for the fiscal year ended 31 December 2017

The Ordinary Shareholders' Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, approves the Company's Annual Financial Statements for the fiscal year ended 31 December 2017 as presented together with any and all transactions reported therein or that are mentioned in such reports and which show a profit of €394,248,347.80.

The Shareholders' Meeting acknowledges that the financial statements for the past fiscal year take into account expenses not deductible for tax purposes as set forth in Subparagraph 4 of Article 39 of the *Code général des impôts* (French General Tax Code) amounting to €63,621, with the corresponding tax amounting to €21,904.

The Shareholders' Meeting also duly notes the transfer to Retained Earnings of €2,743,567.32, in accordance with the decision made at the Ordinary General Shareholders' meeting of 5 May 2017, in respect of dividends paid for fiscal year 2016 on shares held by the Company on the dividend payment date.

SECOND RESOLUTION

Approval of the consolidated financial statements for the fiscal year ended 31 December 2017

The Ordinary Shareholders' Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, approves the Consolidated Financial Statements for the fiscal year ended 31 December 2017 as presented together with any and all transactions reported therein or that are mentioned in such reports and which show a consolidated net profit of €320 million.

Resolution 3: Allocation of income and dividend determination

▪ ***Presentation***

In the 3rd resolution, the Board of Directors is asking you to approve a dividend payment of €3.12 per share, equivalent to the previous year.

In light of the €1.56 per share advance payment on dividends made on 11 December 2017, the balance amounts to €1.56 per share.

The ex-dividend date for the remaining balance will be 18 May 2018. The dividend will be paid on 22 May 2018.

THIRD RESOLUTION

Allocation of income for the fiscal year and dividend determination

The Ordinary Shareholders' Meeting, after reviewing the reports of the Board of Directors and of the Statutory Auditors, decides to allocate income for the fiscal year ended 31 December 2017 as follows, with no allocation to the legal reserve needing to be made:

Fiscal year 2017 Profit		€394,248,347.80
Fiscal year 2016 Retained Earnings	(+)	€3,258,549,567.45
DISTRIBUTABLE PROFIT	**(=)**	**€3,652,797,915.25**
Dividend	(-)	€345,020,126.88
ALLOCATION TO "RETAINED EARNINGS"	**(=)**	**€3,307,777,788.37**

Each share will receive a dividend of €3.12 per share.

The Shareholders' Meeting notes that:

- the amount of the dividend of €3.12 per share approved hereby includes the amount of the €1.56 per share advance paid on 11 December 2017;
- accordingly, the outstanding unpaid dividend balance amounts to €1.56 to be paid on 22 May 2018.

The amount of the dividend paid to shareholders will constitute income eligible for the 40% discount (set forth in Article 158, 3.2° of the French General Tax Code) for individuals domiciled in France for tax purposes and opting to be taxed in accordance with the progressive index applicable to income tax on all of their income earned on securities and capital gains from sale of securities.

Since the Casino shares held by the Company on the payment date of the dividend balance are not intended to give rise to such payment, the amounts corresponding thereto will be credited to "Retained Earnings".

The Shareholders' Meeting notes that the dividends paid in respect of the last three fiscal years amounted to:

Fiscal year	Dividend per share	Paid dividend eligible for 40% deduction	Paid dividend not eligible for 40% deduction
2014	€3.12	€3.12	-
2015	€3.12	€3.12	-
2016			
Advance (paid in 2016)	*€1.56*	*€1.56*	-
Balance (paid in 2017)	*€1.56*	*€1.56*	-
Total	*€3.12*	*€3.12*	-

Resolution 4: Related party agreement with Nathalie Andrieux

- ***Presentation***

In the 4th resolution, the Board of Directors is asking you to approve the agreement between Ms. Nathalie Andrieux, independent director, in connection with the special project she was asked by the Board to undertake on 5 May 2017.

Ms. Nathalie Andrieux, previously Chairman of La Poste numérique and member of the *Conseil national du numérique* (National Digitalisation Board), has very significant expertise in the area of digitalisation. The Board of Directors, therefore, decided to ask her to review the Group's digital strategy and its use of digital tools in light of the highly competitive environment in meeting the challenges of digital transformation and to report her findings and conclusions to the Board and suggest further avenues for consideration. The use of digital electronics is to be analysed from the point of view of interactions with customers, maximisation of operational processes and implementation of changes internally. Priority was placed on analysis of the digital strategy used by Cdiscount to meet the challenges in the e-commerce market and competition from Amazon or Fnac-Darty (improvement of product offering, strengthening of digital presence, offering of new, innovative digital services, data bases and analytical tools available to customers, synergies within the Group, etc.).

In connection with this assignment, the Board unanimously authorised the payment to Ms. Nathalie Andrieux (who did not take part in the discussion or the vote) of exceptional compensation, as defined in Article L. 225-46 of the French Commercial Code, together with reimbursement for all expenses and disbursements incurred in connection with this assignment. The cost of this assignment was €16,018, *i.e.*, €15,000 for compensation and €1,018 for travel expenses paid by the Company.

The Special Report of the Statutory Auditors on agreements with and commitments to related parties, set forth in Chapter 4 of the 2017 Registration Document, also refers to this agreement.

FOURTH RESOLUTION

Related-party agreement: approval of exceptional compensation as defined in Article L. 225-46 of the French Commercial Code for special assignment entrusted to Nathalie Andrieux

The Ordinary Shareholders' Meeting, after reviewing the Statutory Auditors' special report on agreements defined in Article L. 225-38 of the French Commercial Code, approves the exceptional compensation of Nathalie Andrieux authorised by the Board of Directors during fiscal year 2017 in connection with the project undertaken by her and takes due note of the information relating to the agreements, with and commitments to, related parties previously made and approved by the shareholders.

Resolution 5: Approval of fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to the Chairman and Chief Executive Officer in respect of the 2017 fiscal year

- ***Presentation***

Although the Afep-Medef Corporate Governance Code provided for an advisory vote by shareholders on compensation to be paid or granted to the Chairman and Chief Executive Officer for the most recently ended fiscal year, the Law dated 9 December 2016 relating to transparency, anti-corruption and modernisation of economic life (*loi du 9 Decembre 2016 relative à la transparence, à la lutte contre la corruption et à la modernisation de la vie économique*, or "Sapin II Law") introduced a binding vote by shareholders (Article L. 225-100, II, of the French Commercial Code).

In the 5th resolution, pursuant to Article L. 225-100, II, of the French Commercial Code, you are asked to approve the fixed, variable and exceptional components constituting the total compensation and benefits of any kind paid or granted in respect of fiscal year 2017 to Jean-Charles Naouri, Chairman and Chief Executive Officer in connection with his mandate, as set forth and described in the table annexed hereto (see pages 348 and 349), all such components are also presented in the part of the Board of Directors' Report on corporate governance set forth in Chapter 6 of the 2017 Registration Document.

Under Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, payment of the variable part of the Chairman and Chief Executive Officer's compensation for the 2017 fiscal year is contingent on approval of this resolution at the General Shareholders' Meeting.

It is reminded that the principles and criteria for determining, distributing and allocating the components of the Chairman and Chief Executive Officer's compensation for 2017 in connection with his mandate were submitted to a vote at the General Shareholders' Meeting held on 5 May 2017, as required by Article L. 225-37-2 of the French Code of Commerce, at which it was approved (93.82% majority). The components of the variable compensation payment of which was contingent on approval at the General Shareholders' Meeting were explained at that time, as required by law.

FIFTH RESOLUTION

Approval of fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted in respect of the 2017 fiscal year to the Chairman and Chief Executive Officer

The Ordinary Shareholders' Meeting, as provided in Articles L. 225-37-2 and L. 225-100 of the French Commercial Code, after reviewing the Board of Directors' Report on corporate governance appended to the Management Report, approves the fixed, variable and exceptional components of the total compensation and benefits of any kind paid or granted to the Chairman and Chief Executive Officer in respect of the 2017 fiscal year in connection with his mandate, as detailed in said report.

Resolution 6: Approval of the principles and criteria for determining, distributing and allocating the components of the compensation of the Chairman and Chief Executive Officer in respect of the 2018 fiscal year

▪ ***Presentation***

Pursuant to Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components comprising the aggregate compensation and benefits of all kinds to be paid or granted to the Chairman and Chief Executive Officer in connection with his mandate must be submitted each year for approval at the General Shareholders' Meeting.

In the 6th resolution, therefore, you are asked to approve the principles and components comprising the compensation of Jean-Charles Naouri, Chairman and Chief Executive Officer, approved by the Board of Directors on 7 March 2018 on the recommendation of the Appointments and Compensation Committee, as presented in Appendix (see pages 350 to 352), all such components also being presented in the part of the Board of Directors' Report on corporate governance set forth in Chapter 6 of the 2017 Registration Document.

SIXTH RESOLUTION

Approval of the principles and criteria for determining, distributing, and allocating the components of the compensation of the Chairman and Chief Executive Officer in respect of the 2018 fiscal year

The Ordinary Shareholders' Meeting, pursuant to Article L. 225-37-2 of the French Commercial Code, after reviewing the Board of Directors' Report on corporate governance appended to the Management Report, approves the principles and criteria for determining, distributing, and allocating the fixed, variable, and exceptional components comprising the aggregate compensation and benefits of all kinds for which the Chairman and Chief Executive Officer is eligible in connection with his mandate, as detailed in such Report.

Resolutions 7 to 12: Renewal of the mandates of four directors - appointment of an independent director and of a non-voting director

▪ ***Presentation***

The Board of Directors is currently comprised of twelve directors elected at the General Shareholders' Meeting, one director representing employees chosen by the most representative union following amendments to the Articles of Association approved at the General Shareholders' Meeting of 5 May 2017, and two non-voting directors.

The 7th to 10th resolutions ask you, on the recommendation of the Appointments and Compensation Committee, to renew the respective four directorships the terms of which are expiring:

- Nathalie Andrieux, independent director since 2015, member of the Appointments and Compensation Committee;
- Sylvia Jay, independent director since 2012, member of the Governance and CSR Committee;
- Catherine Lucet, independent director since 2011, Chairman of the Audit Committee since 2015;
- Finatis, director representing the controlling shareholder, presently represented by Didier Lévêque.

The directorships of Nathalie Andrieux, Sylvia Jay and Catherine Lucet will be renewed for three years and the one for Finatis for one year, to facilitate a more regular renewal of directors, as provided in Article 16, I of the Articles of Association. The independence of Nathalie Andrieux, Sylvia Jay and Catherine Lucet was confirmed during the annual analysis of their situation conducted by the Appointments and Compensation Committee presented in the part of the Board's Report on corporate governance set forth in Chapter 5 of the 2017 Registration Document.

You are also asked, in the 11th resolution, to elect a new independent director, Ms. Laure Hauseux, a French citizen, graduate of *the Chambre de commerce Franco-Allemande* (Franco-German Chamber of Commerce), holder of a MBA from ESCP Europe, a DESS (pre-doctoral) degree in *Contrôle de gestion* (management oversight) from Université Paris Dauphine and a MBA from INSEAD. Laure Hauseux began her career as Financial Controller, then became CFO with Control Data France, then, in 1995, joined Gérard Pasquier as CFO. Beginning in 1997, she successively held the positions of Group Financial Controller, then Store Manager with FNAC. She then became CFO of Printemps, then, in 2007, Deputy CEO with Conforama Italy, then Vice-President Finance and Information Systems and Services with Inergy Automotive Systems. From 2010 to 2013, Ms. Hauseux continued her career with Virgin Stores as Deputy General Manager, then, in 2014 becoming CEO with GAC Group, an international Audit and Consulting firm, a position she held until June 2017. She is a member of the Supervisory Board and of the Audit Committee of Zodiac Aerospace. Her biography and offices and positions held are set forth on page 204.

The procedure for selecting the candidates was conducted by the Appointments and Compensation Committee, with support from an outside consulting firm, on the basis of the following search criteria, which reflect recommendations previously made by the Governance and Social Responsibility Committee and the Board of Directors following the evaluation of the Board's operations made at the end of 2016: exposure to the retail market, financial expertise making it possible to serve on the Audit Committee following the General Shareholders' Meeting, and knowledge of the French, European, and, if possible, LATAM markets.

The Board thus ensured that it would continue to benefit from a complementarity of experience and appropriate skills in light of the Company's business and Committees' works. It also ensured that Ms. Laure Hauseux met all of the independence criteria of the Afep-Medef Code, and that she would have the time needed to fulfil her duties.

With the foregoing in mind, Mr. Gérald de Roquemaurel, director of the Company, tendered his resignation to the Board of Directors (effective on the date of the General Shareholders' Meeting of 15 May 2018) since he will lose his independence at the General Shareholders' Meeting having served as director for 12 years (application of criteria of the Afep-Medef Code), so as to maintain the current size of the Board of Directors and retain the balance of representation of independent directors. In the 12th resolution you are being asked to elect him as a non-voting director so that the Board may continue to have the benefit at its meetings of his expertise and great knowledge of the Group, its operations, and of the retail sector.

On the basis of such renewals and appointment, the Board of Directors also undertook a review of the composition of its Committees and designation of a new independent Lead Director since Mr. Frédéric Saint-Geours will loose his independence at the conclusion of the General Shareholders' Meeting (application of the criterion of length of service of 12 years of the Afep-Medef Code).

In doing so, the Board has considered the expertise and availability of the members and the rules of good governance relating to the representation of independent directors (strict application of the Afep-Medef Code).

Accordingly, if you approve the resolutions submitted to you, the Board, at the conclusion of the General Shareholders' Meeting, will continue to have thirteen directors and will include five independent women directors – Nathalie Andrieux, Christiane Féral-Schuhl, Laure Hauseux, Sylvia Jay and Catherine Lucet (42% without counting the director representing employees, as provided in the Afep-Medef Code), two external directors not qualifying as independent (David de Rothschild and Frédéric Saint-Geours), and five directors representing the controlling shareholder who do not control a majority of votes on the Board of Directors. Representation of women will be 50%, compared to 42% at the present time (without counting the director representing employees as provided by law). It will include three non-voting directors.

On the basis of the recommendations of the Appointments and Compensation Committee, the Board of Directors will take the following decisions upon conclusion of the General Shareholders' Meeting relating to the composition of the Committees and the independent lead director:

- ***Composition of Committees***

The composition will be changed to take account of the experience and expertise needed for the Committees' work and application of the rules relating to the representation of independent directors recommended by the Afep-Medef Code:

- Audit Committee: Frédéric Saint-Geours (Chairman), Laure Hauseux and Catherine Lucet;
- Appointments and Compensation Committee: Nathalie Andrieux (Chairman), Gilbert Delahaye, Sylvia Jay and David de Rothschild;
- Governance and Social Rersponsibility Committee: Catherine Lucet (Chairman), Nathalie Andrieux, Christiane Féral-Schuhl and Frédéric Saint-Geours.

Two-thirds of the Audit Committee and of the Appointments and Compensation Committee will be independent members and three quarters of the Governance and CSR Committee. Frédéric Saint-Geours would be appointed Chairman of the Audit Committee for a transitional period.

- ***Independent lead director***

- Catherine Lucet.

All of the foregoing items are also presented in the Report of the Board of Directors on corporate governance set forth in Chapter 5 of the 2017 Registration Document.

SEVENTH RESOLUTION

Renewal of Nathalie Andrieux's Appointment as director

After reviewing the Board of Directors' Report and acknowledging that Nathalie Andrieux's term of office as a director will expire at the end of this meeting, the Ordinary Shareholders' Meeting decides to renew Nathalie Andrieux's appointment as director for three years, or until the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

EIGHTH RESOLUTION

Renewal of Sylvia Jay's Appointment as director

After reviewing the Board of Directors' Report and acknowledging that Sylvia Jay's term of office as a director will expire at the end of this meeting, the Ordinary Shareholders' Meeting decides to renew Sylvia Jay's appointment as director for three years, or until the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

NINTH RESOLUTION

Renewal of Catherine Lucet's Appointment as director

After reviewing the Board of Directors' Report and acknowledging that Catherine Lucet's term of office as a director will expire at the end of this meeting, the Ordinary Shareholders' Meeting decides to renew Catherine Lucet's appointment as director for three years, or until the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

TENTH RESOLUTION

Renewal of the Appointment of Finatis as director

After reviewing the Board of Directors' Report and acknowledging that the term of office of Finatis as a director will expire at the end of this meeting, the Ordinary Shareholders' Meeting decides to renew the appointment as a director of Finatis for a term of one year, or until the end of the Ordinary Shareholders' Meeting called in 2019 to approve the financial statements for the fiscal year ending 31 December 2018.

ELEVENTH RESOLUTION

Appointment of Laure Hauseux as director

After reviewing the Board of Directors' Report, the Ordinary Shareholders' Meeting decides to appoint Laure Hauseux as a new director for a term of three years or until the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

TWELFTH RESOLUTION

Appointment of Gérald de Roquemaurel as non-voting director

After reviewing the Board of Directors' Report, the Ordinary Shareholders' Meeting decides to appoint Gérald de Roquemaurel as a non-voting director for a term of three years, or until the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending 31 December 2020.

Resolution 13: Company share repurchases

▪ ***Presentation***

The 13th resolution renews the authorisation granted to the Board of Directors at the General Shareholders' Meeting of 5 May 2017 for 18 months for the purpose of purchasing Company shares. The maximum purchase price remains set at €100 per share and the maximum number of shares that can be purchased will be capped at 10% of the number of shares comprising the share capital of the Company as of the date of the General Shareholders' Meeting. For example, based on the share capital as of 7 March 2018 (date of approval of the 2017 accounts and draft resolutions by the Board of Directors), after taking account of the cancellation on such date of 413,622 shares repurchased for such purpose, the maximum theoretical amount that the Company could invest in purchasing its own shares, excluding the 1,143,854 own shares it holds, would total €991 million, corresponding to 9,914,483 shares.

In the context of the authorisation granted at the General Shareholders' Meeting of 5 May 2017 and on the basis of the data as of 6 March 2018, the Company acquired 850,068 shares representing 0.8% of the share capital. In addition, in connection with the liquidity agreement, 4,603,814 shares were purchased and 3,728,814 were sold.

The goals of the repurchase plan are described below in the 13th resolution as well as in the description of the repurchase plan in Chapter 9 of the 2017 Registration Document.

In the event of a public tender offer for the shares or securities issued by the Company, the Company may only use this authorisation for the purpose of meeting securities delivery commitments, especially in connection with free share plans or strategic transactions initiated and announced prior to the launch of said offer.

THIRTEENTH RESOLUTION

Authorisation for the Company to purchase its own shares

The Ordinary Shareholders' Meeting, after reviewing the Board of Directors' report, authorises the Board of Directors to purchase, or to order the purchase of, Company shares as provided in Articles L. 225-209 *et seq.* of the French Commercial Code, Articles 241-1 to 241-7 of the General Regulation of the *Autorité des Marchés Financiers* (French financial markets regulator, hereinafter the "AMF"), as well as the European regulation on market abuse (particularly European Regulations No. 596/2014 dated 16 April 2014 and No. 2273/2003 dated 22 December 2003), in order, in particular:

- to ensure the liquidity of and stimulate the market for Company securities through an independent investment services provider acting independently in the name and on behalf of the Company, under the terms of a liquidity agreement compliant with a Code of Conduct recognised by the AMF;
- to implement any Company stock option plan under Articles L. 225-177 *et seq.* of the French Commercial Code, any savings plan in accordance with Articles L. 3332-1 *et seq.* of the *Code du travail* (hereinafter the "French Labour Code"), or any grant of free shares made under Articles L. 225-197-1 *et seq.* of the French Commercial Code, or any other share-based compensation mechanism;
- to deliver them in connection with the exercise of rights attaching to securities carrying the right, through redemption, conversion, exchange to, or presentation of a coupon or credit note convertible or exchangeable into, shares of the Company or any other manner of awarding or granting shares of the Company;
- to save the shares for later use as payment or consideration in the context of or following any external growth transactions;
- to cancel all or part of these shares in order to optimise earnings per share in the context of a share capital reduction under the conditions provided for by law;
- to implement any future market practice authorised by the AMF and, generally, carry out any transaction compliant with applicable regulations.

These shares may be acquired, sold, transferred, or exchanged by any means and, in particular, on regulated or OTC (over-the-counter) markets, including *via* block trades. These means include the use of any derivative financial instrument traded on a regulated or OTC market and the implementation of option-based strategies under the conditions authorised by the relevant market regulatory authorities, provided said means do not cause a significant increase in the price volatility of the security. Furthermore, the shares may also be placed on loan, pursuant to Articles L. 211-22 *et seq.* of the *Code monétaire et financier* (hereinafter the "French Monetary and Financial Code).

The share purchase price cannot exceed €100 (excluding acquisition costs) for each share carrying a par value of €1.53.

This authorisation can only be used in respect of a number of shares no greater than 10% of the Company's share capital as of the date of this Shareholders' Meeting or, for example, 9,914,483 shares based on the share capital as of 7 March 2018, after deducting the 1,143,854 own shares held by the Company, corresponding to a maximum amount of €991 million, it being understood that, whenever the Company's shares are purchased in connection with a liquidity agreement, the number of shares retained for calculating the aforementioned 10% threshold will correspond to the number of shares purchased, after deducting the number of shares sold back during the authorisation period under the terms of the liquidity agreement. The number of shares purchased by the Company and intended to be held then later used as payment or consideration in the context of an external growth transaction, cannot exceed 5% of the share capital. The acquisitions made by the Company cannot, under any circumstance whatsoever, ever lead the Company to holding more than 10% of the shares constituting its share capital.

This authorisation is granted to the Board of Directors for eighteen months. It terminates and replaces the authorisation previously granted under the terms of the sixteenth resolution of the Ordinary Shareholders' Meeting dated 5 May 2017.

In the event of a public tender offer for the shares or securities issued by the Company, the Company may only use this authorisation for the purpose of meeting securities delivery commitments, especially in the context of free share plans or strategic transactions initiated and announced prior to the launch of said public tender offer.

Consequently, full powers are granted to the Board of Directors, with the ability to sub-delegate, to implement this authorisation, place any and all stock market orders, enter into any and all agreements for the purpose of, in particular, keeping an accounting of share purchases and sales, allocate or reallocate the purchased shares in support of various objectives under applicable legal and regulatory conditions, complete any and all reporting to the AMF and perform any other formalities and, generally, do all that is necessary.

10.1.2. Extraordinary Shareholders' Meeting resolutions

Resolutions 14 and 15: Free allocations of Company shares to employees of the Group

▪ ***Presentation***

At the General Shareholders' Meeting of 5 May 2017, the Board of Directors, in the 28th resolution, was authorised for 38 months to make free allocations of Company shares to employees of the Company and its subsidiaries, with no executive corporate officer of the Company to receive free allocations of shares, in accordance with the Company's policy. The Board of Directors did not make use of this authorisation in 2017.

However, so that the Company may apply the new provisions introduced by the 2018 Finance Law, you are being asked, in the 14th resolution, on the recommendation of the Appointments and Compensation Committee, to cancel the unused balance of the authorisation granted in the 28th resolution of the Shareholders' Meeting of 5 May 2017 and to substitute a new authorisation for it for a period reduced to 26 months (only change) from which will be excluded, as before, the Company's executive officers, who will not have the right to receive free allocations shares.

No change will be made to the maximum number of shares to be granted in connection with free share grants as provided in the 28th resolution of the 5 May 2017 Shareholders' Meeting.

The proposed resolution thus maintains at 2% of the share capital on the date of the 5 May 2017 Shareholders' meeting (excluding adjustments), the total number of shares that may be granted over 26 months, such cap to include if any the stock options and the free allocations of shares that may be granted under the 26th, 27th and 28th resolutions of the 5 May 2017 Shareholders' Meeting.

To confirm the overall cap set at the 5 May 2017 Shareholders' Meeting, assuming use of the 26th and 27th resolutions from the 5 May 2017 Shareholders' Meeting, you are also being asked, in the 15th resolution, to cap at 2% of the Company's share capital the total number of shares granted under the 26th, 27th and 28th resolutions from the 5 May 2017 Shareholders' Meeting and the 14th resolution from this Shareholders' Meeting.

It is reminded that for several years the Group has pursued a strategy of including its employees as shareholders of the Company with a view to cultivating their loyalty and motivating them. This strategy, since 2014, has essentially aimed at:

- on the one hand, motivating commitment and/or loyalty of key managers of the Group both in France and abroad, with the making of definitive grants of free shares contingent on the beneficiary's continued employment at expiration of the 3-year acquisition period and, unless otherwise provided, fulfilling performance criteria which have been assessed since 2016 over three fiscal years;

- on the other hand, recognizing and rewarding major contributions to the success of strategic and/or particularly complex transactions, with definitive grants of the shares being contingent only on the beneficiary's continued employment at the end of the acquisition period lasting from 1 to 3 years. Whenever the acquisition period is less than 2 years, a lock-up obligation is imposed, so that the aggregate acquisition and holding period is at least 2 years.

It is reminded that all currently outstanding free share plans exclusively involve existing shares having no dilutive impact on the share capital. During the 2017 fiscal year, in the context of the authorisation granted on 13 May 2016, your Board of Directors, after the Appointments and Compensation Committee issued a favourable opinion, carried out free share plans involving a total number of 269,658 existing shares subject to performance and/or presence conditions (representing 0.24% of the share capital as of the allocation date). The total number of existing shares that may be definitively delivered in respect of allocations made but not yet fully and finally vested amounted to 0.5% of the share capital as of 31 December 2017. In addition, out of the shares that have been the subject of free allocations since 2011 and were definitively attributable up until 31 December 2017, 26% of such shares have not been awarded as a result of failure to meet the performance criteria and 19% for failure to meet the presence criterion.

On the date of this Shareholders' Meeting, there is no stock option plan of the Company that is outstanding.

As with the authorisation made at the 5 May 2017 Shareholders' Meeting, in accordance with applicable legal provisions, this authorisation specifies that the shares would be definitively delivered to their beneficiaries at expiration of an acquisition period, the duration of which would be set by the Board of Directors and could not be shorter than one year, and that the shares should be held by beneficiaries for a minimum period to be set by the Board of Directors, it being specified that the cumulative duration of these acquisition and holding periods could not be shorter than 2 years. However, insofar as the acquisition period for all or part of one or several grants is not shorter than a 2-year minimum, the Board of Directors would be authorised to decide not to impose a holding period on the shares concerned. In addition, the Board of Directors would be authorised to decide, in the event that the beneficiary suffers a disability classifiable in the 2nd or 3rd category set forth in Article L. 341-4 of the French Social Security Code, or their respective equivalents in other countries, that the shares could be definitively granted to said beneficiary prior to the expiration of any remaining acquisition period.

FOURTEENTH RESOLUTION

Authorisation granted to the Board of Directors to make free allocations of existing or newly-issued shares of the Company to employees of the Company and its related companies; full waiver by shareholders of their preferential subscription rights thereto

The Extraordinary Shareholders' Meeting, after reviewing the Reports of the Board of Directors and of the Statutory Auditors, in accordance with the provisions of Articles L. 225-197-1 *et seq.* of the French Commercial Code:

- authorises the Board of Directors, in accordance with, and on the conditions, set forth in Articles L. 225-197-1 to L. 225-197-5 of the French Commercial Code to carry out free allocations of existing or newly-issued shares of the Company, on one or more occasions, to employees of the Company or certain categories thereof as well as to employees of companies or economic interest groupings affiliated with the Company on the terms and conditions provided in Article L. 225-197-2 of the French Commercial Code, provided, however, that the Company's corporate executive officers shall not be eligible to receive free allocations of shares;
- decides that the total number of shares that may be granted shall not exceed 2% of the total number of shares representing the Company's share capital on the date of the 5 May 2017 General Shareholders' Meeting, taking into consideration if any the grants made under the twenty-sixth, twenty-seventh, and twenty-eighth resolutions approved at the Extraordinary General Shareholders Meeting of 5 May 2017, but without taking into consideration the adjustments that may be made to preserve the rights of beneficiaries as provided in applicable law and regulations as well as applicable contractual provisions.

The General Shareholders' Meeting authorises the Board of Directors, alternatively or cumulatively, within the limits of the foregoing paragraph:

- to make allocations of shares from repurchases made by the Company on the terms and conditions provided in Articles L. 225-208 and L. 225-209 of the French Code of Commerce; and/or
- to make allocations of shares that are newly issued in connection with capital increases; in such case, the General Shareholders' Meeting hereby authorises the Board of Directors to increase the share capital by the maximum nominal amount corresponding to the number of shares granted and hereby takes due note that this authorisation automatically and *ipso iure* operates a waiver in favour of the beneficiaries of the free-share grants by the existing shareholders of their preferential right to subscribe for the new shares to be issued.

The General Shareholders' Meeting decides that the shares will be fully and finally granted to the beneficiaries thereof at the end of an acquisition period the term of which will be fixed by the Board of Directors, provided, however, that such term shall not be less than one year, and the shares shall be held thereby for a term set by the Board of Directors, provided, however, that the aggregate term of the acquisition and holding and lock-up periods shall not be less than two years. The General Shareholders' Meeting, however, hereby authorises the Board of Directors not to impose a holding or lock-up period for the shares involved to the extent that the acquisition period for all or part of one or more grants is at least two years. The Board of Directors shall have the right to determine the acquisition and lock-up periods in accordance with applicable law and regulations in the beneficiaries' country of residence. In addition, the General Shareholders' Meeting hereby resolves that, in the event of disability of a beneficiary corresponding to a classification in the second or third categories set forth in Article L. 341-4 of the French Social Security Code or an equivalent case abroad, the shares may be definitively granted to him or her prior to the end of any remaining acquisition period.

The General Shareholders' Meeting decides that final grants of shares to employees may be made subject to satisfying one or several performance conditions that the Board of Directors shall set.

The General Meeting of Shareholders grants full authority to the Board of Directors with the power to sub-delegate such authority on applicable legal terms and conditions, for the purpose of, and within the limits hereinabove set forth:

- determining the beneficiaries, or the category or categories of beneficiaries of share grants, it being reminded that any employee who holds more than a 10% equity stake in the share capital cannot receive shares, and that the grant of free shares cannot lead any one employee to hold more than a 10% equity stake in the share capital of the Company;
- allocating rights to receive shares on one or more occasions and at the times it deems appropriate;
- setting the terms and conditions and criteria for grants of shares such as, yet not limited to, seniority conditions, continued employment conditions for employees and corporate officers during the acquisition period, and any other individual or collective financial or performance condition;
- determining, under applicable statutory conditions and limits, the definitive durations of the acquisition period and, as the case may be, the lock-up or holding period imposed on the shares;
- registering the free shares granted, as the case may be, in an account held in the name of rights-holder, referencing the lock-up condition and its duration;
- lifting restrictions on the sale of the shares during the holding period in the case of redundancy or retirement, while complying with the minimum holding period required;
- recording, as the case may be, a locked-up reserve assigned to the rights of beneficiaries, corresponding to the aggregate par value of the shares that could potentially be issued through a capital increase, by withholding the necessary amounts from any and all reserves that can be freely used by the Company;
- setting the date, which may be retroactive, on which the new shares issued in connection with the free allocation of shares will bear benefit entitlement (*jouissance*);
- withholding, as the case may be, the necessary amounts from the locked-up reserve to cover the par value of the shares to be issued to beneficiaries;
- in the event of a share capital increase, amending the Articles of Association accordingly and carrying out any necessary formalities;
- make any necessary adjustments, as the case may be, during the acquisition period, to the number of shares freely allotted based on the impact of any potential transactions involving the Company's share capital, in order to protect the rights of beneficiaries, it being specified that any additional shares granted as a result of these adjustments will be considered to have been granted on the same date as the initially granted shares.

As provided in Articles L. 225-197-4 and L. 225-197-5 of the French Commercial Code, a special report will be made each year at the Ordinary General Shareholders' Meeting on transactions completed under this authorisation.

The General Shareholders' Meeting sets at twenty-six months the period during which the Board of Directors may use this authorisation. It terminates the authorisation to the same effect granted at the General Shareholders Meeting of 5 May 2017 (twenty-eighth resolution) insofar as it remains unused.

FIFTEENTH RESOLUTION

Limitation at 2% of the share capital as of 5 May 2017 of the number of shares that may be granted under the 14th resolution as well as under the 26th, 27th and 28th resolutions approved at the General Shareholders' Meeting of 5 May 2017

The Extraordinary General Shareholders' Meeting, after reviewing the Report of the Board of Directors, sets the total number of shares that may be granted under the twenty-sixth, twenty-seventh, and twenty-eight resolutions of the Extraordinary General Shareholders' Meeting of 5 May 2017 and under the fourteenth resolution of this Shareholders' Meeting, at 2% of the aggregate number of shares representing the Company's share capital on the date of the General Shareholders' Meeting of 5 May 2017 without taking into consideration adjustments that may be made to preserve and protect the beneficiaries' rights in accordance with applicable law and regulations and contractual provisions.

Resolutions 16 and 17: Merger of Allode into the Company

▪ ***Presentation***

To pursue the simplification of the Group's structure, you are asked to approve the merger into your Company of its subsidiary, Allode (16th resolution).

Allode owns 67,343 shares of Distribution Casino France and 30,547 shares of Casino Carburants that it received in consideration of a contribution of the goodwill of the going concern of a business and assets (*fonds de commerce*) of a supermarket (in 2009) as well as a petrol station (in 2014).

The terms and conditions of this transaction are presented in the Appendix hereto (see pages 353 and 354).

The substance of the contributions and the financial terms and conditions of the transaction were determined on the basis of the financial statements as of 31 December 2017. Any transactions completed since 1 January 2018 by the merged company will be treated as having been for the account, whether actively or passively, of the surviving company. Since the merged company was controlled by your Company, all the contributed assets and liabilities have been appraised at net book value under and pursuant to Rule No. 2017-01 dated 5 May 2017 of the *Autorité des normes comptables* (ANC – Accounting Standards Authority) relating to the accounting treatment and appraisal of mergers and similar transactions.

Since your Company owns all of the shares of the merged company, except for one, 28 Casino shares will be issued in consideration of the interest of a minority shareholder of the merged company and allocated to the successor on the basis of 28 Casino shares for 1 Allode share.

Mr. Michel Tamet, Statutory Appraiser for the merger, has verified that the relative values assigned to the companies involved in the transaction are relevant and that the exchange ratio of the equity rights is fair. In addition, he appraised the value of the contributions made by the merged company.

The Company's share capital, accordingly, will be increased by €42.84 with an aggregate merger premium of €1,272.34.

Under the 17th resolution, the shareholders are asked to take due note of the capital increase and amend Article 6 of the Articles of Association accordingly.

SIXTEEN RESOLUTION

Merger of Allode into the Company

The Extraordinary General Shareholders' Meeting, after reviewing the Reports of the Board of Directors and the Statutory Appraiser as well as the draft private merger agreement, signed in Saint-Étienne on 21 March 2018, of Allode, a French *société anonyme* the share capital of which is €246,554, the registered headquarters of which is located at 1, cours Antoine Guichard – 42000 Saint-Étienne, identified under number 350 940 813 at the Trade and Companies Registry of Saint-Étienne:

- approves the proposed merger in all respects and the appraisal of the contributions that it contains;
- decides the merger of the Company with Allode, taking due note of the approval of such merger at the General Shareholders' Meeting of Allode's shareholders of 14 May 2018;
- determines that such merger has been completed and that, accordingly, Allode is dissolved prematurely without any need for liquidation;
- approves the exchange ratio of 28 Casino shares for 1 Allode share and the capital increase resulting therefrom.

Casino, Guichard-Perrachon, in consideration of such contribution, will issue 28 shares of €1.53, with a merger premium of €1,272.34.

Such new shares shall be issued to Allode's shareholders other than Casino, Guichard-Perrachon, since it may not hold those of its own shares to which the 3,201 shares of the merged company that it owns would have entitled it.

The merger premium will be recorded in a special liability account in the balance sheet of Casino, Guichard-Perrachon and may be given any allocation that the shareholders as a whole may decide.

SEVENTEENTH RESOLUTION

Acknowledgement of completion of the capital increase resulting from the merger and amendment of Article 6 of the Articles of Association

The Extraordinary General Shareholders' Meeting, taking due note of the approval of the sixteenth resolution, acknowledges that the Company's share capital has increased by €42.84 by the issuance of 28 shares of €1.53 nominal value and amends Article 6 of the Articles of Association as follows:

Article 6 – Contributions in Kind – Share Capital

The following subparagraphs are hereby added after paragraph I:

"(…)

ll) Under a private agreement, dated 21 March 2018, and a resolution adopted at the Extraordinary Shareholders' Meeting of 15 May 2018, Allode contributed, through a merger, all of its assets in exchange for the assumption of all of its liabilities in consideration the issuance to it of 28 shares of €1.53, issued with an aggregate premium of €1,272.34."

Paragraph II shall hereafter read as follows:

"II. The share capital shall be €169,192,605.06, divided into 110,583,402 shares of €1.53 each nominal value, fully paid."

Resolution 18: Powers for formalities

▪ ***Presentation***
The 18th resolution is the usual one providing for carrying out of publication and legal formalities.

EIGHTEENTH RESOLUTION

Powers for formalities

The General Shareholders' Meeting grants full powers to the bearers of an original excerpt or copy of the minutes of this Shareholders' Meeting to complete all filings, publications and formalities prescribed by law.

10.1.3. Appendices

APPENDIX 1 – INFORMATION ON COMPONENTS OF COMPENSATION DUE OR GRANTED TO THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER IN RESPECT OF FISCAL YEAR 2017

(5th resolution at the Ordinary General Shareholders' Meeting of 15 May 2018)

Pursuant to Article L. 225-100, II, of the French Commercial Code, the shareholders are asked to approve the fixed, variable and exceptional components constituting the total compensation and benefits of any kind paid or granted in respect of the 2017 fiscal year to Mr. Jean-Charles Naouri, Chairman and Chief Executive Officer in connection with his mandate, as set forth and described in the table below. All such components are also detailed in subpart 6.1.1 of the Board of Directors' Report on corporate governance set forth in Chapter 6 of the 2017 Registration Document:

Components of the compensation	Gross amount or book value submitted to vote	Presentation
Fixed Compensation	€480,000	Unchanged since 2013.
Annual Variable Compensation	€454,020	The target amount of the 2017 annual variable compensation, could represent, in line with market practices, 130% of fixed compensation (corresponding to a gross amount of €624,000), when the set objectives are met. The payment of this compensation was based on completing the following four exclusively quantitative objectives, set by the Board of Directors at its meeting dated 6 March 2017, after receiving the Appointments and Compensation Committee's recommendations: ▪ three quantitative financial objectives, aligned with the Group's key operating and financial objectives for 2017, representing 90% of the target amount (or €561,000) and up to 118.8% (or €741,600) in the event of over-performance, each of which accounts for one-third (or 30%, and up to 39.6%), namely: - organic growth in consolidated sales (excl. petrol and calendar effects), - organic growth in consolidated trading profit, - underlying net profit, Group share, per share (excl. petrol and calendar effects). For each criterion a minimum achievement threshold, representing at least 50% of the target, a target level, corresponding to achievement consistent with Group objectives, as well as a level of over-performance compared to the target, had also been pre-established. Variable compensation vary linearly between the minimum thresholds and the maximum; ▪ one non-financial quantitative objective associated with CSR, accounting for 10% of the target amount, with no over-performance entitlement, corresponding to Casino, Guichard-Perrachon being listed in at least one of the following three non-financial indicators: FTSE4GOOD Index, Euronext Vigeo Indices, DJSI, which include the most successful companies in terms of social, societal and environmental criteria. Accordingly, in the event of over-performance, the variable compensation was capped at a maximum aggregate gross amount of €804,000, or 167.5% of the amount of fixed compensation, cap unchanged compared to 2016. On 7 March 2018, the Board of Directors reviewed the results obtained with respect to these objectives and set the amount of the 2017 variable component. For each objective, the percentage amount of the target set at €624,000, is 18% with respect to the organic growth in sales, 34.4% with respect to organic growth in current consolidated trading profit, 10.4% with respect to the underlying net profit, Group share, per share, and 10% with respect to the non-financial quantitative objective associated with CSR. On aggregate, the amount of the 2017 variable component, is €454,020, representing approx. 72.8% of the target amount and 94.6% of fixed compensation. On aggregate, the amount of the 2016 variable component, was €625,120, representing approx. 100.2% of the target and 130.2% of the fixed component. Pursuant to Article L. 225-37-2 of the French Commercial Code, payment of the variable part of the compensation for the 2017 fiscal year thus determined is contingent on approval of the fifth resolution at the Ordinary General Shareholders' Meeting of 15 May 2018.
Multi-annual variable compensation	Not Applicable	No multi-annual variable compensation was paid or granted to the Chairman and Chief Executive Officer in 2017.
Exceptional compensation	Not Applicable	No exceptional compensation was paid or granted to the Chairman and Chief Executive Officer in 2017.

Components of the compensation	Gross amount or book value submitted to vote	Presentation
Long-term variable compensation	Not Applicable	In order to increase the variable portion of the overall compensation of the Chairman and Chief Executive Officer and to include an assessment of the Group's performance over a longer term, the Board of Directors also granted the Chairman and Chief Executive Officer in 2017 a long-term conditional variable compensation in cash appreciated over 3 years. The target amount, assuming the performance conditions are met, is set at 100% of fixed compensation, or a gross amount of €480,000. Final payment of the compensation is conditioned on the executive's presence and meeting the following two performance conditions, measured at the end of a three fiscal year-period (2017-2019), each of which accounts for 50% of the maximum target compensation: ▪ change in relative Total Shareholder Return (TSR), (ratio of the average of the last 120 closing prices of the year 2019 and that of the year 2016 by integrating the amount of the dividend per share paid during the period) as compared with the TSR of nine European companies in the food retail industry namely: Ahold – Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco. The proportionate compensation is calculated linearly according to the positioning of the TSR of the Company in the panel between the first and the second last rank which constitutes the low limit; ▪ changes in the Group's average EBITDA/sales ratio for the period in question. A minimum achievement threshold that must be reached is set and the proportionate compensation fluctuates linearly between the minimum threshold and the maximum target amount. The target objectives are challenging and consistent with those set in the context of the LTI plans for key managers decided in 2017. In accordance with the terms of Article L. 225-37-2 of the French Commercial Code, the payment of this long term variable compensation, after determining its amount in 2020 according to the achievement of the above-defined objectives, is subject to shareholders' approval at the Ordinary Shareholders' Meeting of the Company to be held in 2020.
Stock options, shares or performance shares plans	Not Applicable	The Chairman and Chief Executive Officer is not and never has been the beneficiary of stock option subscription or stock option purchase plan or share or performance shares plans. He is expressly excluded from the list of beneficiaries of such form of compensation under the terms of the resolutions voted at Extraordinary General Shareholders' Meeting of 5 May 2017.
Directors' attendance fees	€12,500	As a director, the Chairman and Chief Executive Officer received half of the attendance fee, or €12,500. It is hereby reminded that the base individual value of external directors' attendance fees is set at €25,000, and includes a €8,500 fixed component and a €16,500 variable component, the latter of which cannot be reallocated in the event of absence.
Benefits of any kind	Not Applicable	The Chairman and Chief Executive Officer was not eligible for benefits of any kind in respect of 2017.
Severance compensation	Not Applicable	The Chairman and Chief Executive Officer is not entitled to any severance compensation in the event of termination of his duties.
Compensation in connection with a non-compete obligation	Not Applicable	The Chairman and Chief Executive Officer is not entitled to any compensation in connection with a non-compete obligation.
Supplementary pension plan	Not Applicable	The Chairman and Chief Executive Officer does not benefit from any supplementary pension plan. He is enrolled in the Company's mandatory supplemental collective pension scheme *(régime collectif obligatoire de retraite complémentaire)* (ARRCO and AGIRC) and its collective employment insurance scheme *(régime de prévoyance)*, available to all managers.

APPENDIX 2 – PRINCIPLES AND CRITERIA FOR DETERMINING, DISTRIBUTING AND ALLOCATING COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION FOR THE 2018 FISCAL YEAR

(6th resolution at the Ordinary General Shareholders' Meeting of 15 May 2018)

Pursuant to the terms of Article L. 225-37-2 of the French Commercial Code, the principles and criteria for determining, distributing, and allocating the fixed, variable, and exceptional components comprising the aggregate compensation and benefits of any kind for which the Chairman and Chief Executive Officer is eligible with respect to 2018 in connection with his corporate executive mandate must be submitted for approval at the General Shareholders' Meeting of 15 May 2018.

In this connection, at its meeting dated 7 March 2018, and based on the Appointments and Compensation Committee's opinion, the Board of Directors set the principles and structure of the Chairman and Chief Executive Officer's compensation with respect to 2018.

PRINCIPLES

The Board of Directors uses the Afep-Medef Code as its reference to determine the principles for setting the compensation of senior executive corporate officers and, to lead its discussions, relies on external experts' analyses and conclusions to educate the Board and the Appointments and Compensation Committee on existing market practices. These routine compensation analyses make it possible to draw a comparison between, on the one hand, the executive corporate officer's compensation structure and how it has evolved, the weight assigned to each of the components, as well as the criteria for setting his variable compensation and, on the other, the practices of other comparable companies, particularly those of which the executive corporate officer is the controlling shareholder or a member of the controlling shareholder's family.

The Board of Directors ensures that the compensation policy is consistent with the Company's corporate interests and the interests of shareholders and stakeholders. The performance indicators selected for setting the variable compensation must be in line with the Group's strategy. They are challenging and integrate financial and non-financial criteria that can be assessed annually and/or multi-annually.

Based on the Appointments and Compensation Committee's proposal, the Board of Directors decided to set the structure of the Chairman and Chief Executive Officer's compensation for 2018 in the following way:

COMPONENTS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S COMPENSATION

Relying on the analyses and recommendations of specialised external consultants, the Board of Directors, in 2017, decided to modify the Chairman and Chief Executive Officer's compensation policy in order to include an evaluation of the Group's performance over a longer term and to increase the variable part of his overall compensation. For 2018, further to the analyses made in 2017, a new review of the Chairman and Chief Executive Officer's compensation was made by outside experts. In this connection, the Board of Directors has decided to renew the structure of the Chairman and Chief Executive Officer's compensation for 2018 on the following terms and conditions:

Fixed compensation

Fixed compensation will be €480,000, unchanged since 2013.

Annual conditional fixed compensation

The target amount of the annual variable compensation will continue to be fixed, in line with market practices, at 130% of fixed compensation (corresponding to a gross amount of €624,000), when the set objectives are met; in the event of over-performance, it may reach a maximum amount unchanged at 167.50% of fixed compensation (corresponding to €804,000).

The annual variable compensation remains entirely subject to achievement of challenging objectives reflecting the Group's strategic priorities:

- Quantitative objectives only:
  - Three budget-based quantitative objectives aligned with Casino's priority operating and financial objectives for 2018.
    The proposed objectives, which are consistent with Group quantitative criteria and objectives for awarding the 2018 bonus to members of the Executive Committee, relate to:
    - organic growth in consolidated sales;
    - organic growth in consolidated trading profit;
    - changes in consolidated cash flow (CAF).

Each criterion includes a minimum, or target, completion level, corresponding to an achievement level that is consistent with the Group's objectives as well as a level of over-performance compared to the target which is also pre-determined. The proportionate variable compensation fluctuates linearly between the minimum and maximum thresholds.

- One non-financial quantitative CSR objective which is the same as for 2017 the vesting conditions for which have been strengthened for 2018. Thus, achievement of this criterion is now evaluated on the basis of the average of the ratings to be obtained by Casino in the assessment of the following three non-financial rating agencies, FTSE Group, Vigeo Eiris and DJSI, with, in addition, the inclusion of a target amount (average of Casino's ratings in 2017) and a minimum (average of Casino's ratings over the last 4 years). The proportionate variable compensation fluctuates linearly between these minimum and target and maximum thresholds.

  Maintenance of a non-financial quantitative criterion associated with CSR, which is completely consistent with observed practices, highlights the strategic value the Group places on the development of its CSR policy.

  In this connection, a criterion relating to CSR has been included in determining the annual bonus of managers since 2016.

- No guaranteed minimum.
- Preponderance of financial objectives in determination of 2018 variable compensation:

  The weight of the four criteria breaks down as follows:

  - the three financial objectives account for 90% of the target amount (corresponding to a gross amount of €561,000) and up to 118.8% (corresponding to a gross amount of €741,600) in the event of over-performance, on the basis of one third each, or 30%, and until 39.6% in the event of over-performance;
  - the CSR objective accounts for a maximum of 10% of the target amount, a share in line with current observed practices.
- The over-performance entitlement is reserved for the three financial criteria, thus continuing to represent 132% of their target amount.

Thus, the breakdown of these quantitative criteria and their relative weight in determining the Chairman and Chief Executive Officer's 2018 variable compensation are as follows:

Objectives Target amount: €624,000 (or 130% of fixed compensation)	Variable component target	Variable component maximum
Financial quantitative objectives		
Organic growth in consolidated sales (excluding petrol and calendar effects)		
% of the target amount	30%	39,6%
Amount *(€ thousands)*	187.2	247.2
Organic growth in consolidated trading profit		
% of the target amount	30%	39,6%
Amount *(€ thousands)*	187.2	247.2
Changes in consolidated cash flow (CAF)		
% of the target amount	30%	39,6%
Amount *(€ thousands)*	187.2	247.2
Non-financial quantitative objective		
Average of ratings reported in 2018 in the following 3 indicators: FTSE Group, Vigeo Eiris and DJSI		
% of the target amount	10%	10%
Amount *(€ thousands)*	62.4	62.4

Long-Term Variable Compensation (LTI)

In accordance with market practices and the recommendations of outside firms consulted about the preponderance of variable compensation in the make-up of aggregate compensation, but also to assess the Group's performance over a longer term, the Board of Directors decided to renew for 2018 the LTI mechanism in cash in the form of long-term conditional variable compensation used for the first time in 2017.

Conditional variable compensation, therefore, will be determined as follows:

- The target amount, assuming the performance conditions are met, will remain at 100% of fixed compensation, or a gross amount of €480,000.
- The performance conditions will continue to be assessed at the end of a period of three fiscal years (2018-2020).
- No guaranteed minimum.
- For each of the two criteria used, a minimum threshold of achievement, a target level, and a maximum amount corresponding to achievement consistent with the Group's objectives are also pre-established.

- Final payment of the compensation is conditioned on the executive's presence and subject to completing the following two unchanged performance conditions assessed at the end of the period, each of which accounts for 50% of the maximum target compensation:
  - Change in relative Total Shareholder Return (TSR), (ratio of the average of the last 120 closing prices of the year 2020 and that of the year 2017 by integrating the amount of the dividend per share paid during the period) as compared with the TSR of nine European companies in the food retail industry namely: Ahold – Delhaize, Carrefour, Colruyt Group, Dia, Jeronimo Martins, Metro, Morrisons, Sainsbury's and Tesco. The proportionate variable compensation is calculated linearly according to the positioning of the TSR of the Company in the panel, with a minimum achievement threshold reinforced and set at the median of the panel.
  - Changes in the Group's average EBITDA/sales ratio. A minimum achievement threshold that must be reached is set and the proportionate variable compensation fluctuates linearly between the minimum threshold and the target maximum amount.

The elements for determining the annual and long term variable compensation of the Chairman were made the subject of a new analysis in 2018, after the one conducted in 2017, by specialised consultants, which concluded that the structure of the annual variable compensation of Casino's Chairman and Chief Executive Officer was consistent with market practices concerning the number and type of criteria used, the greater weight given to quantitative financial criteria, and the presence of a non-financial quantitative criterion associated with CSR, which is in line with the practices observed and with the Group's desire to prioritise the development of its CSR policy. The renewal of the system of a long term variable compensation component in cash is also consistent with the practices observed and recommendations made relating to changes in the weight of variable compensation in the structure of compensation and inclusion of the creation of long-term shareholder value.

In accordance with Article L. 225-37-2 of the French Commercial Code, payment of the variable component of the compensation due for the 2018 fiscal year, after determining its amount based on the achievement of the above-defined objectives, is subject to the prior approval of shareholders at the Ordinary Shareholders' Meeting of the Company to be held in 2019. Payment of the long term variable compensation, after determining its amount in 2020 according to the achievement of the above-defined objectives, is subject to shareholder approval at the Ordinary Shareholders' Meeting of the Company to be held in the year of its payment, *i.e.* 2021.

Other Components of the Compensation and benefits of any kind allocated in connection with the directorship

In addition, in his capacity as Director of the Company in 2018, the Chairman and Chief Executive Officer will receive a director's fee the amount of which will be reduced by half compared to the amount paid to other external directors, *i.e.*, a maximum gross amount of €12,500.

The Chairman and Chief Executive Officer is not and never has been the beneficiary of stock option subscription or stock option purchase plan or share or performance shares plans. He is expressly excluded from the list of beneficiaries under the terms of the resolutions submitted at the Extraordinary Shareholders' Meeting of 5 May 2017 and of 15 May 2018.

In addition, the Chairman and Chief Executive Officer does not benefit from any supplemental pension plan and is not entitled to any severance compensation in the event of termination of his duties or to any compensation in connection with a non-compete obligation.

He is enrolled in the Company's mandatory supplemental collective pension scheme (*régime collectif obligatoire de retraite complémentaire*) (ARRCO and AGIRC) and its collective employment insurance scheme (*régime de prévoyance*), available to all managers.

He will not receive any benefits of any kind in respect of 2018.

APPENDIX 3 – MERGER OF ALLODE INTO THE COMPANY

(16th and 17th resolutions of the Extraordinary Shareholders' Meeting of 15 May 2018)

In connection with the simplification of the Group's structures, the shareholders are being asked to consider a proposal to merge into Casino, Guichard-Perrachon its subsidiary, Allode, with retroactive effect (*from a tax and accounting point of view*) as of 1 January 2018.

Presentation of Allode

Allode owns 67,343 shares of Distribution Casino France and 30,547 shares of Casino Carburants which it received in consideration of the contribution of the good will of a going concern and assets (fonds de commerce) of a supermarket business (*in 2009*) as well as a petrol station (*in 2014*). Casino, Guichard-Perrachon holds 3,201 shares out of the 3,202 shares constituting the company's share capital.

Appraisal of the contributions

In determining the merger parties, a comparison of the companies was made on the basis of financial statements for the year ended 31 December 2017. All of the transactions carried out by the acquired company as from 1 Januaruy 2018 will be deemed to have been carried out on behalf of the acquiring company, with respect to both assets and liabilities.

Since the merged company is controlled by Casino, Guichard-Perrachon, all of the asset and liabilities contributed must be appraised at net book value as provided in Regulation n° 2017-01 dated 5 May 2017 of the *Autorité des normes comptables* (ANC) (Accounting Standards Authority) relating to the accounting treatment and appraisal of mergers and similar transactions.

The net assets so contributed by Allode on the basis of the financial statements as of 31 December 2017, amount to:

Contributed assets	Assumed liabilities	Net assets contributed
€4,217,836	€6,636	€4,211,200

Consideration to the shareholder of the merged company, excluding Casino, Guichard-Perrachon

In determining the exchange ratio, a comparison of the companies was made on the basis of the following criteria: Restated net assets, net profit, cash flow.

Net assets is a classic comparison criterion, but for it to be truly useful, the assets involved must be similar in structure. For this reason a comparison was made between restated net assets per share of the merged company to the weighted average trading price of Casino shares.

The profitability criteria that are net profit and underlying net worth are complementary. The criterion of dividends paid was not used, since the dividend payment policy of the merged company is completely different from that of the surviving company. The same applies to the sales criterion, since Allode has no sales.

For the surviving company, the data used are consolidated data. With respect to net profit, underlying net profit, Group share, was used, reflecting the neutralization of all non-recurring items.

Application of these various criteria produces the following result:

Overall values

2017 data	Restated net assets	Net profit	Cash flow	Number of shares
Allode	€4,485,105	€15,753	€17,213	3,202
Casino	-	€371,625,000	€2,034,346,000	€110,996,996

Price per share

2017 data	Restated net assets(1)	Net profit	Cash flow
Allode	€1,400.72	€4.92	€5.38
Casino	€51.18	€3.35	€18.33

(1) Trading price for the surviving company.

Exchange ratio

	Restated net assets/trading price of surviving company	Net profit	Cash flow
Exchange ratio	27.37	1.47	0.29
Discount/premium(1)	2.3%	n.s.	n.s.

(1) Discount/premium compared to parity used.

Inasmuch as the criteria for net profit and cash flow are not representative for the merged company, only the criterion of the ratio of restated net assets of the merged company to trading price of the surviving company has been used.

On the basis of the foregoing, the number of shares to be exchanged for Casino shares, the proposed exchange ratio, and the number of shares to be issued is set forth in the table below:

Number of shares to be exchanged	Exchange ratio used	Number of Casino shares to be issued
1	28 Casino shares for 1 Allode share	28

The ratio used is in the upper portion of the range resulting from the various criteria. This exchange ratio causes a very slight dilution of the shareholders of Casino, Guichard-Perrachon.

The Company's share capital will be increased by €42.84 by issuing 28 shares, each with a par value of €1.53, issued with an aggregate premium of €1,272.34.

Mr. Michel Tamet, Statutory Appraiser for the merger appointed by the Presiding Judge of the *Tribunal de commerce* (Commercial Court) of Saint-Étienne on 7 March 2018, has verified that the relative values assigned to the companies involved in the transaction are relevant, and that the exchange ratio of the equity rights is fair. In addition, he appraised the value of the contributions made by the merged company. The corresponding reports have been made available to the shareholders as required by applicable law and regulations.

10.2. Statutory Auditors' report on the authorization to grant existing or future shares for no consideration

(SHAREHOLDERS' MEETING OF 15 MAY 2018 14TH AND 15TH RESOLUTIONS)

This is a translation into English of the Statutory Auditors' report in French and it is provided solely for the convenience of English speaking users.

This Statutory Auditors' report includes information specifically required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Casino, Guichard-Perrachon Shareholders' Meeting,

In our capacity as Statutory Auditors of your Company and in accordance with the procedures provided for in Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby present to you our report on the proposed authorization to grant for no consideration existing or future shares to employees of your Company or certain categories thereof, and employees of companies or economic interest groupings affiliated to the Company under the conditions set forth in Article L. 225-197-2 of the French Commercial Code, it being specified that the corporate officers of your Company may not be granted shares for no consideration, a transaction on which you are asked to vote.

The total number of free shares that may be granted may not exceed 2% of the total number of shares representing your Company's share capital at the date of the Combined Shareholders' Meeting of 5 May 2017, taking into account the shares granted under the twenty-sixth, twenty-seventh and twenty-eighth resolutions of your Combined Shareholders' Meeting of 5 May 2017. The maintenance of this ceiling is submitted for your approval in the context of the fifteenth resolution of this Shareholders' Meeting.

Based on its report, your Board of Directors proposes that shareholders authorize it, for a period of 26 months as from the date of this Shareholders' Meeting, to grant existing or future shares for no consideration, this new authorization superseding the authority granted in the twenty-eighth resolution of your Combined Shareholders' Meeting of 5 May 2017 for its unused portion.

It is the role of the Board of Directors to prepare a report on the transaction it wishes to carry out. Our responsibility, when necessary, is to make comments on the information which is provided to you on the planned transaction.

We conducted the procedures that we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this engagement.

These procedures consisted in verifying that the planned terms and conditions as described in the Board of Directors' report comply with legal provisions.

We have no comments to make on the information provided in the Board of Directors' report on the proposed authorization to grant shares for no consideration.

Paris-La Défense and Neuilly-sur-Seine, 19 March 2018

The Statutory Auditors

Ernst & Young et Autres		Deloitte & Associés	
Yvon Salaün	Sylvain Lauria	Frédéric Moulin	Patrice Choquet

Chapter 11

Additional information

11.1. General information

COMPANY NAME, REGISTERED OFFICE AND TELEPHONE NUMBER

Casino, Guichard-Perrachon

1, cours Antoine Guichard, 42000 Saint-Étienne, France

Telephone +33 (0)4 77 45 31 31

LEGAL FORM

Société anonyme (joint-stock company) governed by Book II of the French Commercial Code (*Code de commerce*).

GOVERNING LAW

French law.

DATE OF INCORPORATION AND EXPIRY

The Company was incorporated on 3 August 1898 following the signature of its Articles of Association on 1 July 1898. Its term, which was extended by extraordinary resolution of the shareholders at the General Meeting of 31 October 1941, will expire on 31 July 2040 unless the Company is wound up before this date or its term is further extended.

TRADE AND COMPANIES REGISTRY

The Company is registered in the Saint-Étienne Trade and Companies Register under No. 554 501 171.

APE (business identifier) code: 6420 Z.

ACCESS TO LEGAL DOCUMENTS

The Articles of Association, minutes of General Meetings, Statutory Auditors' reports and other legal documents are available for consultation at the Company's registered office.

FINANCIAL YEAR

The Company's financial year runs from 1 January to 31 December.

CORPORATE PURPOSE *(ARTICLE 3 OF THE ARTICLES OF ASSOCIATION)*

The purpose of the Company is to:

- directly or indirectly create and exploit all types of retail stores selling any types items or products including, yet not limited to, food products;
- offer all types of services to said retail stores' customers and manufacture any and all goods that may be useful to their exploitation;
- wholesale all types of goods, either on its own behalf or on behalf of third parties including, in particular, as a commission-based service, and offer all types of services to these third parties;
- and, generally, execute any and all types of commercial, industrial, real estate, movable property, and financial transactions related to this purpose or that could potentially facilitate its successful fulfilment.

It can, in France and abroad, create, acquire, exploit or commission the exploitation of any trade mark, trade name, or service mark, and any industrial design rights, patents or manufacturing processes related to the above-mentioned purpose.

It can invest in or acquire any interests in any French or foreign businesses or companies, regardless of their purpose.

It can take action in any country, either directly or indirectly, alone or as an association, partnership, group, or company created with any other persons or companies, and complete, in any form whatsoever, the transactions related to its purpose.

11.1.1. Provisions of the Articles of Association concerning the Board of Directors and senior management – Board of Directors' internal rules

BOARD OF DIRECTORS

Membership of the Board of Directors *(excerpt from Article 14 of the articles of association)*

The company is managed by a Board of Directors. Subject to the legal provisions applicable in the event of a merger with another joint-stock company (*société anonyme*), the Board of Directors is composed of at least three members and at most eighteen, appointed by the Ordinary Shareholders' Meeting.

The Board also includes, in accordance with the provisions of Article L. 225-27-1 of the French Commercial Code, one or two directors representing employees, for whom the specific rules are subject to the legal provisions in force and the Articles of Association.

Directors' qualifying shares *(excerpt from Article 15 of the articles of association)*

Each director must own at least one hundred shares held in registered form.

Term of office – age limit – replacement of directors appointed by the Ordinary Shareholders' Meeting *(excerpt from Article 16 of the articles of association)*

I. — Notwithstanding the impact of paragraphs II and III of this article, the duration of directors' offices is three years expiring at the end of the Ordinary Shareholders' Meeting set to approve the financial statements of the past fiscal year and held in the year in which the office expires.

Once they have reached the end of their term, directors are eligible for renewal.

Directors are appointed or their terms of office renewed pursuant to a decision taken by the Ordinary Shareholders' Meeting.

Directors' terms of office are up for renewal on a rolling basis, in order to ensure that a roughly equal amount of directors' terms of office are renewed each year. In order to enable the system of rotation to operate, the Ordinary General Meeting can appoint a director for a period of one or two years, on an exceptional basis.

II. — No person over the age of seventy (70) can be appointed as director or permanent representative of a director that is a legal entity, if such appointment would cause the number of directors and permanent representatives of legal entities over said age to be more than one third of the total number of directors serving on the Board. In the event that one third of all directors is over the age of seventy, the oldest director or permanent representative of a legal entity is deemed as having automatically resigned at the end of the Ordinary Shareholders' Meeting called to approve the financial statements of the fiscal year in which this age threshold was surpassed.

III. — In the event that one or more seats become vacant as a result of the death or resignation of directors, the Board of Directors can appoint temporary directors to hold office until the next shareholders' meeting. These appointments must be approved at the next shareholders' meeting.

If a director appointed by the Board of Directors temporarily as described above is not granted permanent status by the shareholders' meeting, said Director's actions and the Board's decisions during this temporary appointment remain valid nonetheless.

Should the number of directors fall below three, the remaining members (or, in the event of a lack of members, a corporate officer appointed by the President of the Commercial Court at the request of any person concerned) must immediately call for an Ordinary Shareholders' Meeting in order to appoint one or more new directors for the purpose of securing the required amount of members and resuming compliance with applicable legal thresholds.

A director appointed to replace another director remains in office for the remainder of his or her predecessor's term of office.

The appointment of a new Board member to be added to the permanent list of members in office can be decided only by the shareholders' meeting, which must set the term of office.

Organisation, meetings and decisions of the Board of Directors

Chairman – Office of the Board *(excerpts from Articles 17 and 20 of the articles of association)*

The Board of Directors appoints a Chairman from among the natural persons sitting on the Board. The Chairman's functions are defined by law and the Company's Articles of Association. The Chairman of the Board of Directors organises and manages the Board of Directors' work, and reports to the General Shareholders' Meeting regarding said work. He ensures the proper functioning of the corporate bodies of the company and, in particular, ensures that the directors are able to exercise their duties.

The Chairman can be appointed for the duration of his or her directorship, subject to the Board of Directors' right to strip him or her of this title, at any time, and to the Chairman's right to resign before his or her term expires. The Chairman is eligible for reappointment. The Chairman's age cannot exceed seventy five (75) years. Exceptionally, in the event the Chairman reaches the aforementioned age while in office, he/she will remain Chairman until the end of his or her term of office.

In the event that the Chairman is temporarily unable to exercise his or her duties or dies, the Board of Directors may designate a director to serve as Chairman. In the event that the Chairman is temporarily unable to exercise his or her duties, this delegation of powers is granted for a limited yet renewable amount of time. In the event that the Chairman dies, said delegation is valid until the election of the new Chairman.

Non-voting directors *(excerpt from Article 23 of the articles of association)*

The Ordinary Shareholders' Meeting can appoint non-voting directors who are either natural persons or legal entities from among the company's shareholders. The Board of Directors can appoint non-voting directors to serve on the Board at any time, provided their office is approved at the next Ordinary Shareholders' Meeting. No more than five non-voting directors can sit on the Board.

A non-voting director remains in office for three years. His or her duties expire at the end of the Ordinary Shareholders' Meeting set to approve the financial statements of the past fiscal year and held in the year in which the office expires. Non-voting directors are eligible for reappointment indefinitely, and can be removed from office at any moment by decision of the Ordinary Shareholders' Meeting.

Non-voting directors attend Board of Directors' meetings, and offer their opinions and observations and take part in the decision-making process in an advisory capacity.

They are eligible for compensation, the amount of which is set by the Ordinary Shareholders' Meeting and maintained until a decision to change it is taken at a future shareholders' meeting. This compensation is distributed, at the Board of Directors' discretion, among all non-voting directors.

Meetings of the Board of Directors *(excerpt from Article 18 of the articles of association)*

The Board meets as often as required in the company's interest and every time said Board deems it appropriate, at the location indicated in the meeting notification. Meeting notifications are prepared by the Chairman or by any person he/she appoints to do so on his or her behalf; if the Board has not met for more than two months, one third of the directors in office can ask the Chairman to call for a meeting based on a predetermined agenda. The Chief Executive Officer can also ask the Chairman to call for a meeting based on a predetermined agenda.

In order for the Board's decisions to be considered fully valid and binding, the attendance of at least half of the directors in office is necessary and sufficient. Directors can participate in the deliberations by videoconference or by means of telecommunication, under the conditions and according to the terms applicable pursuant to rules in force and the Board of Directors' internal rules.

Decisions are taken based on a majority vote of the members present and represented. In the event of tie, the Chairman's vote becomes the deciding vote. However, in the event that the Board is composed of less than five members, decisions can be taken by two directors in attendance, provided they are in agreement.

Powers of the Board of Directors *(excerpt from Article 19 of the articles of association)*

The Board of Directors sets the company's business strategy and oversees its implementation. Subject to powers expressly granted at general shareholders' meetings and within the limit of the company's corporate purpose, it handles any matters relating to the company's proper functioning and votes on the matters for which it is responsible. The Board of Directors carries out the controls and checks it deems appropriate.

The Board of Directors may, at its own discretion and at any time, change the senior management operation method, it being specified that this decision does not trigger a change in the Articles of Association.

The Board can create committees, of which it determines the composition and responsibilities, in order to assist it in the completion of its assignments. Said committees, each in their area of expertise, make suggestions, recommendations, and issue opinions, based on what is required.

The Board authorises, under applicable legal conditions, agreements other than those concerning standard transactions carried out under normal conditions, as discussed in Article L. 225-38 of the French Commercial Code. In accordance with Article L. 225-35 of the French Commercial Code, the commitment of any securities, collateral or guarantees granted on behalf of the company are subject to a Board of Directors' authorisation. However, the Board of Directors may authorise the Chief Executive Officer to grant securities, collateral or guarantees on behalf of the company, capped at an aggregate annual amount and, as the case may be, per commitment.

Subject to any applicable legal restriction, delegations of power, powers of attorney or duties limited to one or more predetermined transaction(s) or transaction category(ies) can be granted or assigned to any persons, be it directors or any other persons.

The Board of Directors has included in its internal rules certain mechanisms to restrict the powers of the Chief Executive Officer (see "Corporate Governance").

MANAGEMENT STRUCTURE

Combination of the functions of Chairman of the Board of Directors and Chief Executive Officer (excerpt from Article 21 of the Articles of Association).

Senior Management

The articles of association allow for the functions of Chairman of the Board of Directors and Chief Executive Officer to be separated or combined.

The Company chose the latter option on 21 March 2005.

The Chief Executive Officer remains in office for as long as specified by the Board of Directors. However, the term of office cannot exceed three (3) years. The Chief Executive Officer is eligible for reappointment.

The Chief Executive Officer is vested with the most extensive powers to act in all circumstances on behalf of the company. The Chief Executive Officer exercises his or her powers within the limits of the company's corporate purpose, subject to those powers the law expressly grants to shareholders meetings and to the Board of Directors.

However, as an internal measure, the Board of Directors may decide to limit the Chief Executive Officer's powers (see "Corporate Governance" for a description of the restrictions decided by the Board). He/or she represents the company in its relations with third parties.

The Chief Executive Officer's age cannot exceed seventy five (75) years. However, in the event that the Chief Executive Officer reaches this age while in office, he/she will remain in office until the expiration of his or her term of office.

The Board of Directors can remove the Chief Executive Officer from office at any time. If the removal from office is carried out without proper justification, it may result in damages, except when the Chief Executive Officer also exercises the duties of Chairman of the Board of Directors.

Deputy Chief Executive Officers

On the Chief Executive Officer's suggestion, the Board of Directors can appoint one or more natural persons in charge of assisting the Chief Executive Officer. Any said person is assigned the title of Deputy Chief Executive Officer. There cannot be more than five Deputy Chief Executive Officers.

Deputy Chief Executive Officers are appointed for a maximum three-year term and their appointment may be renewed. They have the same powers as the Chief Executive Officer in dealings with third parties.

The Deputy Chief Executive Officer's age cannot exceed 70 years. However, in the event that the Deputy Chief Executive Officer reaches this age while in office, he/she will remain in office until the expiration of his or her term of office.

The Board of Directors can remove a Deputy Chief Executive Officer from office at any time, on the Chief Executive Officer's recommendation. The Chairman, provided he/she also exercises the duties of Chief Executive Officer, the Chief Executive Officer, or each of the Deputy Chief Executive Officers are authorised to grant sub-delegations or substitutions of powers relative to one or more predetermined transactions or categories of transactions.

Board of Directors' internal rules

The Board of Directors has established the Board of Directors' internal rules describing its rules of procedure, which add to the related provisions of the law and the Company's Articles of Association.

The Board of Directors' internal rules describe the Board's organisation and procedures, the powers and duties of the Board and the Committees of the Board, and the procedures for overseeing and assessing its work (see the "Chairman's Report" for a description of the Committees of the Board, the restrictions on the Chief Executive Officer's powers and the procedures for overseeing and assessing the Board's work).

The Board of Directors' internal rules were last updated on 15 December 2017 (see pages 368 *et seq.*) to take account of changes to the Chief Executive Officer's powers with regard to securities, collateral, and guarantees.

11.1.2. Appropriation of net profit *(excerpt from Article 33 of the articles of association)*

The income statement breaks down the revenues and charges of the fiscal year. After deducting amortisation and provisions, it shows the profit or loss of the fiscal year.

From this profit, net of any losses carried forward, as the case may be, is first withheld any sums to be allocated to reserves as required by law, and in particular to the legal reserve.

The necessary sum is withheld from the profit calculated as described above, plus any retained earnings, in order to provide a first dividend pay-out of 5% interest per year on the amount paid for the shares, it being specified that, if in a given fiscal year profits are not high enough to make this payment, amounts cannot be withheld from profits expected in future fiscal years.

The surplus is available to the General Shareholders' Meeting for distribution to all shares.

However, the Annual General Meeting can decide, as suggested by the Board of Directors, provided the legal reserve is filled and the 5% interest on the nominal value of the shares has been paid out but before any other distributions, to withhold amounts it deems useful to allocate to any non-mandatory, ordinary or exceptional reserves, with or without a specific allocation.

Subject to a Board of Directors' proposal and a General Shareholders' Meeting decision, sums allocated to reserves can later be either distributed or capitalised.

11.1.3. General Meetings

NOTICE OF MEETING, PARTICIPATION *(EXCERPT FROM ARTICLES 25 AND 27 OF THE ARTICLES OF ASSOCIATION)*

General Meetings are summoned under the conditions required by law.

The right to participate in General Shareholders' Meetings is subject to the registration of the shares in a securities account held in the name of the shareholder or of the third party registered on the shareholder's behalf provided the latter resides outside France, within the time frame set forth under Article R. 225-85 of the French Commercial Code. This securities account registration is made either in the registered securities accounts managed by the company or its authorised agent, or in the bearer securities accounts managed by an authorised intermediary.

The registration of securities in the bearer securities accounts managed by an authorised intermediary is reported in a statement of equity delivered by the latter electronically, as the case may be, in the appendix to the form for voting by mail or by proxy, or for requesting an admission card, as applicable, filled out in the name of the shareholder or on behalf of the shareholder represented by the registered intermediary. A statement is also issued to shareholders who wish to attend the General Shareholders' Meeting in person and who have not received an admission card within the time frame specified under the terms of Article R. 225-85 of the French Commercial Code.

Meetings are held in the city in which the registered headquarters are established or at any other location in France, as specified in the notice of meeting.

The General Shareholders' Meeting regroups all shareholders, irrespective of the number of shares each of them holds.

VOTING RIGHTS (DOUBLE VOTING RIGHTS) *(EXCERPT FROM ARTICLE 28-III OF THE ARTICLES OF ASSOCIATION)*

Shareholders hold as many votes as the shares he/she holds or represents, without limitation, with the only exception of the cases provided for by law or in these Articles of Association.

However, a double voting right is assigned, under applicable legal conditions, to all fully paid-up shares effectively held in registered form in the name of the same shareholder for at least four years, as well as, in the event of a share capital increase *via* capitalisation of reserves, profits, or issue premiums, to those registered shares granted free of charge to a shareholder in connection with old shares for which he/she is entitled to this right.

The double voting right is forfeited *ipso jure* for any share that was converted to bearer-form or that was subject to a transfer of ownership except, in the event of a transfer in which the shares remain in registered form, pursuant to the terms of Article L. 225-124 of the French Commercial Code.

The vote or proxy issued by an intermediary that has either not declared itself as an intermediary registered as a holder of securities on behalf of third parties not domiciled in France, or has not disclosed the identity of the owners of the shares for which it is a registered intermediary, in accordance with regulations in force, will not be counted.

The provisions of the Articles of Association concerning double voting rights were originally adopted by shareholders at the Extraordinary General Meeting of 30 November 1934 and were amended at the Extraordinary General Meeting of 21 May 1987, when the qualifying period was raised from two to four years.

11.1.4. Identifiable holders of bearer shares *(Article 11-I of the articles of association)*

The company may, under applicable regulatory conditions, ask the main custodian of financial instruments at any time for the name or, if it is a legal entity, the corporate name, the nationality and address of the holders of bearer shares granting immediate or future access to a voting right at shareholders' meetings, as well as the number of securities each of them holds and, as the case may be, the restrictions attached to these securities.

Furthermore, based on the aforementioned list, the company can also request, either *via* said custodian or directly, under the same conditions, to the persons on this list and whom the company believes may be registered on behalf of third parties, whether they hold these securities on their own behalf or on behalf of third parties and, in this latter case, to provide information useful in identifying this(ese) third party(ies). If the identity of the securities owner(s) cannot be uncovered, the vote or the power issued by the registered account intermediary will not be taken into account.

Lastly, the company has the right to ask any legal entity holding more than 2.5% of the share capital or voting rights to reveal the identity of the persons directly or indirectly holding more than one third of the share capital of said legal entity or of the voting rights cast at this entity's shareholders' meetings.

The securities' holders or holders of the solicited information's failure to disclose information under applicable legal conditions could lead to the suspension, or even the deprivation of one's right to vote and right to the payment of the dividend attached to shares or to the securities granting immediate or future access to the share capital and for which these persons have been registered in an account.

STATUTORY DISCLOSURE THRESHOLDS *(ARTICLE 11-II OF THE ARTICLES OF ASSOCIATION)*

In addition to compliance with the legal obligation to disclose holding certain fractions of the share capital and any attached voting rights, any natural person or legal entity – including any intermediary registered as the holder of securities for persons not domiciled on the French territory – who, either alone or jointly with other natural persons or legal entities, come to hold to stop holding, in any way whatsoever, a fraction equal to 1% of the voting rights or share capital or a multiple of this fraction, must notify the company, by registered letter with acknowledgement of receipt sent within five trading days of effectively crossing one of these thresholds. It must declare not only the number of shares and number of voting rights it directly holds.

This person must, under the same conditions, provide the company with the number of securities it holds that grant future access to the share capital, as well as the number of voting rights attached to said securities.

These disclosure requirements will no longer apply in the event that a single or several shareholder(s) acting jointly hold more than 50% of the voting rights.

In the event of any failure to disclose information under these conditions, the portion of shares in excess of what should have been declared are deprived of the right to vote in shareholders' meetings provided, during a given shareholders' meeting, the failure to disclose is officially acknowledged and one or several shareholders jointly holding at least 5% of the share capital or voting rights make the request at said meeting. Under the same conditions, voting rights that have not been properly declared cannot be exercised. If deprived, a voting right cannot be exercised at any shareholders' meeting for two years as from the date on which the disclosure issues are remedied.

11.2. Factors liable to have an influence in the event of a public offer

Information on the Company's capital structure and significant direct or indirect interests in its share capital known by the Company by virtue of Articles L. 233-7 and L. 233-12 of the French Commercial Code is provided on pages 328 *et seq.*

The Articles of Association contain no restrictions on voting rights or the transfer of shares. There are no agreements known to the Company by virtue of Article L. 233-11 of the French Commercial Code that provide for pre-emption rights with respect to the sale or purchase of the Company's shares.

There are no known shareholders' agreements that could result in restrictions on the transfer of shares and exercise of voting rights. The Company has not issued any securities conferring special control rights.

There are no employee share schemes where the voting rights are not exercised directly by the employees. The rules governing the appointment and replacement of Board members and amendment of the Articles of Association are described on pages 358 *et seq.*

The powers of the Board of Directors are described on pages 206 and 360. The Board's powers to issue and buy back shares are described on page 326 and page 322 to 324.

Agreements to which the Company is a party and which are altered or terminate upon a change of control of the Company are described on page 241 (Liquidity Risks).

There are no agreements between the Company and its directors or employees providing for compensation if they resign because of a takeover bid, or are made redundant without valid reason, or if their employment ceases because of a takeover bid.

11.3. History of the Company

1898	Company founded by Geoffroy Guichard and first store opened.
1901	The first Casino-brand products are launched.
1914	Casino operates 460 stores and 195 concessions.
1929	Casino operates 20 plants, 9 warehouses, 998 stores and 505 concessions.
1939	On the eve of World War II, Casino has 1,670 stores and 839 concessions.
1948	First self-service store opens in Saint-Étienne.
1960	First supermarket opens in Grenoble.
1967	First cafeteria opens in Saint-Étienne.
1970	First hypermarket opens in Marseille. Casino acquires L'Épargne, a retailer operating in southwestern France.
1971	The Group operates 2,575 outlets.
1976	Casino enters the US market by launching a chain of cafeterias.
1980	Casino manages 2,022 convenience stores, 76 supermarkets, 16 hypermarkets, 251 affiliates, 54 cafeterias and 6 plants.
1984	In the US, the Group acquires the Smart & Final cash & carry chain (90 outlets).
1985	Casino acquires Cédis, a retailer operating in eastern France with annual sales of €1.14 billion.
1990	The Group acquires La Ruche Méridionale, a retailer operating in the south of France with annual sales of €1.2 billion. In the US, the Group acquires Port Stockton Food Distributors. The hypermarket and supermarket service station business is sold to Shell and Agip.
1991	The retail business is spun off into a subsidiary.
1992	Casino acquires Rallye's retailing business.
1994	The Company is converted into a *société anonyme* (joint stock company) with a Management Board and Supervisory Board.
1995	The Group signs a partnership agreement with Corsica-based Corse Distribution (acquisition of a 50% interest in Codim 2 and Médis).
1996	A partnership agreement is signed with Coopérateurs de Normandie-Picardie. A joint venture is set up with Dairy Farm International to develop hypermarkets in Taiwan. Spar France is set up. The Group buys back from Agip the service stations located on the sites of Casino hypermarkets and supermarkets. The first hypermarket is opened in Poland.
1997	Casino acquires the entire capital of Médis. Casino and Shell launch the Club Avantages loyalty card. Casino acquires the Franprix and Leader Price networks (€1.9 billion in sales) and a food wholesaler, Mariault (€152 million in sales). Casino takes a 21.4% stake in the capital of Monoprix/Prisunic.
1998	Casino acquires a 75% stake in Argentine company Libertad. The Centre Auto business is sold to Feu Vert in exchange for 38% of Feu Vert's capital. Casino takes a 50% stake in Uruguay's Disco group. The first hypermarket is opened in Taiwan.
1999	Casino acquires a 66% stake in Thailand's Big C group. A total of 75 convenience stores are acquired from Guyenne & Gascogne. The Opéra central purchasing agency is set up with Cora. The first Imagica one-hour digital film-processing store is opened. Casino acquires a 25% stake in Éxito (Colombia) and CBD (Brazil).
2000	Casino acquires a 50% stake in the capital of Cdiscount. The joint venture with Dairy Farm International in Taiwan is wound up and Casino signs an agreement with the Far Eastern group for the creation of Far Eastern Geant in Taiwan. The first Leader Price store opens in Poland. The Group acquires 475 convenience stores from Auchan. Casino takes part in the creation of WorldWide Retail Exchange (WWRE), a new B2B electronics marketplace. The Group raises its stake in Monoprix to 49.3%, alongside Galeries Lafayette which also holds 49.3%. Casino strengthens its presence in Latin America: in Uruguay, Disco acquires control of Devoto (21 outlets), and in Venezuela Casino acquires a 50.01% stake in Cativen (48 supermarkets and two hypermarkets).

2001	Casino joins forces with Cofinoga to set up Banque du Groupe Casino. A Géant hypermarket is opened in Bahrain (Persian Gulf) under an affiliation agreement with the Sana group. An agreement is signed with the Bourbon group providing for the acquisition by Casino of a 33.34% interest in Vindémia, a retail chain operating in Reunion, Madagascar, Mayotte, Mauritius and Vietnam.
2002	Cora terminates the agreement concerning the Opéra joint central purchasing agency. Casino Cafétéria enters the foodservice market. Casino and Galeries Lafayette launch a new-generation loyalty programme, S'Miles, which combines the Points Ciel (Galeries Lafayette) and Club Avantages (Casino/Shell) loyalty programmes. The first two Leader Price stores are opened in Thailand. Casino buys back from Shell the service stations located on the sites of Casino hypermarkets and supermarkets. Casino acquires 38% of Dutch retailer Laurus. A new central purchasing agency, EMC Distribution, is set up. Casino joins forces with Auchan to create International Retail and Trade Services (IRTS), offering services to multinational suppliers and/or SMEs.
2003	Casino and Galeries Lafayette agree to continue their partnership in Monoprix for at least three years, and make a joint public buyout offer for Monoprix shares to be followed by a squeeze out. Smart & Final Inc. sells its foodservice businesses in Florida and California. The Company changes its legal form to a *société anonyme* (joint stock company) with a Board of Directors.
2004	Casino and CNP Assurances announce a strategic agreement for the development and promotion of insurance products for customers of the Group's stores in France. Casino raises its interest in Franprix Holding to 95% and in Leader Price Holding to 75%.
2005	Casino acquires joint control of the CBD group, with 68.8% of the capital of CBD's holding company. Casino becomes the majority shareholder of Vindémia, with 70% of the capital. The Group's shopping mall properties in France are spun off into a subsidiary, Mercialys, which is floated on the stock exchange. The Group sells 13 warehouse properties to Mines de la Lucette.
2006	The equity swap between Deutsche Bank and Casino is unwound and the GMB/Cora shares are sold. Éxito takes control of the listed group, Carulla Vivero, the second leading retailer in Colombia. Casino sells its remaining 38% stake in Feu Vert. The Group joins forces with DunnHumby to create DunnHumby France. Casino sells its Polish operations. International Retail and Trade Services (IRTS), set up in partnership with Auchan, is dissolved.
2007	Casino sells its 55% interest in Smart & Final (US) to investment fund Apollo. Casino becomes the majority shareholder of Éxito after exercising its right of first refusal over the shares sold by the Toro family. Casino and Cencosud enter into a joint venture agreement to develop a DIY retail business in Colombia. Casino enters into an agreement with property investment fund Whitehall to develop shopping centres in Poland and other Eastern European countries. Casino owns 66.8% of Cdiscount after various share purchases and subscribing to a new share issue. Casino owns 100% of Vindémia (Indian Ocean), following Bourbon's exercise of its put option. Casino sells 225 convenience store and supermarket properties in France, as well as store and warehouse properties in Reunion, to two property mutual funds (OPCI).
2008	Casino raises its stake in Super de Boer to 57% of the capital and voting rights. Telemarket.fr signs an agreement with Casino to source its supplies from the Group's central purchasing agency. Casino reduces its interest in Mercialys from 61.48% to 59.76% to comply with "SIIC 4" regulations. The Casino Carbon Index is the first complete environmental labelling system. Emily 2, a new employee share ownership plan, is set up. The Group continues to pursue its policy of capturing the value of its assets by selling 42 convenience, Casino supermarket and Franprix/Leader Price store properties to two property partners, including AEW Immocommercial, a property mutual fund (OPCI). Casino and Galeries Lafayette sign an amendment to their 2003 strategic agreement, which suspends the exercise of their respective put and call options on Monoprix shares for three years. Philippe Houzé is reappointed Chairman of the Board of Monoprix until March 2012.

2009	All preferred non-voting shares are converted into ordinary shares. The Casino Group signs the United Nations Global Compact, strengthening its commitment to promoting and adopting sustainable and socially responsible policies. It sets up an action plan in the areas of human rights, labour, the environment and anti-corruption. Casino sells the assets and liabilities of its 57%-owned subsidiary Super de Boer to Jumbo. Casino creates GreenYellow, a subsidiary that develops photovoltaic systems on shopping centre store and car park roofs. Casino acquires the Baud family minority interests in Franprix and Leader Price. Casino signs a distribution agreement with the Sherpa network of convenience stores, under which Sherpa agrees to source its supplies from Casino's central purchasing agency. Casino creates a single division combining Géant Casino hypermarkets and Casino Supermarkets, as well as a single food and non-food purchasing department. GPA signs an agreement to create a joint venture between its subsidiary Globex Utilidades SA and Casas Bahia Comercial Ltda, Brazil's leading non-food retailer, thereby strengthening its leadership position in the Brazilian retail market.
2010	The Cactus group, Luxembourg's leading retailer, becomes a member of Casino's central purchasing agency. The Casino Foundation launches its first programme to prevent hospitalised children from becoming isolated, in partnership with the Docteur Souris association. Casino signs a long-term partnership with the Crédit Mutuel-CIC group for financial products and services in France through its specialised subsidiary Banque du Groupe Casino. Big C, Casino's Thai subsidiary, signs an agreement to acquire Carrefour's Thai operations comprising 42 stores and 37 shopping malls. Casino signs a partnership with the Bolivarian Republic of Venezuela, which acquires 80% of Cativen with Casino retaining 20% to provide its operational support to the new State-controlled entity. Casino gives new impetus to its value-label line by launching the "Tous les jours" range of high quality, low price basic products. The GPA/Casas Bahia merger in Brazil becomes effective in November. Casino joins the European central purchasing agency EMD as of 1 January 2011, improving its supply chain competitiveness.
2011	Casino raises its interest in Cdiscount to 99% by acquiring the interest owned by the Charles brothers, who give up their operating responsibilities at Cdiscount. Casino signs the first corporate Civic Service Promotion Charter with the French Secretary of State for Youth and Community Life. Casino's Convenience division signs an agreement with La Poste to set up convenience stores next to post offices. Casino strengthens its integration in Latin America by selling its interests in Uruguayan companies Disco and Devoto to its Colombian subsidiary Éxito with a view to developing synergies. The Casino Group increases its stake in GPA. At 31 December 2011, Casino holds 40.13% of GPA. The Group's subsidiary Banque du Groupe Casino launches a bank debit card available to the general public, in partnership with MasterCard. Cdiscount, the Group's E-commerce subsidiary, becomes the first E-commerce site to accept the MasterCard debit/credit card issued by Banque du Groupe Casino.
2012	Mercialys launches its new "Foncière commerçante" ("retail property investor") development model, enhancing its service offering. Casino strengthens its financial flexibility and begins the process of loss of control of Mercialys. Casino and Galeries Lafayette reach an agreement over Monoprix – Jean-Charles Naouri is appointed Chairman and Chief Executive Officer of Monoprix. Casino acquires an interest in Monshowroom, an online fashion wear retailer. Casino becomes the controlling shareholder of GPA, the leading retailer in Brazil. GPA is fully consolidated in Casino's financial statements as of 2 July 2012. Casino wins the Washburne Award for its work in promoting equal opportunities. Casino invests in a brand-new delivery method in food retailing, using the Paris waterways to supply its Franprix stores. Casino is the world's first retailer to offer a new way to shop using innovative *technology* via an order wall with image recognition and NFC1.
2013	Casino gains exclusive control of the Monoprix group. Casino acquires 38 convenience stores in the southeast of France from the Norma group. Casino signs an agreement with Mutant Distribution, a subsidiary of Les Coopérateurs de Normandie-Picardie, concerning Leader Price's acquisition of 47 stores, primarily in southwest France, and the establishment of an affiliation partnership with the Leader Price banner under a brand licensing and supply agreement covering nearly 90 stores in the Normandy-Picardy region.

2014	Casino launches new Cdiscount sites in Thailand, Vietnam, Colombia, Senegal, Brazil and Cameroon. Casino opens its Cdiscount.com website to Internet users in Belgium. The Casino and Bolloré groups enter into a strategic partnership to develop an E-commerce platform in Africa by creating a joint venture between Cdiscount Afrique and Bolloré Africa Logistics. Casino joins forces with CBD, Via Varejo and Éxito to create a major global E-commerce division and forms a new entity, Cnova. Cnova NV launches an initial public offering on the US stock market and ordinary shares begin trading on NASDAQ Global Select (CNV). Éxito agrees to acquire and manage Colombian chain Super Inter's 50 stores (Super Inter is an independent chain located in the Cali and Café regions), acquiring 19 stores and entering into a management lease agreement for 31 stores with a purchase option exercisable in 2015. Casino enters into a commitment with Les Coopérateurs de Normandie-Picardie and Mutant Distribution to purchase 63 stores operated under the Mutant Express, Point Coop, C. Express and Le Mutant brands, in exchange for an exclusivity agreement. Casino and Intermarché agree to cooperate on an equal footing in the area of purchasing, as from the 2015 negotiations, exclusively in France. The agreement optimises the partners' purchasing activities and improves services to suppliers of national brand goods. A Géant hypermarket opens as a franchise in the new Yas Mall, Abu Dhabi's largest shopping destination and the second-largest in the United Arab Emirates, driven by agreements with local partners.
2015	Leader Price opens its 1,001st store and launches the new Leader *Price Express concept*. The Casino Group signs a unilateral purchase agreement with Gastronome (Terrena group) to acquire its Gastronome-Luché subsidiary (Luché-Pringé site in the Sarthe department in north-western France), thereby giving Casino access to a sourcing channel for high-quality poultry products and allowing it to secure the entire supply chain. Géant Casino announces a storefront upgrade programme, introducing new concepts and developing synergies with other Group subsidiaries (including Cdiscount for multi-channel and Éxito for apparel and housewares). Starbucks Coffee Company and Casino Restauration (a subsidiary of the Casino Group) sign a licence agreement providing for the opening of Starbucks cafés in Géant Casino hypermarkets and Casino Supermarkets throughout France. Casino combines all of its Latin American operations within the Colombian subsidiary Éxito to optimise the Group's future growth in Latin America. The Casino and Dia groups form a strategic international alliance covering purchasing and services, enabling them to coordinate purchasing negotiations with their private-label brand suppliers in Europe, with a view to growing volumes by around 50%. The Casino Group announces that it is strengthening its financial flexibility with a deleveraging plan of more than €2 billion in 2016, including the planned sale of the Group's businesses in Vietnam. The amount slated for deleveraging was increased to €4 billion with the announcement in February 2016 of the sale of Big C Thailand. The Board of Directors of Cnova NV hires outside consultants to assist in an investigation of suspected stock management irregularities and anomalies at its Brazilian subsidiary.
2016	The Casino Group confirms its deleveraging strategy following Standard & Poor's decision to downgrade the Group's credit rating to BB+/stable outlook. Big C Thailand is sold to Thailand-based TCC group and Big C Vietnam is sold to the Central group, thereby reducing the Casino Group's net debt by €4.2 billion. The Casino Group signs the final agreements governing the merger of Cnova Brazil and Via Varejo. A voluntary public tender offer for the outstanding Cnova N.V. ordinary shares is launched. The Casino Group and the Baud family come to a financial agreement to end their legal dispute which has been ongoing since 2007. The agreement also provides that Casino will acquire the family's 50% stake in Geimex, owner of the international rights to the Leader Price brand. The Casino and Conforama groups create a joint central purchasing agency for non-food products. Known as Mano, the agency aims to optimise purchases of household appliances for both groups. The Casino and Conforama groups step up their purchasing partnership by creating SICA, a joint international purchasing agency that starts operations in 2017. The Board of Directors approves Brazilian subsidiary CBD's plan to sell Via Varejo. The public tender offer for Cnova N.V. shares is launched on 23 December 2016 and completed on 31 January 2017.

11.4. Board of Directors' internal rules

The Board of Directors has decided to codify and, where appropriate, clarify and supplement, the applicable legal, regulatory and statutory provisions governing its operations.

For this purpose, the Board has established the Board of Directors' internal rules (hereinafter the "Internal Rules"), which also allow for the inclusion of all the principles and recommendations set forth in the AFEP-MEDEF Corporate Governance Code[1] (hereinafter the AFEP-MEDEF Code) and the Application Guide published by the *Haut Comité de Gouvernement d'Entreprise*. The Board of Directors is also responsible for taking the necessary steps to enforce the Internal Rules.

As such, these Internal Rules describe, on the one hand, the Board's organisational methods and functioning, the powers and duties of the Board and its Committees and, on the other hand, the code of conduct applicable to the Board's members.

I. Organisation and operation of the Board of Directors

ARTICLE 1. ELECTION OF DIRECTORS

Directors are elected, or their terms of office renewed, for three-year periods. They are eligible to stand for re-election at expiration of their mandate. Every year, one-third of the Board is re-elected.

Candidates for election are first reviewed by the Appointments and Compensation Committee (see sections below entitled "Committees of the Board – Shared Provisions" and "Appointments and Compensation Committee").

Directors must be selected based on their ability, the diversity of their experience, their desire to help develop the Group, as well as the contribution they can make to the Board of Directors' efforts.

If, from one General Shareholders' Meeting to the next, one or more seats on the Board should become vacant due to the death or resignation, the Board of Directors may elect temporary directors. Such appointments shall be subject to the shareholders' approval at the next General Shareholders' Meeting. A director appointed to replace an outgoing director serves for the remainder of his/her predecessor's term.

No person over the age of seventy (70) may be elected as director or serve as permanent representative of a legal entity, if such election would cause the number of directors and permanent representatives of legal entities over said age serving on the Board to grow to more than one third of all directors. Should this threshold be exceeded, the oldest director or permanent representative of a legal entity is considered to have resigned at the Ordinary Shareholders' Meeting held to approve the financial statements for the fiscal year in which the threshold was exceeded.

The Board of Directors seeks to apply the guiding principles of the AFEP-MEDEF Code to its membership and, in particular, to its gender balance and number of independent directors, in accordance with the terms and criteria suggested, in particular, in the AFEP-MEDEF Code.

The appointment of directors representing employees is carried out according to the terms and conditions set forth in the French Commercial Code and the Company's Articles of Association.

ARTICLE 2. MEETINGS AND DECISIONS OF THE BOARD OF DIRECTORS

The Board of Directors meets as often as necessary to protect the interests of the Company and whenever it is deemed appropriate.

Meetings are called by the Chairman or in the Chairman's name by any person designated by him/her. If the Board has not met in more than two months, at least one third of the directors may ask the Chairman to call a meeting to discuss a specific agenda. The Chief Executive Officer can also ask the Chairman to call a Board meeting to discuss a specific agenda.

Meetings are held at the venue specified in the notice of meeting.

Directors may choose another director as their proxy to represent them at Board meetings. A proxy may be granted by any means, as long as there is a clear indication of the director's desire to be represented. Each member can only be represented by one other member. However, a director attending the Board meeting *via* videoconference or telecommunication, under the conditions set out hereafter, may not act as a proxy for another director.

(1) *The AFEP-MEDEF Code is the French corporate governance code of reference for publicly traded companies. AFEP-MEDEF stands for Association Française des Entreprises Privées (AFEP) and Mouvement des Entreprises de France (MEDEF) employer and private industry associations. It contains recommendations that promote transparency, responsibilité, and oversight in corporate governance. (TN)*

The above paragraph's provisions also apply to the permanent representatives of a legal entity.

A quorum of at least half the directors is required for the meeting to transact business validly. Decisions are taken by majority vote of the directors present or represented. In the event of a tie vote, the Chairman of the meeting casts the deciding vote.

In accordance with legal and regulatory provisions, the Chairman of the Board may, on occasion, allow directors to participate in a meeting *via* videoconference or any other means of telecommunication, if so requested for valid reasons.

Said videoconference or means of telecommunication must, at least, transmit the participant's voice and meet the technical requirements to ensure identification of the director(s) in question to confirm their effective participation in the Board meeting through a continuous live broadcast. It must also be able to guarantee the confidentiality of the proceedings.

As such, the videoconference tool must simultaneously transmit both image and voice and enable the person(s) attending the meeting *via* such means, as well as the persons physically present at the meeting, to recognise each other.

Telecommunication is the use of a telephone conference system that allows those persons physically present at the meeting and the person(s) attending *via* teleconference to recognize, beyond any doubt, the voice of each participant.

In case of doubt or poor reception, the Chairman of the meeting may decide to continue the meeting's proceedings without taking into account, in the calculation of the meeting's quorum and majority, a person whose voice can no longer be identified with sufficient security, provided the quorum is still met with the remaining directors present. The Chairman may also decide to remove said director's name from the meeting's attendance register if the videoconferencing or means of telecommunication experiences a technical malfunction during the meeting and can no longer ensure the complete confidentiality of the proceedings.

If he/she decides to allow the use of videoconferencing or telecommunication, the Chairman of the Board must first ensure that all members invited to attend *via* one of these communication means are using the equipment necessary to take part in the meeting effectively and under the proper conditions.

In addition, the minutes of the meeting shall indicate the names of the director(s) attending the meeting *via* videoconferencing or telecommunication, and mention any technical disruption or incidents that occurred during the meeting.

Directors taking part in Board meetings *via* videoconferencing or telecommunication are deemed present for the purposes of calculating the quorum and majority, except for the approval of the annual financial statements, the consolidated financial statements, and the management report related thereto.

Furthermore, the Chairman may allow a director to take part in meetings *via* any other means of telecommunication. In this case, however, the director concerned shall not be deemed present for the purpose of calculating the quorum and majority.

The Board of Directors may also invite non-voting, non-members of the Board to attend its meetings, in a consultative capacity only, including *via* videoconference or telecommunication.

An attendance register is drawn up and signed by those directors attending the Board meeting.

By signing the attendance register, the Chairman of the meeting certifies the presence of the directors attending a meeting *via* videoconference or telecommunication.

ARTICLE 3. BOARD MEETING MINUTES

Board resolutions are recorded in minutes signed by the Chairman of the meeting and at least one of the directors present. Minutes are approved at the next Board meeting and a draft copy is sent to all directors before said meeting.

The minutes shall indicate whether or not videoconference or means of telecommunication were used, and list those directors who participated by those means, and mention any technical incidents that may have occurred during the meeting.

The Chairman of the Board, the Chief Executive Officer, a Deputy Chief Executive Officer, the director temporarily acting as Chairman, the Secretary of the Board, or a duly empowered representative can validly certify copies or excerpts of meeting minutes.

ARTICLE 4. COMPENSATION OF THE BOARD OF DIRECTORS' MEMBERS

The Board of Directors can receive an aggregate amount of annual compensation, in the form of directors' fees, determined by shareholders at the General Shareholders' Meeting.

The total amount of directors' fees thus allocated by shareholders at the General Shareholders' Meeting pursuant to Article 22-I of the Articles of Association, is distributed by the Board of Directors, based on the proposal or recommendation of the Appointments and Compensation Committee, in accordance with the following terms and conditions:

- a fixed amount allocated to each director;
- a variable amount, which must be higher than the fixed amount, based on effective attendance at Board meetings;

- any member of the Board of Directors can also receive additional directors' fees based on their specific experience or the specific tasks the Board assigns to him/her.

The Board of Directors sets, as the case may be, the amount of any other compensation payable to the Chairman and Vice-Chairman or Chairmen of the Board of Directors. It may also allocate exceptional compensation for special assignments or mandates entrusted to its members.

Members of the Board of Directors can be reimbursed for any reasonable expenses incurred while performing their duties, insofar as they provide the supporting documents.

Each director, whether a natural person, legal entity or permanent representative, undertakes to hold a number of shares in the Company equivalent to the sum of at least one year's directors' fees, which can be used to buy shares. Shares acquired to meet this requirement must be held in registered form. These provisions do not apply to directors representing employees.

II. Authority and powers of the Board of Directors

ARTICLE 5. DUTIES AND POWERS OF THE BOARD OF DIRECTORS

Under the provisions of Article L. 225-35 of the French Commercial Code:

"The Board of Directors is responsible for determining the Company's strategic objectives and ensuring they are met.

Save for those powers expressly granted to shareholders at the General Shareholders' Meeting, and provided it is consistent with its corporate purpose, the Board of Directors analyses and decides on all matters related to the Company's business operations."

The Board of Directors shall also decide how general executive management authority shall be exercised, either by the Chairman of the Board, or by an individual, who may, but need not be, a director, appointed by the Board and having the title of Chief Executive Officer.

The Board of Directors exercises the powers vested in it by law and the Company's Articles of Association. To exercise these powers, it has the right to obtain and have disclosed to it information and can rely on the assistance of specialised Board Committees.

It ensures that shareholders and investors receive relevant, balanced, and instructive information on the Company's strategy, development model, and the non-financial challenges it deems significant, as well as on its long-term prospects.

A - Powers vested in the Board of Directors

In particular, the Board of Directors reviews and approves the annual and interim financial statements of the Company and the Group, as well as the reports on the operations and results of the Company and its subsidiaries. It also approves budgets and forecasts. It deliberates annually on the Company's policy on professional and wage equality in the workplace.

It summons general shareholders' meetings and can, upon delegation, carry out securities issues.

B - Matters requiring the Board of Directors' prior authorization

In addition to the prior authorizations expressly required by law regarding sureties, collateral, or guarantees in the name of the Company and the related-party agreements subject to Article L. 225-38 of the French Commercial Code, the Board of Directors has decided, as an internal rule, that its prior authorization must be obtained for certain management transactions due to their nature or value, as specified in the paragraph below entitled "Senior Management".

Accordingly, the Board's authorization is required for all transactions that could potentially affect the strategy of the Company and its subsidiaries, their financial structure or scope of business and, in particular, for the execution or termination of commercial agreements that could, potentially, significantly impact the Group's future development, or that individually exceed €500 million in value.

In this respect, the Board has also granted certain annual general delegations of authority, described in the paragraph below entitled "Senior Management".

ARTICLE 6. RIGHT TO OBTAIN AND RECEIVE INFORMATION

The Board of Directors carries out all the verifications and controls it deems necessary and at the times it deems appropriate. The Chairman or Chief Executive Officer is responsible for providing all directors with the documents and information they need to perform their duties.

Prior to each Board meeting, members of the Board of Directors shall receive all the information they require to study the items on the agenda before they are discussed at the meeting, provided such information is available and comprehensive enough.

The Board is kept regularly informed and can, at any time, review the evolution of the Group's business and results, its key risks, its financial position, its cash position, as well as any significant Company events and transactions. The Chief Executive Officer reports to the Board of Directors on the following at least once every quarter:

- operations of the Company and its main subsidiaries including, in particular, revenues and changes in income;
- debt and the credit lines available to the Company and its main subsidiaries;
- headcount data for the Company and its main subsidiaries.

The Board of Directors also reviews the Group's off-balance sheet commitments once every six months.

Board members also receive information on changes in the market, the competitive environment, and key challenges, including information relative to the Company's corporate social and environmental responsibility.

Directors can request meetings with the Group's key executives, including in the absence of executive corporate officers, provided the latter received prior notification of said meetings.

Between Board meetings, directors shall be sent all important information concerning the Company and, in particular, any document sent by the Company to its shareholders.

ARTICLE 7. CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board organises and chairs Board meetings and reports to shareholders on the Board's work at the General Shareholders' Meeting. He/she is responsible for ensuring that the Company's corporate bodies function correctly and, in particular, that directors are able to perform their duties successfully.

In a report attached to the Annual Management Report, the Chairman discloses the composition, the conditions under which the Board's work is prepared and organised, as well as the internal control and risk management procedures implemented by the Company, particularly regarding procedures for the preparation and processing of accounting and financial information in the Company's annual and consolidated financial statements. This report also indicates any restrictions placed by the Board of Directors on the Chief Executive Officer's powers.

The report also indicates any AFEP-MEDEF Code provisions, which the Company uses as its corporate governance reference, that are not retained and the reasons why. It indicates where a copy of the Code may be obtained.

The report also describes any special conditions applicable to shareholder participation in General Shareholders' Meetings or references the specific sections in the Articles of Association where such conditions can be found.

The report sets out the principles and rules established by the Board of Directors to determine the compensation and benefits to be granted to corporate officers, and specifies the information disclosed pursuant to the terms of Article L. 225-100-3 of the French Commercial Code. The report, approved by the Board of Directors, is released to the public.

The Chairman is elected for a period that cannot exceed his/her term of office as Director. If, while in office, the Chairman reaches the age limit specified in the Articles of Association, he/she remains in office until the end of his/her current term.

In the event that the Chairman is temporarily unavailable or deceased, the Board of Directors may appoint another director as acting Chairman. In the event that he/she is temporarily unavailable, the acting Chairman is appointed for a set period, which may be renewed. In the case of death, the acting Chairman is appointed until such time as a new Chairman is elected.

ARTICLE 8. SENIOR MANAGEMENT

Pursuant to the terms of Article L. 225-56 of the French Commercial Code, the Chief Executive Officer has full powers to act in all circumstances in the name of the Company. He/she exercises said powers within the scope of the Company's corporate purpose, subject to the powers specifically vested, by law, in the General Shareholders' Meeting and the Board of Directors. The Chief Executive Officer represents the Company in its dealings with third parties.

However, the Board of Directors has decided, as an internal rule, that the Chief Executive Officer must obtain the Board's prior authorisation for the following:

- transactions that could potentially affect the strategy of the Company and its controlled subsidiaries, their financial structure or scope of business, particularly the execution or termination of industrial and commercial agreements that could significantly impact the Group's future development;
- transactions valued individually at over five hundred million euros (€500,000,000), including but not limited to:
  - investments in securities and immediate or deferred investments in any company or business venture,
  - contributions or exchanges of assets, with or without additional compensation, concerning goods, rights, or securities,
  - acquisitions of real property or real property rights,
  - purchases or sales of receivables, acquisitions or divestments of goodwill or other intangible assets,
  - issues of securities by directly or indirectly controlled companies,
  - granting or obtaining loans, borrowings, credit facilities or short-term advances,
  - transactions or compromises to settle legal disputes,
  - disposals of real property or real property rights,
  - full or partial divestments of equity interests,
  - constitution of collateral and guarantees.

As an exception to the above rules, the Chief Executive Officer may, on an exceptional basis and after obtaining the opinion of the Audit Committee, carry out any transaction valued at no more than 15% of consolidated equity as measured at the previous year-end. The Chief Executive Officer reports on any such transaction at the next Board meeting.

These provisions apply to transactions carried out directly by the Company and by all entities the Company directly or indirectly controls, except for intragroup transactions.

The Board of Directors may also grant the Chief Executive Officer authority to carry out the following transactions, up to a maximum aggregate limit set on an annual basis by the Board of Directors:

- Sureties, collateral, and guarantees.

  The Chief Executive Officer may grant liens or security interests, collateral, or guarantees to third parties in the Company's name, subject to a maximum annual limit of €1.5 billion and a maximum limit per commitment of €500 million.

- Loans, confirmed credit lines, short term working capital advance facilities, and all loan and credit agreements.

  The Chief Executive Officer may negotiate and/or renew or extend loans, confirmed credit lines and all syndicated and non-syndicated financing agreements subject to a maximum annual limit of €3.5 billion and a maximum limit per transaction of €500 million.

  To cover seasonal needs, he/she may also negotiate, implement, roll over and extend short-term advances up to a maximum amount of €1 billion.

- Issuance of bonds and other debt securities.

  The Chief Executive Officer may issue bonds or any debt securities other than commercial paper, including under the EMTN program or otherwise, subject to a ceiling of €3.5 billion, determine the terms and conditions of any such issue and carry out all related market transactions.

  He/she may also issue commercial paper subject to a ceiling of €2 billion.

- Repurchase of debt securities.

  The Chief Executive Officer shall be authorised to repurchase debt securities issued by the Company in an annual nominal amount of €1 billion and determine the terms and conditions thereof.

- Sureties and security interests given by Casino concerning all of Casino Finance's commitments.

  The Chief Executive Officer may secure the performance of commitments made by Casino Finance in the name of Casino, Guichard-Perrachon and third parties, by any means (grants of security interests, collateral, and guarantees, including first demand guarantees) in respect of:

  - bond issues, including those as part of a Euro Medium Term Note (EMTN) programme subject to a maximum amount currently capped at €9 billion, and/or commercial paper, and/or short-term debt securities, as well loans, confirmed credit lines, financings and short term advance facility agreements, within the limit of the same specific caps per transaction and per year as fixed above for annual authorisations of the aforementioned items;
  - amounts due in respect of foreign exchange transactions and derivative instruments associated with an ISDA or FBF[1] Master Agreement entered into by Casino Finance, subject to a ceiling of €100 million per bank and within the limit of a total of €1.2 billion.

  This authorisation is separate from the specific annual authorisations granted above and its use is not included in the per transaction and per year ceilings set for such authorisations.

The Chief Executive Officer may delegate all or some of these powers, except the power to issue bonds or other debt securities. He/she is required to report regularly to the Board of Directors on their use.

These authorisations apply to transactions involving the Company and all entities controlled directly or indirectly by the Company.

The Chief Executive Officer's term of office is set by the Board of Directors at its discretion, but may not exceed three years. If, while in office, the Chief Executive Officer reaches the age limit specified in the Articles of Association, he/she remains in office until the end of his/her current term.

In the event that the Chief Executive Officer is temporarily unavailable, the Board of Directors shall appoint an acting Chief Executive Officer until such time as the Chief Executive Officer is able to resume exercising his/her duties.

Based on the Chief Executive Officer's proposal, the Board of Directors may appoint one or more natural persons in charge of assisting the Chief Executive Officer. Such natural persons are assigned the title of Deputy Chief Executive Officer.

The Board of Directors cannot appoint more than five Deputy Chief Executive Officers.

In agreement with the Chief Executive Officer, the Board of Directors determines the scope and duration of the powers to be vested in the Deputy Chief Executive Officers. They have the same powers as the Chief Executive Officer in dealings with third parties.

The Chairman, provided he/she is also Chief Executive Officer, the Chief Executive Officer, or each of the Deputy Chief Executive Officers may delegate their powers to carry out one or several specific transactions or categories of transaction.

(1) ISDA – International Swaps and Derivatives Association; FBF – Fédération Bancaire Française (TN).

III. Committees

ARTICLE 9. TECHNICAL COMMITTEES OF THE BOARD – GENERAL PROVISIONS

Under the terms of Article 19-III of the Company's Articles of Association, the Board of Directors may establish one or more specialised committees. It is responsible for appointing said committee' members and specifying their respective roles and responsibilities, which said members exercise under its authority. The Board of Directors may not delegate any powers to these Committees that are specifically vested in the Board of Directors either by law or under the Company's Articles of Association. Each committee reports on its work at the next Board meeting.

Each Committee has at least three members, who must be directors, permanent representatives of legal entities or non-voting directors, appointed by the Board. Members are appointed on an entirely personal basis and may not be represented by proxy.

The Board of Directors sets the terms of office of Committee members. Said terms of office can be renewed.

The Board of Directors appoints a Chairman within each Committee for a term of office not to exceed three years, save for any special circumstances.

Each Committee decides how often it will meet and may invite anyone it deems appropriate to attend meetings.

Minutes are prepared after each Committee meeting, unless specifically provided otherwise, under the authority of the Committee Chairman. Such minutes are sent to all Committee members. Once approved by the Committee, they are also available to all Board members. The Committee Chairman reports to the Board of Directors on the Committee's work.

The work carried out by each Committee is described in the Company's annual report and is further detailed in the Chairman's report.

The Committees are responsible for making proposals or recommendations and giving their opinion in their specific area of expertise. To this end, they may conduct or commission any research or studies likely to assist the Board of Directors in its decisions.

Committee members are paid specific fees allocated by the Board of Directors based on the recommendation of the Appointments and Compensation Committee.

The Board of Directors currently relies on three committees for assistance: the Audit Committee, the Appointments and Compensation Committee, and the Governance and Social Responsibility Committee.

Each Committee has its own organisational and operational charter, which is approved by the Board of Directors.

ARTICLE 10. AUDIT COMMITTEE

10.1. Membership – Organisation

The Audit Committee has at least three members, two-thirds of whom are independent within the meaning of the criteria set out in the AFEPMEDEF Code. The members are appointed by the Board of Directors from among those members with finance and management experience. Company executives may not be members of the Committee.

The Audit Committee meets at least three times a year at the initiative of its Chairman, who may also arrange any additional meetings as required. If a member of the Audit Commitment is unable to physically attend a meeting, he/she may participate *via* any means of telecommunication. The Chairman or any delegated member of the Committee draws up an agenda and sends it to each Committee member before the meeting.

The Audit Committee may meet with any person involved in the operational management of the Company and its subsidiaries and, in particular, when members of senior management are not present. It may call upon any outside consultant or expert it deems appropriate to assist in its duties. The Audit Committee may also organise, as often as needed, specific meetings with the Statutory Auditors and executives of the Company and its subsidiaries.

The Committee reports to the Board of Directors on its work, research and recommendations. The Board of Directors has absolute discretion to decide whether or not to act on such recommendations.

The Audit Committee has a charter, approved by the Board of Directors, describing its organisation, functioning, expertise and responsibilities.

10.2. Role and duties of the Audit Committee

In accordance with the provisions of Article L. 823-19 of the French Commercial Code and under the responsibility of the Board of Directors, the Audit Committee is in charge of monitoring issues that relate to the preparation and auditing of accounting and financial information. Company executives may not be members of the Audit Committee.

10.2.1. Review the accounts and the financial statements

The Audit Committee is responsible for assisting the Board of Directors in its mission of reviewing and approving the annual and interim financial statements.

As part of its monitoring of the process by which accounting and financial information is prepared, the Audit Committee reviews the Company and the Group's annual and interim financial statements, together with the accompanying reports, before they are approved by the Board of Directors. The Committee ensures that the financial statements are consistent with any other information available to it and assesses the appropriateness of the accounting policies used and their compliance with applicable accounting standards.

In the context of its monitoring of the preparation of financial information, it provides recommendations, as the case may be, to guarantee such information's integrity.

The Committee reviews the procedures for approving the financial statements and the nature, scope and outcome of the work undertaken by the Statutory Auditors for the Company and its subsidiaries.

As part of this process, the Audit Committee holds discussions with the Statutory Auditors, including, if it so wishes, in the absence of the Company's representatives, and reviews their audit reports and conclusions.

10.2.2. Statutory Auditors

The Audit Committee organises the process of selecting Statutory Auditors and receives information on the selection process implemented by the Group's subsidiaries. As such, the Committee reviews and provides its recommendation on the candidates to be presented for appointment or re-appointment at the General Shareholders' Meeting, which is sent to the Board of Directors and prepared in accordance with applicable regulations.

The Audit Committee ensures that the Statutory Auditors, with which it liaises on a regular basis, comply with the independence conditions defined under applicable regulations. In particular, it reviews the scope of relations between the Statutory Auditors and the Company and its subsidiaries and provides an opinion on their fees.

The Audit Committee approves outsourced services other than the certification of the financial statements, which may be provided by the Statutory Auditors or members of their network in accordance with applicable regulations. It defines the approval process in compliance with the conditions set forth by the relevant authorities, as the case may be.

It monitors the progress of the Statutory Auditors' assignment.

The Audit Committee keeps the Board of Directors regularly informed of the results of the financial statements certification engagement, the way in which this engagement contributed to improving the soundness of the financial information, and the role the Committee played throughout this process.

10.2.3. Monitoring of the effectiveness of internal control and risk management systems

The Audit Committee monitors the effectiveness of the internal control and risk management systems, as well as the effectiveness of internal auditing, if applicable, regarding procedures applicable to the preparation and processing accounting and financial information, without its independence being called into question.

The Audit Committee periodically reviews the internal control systems, and more generally the audit, accounting and management procedures of the Company and the Group, through discussions with the Chief Executive Officer, internal audit teams, and the Statutory Auditors.

The Committee shall also be responsible for looking into any facts or events that may have a significant impact on the position of Casino, Guichard-Perrachon or its subsidiaries in terms of commitments and/or risks. It ensures that the Company and its subsidiaries have the internal audit, accounting and legal teams necessary to anticipate and protect against risks and any anomalies in the management of the Group's business.

10.2.4. Prior review of related party agreements

The Board of Directors of Casino, Guichard-Perrachon has introduced a specific internal procedure that requires the prior review by the Audit Committee of agreements or transactions between Casino, Guichard-Perrachon or any of its wholly-owned subsidiaries ("Subsidiary"[1]) on the one hand, and a related party on the other. The procedure is triggered whenever the maximum individual or aggregate amount of such agreements and/or transactions with the same related party during one fiscal year exceeds (i) €10 million per transaction and, beyond the aggregate €10 million threshold, (ii) in €1 million increments for all further transactions with the same related party during the fiscal year.

Related parties include:

(i) any company that is exclusively or jointly controlled, whether directly or indirectly, excluding Subsidiaries;

(ii) any company accounted for by the equity method in the consolidated financial statements;

(iii) any company that directly or indirectly controls Casino, Guichard-Perrachon.

However, the procedure does not apply to related-party agreements and transactions that concern, in particular, routine flows in the normal course of the Group's business (for example, purchases/sales of goods, leasing of commercial space and franchise or affiliation agreements) or the issue or payment of a guarantee unless the remuneration is not compliant with standard operating procedure within the Group.

The procedure for the prior review of related-party agreements is governed by a specific charter that was prepared by the Audit Committee and approved by the Board of Directors.

The Committee also expresses its opinion on exceptions to the restrictions on the Chief Executive Officer's powers, as applicable, under exceptional circumstances, under the terms of Article 8 of the Board of Directors' Internal Rules. If an exception is granted, the Chief Executive Officer may, after the Audit Committee has rendered its opinion, carry out any transaction in an amount not to exceed 15% of consolidated equity as assessed at the previous year-end.

(1) "Subsidiary" refers to any company in which Casino, Guichard-Perrachon owns 100% of the shares, minus the minimum number of shareholders required for certain types of companies and the number of shares held by Group executives and employees within a 5% limit.

The Audit Committee may fulfil any other duties associated with its role at the request of the Board of Directors.

ARTICLE 11. APPOINTMENTS AND COMPENSATION COMMITTEE

11.1. Membership – Organisation

The Appointments and Compensation Committee has at least three members, the majority of whom are independent within the meaning of the criteria set out in the AFEP-MEDEF Code. The Committee's members are appointed by the Board of Directors. Company executives may not be members of the Appointments and Compensation Committee. Nevertheless, the Chairman of the Board of Directors participates in the process of selecting new directors.

The Appointments and Compensation Committee meets at least twice a year at the initiative of its Chairman, who may also arrange additional meetings as required. If a member of the Committee is unable to physically attend a meeting, he/she may participate *via* any means of telecommunication. The Chairman or any delegated member of the Committee draws up an agenda and sends it to each Committee member before the meeting.

In association with the Chief Executive Officer, the Appointments and Compensation Committee works closely with the Group's Human Resources department, particularly whenever the Committee is informed about the compensation policy applicable to key executives who are not corporate officers.

The Committee may call upon any outside consultant or expert it deems appropriate to assist in its duties.

The Appointments and Compensation Committee reports to the Board of Directors on its work, research and recommendations. The Board of Directors has absolute discretion to decide whether or not to act on such recommendations.

11.2. Role and duties of the Appointments and Compensation Committee

11.2.1. Compensation

The Committee is responsible for:

- preparing discussions concerning the compensation of the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers, and proposing qualitative and quantitative criteria for determining any variable component to said compensation;
- assessing all other benefits or entitlements granted to the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officers;
- submitting proposals and formulating opinions on attendance fees and any other compensation or benefits to be paid to the directors and nonvoting directors;
- reviewing proposals for stock option plans and/or free share plans to be offered to the Group's employees and executives in order to enable the Board of Directors to set the total and/or individual number of options or free shares to be granted as well as the terms and conditions of any such grants.

11.2.2. Appointment duties

The Committee is responsible for:

- reviewing the composition of the Board of Directors;
- carrying out the process of selecting new directors or renewing the terms of current directors, and reviewing potential candidates based on the criteria and guidelines set by the Governance and Social Responsibility Committee;
- suggesting names of candidates to be appointed as members of the Board's specialized Committees;
- reviewing potential candidates' nominations for the position of Chief Executive Officer and, where applicable, Deputy Chief Executive Officer;
- obtaining all useful information concerning recruitment terms and conditions, compensation and status of senior executives of the Company and its subsidiaries;
- periodically assessing the independence of directors based on the criteria retained in the AFEP-MEDEF Code;
- reviewing the talent development and succession plans;
- stating its opinion on the appointment of the Lead Director, who is selected from among the Governance and Social Responsibility Committee members, based on the Chairman and Chief Executive Officer's proposal.

ARTICLE 12. GOVERNANCE AND SOCIAL RESPONSIBILITY COMMITTEE

12.1. Membership – Organisation

The Governance and Social Responsibility Committee has at least three members appointed by the Board of Directors from among its members, and at least two-thirds of whom are independent within the meaning of the criteria set out in the AFEP-MEDEF Code. Company executives may not be members of the Governance Committee.

The Committee meets at least twice a year at the initiative of its Chairman, who may also arrange any additional meetings as required. If a member of the Committee is unable to physically attend a meeting, they can participate *via* any means of telecommunication. The Chairman or any delegated member of the Committee draws up an agenda and sends it to each Committee member before the meeting.

The Committee may call upon any outside consultant or expert it deems appropriate to assist in its duties.

The Governance and Social Responsibility Committee reports to the Board of Directors on its work, research and recommendations. The Board of Directors has absolute discretion to decide whether or not to act on such recommendations.

12.2. Role and Duties of the Governance and Social Responsibility Committee

12.2.1. Corporate governance

The Committee is responsible for:

- preparing and updating the Internal Rules of Board of Directors and the charters of its specialized Committees, the charter on related- party agreements, and any other charter in effect;
- reviewing changes in corporate governance guidelines (particularly within the framework of the AFEP-MEDEF Code) and identifying emerging practices and significant developments in corporate governance-related regulations and/or practices, both in France and abroad;
- leading discussions and formulating recommendations for the Board of Directors on best practices in the area of corporate governance and, where applicable, on actions to be taken;
- monitoring the corporate governance-related practices implemented by the Group's subsidiaries and ensuring that they are consistent with those in effect within the Company. When necessary, the Committee makes recommendations;
- preparing information for the Board of Directors' review of corporate governance-related issues;
- annually reviewing the draft report on corporate governance and making any comments before it is submitted to the Board of Directors for approval.

12.2.2. Directors' conduct

The Governance and Social Responsibility Committee is called upon to:

- handle ethical issues relating to the directors. It discusses ethical issues that the Board of Directors or the Chairman of the Board of Directors may submit for review or that it independently chooses to discuss;
- the Governance and Social Responsibility Committee ensure the implementation of a Directors' Code of Conduct and update it when necessary;
- ensure compliance with and the proper application of ethical rules, particularly those contained in the Directors' Code of Conduct.

12.2.3. Assessment of the Board of Directors

Within the framework of corporate governance principles, the Governance Committee is responsible for determining the terms and conditions of and conducting the assessment of the Board of Directors' organisation and functioning.

12.2.4. Membership of the Board of Directors and Committees of the Board

The Governance and Social Responsibility Committee periodically reviews the structure, size and membership of the Board of Directors and the Committees of the Board, and informs the Board of its recommendations regarding any proposed changes.

12.2.5. Corporate Social Responsibility (CSR)

The Governance and Social Responsibility Committee, in light of the Group's strategy, shall review the Group's, commitments, and policies in the area of ethics and social, environmental, and societal responsibility, application and implementation of such policies and the results thereof and shall express or make any opinion or recommendation to the Board of Directors.

Together with the Audit Committee, it shall ensure that there are systems for identifying and managing the principal risks relating to such subjects and compliance with applicable law and regulations.

The Governance and Social Responsibility Committee shall review reporting procedures relating to non-financial information and key non-financial performance indicators used and analyse the Group's participation in non-financial indices.

The Governance and Social Responsibility Committee shall review the information annually disclosed in the Management Report in respect of non-financial information under and pursuant to applicable legal requirements and provide its comments and observations prior to approval thereof by the Board of Directors.

The Governance and Social Responsibility Committee shall also review the gender balance and professional equality policy in preparation for the annual discussion of this matter by the Board of Directors, as provided in Article L. 225-37-1 of the French Commercial Code.

12.2.6. Management of conflicts of interest

The Governance and Social Responsibility Committee may examine any exceptional issue that may give rise to a conflict of interest within the Board of Directors and shall express any opinion or make any recommendation it may have on the matter.

IV. Lead Director

ARTICLE 13. LEAD DIRECTOR

The Lead Director is appointed from among the independent members of the Governance and Social Responsibility Committee on the proposal of the Chairman and Chief Executive Officer and upon review by the Appointments and Compensation Committee.

The Lead Director ensures that combining the roles of Chairman and Chief Executive Officer does not have an adverse impact on the Board's functioning, such as information provided to directors, the inclusion of items on the agenda of Board meetings and the organisation of Board discussions and votes.

The Lead Director may, if necessary, consult with the Governance and Social Responsibility Committee at any time about any potentially problematic issues.

The Lead Director can attend Committee meetings of which he/she is not a member, and has access to their work and to the information made available to them.

Each year, the Lead Director presents a report to the Governance and Social Responsibility Committee on the conditions under which the respective roles of Chairman of the Board and Chief Executive Officer are exercised.

The Secretary to the Board of Directors is available to assist the Lead Director in exercising his/her duties.

V. Non-voting directors

ARTICLE 14. NON-VOTING DIRECTORS

The Ordinary Shareholders' Meeting may appoint non-voting directors, either natural persons or legal entities, from among the shareholders. The Board of Directors may elect a non-voting director subject to ratification at the next General Shareholders' Meeting.

The number of non-voting directors may not exceed five. They are elected for a term of three years and may be re-elected.

A non-voting director reaching the age of 80 while in office is required to stand down at the Ordinary Shareholders' Meeting held to approve the financial statements for the year in which this age limit was reached.

Non-voting directors attend Board meetings and participate in discussions in a consultative capacity only.

They may receive compensation, the total aggregate amount of which is determined by the Ordinary Shareholders' Meeting. This amount is maintained until a change is decided at a future shareholders' meeting. The Board of Directors allocates this compensation to the non-voting directors at its own discretion.

VI. Directors' Code of Conduct

ARTICLE 15. PRINCIPLES

The Company's directors must be able to exercise their duties in compliance with the rules of independence, business ethics and integrity.

In line with good corporate governance practices, directors exercise their duties in good faith in the manner they consider most appropriate to promote the interests of the Company and with the care that would be expected of a normally prudent person under such circumstances.

The directors undertake to maintain their freedom of analysis, judgement, decision and action at all times, and to withstand any direct or indirect pressure that may be exerted on them.

ARTICLE 16. DUTY OF INFORMATION

Before accepting office, directors must review the laws and regulatory requirements applicable to their position, the applicable Codes and proper corporate governance practices, as well as any provisions specific to the Company and specified in its Articles of Association and in these Internal Rules.

Directors must request the information they deem necessary for the successful performance of their responsibilities. To this end, they must request from the Chairman, within the appropriate time frame, all information necessary to ensure their informed participation in the discussions on the matters featured on the Board meeting's agenda.

If he/she deems it necessary, each Director can receive additional training to become better acquainted with the Group's specificities, its activities and business sectors, and with its accounting and financial characteristics. Directors representing employees receive training adapted to the exercise of their mandate.

ARTICLE 17. PROTECTION OF THE COMPANY'S INTERESTS – CONFLICTS OF INTEREST

Even though he/she is a shareholder, each director acts as a representative for all shareholders and must act in all circumstances in the Company's corporate interests.

Each director is bound by a duty of loyalty to the Company. He/she shall take no action that could adversely affect the interests of the Company or the Group's companies.

Each director undertakes to ensure that the Company's decisions do not favour one particular class of shareholder over another.

Each director must alert the Board regarding any actual or potential conflict of interest in which they might be directly or indirectly involved. In this case, he/she must abstain from voting on the matters in question.

Each director must consult with the Chairman prior to undertaking any assignment or accepting any function or duties that could, even potentially, result in a conflict of interests for the director in question. The Chairman can consult with the Governance and Social Responsibility Committee or the Board of Directors regarding such matters.

ARTICLE 18. CONTROL AND ASSESSMENT OF THE BOARD OF DIRECTORS' FUNCTIONING

Directors must pay careful attention to the powers and responsibilities respectively assigned to the Company's corporate bodies, as well as their exercise by said corporate bodies.

They must ensure that no person can exercise uncontrolled discretionary power over the Company, and that the Committees of the Board of Directors function effectively.

The Board of Directors discusses its functioning once per year.

The Board of Directors also routinely conducts an assessment of its own functioning. The Chairman of the Board of Directors calls upon the Governance and Social Responsibility Committee to conduct said assessment.

Independent directors meet at least once per year to discuss any matter in the absence of the Chairman of the Board of Directors and members of senior management. These meetings are chaired by the Lead Director.

ARTICLE 19. PRESENCE OF DIRECTORS – AGGREGATION OF OFFICES

Each director must comply with legal provisions in force governing the aggregation of offices, as well as with the AFEP-MEDEF Code's recommendations.

Each director must disclose to the Company any and all offices he/she holds in other French or foreign companies. He/she informs the Company as soon as possible regarding any new office or professional function he/she accepts. Additionally, whenever he/she exercises executive duties for the Company, he/she must receive the Board of Directors' favourable opinion prior to accepting a new corporate office in a publicly traded company external to the Group.

Each director must devote the appropriate amount of time and attention to their duties. They must make every effort to attend all Board meetings, General Shareholders' Meetings, and the meetings of any Committees on which they serve.

ARTICLE 20. CONFIDENTIALITY

Directors, and any other persons attending the Board of Directors' meetings, are subject to a general confidentiality requirement with regard to the deliberations of both the Board and its Committees.

Non-public information shared with a member of the Board of Directors in the context of his/her duties is shared on a strictly personal basis. He/she must personally protect the confidentiality of such information and must not disclose it under any circumstances. This requirement also applies to representatives of legal entities serving on the Board, as well as to non-voting directors.

ARTICLE 21. SHAREHOLDING – DEALING IN THE COMPANY'S SHARES

All of the Company's shares held by a director, his/her unemancipated minor children, or his/her spouse (provided they are not separated), must be registered shares. Directors must also inform the Company regarding the number of Company securities they hold as of 31 December of every year and at the time of any financial transactions, or at any time at the Company's request.

Every member of the Board of Directors undertakes to comply with the provisions of the Insider Trading Policy he/she received, relative to securities transactions and to preventing the use of inside information, and with any applicable legal or regulatory provision.

In particular, pursuant to the terms of Article 19 of Regulation (EU) no. 589/2014 of 16 April 2014 on Market Abuse and of Article L. 621-18-2 of the French Monetary and Financial Code (Code monétaire et financier), each Director is required to inform the AMF and the Company of any transactions he/she carried out involving the Company's financial instruments, under the conditions set forth in the Insider Trading Policy. This requirement also applies to persons closely related to the members of the Board of Directors. Directors must notify persons closely related to them regarding their reporting obligations and provide the Company with a regularly updated list of such persons.

Voting and non-voting directors should note that they are likely to be exposed to inside information and that they must, prior to undertaking any transaction dealing in companies' financial instruments, ensure they are not in violation of any insider trading provisions.

Therefore, as specified in the Insider Trading Policy, in the event that they hold inside information, directors are required, in particular, to refrain from engaging, either directly or indirectly, or *via* an intermediary, in any transaction dealing in the financial instruments to which this inside information relates, or in the instruments to which these financial instruments are related, or from sharing this information with third parties until it is effectively released to the public.

In addition, each director must also refrain from completing any transaction on his/her own behalf or on behalf of a third party, either directly or indirectly, that involves the financial instruments of the Company, during the 30 days preceding the publication date of the Company's annual and interim financial statements, and the 15 day period preceding public disclosure of the Company's quarterly sales figures. This restriction also applies on the dates of public disclosure of said annual and interim financial statements and quarterly sales figures.

VII. Adoption of the Board of Directors' Internal Rules

These Internal Rules were approved by the Board of Directors at its meeting on 9 December 2003. Their most recent update was approved on 15 December 2017.

11.5. Store network

	Number of stores at 31 December			Sales area *(in thousands of sq.m.)*		
	2015	2016	**2017**	2015	2016	**2017**
Géant Casino hypermarkets	**128**	**129**	**122**	**926**	**916**	**856**
o/w						
French affiliates	7	7	7			
International affiliates	11	12	5			
Casino supermarkets	**441**	**447**	**433**	**722**	**733**	**715**
o/w						
French franchised affiliates	60	83	106			
International franchised affiliates	33	33	17			
Monoprix	**698**	**745**	**789**	**698**	**711**	**732**
o/w						
Franchises/affiliates	197	196	211			
Naturalia	126	141	161			
Naturalia franchises	3	5	7			
Franprix	**867**	**858**	**893**	**364**	**356**	**367**
o/w franchises	350	392	399			
Leader Price	**810**	**796**	**777**	**661**	**664**	**652**
o/w franchises	263	383	377			
Convenience	**6,916**	**6,065**	**5,392**	**866**	**783**	**726**
Other businesses (Cafeterias, Drive, etc.)	**621**	**630**	**606**	**n/a**	**n/a**	**n/a**
Indian Ocean	**146**	**185**	**209**	**114**	**115**	**117**
TOTAL FRANCE	**10,627**	**9,855**	**9,221**	**4,350**	**4,280**	**4,167**
Argentina	**27**	**27**	**29**	**112**	**109**	**108**
Libertad hypermarkets	15	15	15	111	107	106
Mini Libertad mini-supermarkets	12	12	14	2	2	2
Uruguay	**65**	**79**	**88**	**83**	**85**	**89**
Géant hypermarkets	2	2	2	16	16	16
Disco supermarkets	29	29	29	32	31	33
Devoto supermarkets	24	24	24	33	33	33
Devoto Express mini-supermarkets	10	24	33	2	4	6
Brazil	**1,167**	**1,135**	**1,081**	**1,804**	**1,814**	**1,811**
Extra hypermarkets	137	134	117	803	789	717
Pão de Açúcar supermarkets	185	185	186	237	237	240
Extra supermarkets	199	194	188	228	222	215
Assaí (discount)	95	107	126	373	421	506
Mini Mercado Extra mini-supermarkets	311	284	265	79	71	65
Drugstores	157	155	127	12	11	10
+ Service stations	83	76	72	73	62	58
Colombia	**1,668**	**1,873**	**1,852**	**970**	**1,011**	**1,022**
Éxito hypermarkets	85	86	90	472	475	485
Éxito and Carulla supermarkets	163	166	162	212	214	212
Super Inter supermarkets	58	67	71	58	61	64
Surtimax (discount)	1,248	1,443	1,409	206	236	225
o/w Aliados	*1,095*	*1,307*	*1,278*			
Cash & carry*	0	2	9	0	4	14
Éxito Express and Carulla Express	113	109	111	21	20	21
Other businesses	1	0	0	1	0	0
TOTAL INTERNATIONAL	**2,927**	**3,114**	**3,050**	**2,970**	**3,019**	**3,030**

* *Previously included in the Surtimax line. The cash & carry line under Colombia includes one B2B outlet and Surtimayorista stores.*

11.6. Person responsible for the Registration Document and annual financial report

Person responsible for the Registration Document

Jean-Charles Naouri, Chairman and Chief Executive Officer

Statement by the person responsible for the Registration Document and annual financial report

"I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge and belief, the financial statements have been prepared in accordance with the applicable accounting standards and present accurately in all material respects the assets and liabilities, financial position and results of the Company and the consolidated group. I also declare that the information contained in the management report appearing on page 18 onwards gives a true and fair view of trends in the business operations, results and financial position of the Company and the consolidated group, as well as a description of the main risks and uncertainties facing those companies.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they had read the whole of the Registration Document and examined the information about the financial position and the accounts contained therein."

5 April 2018

Jean-Charles Naouri
Chairman and Chief Executive Officer

11.7. Documents incorporated by reference

In application of Article 28 of European Commission regulation No. 809/2004/EC, the following information is incorporated by reference in this Registration Document:

- for the year ended 31 December 2016:

  the management report, the consolidated financial statements, the parent company financial statements of the Company and the accompanying Statutory Auditors' reports are presented in the 2016 Registration Document, which was filed with *Autorité des marchés financiers* on 6 April 2017 under No. D.17-0340, on pages 2 to 26, 29 to 120, 123 to 146, 28, 122, and 147 to 150;
- for the year ended 31 December 2015:

  the management report, the consolidated financial statements, the parent company financial statements of the Company and the accompanying Statutory Auditors' reports are presented in the 2015 Registration Document, which was filed with *Autorité des marchés financiers* on 19 April 2016 under No. D.16-0367, on pages 2 to 31, 35 to 120, 123 to 146, 34, 122, and 147 to 149.

Other information contained in the Registration Documents for 2016 and 2015 has, where applicable, been replaced by or updated with the information contained in this Registration Document. The Registration Documents for 2016 and 2015 are available at the Company's registered office and online at www.groupe-casino.fr.

11.8. European regulation No. 809/2004 of 29 April 2004 – Cross-reference table

To facilitate consultation of this Registration Document, the table below indicates the page references corresponding to the main headings required under Annex 1 of European Commission Regulation No. 809/2004/EC of 29 April 2004.

11.9. Annual financial report – Cross-reference table

To facilitate consultation of this Registration Document, the table below indicates the page references corresponding to the information contained in the annual financial report which listed companies are required to publish in accordance with Articles L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulations of the *Autorité des marchés financiers*.

11.10. Board of Directors' management report – Cross-reference table

To facilitate consultation of this Registration Document, the table below indicates the page references corresponding to the information comprising the Board of Directors' management report as required by Articles L. 225-100 *et seq.* of the French Commercial Code.

11.11. Chairman's report – Cross-reference table

To facilitate consultation of this Registration Document, the table below indicates the page references corresponding to the information comprising the Chairman's report as required by Article L. 225-37 of the French Commercial Code.

11.12. CSR information – Cross-reference table

To facilitate consultation of this Registration Document, the table below indicates the page references corresponding to the information comprising the CSR report as required by Articles L. 225-102-1 *et seq.* of the French Commercial Code.

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